

Service Line Management Evaluation Project

FINAL REPORT

Martin P. Charns, D.B.A., Principal Investigator
Nelda P. Wray, M.D., M.P.H., Co-Principal Investigator
Margaret M. Byrne, Ph.D., Co-Investigator
Mark M. Meterko, Ph.D., Co-Investigator
Victoria A. Parker, D.B.A., Co-Investigator
Linda G. Pucci, M.P.H., Co-Investigator
Maria L. Fonseca, M.P.H.
William H. Wubbenhorst, M.B.A.

Management Decision and Research Center

Houston Center for Quality of Care and Utilization Studies

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HIGHLIGHTS

In response to a request from the Under Secretary for Health, the Health Services Research and Development Service, through its Management Decision and Research Center and Houston Center for Quality of Care and Utilization Studies, conducted a three-year evaluation of service lines in the Department of Veterans Affairs (VA). The evaluation focused on implementation and effectiveness of service lines at both Veterans Integrated Service Network (VISN) and facility levels. This document presents the highlights of the evaluation, based on site visits to VISN offices and facilities, written surveys of facilities, and analyses of VA databases. Among the key findings are:

1. Service lines are widely used in VA, but their structures vary considerably.

- The term “service line” is not used consistently throughout VA (or in the private sector). Reliable information cannot be obtained simply by asking about “service lines.” It is necessary to obtain detailed information about organizational form and reporting relationships to determine the existence of service lines and their structure.
- All VISNs implemented service lines of some form, but few VISNs altered lines of authority in their implementation.
- By 1999, 75% of all facilities had implemented service lines of some form. Several facility-level service lines had been implemented by 1993. In 1996 the rate of implementation of facility-level service lines increased sharply.
- Of those facilities that did implement service lines, more of them implemented service line divisions than any other structures. This structural form shifts lines of authority from service chiefs to service line managers.
- Only 27 facilities and 2 of the 22 VISNs that implemented service lines shifted budget control to the service lines. While the organization literature suggests that personnel control and budget control are correlated, this was not borne out by our findings.
- The clinical focus of VA service lines is predominantly in primary care, mental health, and geriatrics/extended care. This contrasts with the private sector, where the majority of service lines are in cardiovascular disease, oncology, and women’s health.
- Service line managers most frequently were physicians, although in some cases multidisciplinary dyads or larger teams shared joint responsibility for service line management.

2. Facility service lines initially had mostly negative effects.

- Statistically significant and primarily negative relationships were found between facility-level service lines and quantitative outcomes related to VA performance goals. Most notably, facilities with service lines that had been in existence 24 months or less had significantly less improvement in outcomes than facilities without service lines.
- Similarly, service lines that had been in existence over 24 months and that had mixed patterns of personnel evaluation (i.e., personnel accountability within the service line varied considerably among professions) had less improvement in outcomes than facilities without service lines.
- Facilities with other forms of service line structures in existence over 24 months performed as well as facilities without service lines.
- The negative findings may reflect the turbulence associated with implementing change, resistance to change, or ambiguity in the change process and in the mixed-evaluation service lines.

3. Sufficient quantitative data were not available to measure the effects of service lines at the VISN level.

- Managers in VISNs reported that service lines had positive effects on guideline implementation, uniformity of care, care coordination, cost and utilization, access and enrollment, communication, reduced competition, enhanced attention to professional issues, and staff motivation. Managers in VISNs with stronger service line structures reported more positive effects than managers in VISNs having only service line task forces.
- VISN-level service lines have not been implemented long enough to determine their effects on quantitative measures associated with VA performance goals.

4. Implementing service lines presents many management challenges.

- The VA personnel system was noted as a substantial barrier to service line implementation. Many interviewees reported that they had difficulty establishing service line manager positions at a grade level that was attractive to qualified candidates.
- Facility leadership frequently resisted implementation of VISN-level service lines, and service chiefs frequently resisted implementation of facility-level service lines. As a result some VISNs implemented service line task forces as a compromise between the more robust structures that VISN directors wanted to implement and the structures that they could implement.
- Many interviewees perceived that service line managers lacked requisite skills and experience, especially in general management and financial management, and would benefit from additional training.
- Several interviewees expressed concern that service lines would have a negative effect on professionals, professional standards and professional development. Several facilities had implemented a service line structure in which disciplinary leadership was completely eliminated but later modified it to re-establish professional leadership positions such as “lead social worker” and “nurse executive” or professional councils.

1. INTRODUCTION

Recent developments in the health care industry in the United States and abroad have highlighted the need for research into new ways of organizing health care delivery. Specifically, the movement to integrate multiple facilities and types of care into large, integrated delivery networks (IDNs) that provide services across the continuum of care has generated a number of organizational challenges. Such IDNs are faced with the need to deliver service of consistent content and quality to patients seeking care from multiple providers associated with multiple institutions, oftentimes across wide geographic regions. Furthermore, they are challenged to deliver this care in a cost-effective manner that is responsive to their patients and to payers of the care. One frequent response to such challenges in the private sector is the establishment of clinical service lines that cut across both institutional and disciplinary boundaries to organize patient care around specific diseases, interventions or populations. Such service lines have been established both within individual hospitals and at the IDN-level across facilities.

In 1995, the Veterans Health Administration embarked upon a reorganization into IDNs similar to those in the private sector. VA hospitals, which had previously operated as independent providers of care, were reorganized into twenty-two IDNs, termed “Veterans Integrated Service Networks” (VISNs). VHA managers were thus faced with the same dilemmas of organization that challenged the rest of the industry. A number of VA senior managers, including the Under Secretary for Health, believed that service lines were an effective mechanism for organizing the VISNs in the new environment of VHA. In 1996 several VISNs were considering reorganization by service lines, but none had yet begun implementation of IDN service lines. Some individual hospital facilities were known to have reorganized into a service line organization, but no reliable information was available on how many facilities had reorganized or on the effects of organization by service line. Thus, in January 1997, the Under Secretary for Health, Dr. Kenneth Kizer, commissioned the Health Services Research and Development Service’s (HSR&D) Management Decision and Research Center (MDRC) and Houston Center for Quality of Care and Utilization Studies (HCQCUS) to conduct an evaluation of service line management at both the facility and VISN levels in VHA.

The overall goal of this project is to assess the effect of organizing into service line structures on the achievement of organizational goals. The project’s two objectives are:

- 1) To describe service line implementation in terms of clinical area and structural form at both the facility and VISN levels.
- 2) To empirically compare the effect of service line forms of organization at the facility level to traditional organizational forms on the achievement of certain organizational goals.

To achieve these objectives, it was necessary to construct a design that would allow us to study service line phenomena at multiple levels of analysis and with varying degrees of precision, depending on the state of previous knowledge. This design was based on a review of the conceptual work that would enable us to develop a meaningful way of classifying the many different structures that were all being called “service lines” in the field.

The remainder of this report is structured as follows: The background and the questions and hypotheses that specifically drove the evaluation design are presented first. Then, the methods of the study are summarized. Finally, the results of each phase of the project are presented and discussed, and issues remaining for further evaluation are identified.