ownership, it was projected that the clinics would at least break even in the year following purchase and return to profitability no later than the 3rd year after purchase.

Now, the 5th year after purchase, all of the practices are losing money, with total annual losses in excess of $500,000. You are the vice president for ancillary services. The chief executive officer has asked you to prepare an analysis regarding the poor financial performance and to make recommendations regarding the actions to be taken.

Questions

1. Describe the system that Newland Hospital created by purchasing the primary care practices. How do the concepts of optimization and suboptimization of a system apply?
2. What reasons might explain why the practices are losing money?
3. Identify the economic value of the clinics to Newland Hospital. Identify the noneconomic value.
4. Outline a plan that applies CQI principles and concepts to improve the healthcare delivery system composed of the primary care practices and Newland.

Case Study 3

Where *and* How to Start?

Tri-River Hospital (TRH) is a 300-bed community hospital located in a metropolitan area of the upper Midwest. TRH has a good reputation in its service area. On several occasions, TRH has been recognized for meeting measures of clinical quality that The Joint Commission has established. Despite meeting these measures of clinical quality, TRH has patient satisfaction scores that have been consistently at or near the 50th percentile. Month-to-month and year-to-year there is only common cause variation in the patient satisfaction scores. The QIC and the quality resources staff have attempted a number of hospitalwide initiatives to improve patient satisfaction scores. These included written scripts for nursing staff to encourage a more engaging relationship with patients and family members, mounting white boards in each patient room that identify nursing and other staff members who will be treating patients each shift, and increasing the attention by environmental services to bathrooms and the general level of cleanliness in patient rooms. None of these initiatives seems to have made a difference.

Patient satisfaction scores are obtained from a telephone survey of a random sample of adults discharged each month. The survey is conducted by a national survey research firm. Questions are standardized as required by the CMS and may not be duplicated by a hospital's local survey process. Responses can be sorted by several variables, including discharging unit, insurance, attending physician, patient's self-identified race, and the like. The hospital has a recognition program for individual units using Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) scores. Some patients surveyed have been out of TRH only a few days, others were discharged a month or more earlier.

The pressure to improve patient satisfaction scores will only increase. Generally, competitors have better scores, and the CMS is likely to incorporate patient satisfaction into criteria to determine reimbursement.

Questions

1. Critique TRH's efforts to this point.
2. Formulate a QI initiative to raise patient satisfaction scores.
3. Develop a step-by-step plan to implement the initiative.
4. What measures should be considered in addition to those directly affecting patients?