



Solving Legal and Business Problems of Health Care Providers for Over 30 Years

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Blow It Up and Start Over (When Sometimes Tweaking Isn't Enough)

We recently visited a new client who had a great practice with a very poorly performing x-ray/imaging section. For years, the x-ray staff had thought that they were a separate group and not integrated into the practice. As a result, they were underutilized and over compensated – resulting in substantial losses to the group practice. They also had a brusque manner that turned patients off. Despite many attempts to improve, the x-ray staff resisted or refused to change their work habits and routines. About three months before our engagement, the practice manager fired the entire x-ray department staff, and suspended operations. Part of our project was to design the work processes and operational "blue print" for a new x-ray department.

It is rare for us to encounter an administrator and physician leadership with the courage to take such strong steps to a practice problem. So, we asked the manager how did she make her decision. We were expecting her to tell us how tough and difficult her decision was, and were therefore surprised by the eloquent simplicity of her answer. She said that she asked herself "what is the worst that can happen?" The answer is we alienate patients and lose money each month. We are losing money each month – the worst is already happening. Therefore, anything we do cannot make things worse. There was no downside to pulling the plug on the x-ray department – all that happens is the loss is reduced. Who could argue with her logic?

Consider this philosophy in handling practice management issues in your organization.

One of the benefits of starting anew is the freedom of choice you have in deciding how to operate your problem area. You can outsource, restart on your own, or venture with another group. All avenues are open. You can truly think out of the box since you do not have to worry about the many "people" issues that often prevent change and improvement from occurring.

Another benefit is you can take your time making your plans and designing your new service – once you have stopped the financial bleeding. In fact, it was the constant pressure of the monetary losses that prevented the above practice from dealing with the "root" causes of its problems and instead pushed it into a series of "quick-fixes" that were ineffective.

Obviously, you cannot shut down your entire practice when things don't go as they should. This approach is an effective remedy for a line of business, service unit, profit center or satellite of your practice that is performing poorly. The impact on the practice can be dramatic when a money losing service is turned around. The financial difference from losing \$40,000/year to making \$15,000 is \$55,000 more available for physician and staff bonuses. Usually the costs to reengineer are minimal; most solutions involve a change in your processes, personnel or training. The return on your investment and work can be substantial, and the results are almost immediately seen.

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