

Necessity Turbo-Charges Productivity at Cleveland Clinic Florida

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By David Johnson, CEO

Coming into 2015, Ozzie Delgado confronted a thorny problem. Cleveland Clinic Florida was experiencing expansive demand for surgical services. Occupancy was already at 92% and there would be no capacity relief until 2018. That's when a \$300 million capital project will add inpatient beds, three operating suites, an expanded Emergency Department and incremental diagnostic services (e.g. imaging, laboratory).

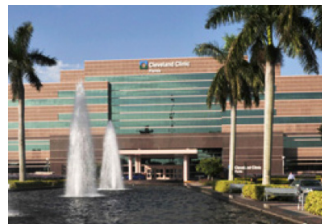
As the organization's Chief Operating Officer, Delgado's challenge was to accommodate volume growth and maintain superior quality/safety standards until the new facilities come on-line. There were no obvious solutions. Cleveland Clinic Florida was already efficient. Its average length of stay was 9% lower than UHC's benchmark database on the "Observed to Expected Ratio."



Delgado is among a new generation of health company leaders that understand the current system is not sustainable, fear it could collapse on their watch and are pro-actively working to transform it from the inside. They're fearless and relentless. Like heat-seeking missiles, they find and exploit opportunities for value creation (better outcomes at lower costs). This is their story.

Along with the Chief of Medical Operations, Dr. Fabio Potenti, and Chief Nursing Officer, Kerry Major, Delgado developed a portfolio approach to productivity improvement. A year later, the results are spectacular. Despite higher surgical volumes, Cleveland Clinic Florida's occupancy percentage has decreased to 88% even as its treatment intensity magnified. The hospital's case mix index jumped from 1.86 to 2.13.

Embedded within the Cleveland Clinic Florida narrative are important lessons regarding productivity improvement, consumerism, competitiveness and facility design.



America's Most Intensive Small Hospital

Despite having only 155 beds, Cleveland Clinic Florida performed over 150 heart, liver and kidney transplants in 2015. Its 240-plus physicians encompass 40 specialties and subspecialties.

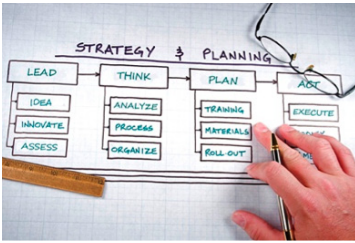
Physicians have primary appointments in Florida and secondary appointments in Cleveland. They practice advanced care protocols developed through Cleveland Clinic's institutes. Next to the Clinic's flagship hospital in Cleveland, Cleveland Clinic Florida has the system's second highest case mix index.

Cleveland Clinic Florida operates in a tough market. Excess acute capacity in the greater Ft. Lauderdale markets limits pricing flexibility. Cut-throat competition from physician groups, for-profit providers and public hospitals keeps margins tight. The just-released 2015 National Chartbook of Health Care Prices reports that Florida has some of the lowest prices for healthcare services in the nation.

Paraphrasing Frank Sinatra, if you can make it there, you can make it anywhere. Despite tough reimbursement, Cleveland Clinic Florida achieves healthy operating margins. Cleveland Clinic Florida is experiencing the future of healthcare delivery today and thriving.

Consumers shape demand in Southeast Florida. The vast majority of Cleveland Clinic Florida's patients self-refer to the facility. Consequently, the organization invests significant resources to promote access to its physicians and facilities. Customers can "call-in, walk-in or click-in." Cleveland Clinic Florida offers extended hours and express care for common medical conditions. It practices expansive tele-health.

Pound-for-pound, Cleveland Clinic Florida may be America's most intensive, efficient and customer-centric small hospital. It's a model for competitive positioning in post-reform healthcare.



Portfolio Approach to Strategy

To attack their hospital's near-term capacity challenge, the executive team evaluated 20 initiatives within the following four categories: 1. Emergency Room Capacity Management; 2. Surgical Operations Streamlining; 3. Transitions of Care and 4. Partnerships. All options were on the table. These included relocating services, "renting" capacity at competing institutions and transferring patients.

The beauty of a portfolio approach to strategy is that it doesn't pre-determine outcomes or overweight favored approaches. It supports constant process improvement. It's adaptive. It enables solutions to emerge as the organization addresses its productivity challenges. This portfolio approach enabled the Cleveland Clinic Florida team to reinforce successful initiatives and jettison or delay others. Here's what worked:

- **Better Emergency Room Management:** Everything in the ER works on a stopwatch: door-to-doctor; doctor-to-disposition; disposition-to-discharge. The pressure is always on to move patients through the system. This causes some unnecessary patient admissions. By improving patient triage, staging and follow-up, the hospital's ER physicians reduced unnecessary admissions and created incremental capacity for surgical admissions.
- **Better Patient Discharge:** upon examination, the hospital's standard discharge protocols and processes created a severe "bottleneck." Addressing this bottleneck became a multi-faceted challenge. The hospital hired a discharge hospitalist who arrives at 3 am to initiate discharge protocols. As discharge paperwork finalized earlier, management discovered that the nursing staff and patients weren't prepared for quicker discharges. However, clearer communications, enhanced patient transportation and hard checkout times increased early morning discharges. This freed-up inpatient beds for patients recovering from early-morning surgeries.
- **Leveling Surgical Hours:** like most hospitals, Cleveland Clinic Florida used block scheduling to accommodate surgeons' preferences. The hospital extended its operating room hours until 9:30 pm and "leveled" surgical volume to accommodate more efficient discharge plan-

ning. Some physician unwilling to expedite discharges received Friday surgical assignments which necessitated Saturday discharges. "Walking the talk" requires determination, consistency and resolution.

- **Predictive Analytics:** Delgado's team now employs sophisticated algorithms to predict census, recovery times and resource requirements. Management uses this information to adjust staffing levels and optimize facility usage. Learning organizations receive continuous feedback, experiment, adjust and perform better. Like all effective process improvement, the hospital's employees are learning as the capacity initiative unfolds. Eliminating waste improves quality and efficiency while reducing costs.

In business speak, surgical operations at Cleveland Clinic Florida are a complex adaptive system. As such, constructive change is "bottom-up," ongoing and engages all employees. Expect more change and performance improvement as the hospital's capacity initiatives evolve during 2016 and 2017. Management still has several strategies (e.g. Saturday surgeries) in reserve that it can implement under the right circumstances.



The "Vision Thing"

Cleveland Clinic Florida has a well-articulated strategic vision. Delgado expects Cleveland Clinic Florida to become "Southeast Florida's solution for complex care." He's not content to relax once the hospital's new capacity comes on-line in 2018. Rather, he sees this interim period as an incredible opportunity to "force efficiency" and "drive quality."

Like many emerging health leaders, Delgado understands the disruptive forces roiling traditional business practices in healthcare. Rather than resist consumer demands for greater value, he's embracing that challenge with energy and infectious enthusiasm. Healthcare needs more leaders like Delgado, Potenti and Major pushing their organizations hard to achieve greater quality, efficiency and productivity.

Complex care combines high outcome uncertainty and ongoing treatment. Most complex care occurs in large, high-cost centralized locations. Cleveland Clinic Florida's business model suggests that smaller, focused facilities can

deliver high-quality, customer-friendly complex care more efficiently. Expect other health systems to replicate this high-performance strategy.

nValue rules in post-reform healthcare. Cleveland Clinic Florida exemplifies market-driven reform in action. The question isn't whether the Cleveland Clinic Florida will increase surgical volume and market share. It's by how much.