

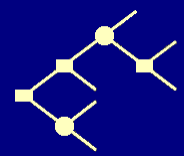
Outsourcing For Hospitals

-

**Potential, Disadvantages, Unexpected Costs,
Trends, Considerations, Related Approaches**

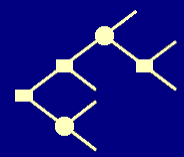
Philip M. Troy, Ph.D.

Quantitative Process & Decision Support/Systems Analyst



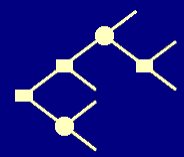
Preface

- **This presentation is not intended to promote or demote the use of outsourcing for hospitals**
- **It is instead intended to identify the potential, disadvantages, unexpected costs, trends, considerations, and related approaches regarding outsourcing in hospitals**



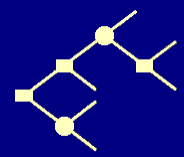
Potential

- **When looking at outsourcing I keep in mind that:**
 - **The outsourcing provider has to make a profit**
 - **There will be logistics, communications, and management costs**



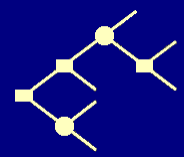
Potential

- **So I look for opportunities that structurally would benefit from larger pools of service:**
 - **Sharing temporary nursing services (possibly with other hospitals)**
 - **Sharing lower use patient services, e.g. oncology weekend walk in clinics**
 - **Other services that do not need to be in the hospital where one management team could manage larger operations**



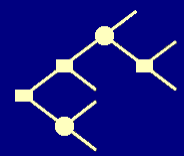
Disadvantages

- **Silos may not get broken down**
- **Potential disalignment of goals**
- **From** <http://operationstech.about.com/od/outsourcing/tp/OutSrcDisadv.htm>
 - **Loss of managerial control**
 - **Hidden costs**
 - **Threat to security and confidentiality**
 - **Quality**
 - **Being tied to the financial well-being of another organization**
 - **Bad publicity and ill-will**



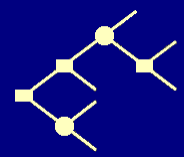
Unexpected Costs

- **Quality management**
- **Management of the outsourcing**
- **Inventory costs can actually be higher because of need to keep inventory in the pipeline**
- **Cost of unplanned logistics and premium freight**



Hospital Outsourcing Trends

- **From** <http://www.fiercehealthcare.com/story/hospital-outsourcing-lasting-trend/2013-10-07>
- **Hospital outsourcing is on the rise:**
 - **Housekeeping**
 - **Food services**
 - **Patient care - where there isn't “long term physician-patient relationship”**
- **The trend may not persist - as hospital systems grow, they pool these services internally across hospitals in their systems**

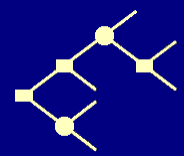


Outsourcing For Hospitals

Potential, Disadvantages, Unexpected Costs, Trends, Considerations, And Related Approaches

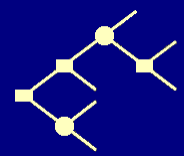
Hospital Outsourcing Trends – Top 5 Patient care Services

2006	2008	2012
Dialysis services(31%)	Anesthesia (42%)	Anesthesia (37%)
Sleep disorders (24%)	Dialysis services (34%)	Emergency Department (36%)
Diagnostic imaging (23%)	Diagnostic imaging (24%)	Dialysis services (32%)
Laboratory services (20%)	Hospitalist (24%)	Diagnostic imaging (25%)
Physical therapy (18%)	Emergency Department (20%)	Hospitalist (25%)



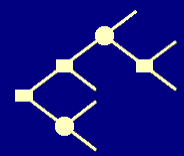
10 Considerations For Hospitals Looking To outsource Services

- **From** <http://www.beckershospitalreview.com/hospital-management-administration/10-considerations-for-hospitals-looking-to-outsource-services.html>
 - **“Choose an outsourcing partner carefully, and conduct a rigorous interview process to find the right partner**
 - **Create a two-way dialogue with the outsourcing firm so collaboration becomes a mutual goal.**
 - **Appoint a mentor within the hospital or health system to work exclusively with outsourcing firms.**
 - **Insist on continuity with an outsourcing provider. Usually, outsourcing providers hire back 70 to 80 percent of the hospital or health system's staff, and executives have to make sure that is the baseline at the very least.**



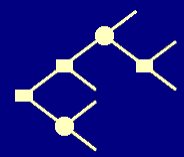
10 Considerations For Hospitals Looking To outsource Services

- **From** <http://www.beckershospitalreview.com/hospital-management-administration/10-considerations-for-hospitals-looking-to-outsource-services.html>
- **Weigh the value of a long-term outsourcing contract versus a short-term one.**
- **Establish the necessary data, analytics and key performance indicators to find out if the outsourcing firm is saving money while also maintaining a positive environment for physicians, nurses and other staff.**
- **Determine how the outsourcing vendor can create systemwide efficiencies through centralized purchasing, consolidation of vendors and standardization of maintenance practices.**



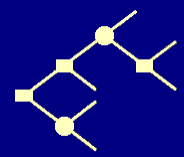
10 Considerations For Hospitals Looking To outsource Services

- **From** <http://www.beckershospitalreview.com/hospital-management-administration/10-considerations-for-hospitals-looking-to-outsource-services.html>
 - **Find out where big cost improvements can be made — such as volume purchasing, energy savings, equipment maintenance and labor control without layoffs.**
 - **Look beyond cost savings to see where outsourcing firms can help with patient safety, patient satisfaction and other areas emphasized in the Patient Protection and Affordable Care Act.**
 - **Demand accountability.”**

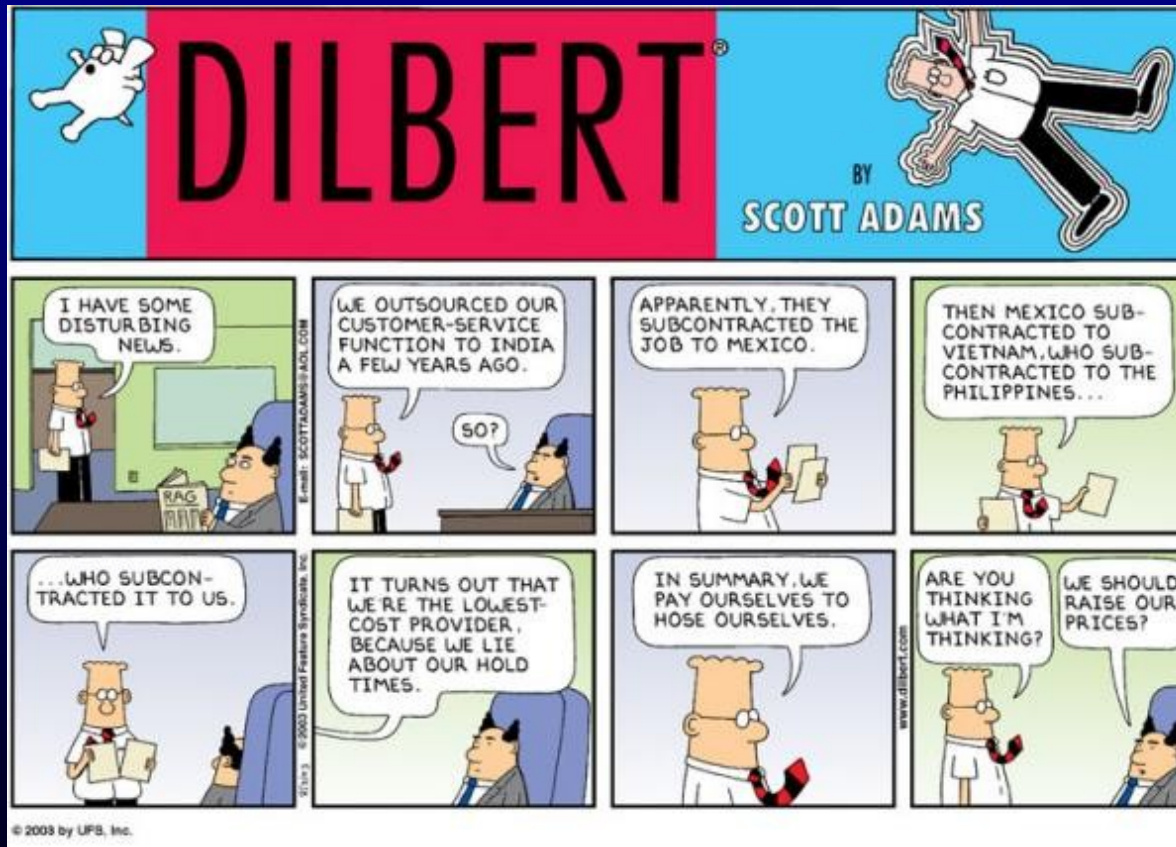


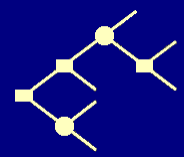
Related Approaches

- **Services organization (Brian Maruffi)**
- **Chargeback**



Outsourcing Humor





Outsourcing Humor

- **The singing telegram is offshored to India**

TajTunes.com Home | Email Us | Shopping Cart

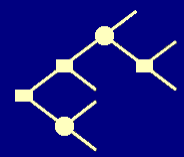
Outsourcing

never sounded so good

"TajTunes is the ultimate outsourcing experience!"
- Bruno, New York, NY

Featured TajTunes

Product Name	Price	Action
Congrats: You Did It	\$6.99	more
For Moms: Lucky Me	\$6.99	more
Birthday Superstar	\$6.99	more
Congrats: Cookies	\$6.99	more



Outsourcing For Hospitals
Potential, Disadvantages, Unexpected Costs, Trends, Considerations, And Related Approaches

Thank You!