



Strata Decision Technology

Leveraging Strategic Planning at Your Healthcare System

How hospitals are planning for the future,
even when the industry shifts

Written by

Christopher Vaccaro, Sr. Manager, Advanced Planning

Debra Reitz, Sr. Manager, Advanced Planning

Christopher Oberst, Manager, Advanced Planning

Why We Plan

Each year it seems, the healthcare field finds new ways to change and progress. Most recently, shifts in government policy and higher patient volumes have become concerns for healthcare companies.

Readjustments in payor mixes, labor shortages, impending mergers and acquisitions, and competition from urgent care centers and other independent healthcare providers (along with advances like telehealth) have also impacted the way hospitals plan for the future.

Whether as a result of new technological advances, unforeseen legislature, or even changes in reimbursement, planning for the future of a healthcare organization has become more difficult—but exponentially more important.

The biggest concerns in healthcare include demands of cost, quality, and efficiency within health systems and hospitals, and with the onset of value-based care models it's becoming imperative that organizations plan for these changes in the future.

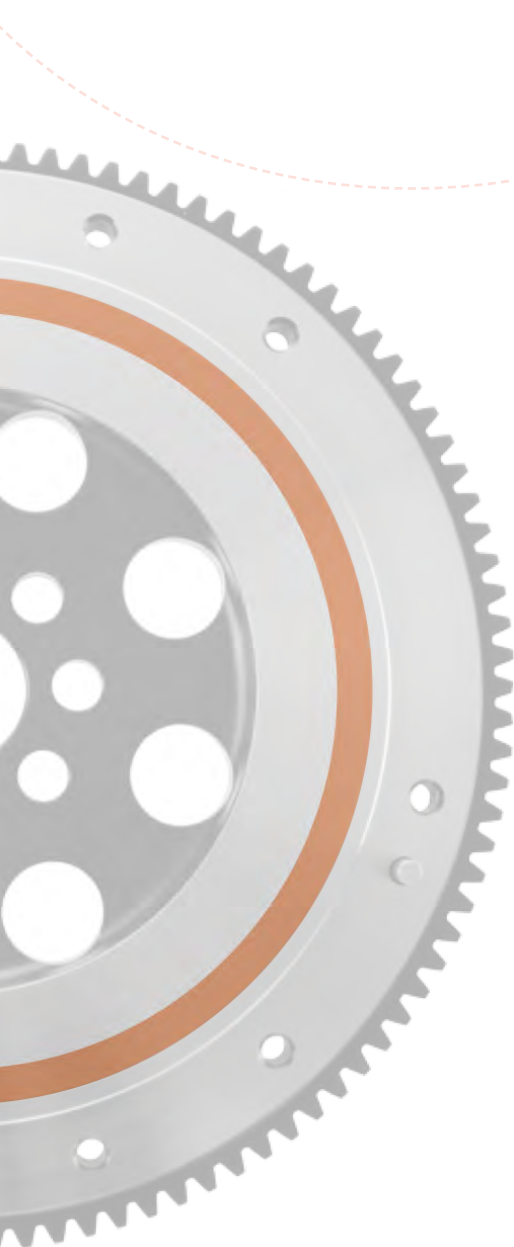
As these changes loom just over the horizon, leaders at hospitals, clinics, private practices, and other organizations must prepare themselves for whatever might appear in the near future. For many, the idea of structuring a more high-level financial plan can feel overwhelming; but the need for such a plan is quickly becoming critical.

From financial to structural and operational decisions, laying out a strategic plan for that future becomes not a want-to-have, but a necessity. A strategic plan within any hospital or health system allows for efficiency and helps financial leaders to run their business with the foresight they need to remain afloat.

In this whitepaper, you'll learn what it means to create a strategic plan within your hospital, the benefits of strategic planning, and how implementing strategic planning can help you stay ahead of unexpected future industry changes.

What Is Strategic Planning?

Strategic planning for healthcare involves setting financial goals and creating objectives for a company's future state. For some organizations, this means developing both short- and long-term forecasting, and using a tool that will allow them to develop a rolling forecast and long-range financial planning. Regardless of whether an organization has adopted dynamic planning (or a rolling forecast) or is using a traditional budget, strategic planning should be an integral part of any organization's financial planning process.



“Regardless of whether an organization has adopted dynamic planning (or a rolling forecast) or is using a traditional budget, strategic planning should be an integral part of any organization’s financial planning process.”

When integrated, this level of strategic planning can help guide the organization toward where they'd like to be in the future. They can then take that same plan and reassess, iterating multiple times throughout the year (with a rolling forecast) to ensure their organization is still on track.

Healthcare planning is more complex even than other industries, in that financial planning for healthcare must take into account a lot of different factors and future changes: upcoming or potential government policy changes (such as Medicare for All, price transparency, risk-based payment), advances in technology (like robots, telehealth, digital era), and economic trends (like a bullish or bearish market) that could significantly shift the way the organization operates. Strategic plans allow hospitals and health systems to plan for the future, encouraging both short- and long-term financial success.

A key factor that should form the basis of the strategic plan for healthcare organizations is the structure and governance of the organization. Each part of your organization serves specific needs and can help ensure success as a whole; understanding that will allow you to effectively plan and utilize the right teams and strategies for gathering the assumptions and initiatives that will get layered into your plan. In fact, reexamining who owns certain responsibilities and decision-making within the organization—and the hierarchy that enables those decisions—can help set new, better action into motion.

Objectives and goals for the company that are communicated at every staff level can help drive financial success at a greater level. Simply taking these goals, initiatives, and future plans and making them more concrete by putting them into a short-term rolling forecast or long-term, long-range financial plan can help solidify them within the organization.

From administrators to clinicians, your upfront strategic planning can help transform the passion and dedication of your staff into financial outcomes necessary for success across the organization. Your team can leverage this planning to demonstrate to stakeholders that gaining efficiencies will enable us to invest back into the patient experience via increased operational and capital spend in the areas that matter.

What Are the Benefits of Strategic Planning?

Strategic planning is intended to help your organization tether larger, high-level organizational goals to day-to-day challenges and operations. These goals should be connected to ongoing objectives to which staff within the

“...financial planning for healthcare must take into account a lot of different factors and future changes: upcoming or potential government policy changes—such as Medicare for All, price transparency, and risk-based payment—and advances in technology—like robots, telehealth, digital era....”

organization can be held accountable through performance.

Consider how your strategic plan will allow you to progress your healthcare organization, driving patient care and outcomes, performance and efficiency, and even better capital ecosystems of new devices and technologies. Since strategic planning is driven from day-to-day performance and operations, organizations are able to observe impact of smaller changes at more granular levels to help meet larger financial goals. From patient care to financing, planning is necessary to ensure future operational efficiency and quality.

Strategic planning for healthcare encompasses both a short-term rolling forecast that looks out 18-24 months into the future and a long-term financial plan with a 5+ year outlook. These both work together to let your most recent operational/financial performance become the base of your long-range plan. In addition to laying out the baseline forecast, you can start to introduce initiatives, scenarios and risk into your planning process by leveraging initiative modeling and scenario analytics to test the bounds of your forecast and model potential changes to understand if your organization is prepared for anything.

With strategic planning, your organization can bring a few important questions to the forefront:

- *What are our financial goals as an organization?*
- *Will the implemented changes have a positive impact on these goals?*
- *How can we grow, while serving our community in the areas they need— and how can we respond if those areas change?*
- *Are we making the right investments to fund our future?*

By focusing on the specific financial goals of your organization, forming them into a plan, you can help drive those goals into fruition. Further, effective strategic plans are those that take into account where specifically an organization expects to grow. As you plan for the future, leverage your strategic planning process to determine expansion by way of new locations, access points, and services—and leverage growth in the market to help plan ahead.

One important benefit of strategic planning is that it helps you to look ahead while managing day-to-day functions that can serve the larger vision. By accounting for changes that could impact your financial goals, strategic planning helps you and many organizations to pivot and adjust to headwinds. With the right tool, your organization can pivot with real-time updates and new data, reforecasting to restate your short- and long-term plan. This creates a kind of ongoing reiteration, allowing for monthly, quarterly, or ad hoc rolling forecasting. With this nimble, agile approach, your organization can reassess your short- and long-term strategies on an ongoing basis, allowing for the most accurate, effective plan.

Why Will Strategic Planning Continue to Matter in the Future?

This kind of planning can help you to better understand the impact of the market around you.

The difficulty of the healthcare industry is that it isn't steady or predictable; in fact, the cost of medical technology and other funds required to fund a functional healthcare business can be quite volatile.

As new changes in policy and law occur, the lack of prior knowledge of these changes can make it increasingly difficult to plan for them—or even to know where prices are going, or how to save. Strategic planning is helpful in that it can help your organization evaluate future risk in the way of capital and supply investment, so that decision-making fits the larger goals of the organization.

How Organizations Are Leveraging Strategic Planning As Part of Their Financial Plan

Over 200 health systems and 1,000 hospitals are already utilizing a single, modular, cloud-based [StrataJazz® platform](#) to drive their financial planning, analytics, and performance management, including the Advanced Planning tool. Providers can radically simplify and streamline how they plan, budget, forecast and manage their operating and capital expenses, resulting in a planning process that is more efficient, accurate, and agile.

With StrataJazz®, your organization can start to assess your full financial plan and how you can leverage long- and short-term planning to drive strategic financial decisions for the future.

To learn more about Strata Decision Technology and our cloud-based, modular platform, visit [our website](#).

“As new changes in policy and law occur, the lack of prior knowledge of these changes can make it increasingly difficult to plan for them—or even to know where prices are going, or how to save.”

