# Transition Watch

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# Comments on Implementing Service Lines

## Public vs. Private Sector

*By Linda Pucci, MPH and Martin P. Charns, DBA*

In the Fall 1999 issue of *Transition Watch*, we summarized VA managers' experiences, ideas and recommendations about implementing service lines. During the spring, summer and early fall of 2000, we had the opportunity to pose the same questions to senior managers in the private sector. The people we spoke with were top executives and service line managers in integrated delivery systems around the country. We asked them, as we had their counterparts in VA, to share the lessons they had learned as they implemented service lines.

In the several systems that we studied, the most frequently implemented service lines were in oncology, cardiovascular services, women's health, orthopedics, and geriatrics/long-term care. As we have previously reported, this contrasts with VA, where the most common service lines are in mental health, primary care and extended care. Also, although several VISNs and many facilities have acute care service lines, we found no acute care service lines in the private care systems we are studying. Even though the clinical focus of the service lines was different, many similar themes emerged regarding the value of service lines and the implementation of change.

At the network level, several private sector systems were challenged to integrate their facilities into networks, and were using service lines as one approach to assist in this clinical integration. Some systems were not successful and two themes emerged that characterized the systems that had difficulty. First, in several systems, facility CEOs were rewarded for individual facility performance, either exclusively or to a much greater degree than they were rewarded for system-wide performance. In some cases facility senior executives held dual responsibilities as service line managers and even under those circumstances received greater rewards for facility performance than service line performance. Second, the individual facilities in the system had historically been strongly independent and often had been competitors. After the formation of the system, the facilities remained strongly independent, with either the administration or medical staffs (or both) working hard to retain that independence. The service lines in these systems typically were structured as task forces and were described as being not very effective. It was not clear, however, whether the task force structure was insufficient to bring the facilities together, or whether the leadership of the different facilities prevented the implementation of team or divisional service line structures, resulting in a task force structure as a compromise.

Regarding the implementation of service lines, private sector managers related things common to all organizational change, as had the VA managers. They cited teamwork and two-way communication. Both groups talked about how the pace of change impacted the staff. And, both emphasized the need to educate and support them throughout the change.

Private sector managers put it like this:

*"It is so important to help program administrators to develop a different set of skills. It's a new role. It's hard for others to value it."*

*"We had a difficult time because we didn't come out with one model/structure. If we had defined the [service line] model and the role of the [service line manager] and how [s/he] related to the system . . . that would have been helpful."*

*"Help the staff view the changes as a gain to the system and not a loss to their department."*

*"There's the opportunity to actually set a kind of model. For example, if the behavioral health units across the system can organize as a service line and make it work —well then maybe obstetrics could do it too, or the surgical department."*

Private sector respondents also emphasized the importance of strategic planning and the interplay between their clinical mission and operations.

*Continued on page 2*

IN THIS ISSUE

Perceptions of Service Lines.................. Page 3

## Implementing Service Lines

Continued from page 1

*"For service lines to work, you have got to have an administrative person who is linked into operations and strategic planning. This is particularly true for big service lines like cardiology, oncology and women's health. When you have a large ship, it's hard to turn it around and respond quickly, so you need one person in charge to make quick decisions."*

*"It would be very helpful if there was a better, more sophisticated, more involving strategic planning process and [service lines] become part of it."*

Many mentioned business planning, marketing, and investment of resources.

*"You need a business plan, assurance that invested money is likely to gain in the long run, that capital involvement is likely to show gains."*

*"You have to look at things like you're a business unit."*

*"The strength of service lines is collaboration, business planning, marketing and standards of care."*

*"[The] service line [model] is a way to reduce loss. We can deliver most cost-effective service. The value is elevated with the service lines."*

Private sector managers emphasized the importance of physician involvement. Although there are some fundamental differences in the relationships of physicians to the health care delivery system in VA and the private sector, in both VA and the private sector we were told of the importance of involving physicians in the change process. The following are typical quotations from private sector managers:

*"Getting MDs engaged in the service line process is critical, you can't do without that."*

*"What is important is that the physicians are engaged. Provide the resources to the physicians so that when they find a problem they can make the changes."*

*"The key is building your relationship with your physician leader and making sure you are on the same page."*

*"Never surprise your MDs. You have to be politically astute and work with them."*

*"It's got to come from the providers. But it's a matter of educating them . . . Show people things and let them develop at their own pace. Whatever you call it, there has to be group empowerment. You have to get away from the traditional academic way of doing things."*

*"When you think the docs have been informed, inform them more."*

The emergence of champions as a driving force in service line implementation was also a primary theme in the private sector discussions. Indeed, several informants indicated that it was the physicians' declaration of commitment to service lines, which was the signal to the rest of the organization.

*"If you do not have physician champions, you can't do anything . . ."*

*"Can't do it until you have something you can rally a diverse group of people around. You can't just sell the idea. You need a champion in the midst."*

*"In order to make it work, there has to be an energetic charismatic leader."*

Although we noted some important differences between VA and the private sector, such as those involving physician-system relationships and the role of marketing, we also observed striking similarities in managing implementation of service lines. Three areas of importance that stand out in both settings are communication, involving physicians in the change process, and having a champion. These similarities indicate that executives in private sector integrated delivery systems and those in VA face many of the same challenges in managing change.

*Transition Watch* is a quarterly publication of the Office of Research and Development's Health Services Research and Development Service that highlights important information and learnings from the organizational change processes underway within the Veterans Health Administration. Special focus will be given particularly to findings from three organizational studies: the Service Line Implementation Study, the Facility Integration Study and the National Quality Improvement Study. The goal of *Transition Watch* is to provide timely and supportive feedback to VHA management throughout the change processes being studied as well as to draw on the change literature to assist managers in their decision making. For more information or to provide us with your questions or suggestions, please contact:

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# Perceptions of Service Lines

*By Joshua P. Rising, BA and Martin P. Charns, DBA*

As part of our ongoing analysis of the effects of service lines, we analyzed the interview data from the ten VISNs that we visited in 1999. We were interested in understanding whether service lines were seen to contribute to important areas of performance for the VISNs, and if so whether different forms of service lines had different effects. In 1999 we visited those VISNs that had made the most extensive organizational changes in their implementation of service lines, as well as several VISNs that had not made substantial changes. In previous *Transition Watch* articles, we reported on the types of organizational forms that have been used to implement service lines. These are task forces, teams/councils, matrix organization, and service line divisions (see *Transition Watch,* Fall 1998 and Winter 2000). Of the ten VISNs visited in 1999, six had task forces, two had teams, one had a matrix structure and one had a divisional structure.

## Methods

Our analysis of the interview data concerned the frequencies of positive and negative attributions about service line effects made by the network staff whom we interviewed. Two members of the research team independently read each interview and coded positive and negative comments made by respondents about nine specific areas that service lines were expected to impact: guideline implementation, uniformity of care, care coordination, cost and utilization, access and enrollment, communication, reduced competition, enhanced attention to professional issues, and staff motivation (see representative comments in Table 2).

For example, if the interviewee said, "transfers of patients between facilities is easier to accomplish," the care coordination category was coded positive. Additional positive comments by any individual interviewee did not increase the value of a category. Coding of negative attributes was treated similarly. Negative comments did not cancel out positive ones. Thus, for each interview, each category was coded in two ways: a positive comment was or was not made, and a negative comment was or was not made. Discrepancies between the two coders were resolved through coding conferences. For each interviewee the total number of categories having positive responses was tallied, and the total number of categories having negative responses was also tallied. The average numbers of positively and negatively coded categories were calculated for each VISN by averaging the number of positive and negative tallies from the set of interviews from that VISN.

## Results

The average number of negative comments per interviewee among all respondents in every VISN was less than 1. There was not enough variation in negative responses to provide useful comparisons among VISNs. The average number of categories (of the nine categories coded) in which respondents made positive comments are presented for the ten VISNs in Table 1. The networks with only task forces had the lowest average number of positively coded categories. In addition, the task force structure characterizes the four VISNs having the lowest number of positively coded categories. However, task forces were also used by VISNs ranking second and fifth of the ten VISNs. The highest ranking VISN structured its service lines in a divisional structure; it was the only one visited in 1999 that used divisions extensively. The two VISNs having teams and the one having a matrix had a higher average number of positively coded categories (2.75 and 2.7) than the average of the VISNs using task forces (1.8) but lower than the one using divisions (4.0).

**Table 1. Positive Effects Attributed to Network Service Lines***

| VISN | Average Number of Positive Effects Attributed to Network Service Lines | Type of Network Level Service Lines Implemented |
|---|---|---|
| A | 4.0 | Divisions |
| B | 3.2 | Task Forces |
| C | 3.2 | Teams |
| D | 2.7 | Matrix |
| E | 2.6 | Task Forces |
| F | 2.3 | Teams |
| G | 2.0 | Task Forces |
| H | 2.0 | Task Forces |
| I | 0.6 | Task Forces |
| J | 0.3 | Task Forces |

*Reported by VISN Staff From 10 VISNs Visited in 1999

*Continued on page 4*

## Perceptions of Service Lines

Continued from page 3

### Conclusion

Overall it appears that service lines are seen positively by the network staff that we interviewed. Service line task forces are not viewed as positively as other service line structures, although in some networks they have received many positive comments. The straightforward interpretation of these findings is that the networks with divisional matrix and team service line structures see their service lines as having more positive impacts than networks using service line task forces. It is important to point out a caveat, however. It may be that network staff in those VISNs that have made the most extensive changes in implementing service lines expect positive outcomes from the change and, therefore, are inclined to believe that they are attaining them. Further analysis of quantitative outcomes as service lines mature will provide more definitive answers to this question.

**Table 2. Representative Quotes from Interviewees**

| Category | Quotation |
|---|---|
| Guideline Implementation | "We've had a very positive effect with guidelines – we've implemented a number of them, and done some great standardization. Our performance scores have improved significantly, as have our outcome measures." —*Network Director* |
| | "Clinical policy development has been helped by bringing together groups that are knowledgeable and representative of all groups in particular areas." —*Chief Fiscal Officer* |
| Uniformity of Care | "Service lines have been very effective in reducing the variation of practice, leading to better and more cost effective care. The primary care service line has been very effective in standardizing delivery and the way we do our work." —*Network Director* |
| | "Care councils are impacting the uniformity of care across the VISN. This is why they are there. An example is the policy for nursing home care. Another is Hepatitis C, where we make sure that the same level of knowledge is driving care at all care sites." —*Chief Medical Officer* |
| Care Coordination | "One of the problems in the past was that patients would be bounced from specialty to specialty – no internal communication. Now with one care line like med/surg, the one administrative officer can coordinate everything." —*Chief Medical Officer* |
| | "Our patient satisfaction scores for coordination of care have gone up. We've made [other]efforts, but it is the service line model that provided impetus to move things faster." —*Chief Information Officer* |
| Cost and Utilization | "People are looking at cost and utilization of mental health. Teams at some facilities are doing great work, and they are feeling supported by the emphasis on mental health." —*Network Director* |
| | "We have dropped our costs per patient to below the national average. Our unit costs are all going down, and we are becoming more efficient." —*Service Line Director* |
| Access and Enrollment | "In population coverage/access for general and specialized services, no network is doing as well. We have expanded access and continue to do well on these measures." —*Service Line Director* |
| | "We have increased utilization at our facility – an increased volume of patients and an increased number of patients in adult day health care." —*Service Line Director* |
| Communication | "The change to me is that the groups that we have gotten together are working – two years ago they would have said, 'buzz off'."—*Chief Medical Officer* |
| | "VISN service lines have enhanced our services immensely. We have communication and strategic planning at our fingertips. We are reducing duplication of services." —*Chief Information Officer* |
| Reduced Competition | "We took up a collection to bail out [a facility in financial trouble]. It meant 500k dollars from us." —*Service Line Director* |
| | "A lot of [the] contribution [of service lines] has been the breaking down of cultural barriers…as barriers come down, there is mileage to be gained." —*Chief Medical Officer* |
| Attention to Professional Issues | "When special initiatives come, I am now selecting the best people in the network rather than only the best in the medical center . . .. There is greatly improved professional development." —*Network Director* |
| | "There is now an education council which is a resource to us. Their recommendations are based on the network's needs and not the individual staff person." —*Service Line Director* |
| Staff Motivation | "At the very basic level, we are having discussions that three years ago would have amazed me. At the strategic level there is unity of mission and awareness of interdependence – more patient focused than it was before." —*Chief Financial Officer* |
| | "I am convinced that if I said we needed to move the building six inches, within a week I would have a committee who would have figured out how to do it." —*Facility Director* |