The Service Line Approach
Creating Value in Organization Structure

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Concurrent with the trend of cardiovascular integration, whereby a hospital purchases the CV practice and subsequently employs the cardiologists, – is a re-emergence of the service line as an organizational approach to the combined entities.

The promise of integration, in addition to stabilizing cardiologist income and thereby assuring the presence of cardiologists in the market, is that both hospital and physician performance from a quality, operations and financial perspective is enhanced when the provider fragments are aligned. For clarity, the overriding goal of integrating the hospital and cardiology practice organizations is to create value for patients by leveraging the multiple resources and talent perspectives harbored within the two organizations. The belief is that although the organization’s structure and culture are significantly different, the multiple perspectives and talents – that inherently see the world in different ways – are materially important in optimizing the performance of the merged organization. Progressive programs, whose aligned vision and commitment are to create a better performing cardiovascular enterprise, will surely prevail in the face of changing and heightened demands of our healthcare environment.

The integration of the hospital and the cardiology practice entities allow both organizations to change their historical vertical perspective of care delivery into a truly patient-centric model that works horizontally across the care continuum. From a cardiology practice perspective, the organizational equation is represented below, where – with selling the practice to the hospital - the opportunity for increased impact on the care continuum is increased, but whose autonomy is decreased. The ability for the cardiology practice to maximize its impact in the integrated environment, in any regard, is determined by the degree of organizational trust between the hospital and the cardiology practice – referred to in the model as the “trust-o-meter.”

What is the service line?

The service line, in its most simple explanation, is a reorientation of strategy, resource planning and allocation on the horizontal continuum across provider entities, versus a vertically oriented approach segregating provider types into independent operating units, or silos. It is the strategic and operational organization of cardiovascular services in a marketplace, wherever they occur – hospitals, clinic, long term care and the like. The theoretical value in the horizontal or service line approach is created in aligned and not duplicative investment strategy in program, staff, equipment and other resources required serving cardiovascular patients. The service line approach is the true patient-centered approach to the delivery of healthcare services and is organized in the way that cardiovascular patients experience healthcare. By nature, the integration of cardiology organizations with hospitals provides the opportunity for organizational, strategic, operations and financial alignment between organizations serving the same patient populations.
70% of cardiovascular care occurs outside of cardiology

Critics of the service line approach complain that specialist focused service lines create silos in and of themselves, citing that the vast majority of cardiovascular care is managed outside of the cardiologist – in primary care settings and with hospitalists. And while aspects of this statement may be true, it only drives the point that further collaboration on the genesis of the diagnosis and clinically integrated care with internists, family practice and hospitalists is a logical extension of the service line approach. Clinical collaboration for the purpose of solving cardiovascular problems for patients is based on mutually determined processes to deliver results given established clinical protocols. Care coordination will occur across established communication vehicles, all for the purpose of providing superior care to patients. It is incumbent on the service line to not only set clinical standards for itself, driving to eliminate unnecessary variation and delivering value to patients, but additionally incumbent upon them to set clinical standards upon which coordinated care will be executed. Providing care in a service line orientation does not create a horizontal “silo”, not accessible to the care community, but places the responsibility of creating the clinical standard and protocol, on the service line itself. Here in lies the opportunity to create value.

How it’s done
Successful service lines have a clearly defined scope of operation. From a clinical perspective, the clearly defined scope would define the patient types treated along the care continuum – which in turn determines the various specialties who would logically participate. For example, is the service line a cardiology service line or a cardiovascular service line? The former would inherently include vascular surgery, interventional radiology in addition to cardiology and cardiac surgery. Operations clarity defines the extent of operational authority and responsibility that the service line would have. Many programs manage clinics, catheterization labs, diagnostic testing labs and operating rooms as part of the service line, but do not manage associated nursing units. Some do. From an organization structure, scope clarity defines the authority and responsibility for decision making within the service line. For example, is the service line built with physician leaders who have medical director roles that are advisory to the administration, or does the scope of the service line treat the service line like a strategic business unit? In the strategic business unit example, the CV enterprise is accountable for the strategic, financial and operational scope of the business unit, often relative to various approvals and conditions required by the larger institution. In any regard, an aligned approach to a clearly defined scope across traditional silos is the primary service line organization structure.
The service line successful operation, like all operations, is dependent on the leadership and staff that work within the unit. Service lines that are led in a dyad leadership fashion, pairing business and clinical leaders, whose joint responsibility is leading the service line, is rapidly and resolutely earning best practice status. In addition, a multidisciplinary management team is assembled by examining the combined organization’s functional silos and identifying managers and staff who are focused on cardiovascular services within the functional departments. Empowering that team around a shared vision of excellence for cardiovascular patients is the “go-power” fueling the effort.

Early lessons learned
The road to creating a horizontally oriented structure in the face of a well-established vertical business structure model is not typically easily accomplished. The course of constructing the service line, in most institutions, is transformative. Virtually every reporting relationship and decision making structure is potentially disrupted. Early adapting warriors on the fields have found several truths to creating successful service lines.

- A transformative vision attracts physicians and staff to a new and better future, engendering support and buy-in.
- Senior leadership support and communication are required to teach and transform.
- Understanding that the skills required for a service line leader may not be the same as those of a physician practice leader or a department leader. Leadership of the service line, both clinically and administratively, will have to be carefully selected and developed.
- Deliberate and obtuse on-boarding tactics to facilitate the physician practice’s cultural integration is a critical at the outset of the integration.
- Positive physician energy will fuel the effort; lack of physician energy, – regardless of the degree of staff energy, will kill it.
- Those most powerful will have to compromise. Period.
- Trust is a series of trustworthy events…trust is required to overcome the inevitable bumps, start building now!
- The three most important aspects to building trust are: transparency, transparency and transparency. Transparency is data, in objectives, and in everything is required to build trust and credibility.
- Leaders will be pushing the snowball up the mountain until the organization adopts a “we” orientation, vs. us and them.
- Unleashing the physician’s clinical expertise to reconcile and establish clinical standards around which efficient processes, empowered staff and leveraged information technology systems will deliver improved quality and decreased cost. Decision making models and compensation plan design, giving the physicians the authority and responsibility to create value are the vehicles to facilitate performance.

Early victories
Bruises of integration are likely, but are healed in the stunning early successes gained in service line management. Smart programs focus on clearly defined strategies creating trust in the program and in the people leading the charge.

- Physician driven cost per case advances, focused on reducing variation in care.
- Physician and staff collaborative deploying purchasing strategies based on clinical care standards – do we really need three high voltage devices?
- Strategic deployment of physician resources to effectively manage outreach operations and other program developments.
- Better deployment and adoption of interoperable information technology platforms.
- Value creation via data control.
- Quality improvement in discreet clinical processes.
- Operations efficiency advances in clinical and non-clinical operations.
- Physician recruiting and succession management stabilization.
- Cost reduction via elimination of duplicate services and functions.
- Improved clinical documentation and coding practices.
- Consolidated financial statements that clearly reflect the business performance of the entirety of the service line.

Where is the future?
It is clear that healthcare reform favors the consolidation of the healthcare industry. In nearly every faction of the industry consolidating efforts are observed – hospitals purchasing hospitals, physician organizations being purchased by both hospitals and insurance plans and industry device and pharmaceutical providers consolidating operations and sales forces to better align with the new healthcare order. However, consolidation without a strategy to leverage the joined entities operationally, financially and strategically will be only one thing – expensive. The re-emergence of the service line, with an incumbent mandate to drive care coordination and value to patients, is a model that has early promise to facilitate effective healthcare transformation.