

# How decisions are made- navigating your health system

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# Who am I?

- Trauma Surgeon
- University of Michigan 1994-2007
  - Trauma Director
  - Associate Dean of Academic Business Development
- University of Vermont 2007-2013
  - President/CEO of University of Vermont Medical Group
- Yale University March 2013 - Current



# Goal for today

- Provide some framework
- Provide a bit of perspective
- Have real dialogue

# So how are decisions made inside our organizations

- Significant variation in actual process, but information and common themes are evident
- So what are the key issues/considerations and what is the optimal process for decision making?
- Who really are the decision makers?
- What happens when you leave the room – what is the Sr. Leadership discussion?
- Let's start with the important considerations you need to be aware of

# You need to be mindful of two issues

- **Money**
- **Governance**

# Understand your environment

- What is the role of your organization in the larger landscape of the State's health care
  - Academic, regional or local focus?
  - Is your hospital part of a larger system? If so where does it fit?
  - Are you “integrated” clinically, organizationally, financially...
- What is the current status of your organization vis a vis your local environment
  - Is it making money? Is the leadership stable? Is the press chasing some story down?
- This is very important to understand. So take a moment to “inventory” your institution. Assess where it is and what is has going for it.
  - Be brutally honest in this assessment.

# Understand the basic vision for the organization

- **Of course the mission is quality compassionate care....but what is the direction of the enterprise?**
  - Locally focused on primary/secondary, OP care?
  - Quaternary care driven (University /teaching institutions?)
  - Are you moving toward true capitation/population health or are you going to “milk the current fee for service environment for a while longer?”
  - Understanding these types of considerations is very important in where your proposal “fits in” and how you are viewed by Sr. Leadership.

# Governance a few basic ground rules - triage

- Decisions must be triaged just like clinical decisions are:
  - Operative decisions are determined by surgeon (of course), but smaller decisions are made all along the way....registration, which pre-op room does the patient go to....
  - So what you present to whom matters. For example, do not ask the CEO for a printer, new furniture, or to cover a lease for \$500/month. I have been asked for each of these mentioned...
  - So, truly think about what you are asking to whom.

# Governance – more ground rules - information

- Come when you are fully prepared = have the financial, operational, timeframes, and the like all clarified.
  - Executives value their time just like you do.
- Write it all down in a document.
- Provide lots of background information about your service, the relevance of your service, volumes, number of faculty/employees....
  - This can all be in an appendix of your presentation
  - You would be stunned how little the Sr. Leadership knows about individual programs/MD's

# Governance – what do we really want to see

- Your presentation should focus on the operational impact, how/why you can actually get this done, how you will measure success/failure, who is accountable for what.
- Financial impact/ROI – you do not need to do this! Have the hospital do it for you.
  - If you use their people, data, and processes, there is nothing to debate about the validity of the numbers.

# Institutional considerations - Money

- Volume of patients and hospital capacity
  - Will this grow volume? Is the hospital full of the right patients?
- Access to capital – What truly is the financial status of the organization?
  - Metrics of success – days cash on hand, bond ratings, debt/capital ratio...there are many others
  - Operating Margin
  - Capital expenditures
  
  - Collectively these tell a financial story – you do not need to know them, but you should have a sense of how things are going financially?
    - If you are asking for \$10M and the hospital is losing \$50M, likely a tough ask...

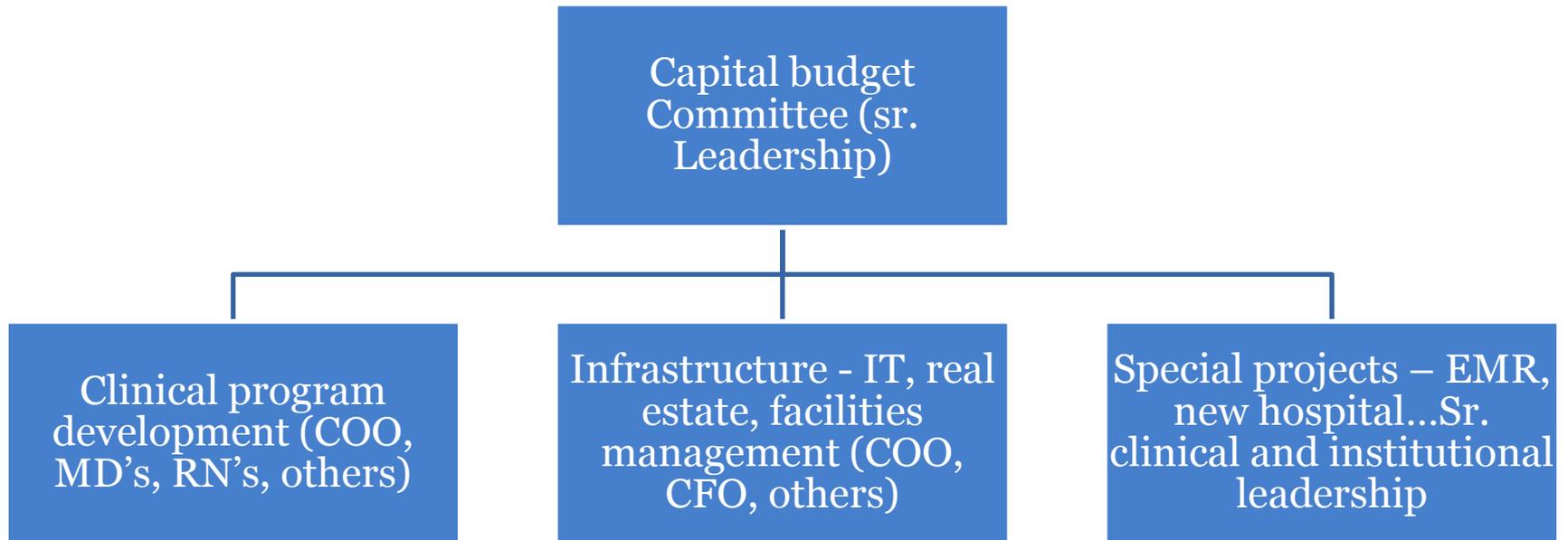
# The numbers

- We know most initiatives lose money, but some have to make money.
- We look at the portfolio of investments to have an Net Present Value (NPV)  $\geq 0$ .
- One of the key issues is RISK – who bears it where and when in the length of the initiative.
  - So outline where, when the risks occur and who owns them and how you will work to mitigate these and other risks throughout the initiative.

# Capital Budget process – Timing matters

- When is the budget cycle? How does it work at your hospital
  - Harder to ask for money if the budget was just approved last month.
- The capital budget process is complicated and time consuming, but relevant...you'll likely need to deal with this.
- Remember others are requesting \$\$\$ - there is competition for money

# Capital budget decision making (template)



# The requesting individual

- The “subjective” component of decision making
- Is the requester credible?
- Have they done it before and succeeded?
  - The best predictor of the future is the past.
- Is this truly benefiting the organization, or is this just a “pet project” of the individual?

# The individual requestor (you)

- You have to be honest with yourself
  - What is your track record?
  - Best to start with small projects, then to bigger ones....graded responsibility, just like residency (your first case is not a transplant!)
  - Be transparent
- Vet your presentation with some colleagues and folks with whom you will be impacting.
  - So if you are proposing expanding your program (code word “turf”) executives will want to understand where all of the constituents are on your proposal.

# What are your strengths

- Providers bring a lot to the table:
  - Patients = volume = money
  - Information – your information is much better than the executives
  - Ability to implement – you are the only ones who can implement a clinically based initiative
  - Collectively these actions will help build the hospital's brand.

# When you leave the room

- Here are the basic questions we ask:
  - Does this project/initiative make strategic sense?
  - Was the presentation legitimate/credible or BS?
  - Can we actually execute on this initiative?
  - Are you the right person/team to get it done?
  - What are the other initiatives we have that are similar can they be combined?
  - Are the finances as presented reliable/credible?
  - What are the politics of this decision?
    - What happens if we say No or Yes – both answers have implications

# Summary

- Be prepared
- Be forthright
- Be persistent
- Write it down and plan on following through