

HEALTHCARE COST CONTAINMENT

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Using a Results Management Office to Optimize Outcomes

By Timothy Shoger

Finance leaders can leverage a results management office to drive accountability, transparency, responsibility, and results.

Health care's transition toward a value-based business model has made reducing healthcare costs while improving quality more critical than ever. However, cost transformation efforts often fail to achieve desired goals because results are not appropriately tracked, reported, and improved upon over time. Creation of a results management office (RMO) provides a means for hospital and health system executives to establish a formal oversight structure that helps drive continuous progress of cost transformation activities.

An RMO is focused on maximizing results. Its responsibilities extend beyond those of the traditional project management office. In addition to coordinating comprehensive project management, the RMO tracks initiatives over time through routine data collection and analysis, monitors and reports on progress, steers change



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management and process redesigns, and communicates with relevant stakeholders.

Ideally, the RMO should be established as a permanent part of the organizational infrastructure early in the change process, so that it is intimately involved in the setup and organization of cost/quality transformation initiatives. The organization's priorities will shift as it encounters changes in the industry, payment structures, and the communities it serves. Rather than dissolving as those priorities change, the RMO should be agile and adapt to the organization's evolving needs.

The concepts of the RMO are to drive accountability, transparency, responsibility, and results. Those same concepts typically are key to an organization's transformation agenda. Thus, the RMO embodies what is expected going forward and should become part of the hospital's "new normal."

Defining Roles and Responsibilities

An executive should be selected early on to lead the RMO, and other leaders identified to head various aspects of the office, such

as project management, data analytics, communication, and change management. The executive leader should be dedicated to the RMO full time, but the other roles could be fulfilled in conjunction with other organizational duties.

In addition to supporting and overseeing all cost transformation activities to ensure they occur according to established plans and timetables, the RMO conducts routine evaluations, issues status reports, and helps to resolve any issues or challenges. Although the specific roles and responsibilities of the office will vary depending on the organization and its unique strategic goals, some common functions may include the following:

- > Formalizing cost/quality transformation approaches and methodologies and communicating them to appropriate stakeholders
- > Establishing and/or enhancing a structure to support transformational change (e.g., the creation of a transformation committee or physician advisory group)

- > Chartering and coordinating transformation work
- > Validating and verifying identified opportunities
- > Tracking and measuring progress, including reporting on projected financial impacts, resource requirements, anticipated timing, and risks and associated mitigation strategies
- > Facilitating development and oversight of processes to continuously identify, approve, and implement improvements
- > Coordinating and supporting ongoing communication efforts
- > Developing and executing change management plans
- > Supporting leadership development to grow internal skills and capabilities

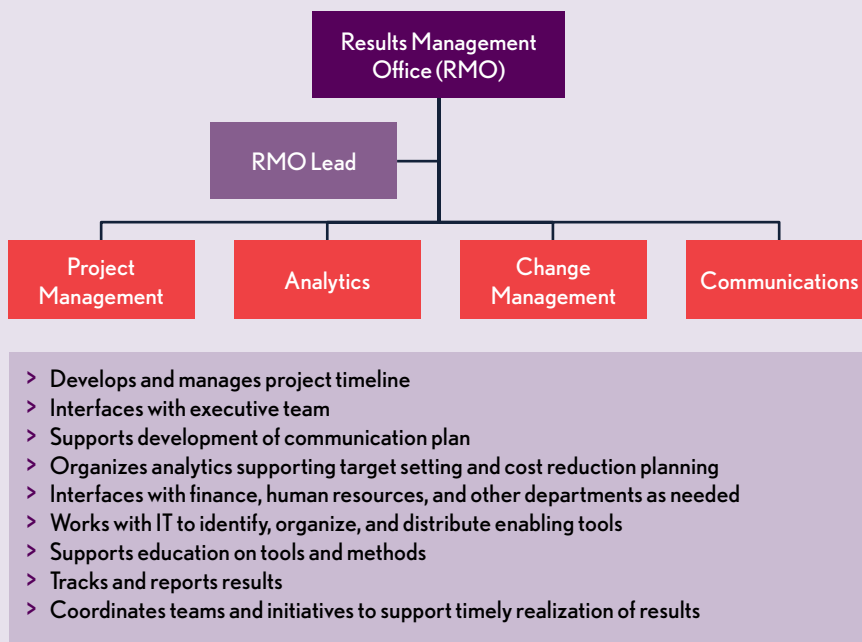
Hospital and health system leaders need to ensure the appropriate infrastructure is in place for the RMO to fulfill these responsibilities and help the organization realize the desired level of change.

Reporting on Results

As an example, the reporting function is core to the responsibilities of an RMO—in line with the mantra, "inspect what you expect." The office should provide routine reports to organizational leaders showing progress relative to financial, operating, service, and quality indicators. To fulfill this essential purpose, the RMO needs an effective improvement tracking tool. The software should be integrated with existing budgeting and financial planning systems and, to the extent possible, with key operational, clinical, and quality systems (if not automated, organizations should identify needed manual updates). It should have capabilities to produce periodic reports that track baseline performance, cost improvements, and other key operational "watch metrics." Utilizing such tools as part of the RMO solution will better position organizations to attain desired cost improvements and support quality and service initiatives.

Ultimately, the focus of the RMO is to improve execution and tracking of results and alter an organization's trajectory to deliver what has been promised (and needed)

Sample Results Management Office Structure and Tasks



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through cost transformation initiatives. As the RMO is established and becomes an integral part of daily operations, it will be a driving force in fostering cultural change and helping organizations be persistent in pursuing transformational value opportunities going forward. +

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