

Profitable Lean Transformation for Hospitals and Clinics

Lean That Isn't a Waste...

Lean Six Sigma (LSS) is the methodology most leading healthcare facilities use to improve patient care, satisfaction, and profitability. As typically implemented in large institutions, Lean Six Sigma can be quite costly and returns realized too far in the future to be a viable option for most healthcare facilities. A more affordable approach that has become popular – sending one or more staff to a week-long LSS course – rarely if ever realizes significant results and is in the end simply a waste of time and money, both of which are in short supply. But there is a better option.

SigmaMed's Lean Sigma Healthcare Service (LSH) was developed to build highly effective internal Lean Six Sigma (LSS) improvement capacity for healthcare facilities in a manner that is sustainable and revenue positive quickly. Highlights of the LSH Service include:

- **Accelerated Lean Leadership Development Through Intensive Mentoring in the Application of Advanced Skills and Techniques**
- **Significant Long-Lasting Financial Results through Guided Project Selection, Facilitation, Data Analysis, and Implementation of Internal Process Controls**
- **Low Up-front and Minimal Travel Costs with a Positive ROI Guaranteed Within 4 Months**
- **Maximum Learning Effectiveness and Long-term Retention through Just-in-Time Online Training and Mentored Learning-by-Doing**

The LSH Service is not another project that will overwhelm you or your staff. LSH is a repeatable project management methodology your teams learn in the process of completing projects they have to do anyway and achieving results you never imagined possible. The operational efficiencies and cost savings quickly return to your bottom line and the enhanced satisfaction of staff and patients from a nearly error-free operation enable you to maintain your patient population, reduce costs of recruitment, and free up resources to meet new challenges.

The Lean leadership skills staff and executives learn in their first projects readily transfer to their primary work functions and generate the institutional belief, enhanced revenue, and staff buy-in necessary for a highly successful long-term Lean transformation. Happier patients, empowered staff, supportive boards and stakeholders, and an improved revenue position combine to place you on a firmer footing to survive and thrive well into the future.

Meaningful Financial Results

In Lean Six Sigma thinking, it makes no sense to spend more money on improving a process than errors and inefficiency are costing in wasted time, money, customer or staff retention, medical mistakes, or potential penalties. SMS works with facility executives to select, scope,

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and manage its projects so their investments in LSH attain a strong enough return to more than recoup costs within a 2-4 month timeframe, just as these SMS clients did:

- **Increased FQHC patient visits by 33% year-on-year within 3 months**, made the clinic profitable again and guided them to PCMH Level 2 recognition within 6 months
- **Improved CAH outpatient service billing accuracy from 80% to 99.4% within 4 months** and completed additional revenue cycle projects that reduced A/R by \$1.9 million
- **Improved accuracy of patient demographics at a CAH clinic from 60% to 99.5%**, eliminating rework, improving staff satisfaction, and significantly reducing A/R

Customized Roll Out

All healthcare institutions share common challenges, but the specifics of each situation vary and thus recommend custom approaches to implementing Lean Six Sigma. Starting with a financially important and highly successful first project is vital to the long-term roll out of Lean Six Sigma. Insignificant or unsuccessful projects leave the organization with a bad taste and the feeling that LSS is a waste of time and not worth pursuing.

SMS works closely with facility executives to select first projects to ensure they are financially relevant, highly successful, and sustainable to provide a great first experience and build buy-in. Some relevant project options SMS clients have started with recently include:

- **Revenue Cycle Transformation** – There is no surer path to rapid and long lasting financial viability than by beginning with a LSH revenue cycle project. Every facility operates with a built-in rework loop required to submit clean claims and by minimizing upstream errors, denials can nearly be eliminated and AR significantly reduced.
- **Meaningful Use** – Although Stage 1 may have been relatively simple to attain, the process changes required by Stage 2 and beyond will wreak havoc on the unprepared. Starting your Lean Six Sigma transformation with a MU2 project ensures that you predictably meet MU2 and 3 requirements, while minimizing disruption in operational and care processes and likely attaining enhanced safety and operational efficiency
- **PCMH and ACO Transformation** – The process changes required to make the transition to PCMH and ACOs typically add significant new work and can overwhelm facilities already operating on thin margins. SMS has developed a methodology to make the PCMH/ACO transition in a way that improves operational efficiency and redesigns care process so that you meet the requirements as a natural outgrowth of day to day operations, rather than as a list of extra work to be done. SMS's Lean PCMH and ACO enables you to see more patients and deliver higher quality of care, all at the same time you meet the requirements imposed by mandated changes in reimbursement.

Affordable Expertise

No one has money to waste and the LSH service was designed to easily fit into discretionary budgets and pay for itself quickly. For less than the cost of a middle management FTE you will receive the benefits of several high-level Lean Six Sigma resources dedicated to returning more revenue than they cost. SMS resources can be mixed and matched to deliver specific content

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expertise as dictated by your needs and you will never be locked into non-performing personnel. A few examples of the specific expertise of SMS consultants:

- Finance and Revenue Cycle
- Meaningful Use
- Care Transitions and PCMH
- ED Readmissions & Flow
- Surgical Services
- Ancillary Services
- Joint Commission
- General Operations

Accelerated Lean Leadership Development

SMS teaches a subset of LSS it calls Lean Sigma Healthcare (LSH), which strips out the elements of LSS more appropriate to manufacturing to hone in on the vital few tools and techniques with specific application to healthcare. LSH doesn't overload teams with dozens of LSS tools or intimidating statistical techniques that are of little use in a service industry like healthcare and enables them to lead teams to rapid and long-lasting solutions to important problems.

LSH is not a non-rigorous "Cliffs Notes" version of LSS that can only be expected to make superficial improvements with little long-term effect. In fact, LSH has proven to drive better and longer lasting solutions because it incorporates training in content vital to long term project success, but which is not addressed in typical LSS training programs:

- Insightful Organizational Decision Making and Change Leadership
- Process-Focused Project Management
- Facilitation Skills for Leaders
- Vital-few LSH Tools and Techniques

Using the SMS online learning management system, team members complete online training modules just prior to team meetings in which those principles will be utilized. This makes better use of team meeting time and eliminates the typical lag between conventional training and its application in project work. Learning Just-in-Time with immediate application cements the abstract learning into long term memory and increases comprehension and the ability of staff to make use of LSS principles on future projects and in their daily work.

Executive time on projects is kept to a minimum by staffing teams primarily with front-line staff and team leaders are trained to efficiently keep executives in the loop with brief weekly updates and formal sign-offs on project phases. By engaging front-line staff in improving on their daily work, solutions are typically better and gain tremendous buy-in from the people who must change to implement these new processes, resulting in a higher likelihood of long-term success. And by moving an important project off executive's worry lists their time is freed up for other priorities.

The fact that executive involvement in projects is kept to a minimum does not mean that solutions are any less effective than they would be with more high-level involvement. In fact, research demonstrates that an inclusive decision-making process that encourages dissenting viewpoints is 6 times more important to the quality of organizational decisions than mere analytics ("Decisive," p.5, Heath, 2013). LSH projects establish the ideal framework to tap into the intelligence of the group and avoid the pitfalls of narrow framing that lead to so many poor organizational decisions.

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Organic Lean Transformation

Without institutional knowledge and trained practitioners to lead the efforts, Lean Six Sigma is often implemented in a fragmented and ineffectual manner that actually hampers the likelihood of successful long-term Lean adoption. In the typical week of Lean Six Sigma training, participants are force-fed information then cut loose to begin working on projects. Thusly trained staff doesn't have the confidence, experience, or extra time needed to lead initial projects through to successful completion and the ensuing "Lean Fires" they start, as we call them, dissipate organizational energy in the hope of achieving results. The disillusionment created by foundering or insignificant projects sets the organization out on exactly the wrong footing for a successful Lean transformation.

Decades of research into organizational development have shown that the most effective change efforts begin with a results-oriented, rather than an activity-centered focus (HBR, Jan-Feb 1992). This means initiating change efforts by determining measurable objectives from the start and driving all improvement activities to attain those goals, rather than by setting training and number-of-projects goals, in an improvement "rain dance", as it were, that entails "...the ardent pursuit of activities that look good, sound good, and allow managers to feel good, but in fact contribute little or nothing to bottom line performance."

Additional supporting work has recently been done on what are called "Keystone Habits," which involve "small wins" that have a disproportionately large effect on the culture of an organization. This ground up approach generates an internal pull for Lean Six Sigma that motivates staff to learn more about it, rather than the typical top-down approach to Lean adoption which hopes to drive change through training, mandates and other carrot-stick type incentives. The key to the Organic Transformation approach is the power of institutional belief in driving change and the subtle restructuring of organizational habits that occurs in the course of a successful LSH improvement project.

The SMS Lean Sigma Healthcare Service mentoring model ensures your first projects are highly successful, your teams and team leaders gain the positive experience necessary to develop into effective project leaders, and your organization builds the proper habits to sustain a Lean transformation. The enthusiasm team members gain from playing a part in redesigning their work for the better and being listened to empowers them with a new sense of purpose and connection to your mission. The coup de grace is when patients begin to feel something different at your facility coming from fewer frustrations, a bolstered sense of organizational competence, and a greater degree of caring for them as individuals.

Guaranteed Results

SigmaMed will only engage clients in projects that will quickly pay for themselves. We are so confident of the value of our services we will put our money where our mouth is and refund all project costs if your engagement does not completely meet your needs.

And we know that almost nothing we say will be believed until you talk to one of our clients. To receive a client list for reference, or discuss how you might begin a profitable lean transformation, please contact SigmaMed CEO Jamie Martin at jamie@sigmamed-it.com or (303)666-6776 direct.

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