LCH Health: Leaders for Community Healthcare

Lake Chelan Health Retreat
February 6-7, 2023
Alan Yordy, FACHE/FNACD
The Infinity Group

LAKE CHELAN HEALTH

Fundamentals for the day

- **LCH Values:** Relationships, Integrity, Compassion, Respect
  - Bring a spirit of inquiry
  - Listen with intent
  - Integrity in all things
  - Comment/Contribute with care and respect ©

Fundamentals

- Be authentic
- Listen generously
- Respect the individual
- Embrace Change

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Reflection on humility

The first thing is to be honest with yourself. You can never have an impact on society if you have not changed yourself…Great leaders are all people of integrity, of honesty, and humility.

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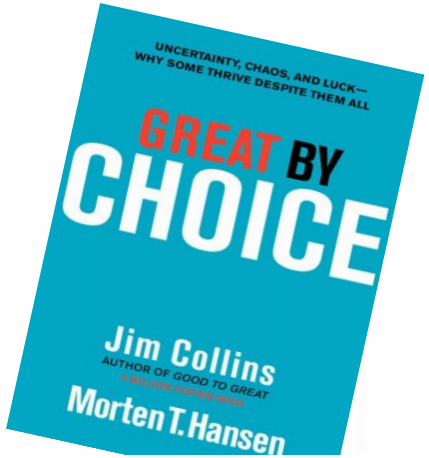
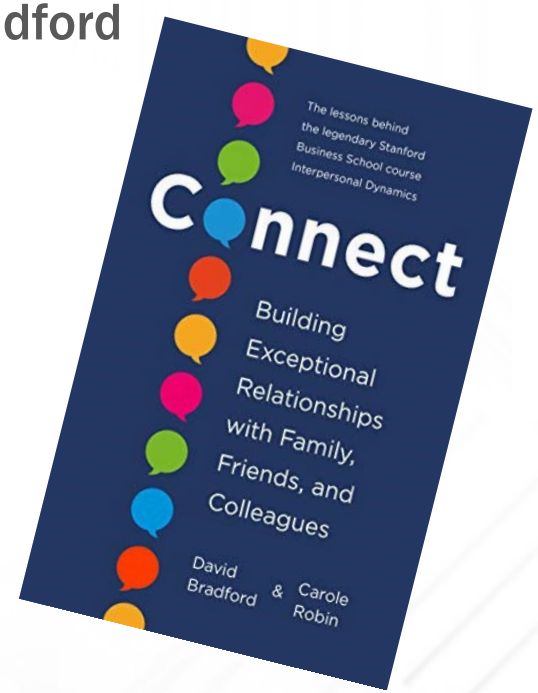
Resources

- ***Wisdom of Crowds*** Jim Surowiecki
- ***How the Mighty Fall*** Jim Collins
- ***Great by Choice*** Jim Collins
- ***Think Again*** Adam Grant
- ***Connect*** Carole Robin and David Bradford





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Agenda - Morning

- **Presentation: Trends and Issues in Rural Healthcare (8:30)**
  - **Brock Slabach, National Rural Health Association**
- Reflection and Guidance for the Day
- Post Covid Recovery and Beyond
- National Perspective
  - Eight Trends
  - Rural health is different
- Washington Profile
  - TRC Profile
- Lake Chelan Health Profile
- Rural Health Success Factors
- What's in a Mission and Vision?
- Survey Results

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Agenda - Afternoon

- Table Exercise:
  - Vision Work
  - Four Core Strategies
- Next Steps for a Successful Plan
- Closing Thoughts

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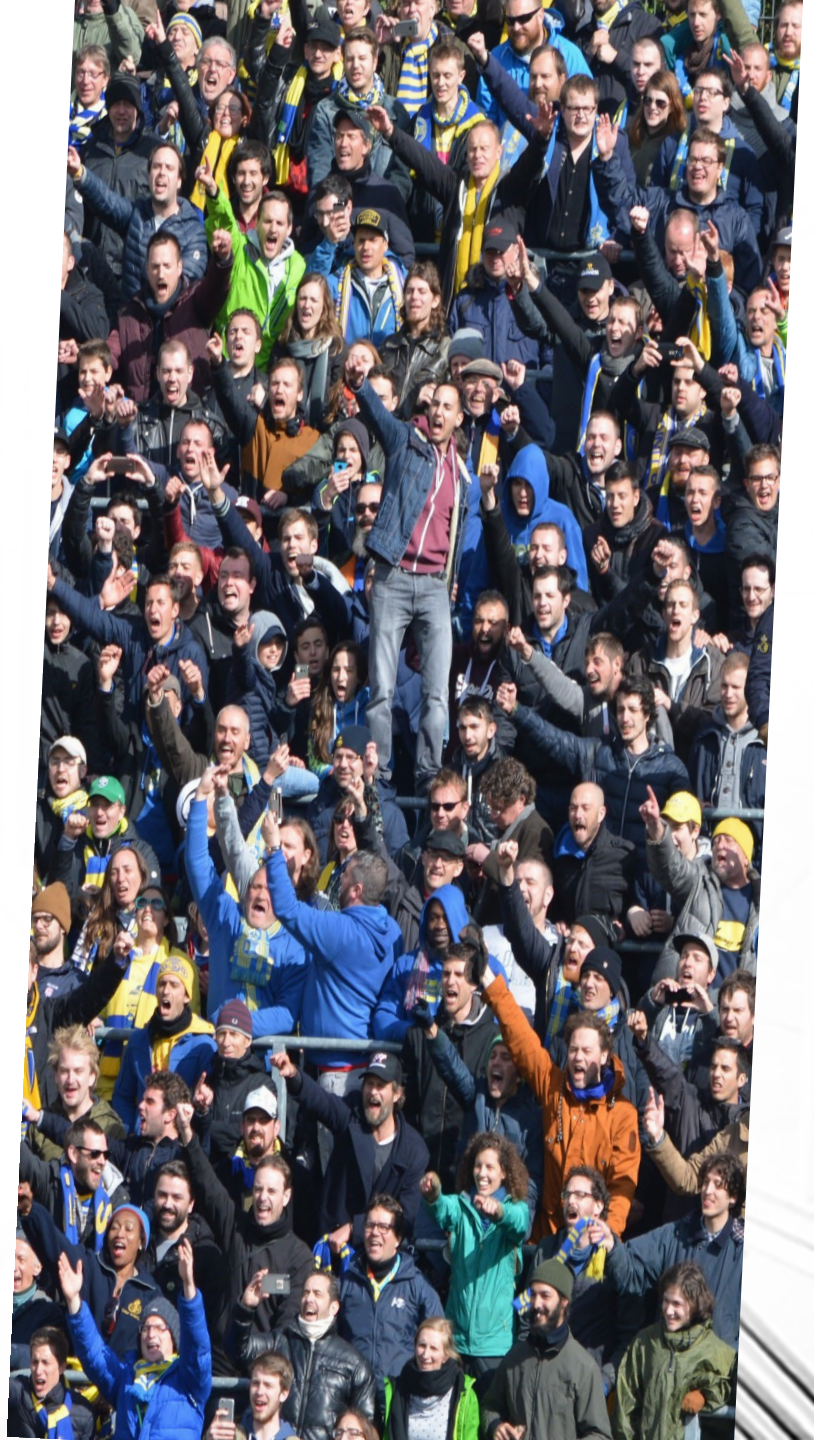
Factoids

- US Population: 332,400,000[1]
  - 63 million Medicare enrollees
- 2021 US Deaths: 3,400,000
  - 2,800,000[2] (Death rate Increase)
- US Healthcare Spending: $3.8 trillion[3]
  - $491 billion – out-of-pocket
- Total US Hospitals: 6090[4] (5191 Community Hospitals)
  - 1805 rural hospitals, including CAH
- Hospital Spending: $1.2 trillion[3]
- Physician/clinical Spending: $772 billion[3]
- Pharmacy Spending: $370 billion[5]
- Federal Medicare/Medicaid Budget: $1.170 trillion[6]
- Rural Hospital Closures 2010-20: 120
  - 892 rural hospitals are vulnerable[7]



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Post-Covid Trends

1. Acceleration to ambulatory care; virtual care expansion

2. Accentuated the long-term nursing shortage; rapid increase in entry wages

3. Insurers used high profits from 2020-21 to diversification across the care continuum

4. Increased “digital investment;” patient-convenience focus

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Post-Covid Trends

5. Private Investment in healthcare (high deductible plans)

6. Transition to more in-home care;

7. Hospital pressures; more mergers/ consolidation

8. Increased differentiation of urban v. rural healthcare

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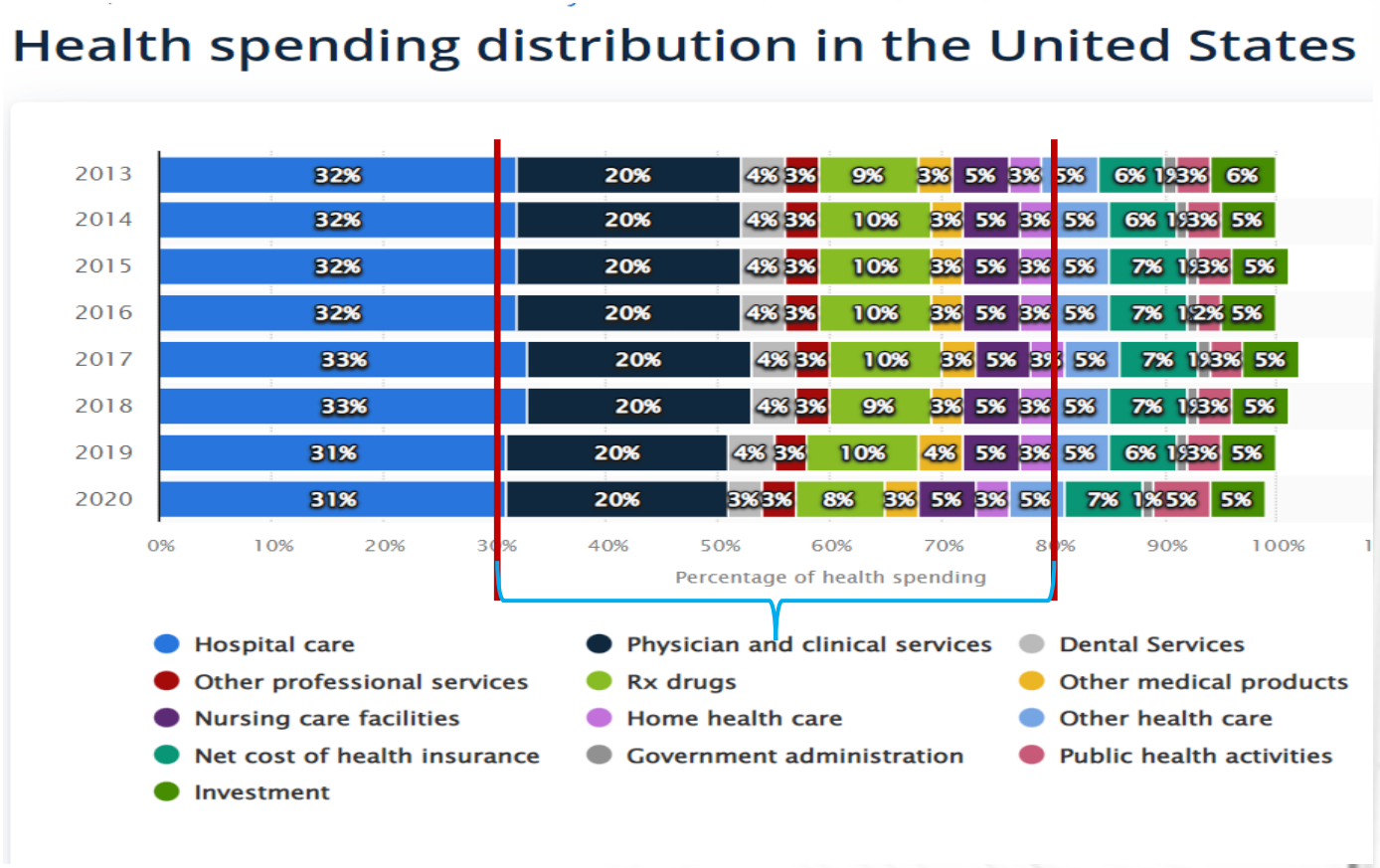
1. Ambulatory Growth

- Surgery
  - Blood Management
- Infusion
- Ancillaries
  - Pharmacy
    - Retail/Specialty
  - Imaging
  - Clinical Lab
- Home Health



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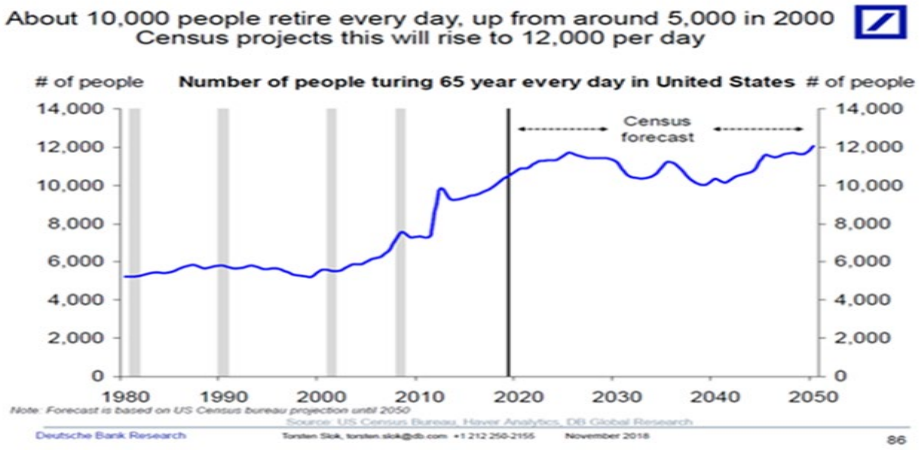
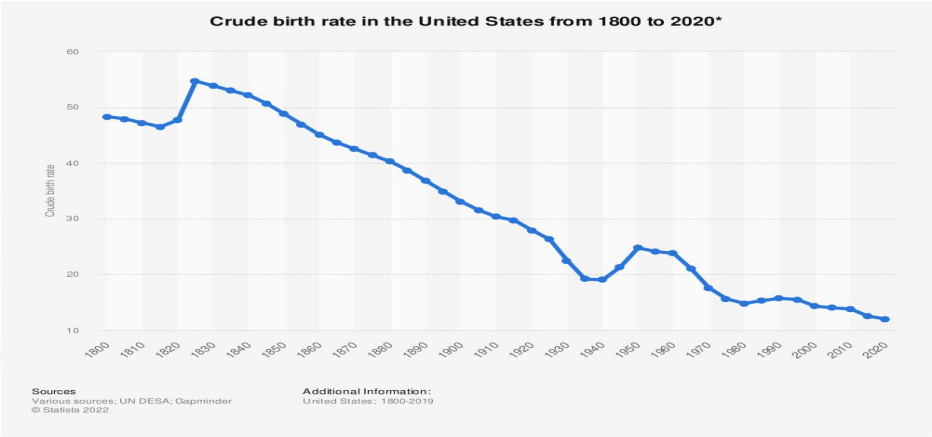
2. The Labor Conundrum





- Largest group of retirees in history
- Historically low birth rate
- Immigration policy

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3. The Ambulatory Competitors

- Aetna-CVS
- United/Optum – Change Health/LHG
- Walgreens/Minute Clinics/VillageMD
- **Walmart/MeMD**
- ~~AmazonCare~~/Health Navigator/One Medical/AmazonRX

4-5. Technology-enabled Healthcare

6. Effective In-Home Treatments

- Community-acquired Pneumonia
- Congestive Heart Failure
- COPD
- Cellulitis
- Dehydration/UTI
- Palliative/Hospice care

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7. Trends Push M&A Activity

Consolidation Continues: Healthcare, especially hospitals, becoming a mature industry.

Mega Systems Struggle; Only one has demonstrated long-term success

Sweet Spot: Highly disciplined regional systems

Gov't Action: Feds attempting to slow this trend

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7. Regional Mergers

"Regional mergers could strengthen and expand service lines and referral networks, boost access to clinical- and business-oriented intellectual property and diversify revenue streams…"

Modern Healthcare, June 8 2021

- Spectrum-Beaumont
- Atrium-Navicent
- Advocate/Aurora-Atrium
- InterMountain-SCL Health
- Jefferson-Einstein
- Marshfield-Aspirus (in discussion)

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8. The Rural Differential

- Population Health
- Quality Issues
- Financial Issues
- Policy Dependence
  - Payment policy/Medicare and Medicaid
- Worker Shortages
- Shifting Demographics

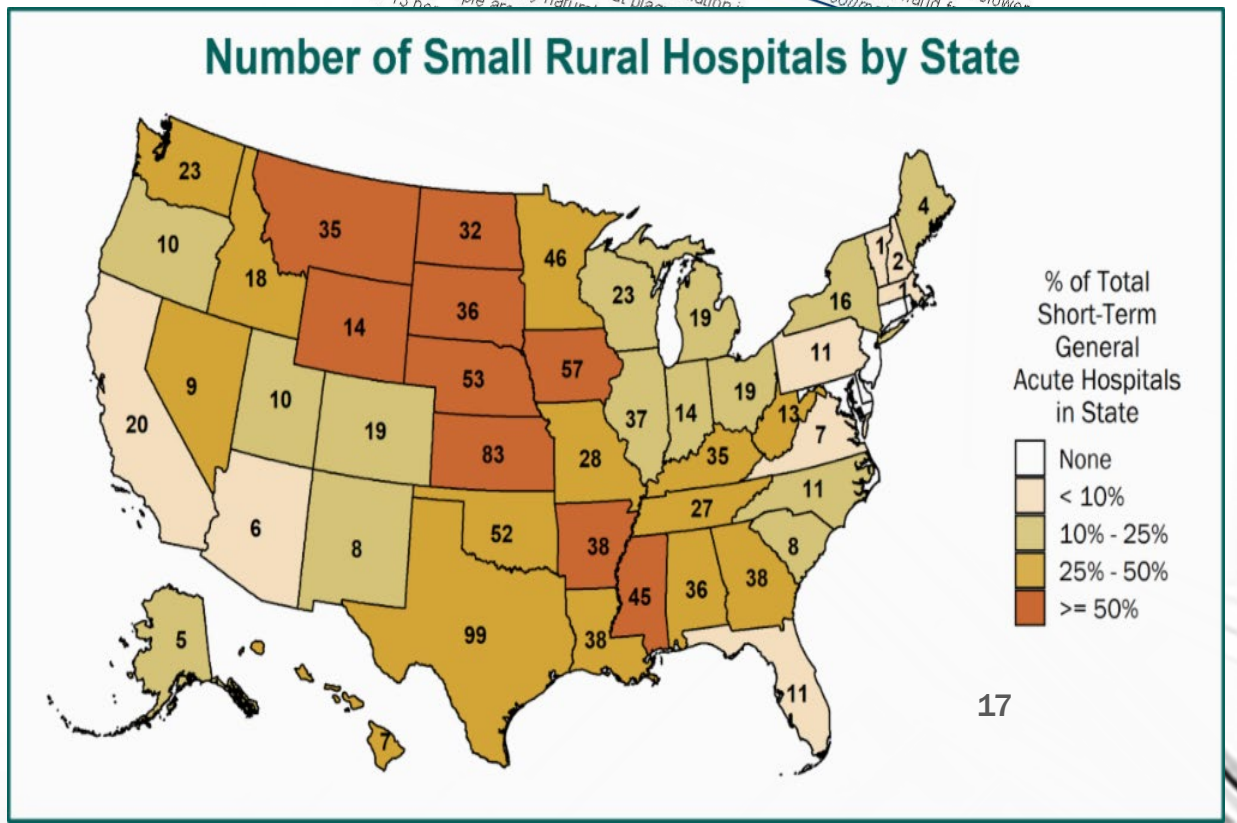
BECKER'S HOSPITAL REVIEW

Retired baby boomers are flocking to rural areas, boosting hospital demand

Georgina Gonzalez (Twitter) - Monday, May 9th, 2022

Retired people are moving to rural areas in search of natural beauty and a slower pace of life, boosting desperate local economies and bringing demand for services, including healthcare, reported The Wall Street Journal.

At 162 rural spots in the U.S., the population is average, bucking the trend that plac decline. Drawn in by natur retired people are a 13 pe



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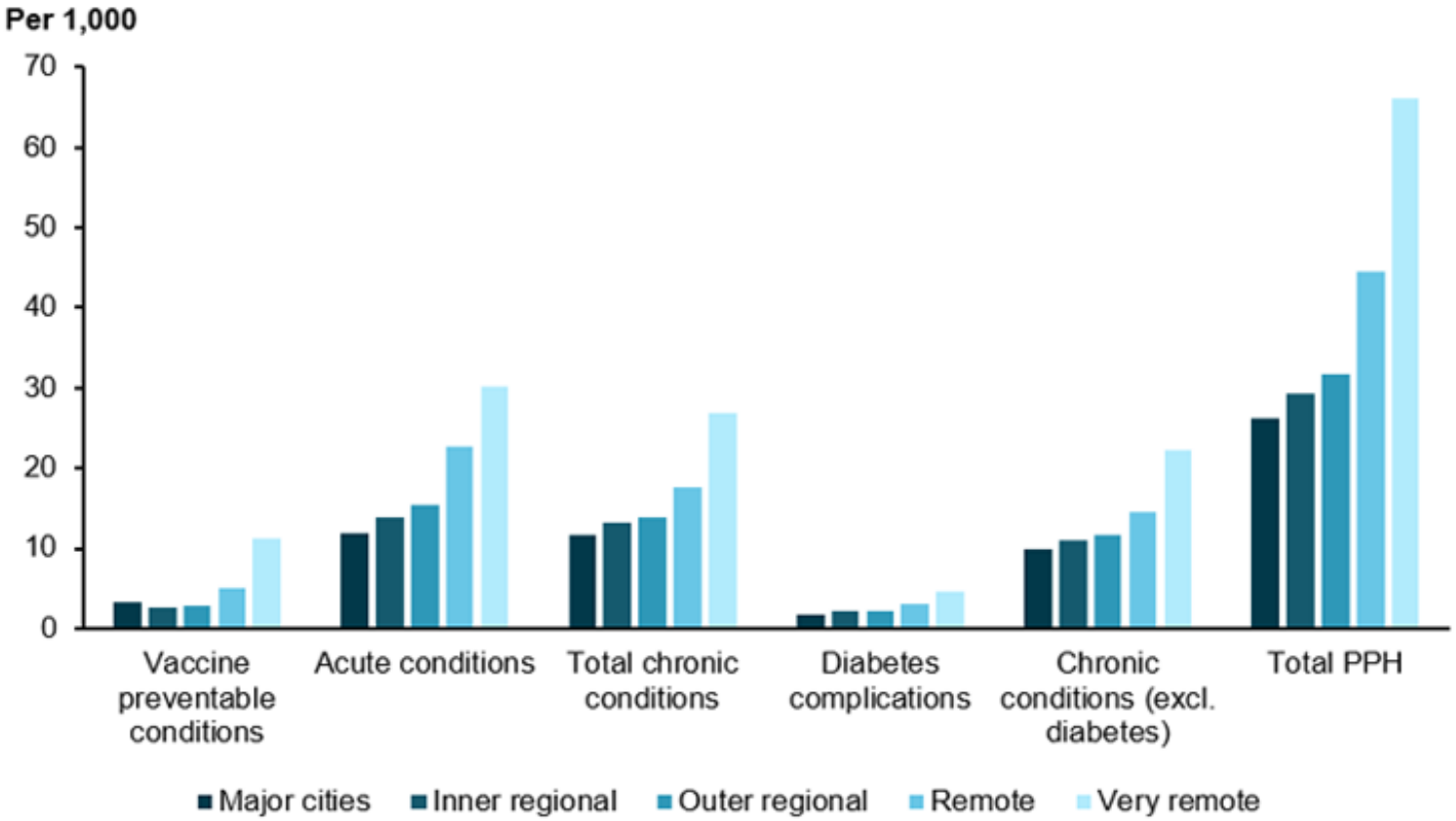
Disease is different



Source: US Centers for Disease Control and Prevention

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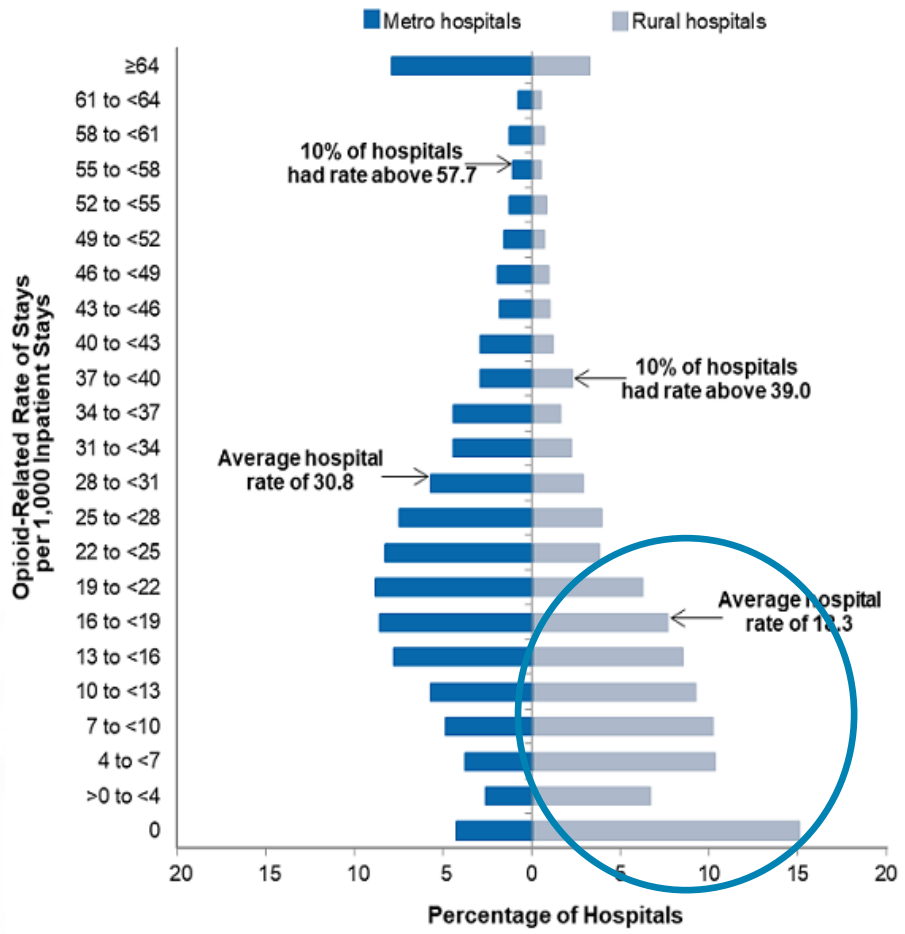
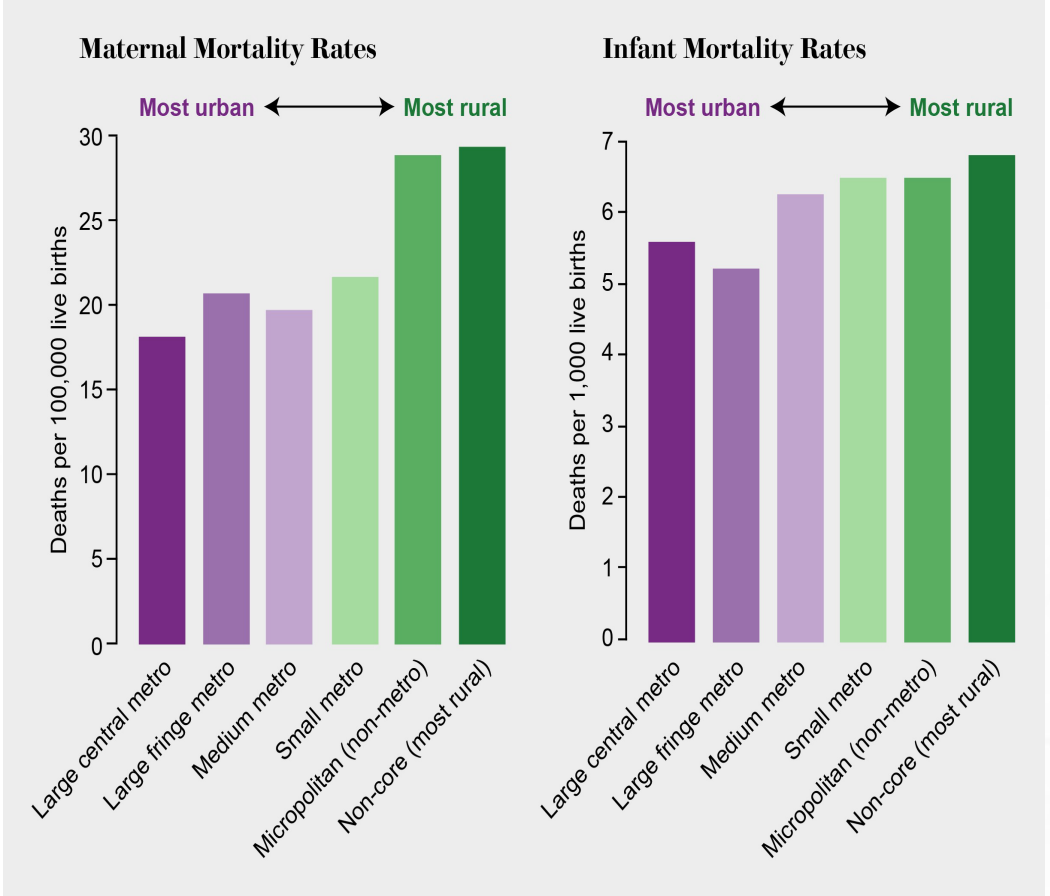
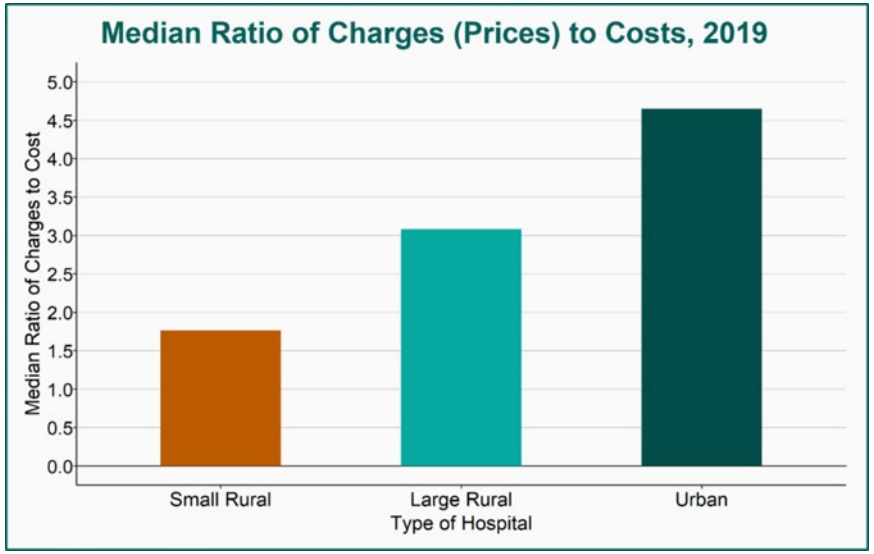
Health Issues/Outcomes are Different

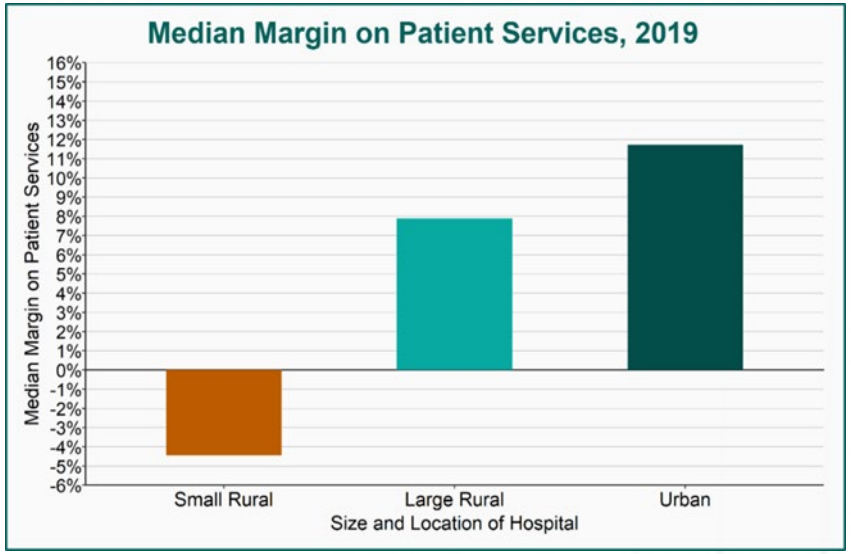




Source: US Centers for Disease Control and Prevention

Financial Issues





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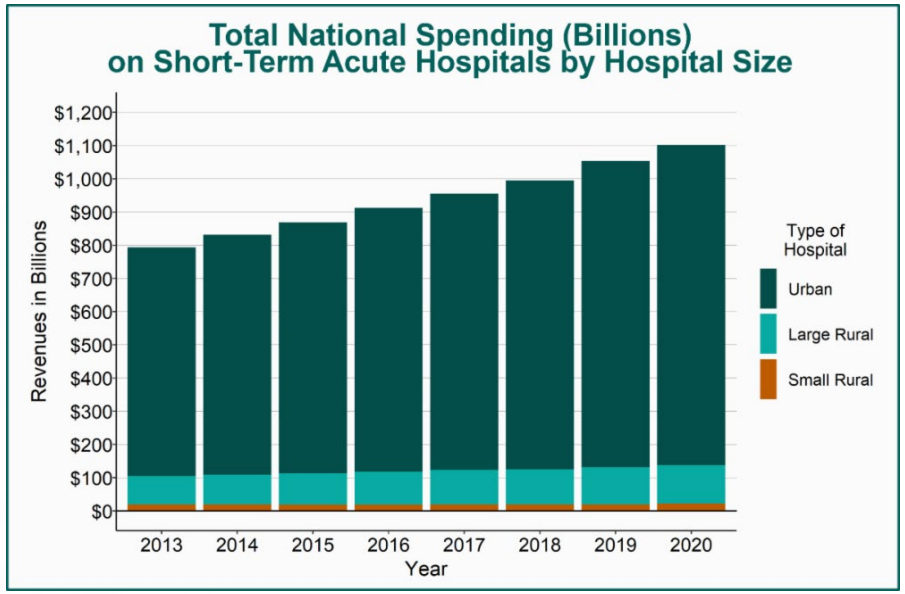
Limited Spending on Critical Access



- 1350 Critical Access Hospitals (5,191 community hospitals)
  - 65% of CAH 15-35 miles from nearest hospital
  - 20% more than 35 miles from nearest hospital
- CAH facilities account for 5% of all US Medicare expenditures
- Fewer PPS, more CAH

© Infinity Group

Source: MedPac/CHQPR

What Keeps Rural C-suite Leaders Awake at Night?

Staffing shortages and burnout

Margin Compression

- End of CARES funding
- Public payor dependence
- Pressure for site-neutral payments; Use of lowest-cost settings

Ever-changing regulatory environment

Value-based payment pressure in low-volume world

- Lack of clarity for the move from payment for volume to payment for value

Dominant large regional systems with health plans

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WA Factoids

- WA Population: 7,800,000
  - 1,237,000 over 65
- Total WA Hospitals: 133 (6 psych hospitals)
  - 59 government or district
  - 39 CAH
  - 37 affiliated with five large health systems; majority of beds
- Healthcare Spending: $55.8 billion
- Medicare/Medicaid Budget: $20.67 billion
- Small/Rural Hospital Closures 2010-present: 0

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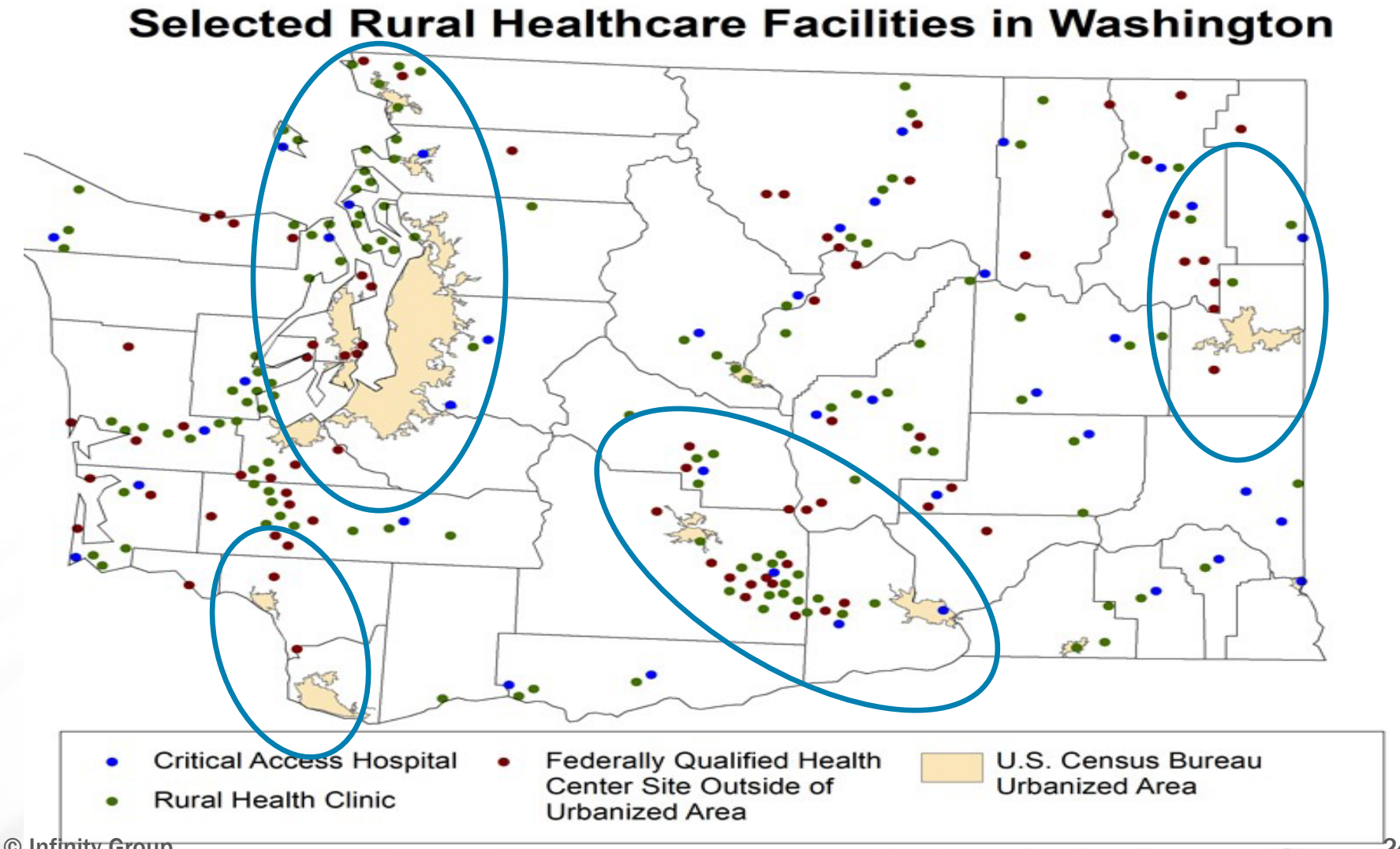
WA Rural Healthcare



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Lake Chelan Health Profile*

Quality	8 of 23
HAC Rate Penalty (FY2021)	Not available
HAC Total Score (FY2021)	Not Available
Hospital Compare Overall Rating	★★★★★
Patient Survey (HCAHPS) Summary Star Rating	★★★★★
Readmission Rate All Cause Hospital-Wide	14.90%
Readmission Rate Penalty (Medicare FY2021)	Not available
Revenue Loss Due to Readmission Penalty (Est FY2021)	Not available
VBP Adjustment (Medicare FY2021)	Not available

Technology & Innovation	8 of 16
ACO Participation	No
Est. IT Capital Budget	$181,175
HIM Leadership Presence	Strong
Inpatient EHR	Evident a CPSI ...
Open Payments for Research	Not available
Participation in Other Innovative Programs	No
Technology Breadth	Strong
Telehealth Score	★☆☆☆☆

***Source: Definitive Database**

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Lake Chelan Health Profile, Cont.

Financial	*7 of 47*
Case Mix Index	1.09
Cash on Hand	$3,878,804
Net Operating Profit Margin	-45.12%
Net Patient Revenue	$18,584,417
Total Assets	$71,450,877
Total Operating Expenses	$26,970,551
Total Patient Revenue	$37,232,897

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LCH: Market Leakage

Top hospitals by revenue leakage

Medicare only ⓘ

Hospital Name	$ Revenue Leaked
Central Washington Hospital	$3,020,351
Harborview Medical Center	$399,607
UW Medical Center - Montlake	$308,205
Swedish Medical Center - Issaquah Campus	$243,312
Providence Sacred Heart Medical Center	$209,966

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LCH: Top Providers by Admits

Top referring providers

Medical claims ⓘ

Rank	Provider	Primary specialty
1	Maria Pia Castillo	Family Practice
2	Scott Hippe	Family Practice
3	Tobe Harberd	Family Practice
4	Jennifer Snyder	Family Practice
5	Joshua Burnell	Family Practice

Patient origination

Medicare only ⓘ

Zip Code	City	% of total cases
98816	Chelan, WA	58.0%
98831	Manson, WA	42.0%
99115	Coulee City, WA	
98926	Ellensburg, WA	
98858	Waterville, WA	

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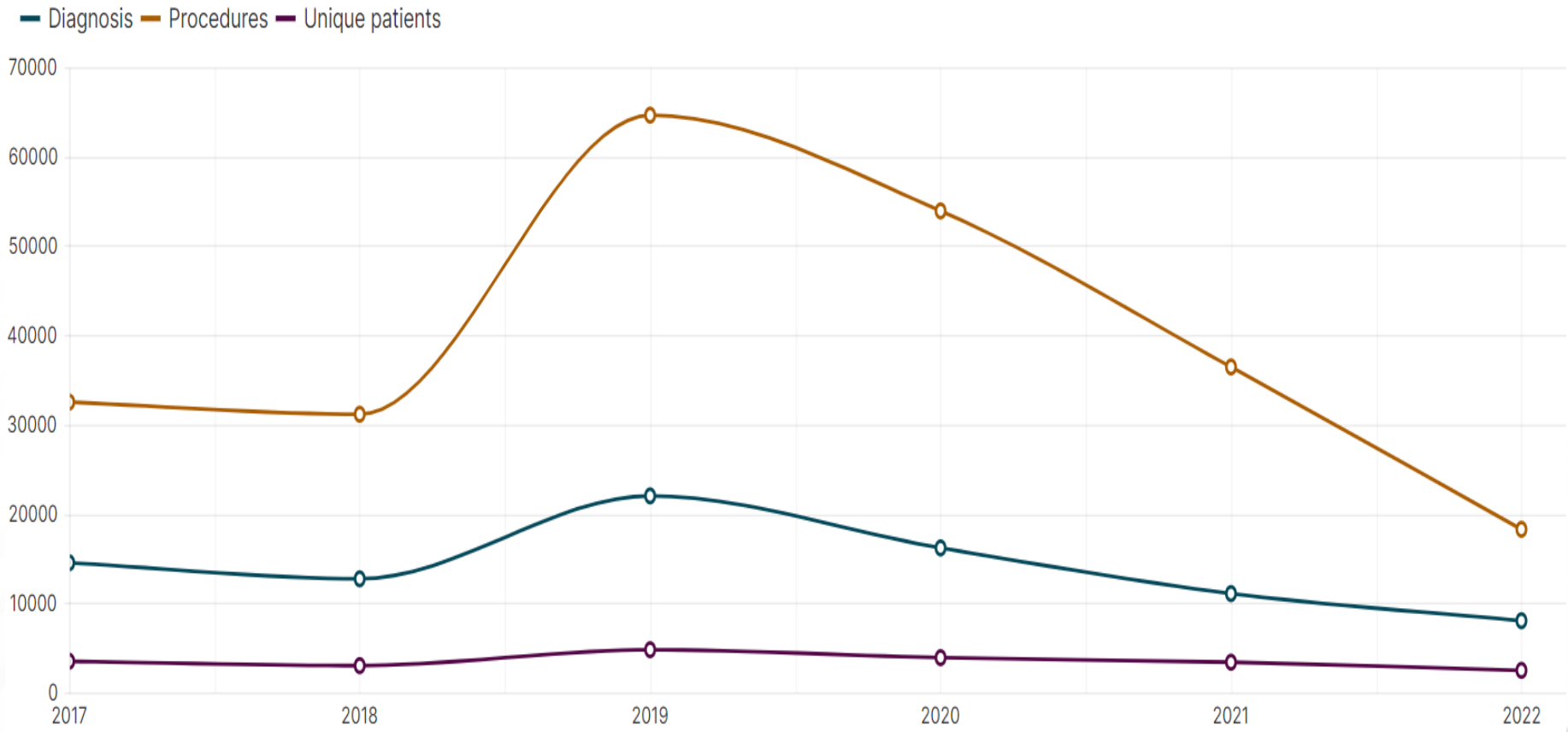
LCH: Admit Trends



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LCH: Current Dashboard

Lake Chelan Health Strategic Plan															
2021-2022 Dashboard	KEY														
	2021														Desired
GROWTH & INNOVATION	Goal	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	YTD Trend	Trend
Increase Express Care Clinic visits to 350 per month	350	293	277	392	361	322	550	706	677	568	567	676	616		↑
Increase Orthopedic Clinic visits to 230 per month	230	57	72	110	123	0	0	0	0	0	0	0	0		↑
Increase General Surgery Clinic visits to 40 per month	40	21	17	42	15	20	29	15	37	36	33	8	19		↑
Increase monthly Inpatient M/S patient days to 58	58	98	171	91	21	54	66	74	81	46	67	76	83		↑
Increase monthly Swing Bed days to 183	183	93	151	40	17	66	108	105	110	80	113	103	91		↑
Identify HIS replacement & develop implementation plan for replacement HIS by year end	Y														Y
	2021														Desired
SERVICE	Goal	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	YTD Trend	Trend
Increase Med/Surg Dept HCAHPS top box score for Rate the Hospital 0-10 to 70% top box	70%	75%	57.14%	N/A	60.00%	61.00%	63.27%								↑
Increase the Outpatient Surgery Clinic Overall Press Ganey composite score to 75% top box	75%														↑
Emergency Department Overall Press Ganey composite score 90% top box.	90%				76%	76%									↑
		57%	75.91%	58.00%											
	2021														Desired
QUALITY	Goal	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	YTD Trend	Trend
Decrease patient falls 3 for the year.	3	1	3	1	2	1	3	1	0	0	0	3	2		↓
Monthly Cybersecurity failures ≤ 2%	2.00%	4.90%	2%	1%	2%	1.4%	0.05%	1.4%	1.2%	3.0%	1.6%	1.1%	1.5%		↓
Hand Hygiene compliance > 95%	95%	98%	97%	80%	92%	0%	0%	0%	0%	89%	82%	82%	93%		↑
	2021														Desired
PEOPLE	Goal	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	YTD Trend	Trend
75% Staff participation in each Q12 survey.	75%														↑
Monthly Rounding rate of 95%	95%														↑
Reduce total staff turnover to 16%. (209 * 0.16 = 33)	33														↓
	2021														Desired
FINANCE	Goal	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	YTD Trend	Trend
Net Operating Margin = 0	0%	-40%	-45%	-26%	-67%	-28%	0%	-3%	14%	25%	-7%	-7%	-13%		↑
Days in NET AR ≤ 65 days.	65	70	68	56	54	58	50	52	46	42	43	48	51		↓
Increase unrestricted days cash on hand to 50.	50	48	45	43	81	81	78	69	69	36	84	112	74		↑
Maintain Debt Service Coverage ≥ 1.25.	1.25	-7.5	-8	-3	0.4	-0.25	0.64	0.49	6.49	8.91	1.77	7.76	1.4		↑
	2021														Desired
COMMUNITY	Goal	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	YTD Trend	Trend
Conduct 1 Community Education Program each month.	1	2	3	4	4	5	3	5	3	6	5	5	2		↑
Monthly Community Newsletter/Communication.	4	5	3	4	4	2	5	6	4	5	4	4	4		↑

Six Success Factors for Rural Healthcare

- Leaders are adept at the art of rural financial leadership
- Cultivate rural clinical workforce pipelines
- Skew toward keeping care as local as possible
- Improve the sustainability of local, non-employed providers
- Serve as economic backbones of their communities
- Represent rural interests in state and national policy

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Advisory Board

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“In reality, strategy is actually very straightforward. You pick a general direction and implement like hell.”

Jack Welch

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Discussion: Let's Talk

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References

1. The US Census Bureau (Jun 10, 2022; adjusted for 2020 census data)
2. Compiled by the Centers for Disease Control (CDC) from National Vital Statics System 2016-2019 (round average used)
3. Centers for Medicare and Medicaid Services (CMS): National Expenditure -2019 highlights (see Appendix)
4. American Hospital Association: Fast Facts on US Hospitals 2021 (based on 2019 data; includes 948 federal government and specialty hospitals)
5. Centers for Medicare and Medicaid Services (CMS): National Expenditure -2019 highlights: includes retail spending only; additional spending included in hospital and physician categories
6. The Balance: Current Federal Mandatory Spending (April 2021; See appendix for detail

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Covid and the Stock Market

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Mission Vision Values

- Mission – What we do
- Values – How we do it (culture)
- Vision – Where we are going

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Great vision statements

- **Tesla:** To create the most compelling car company of the 21st century by driving the world's transition to electric vehicles.
- **Nordstrom:** To serve our customers better, to always be relevant in their lives, and to form lifelong relationships.
- **Amazon:** To be Earth's most customer-centric company; to build a place where people can come to find and discover anything they might want to buy online.
- **Patagonia:** To use all of its resources to defend life on Earth.
- **Nike:** Do everything possible to expand human potential.
- **LCH:** To improve community health and make our region a better place to live.

Or

To heal and make life better for everyone in our community.

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Mission Vision Values

- **Mission**: To provide patient-centered, quality healthcare with compassion and respect.
- **Values**: Relationships, Integrity, Compassion, Respect
- **Vision:** As our community grows, hospital leadership recognizes the need for high quality medical services will increase as well. We are committed to continue planning for the future of healthcare in the Lake Chelan Valley, ensuring the availability of those services close to home. It is our priority to work with our Lake Chelan neighbors and partners to build a healthier community.

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Survey

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Transformation and Change

Key Themes

- Issues and Opportunities
  - Facility planning
  - Staffing; more medical specialties
  - Engagement; communication with community
  - Role clarity re: governance and management
  - Philanthropy
- Trending
  - Improving culture
  - New facilities; associated services
  - Service/clinical quality
  - Community visibility

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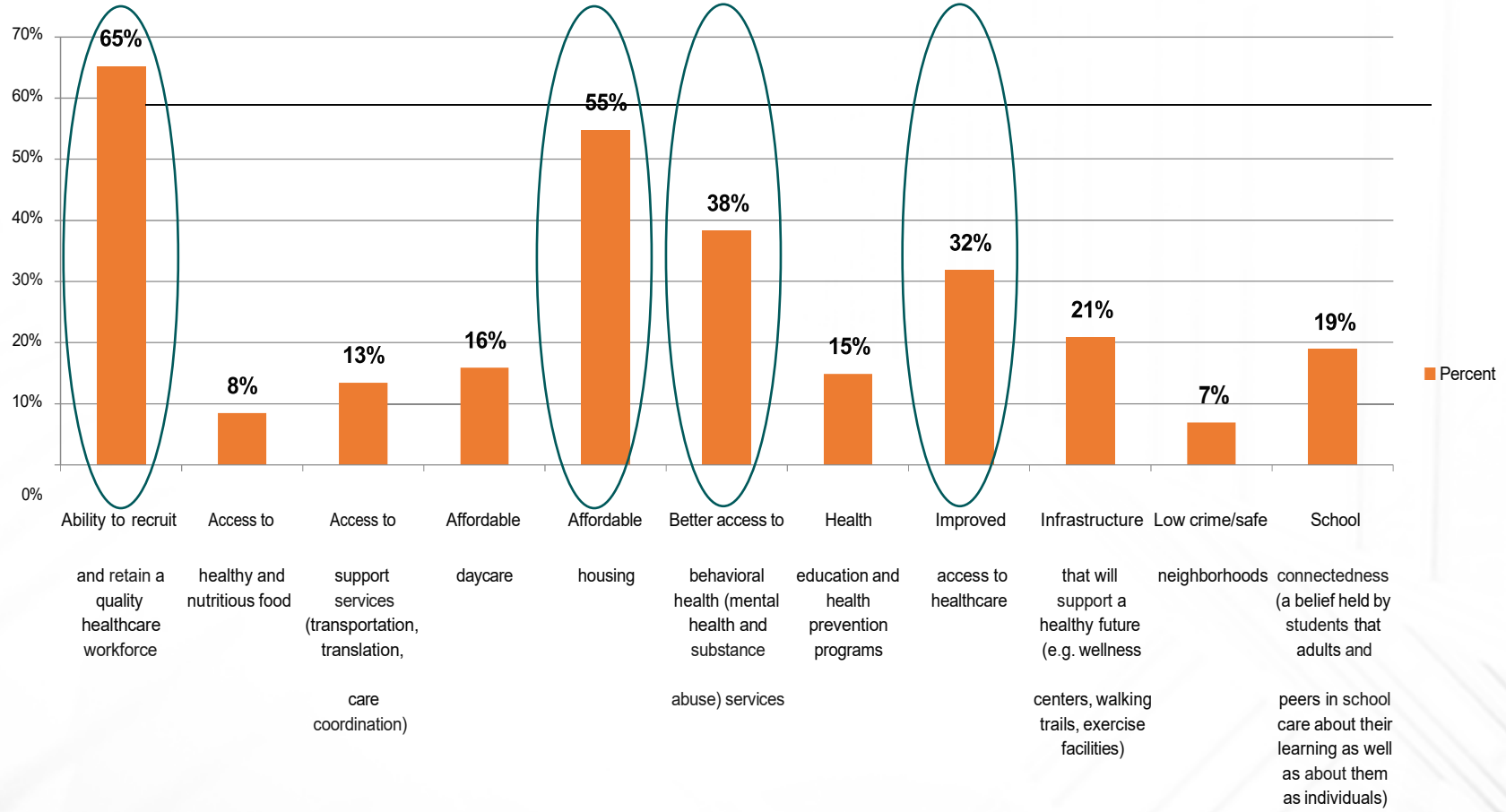
Vision for the Future

LCH CHNA Summary – Factors to Improve Health



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Confluence CHNA Needs

AREAS OF OPPORTUNITY IDENTIFIED THROUGH THIS ASSESSMENT	
ACCESS TO HEALTH CARE SERVICES	▪ Barriers to Access _ Appointment Availability _ Finding a Physician ▪ Routine Medical Care (Adults) ▪ Eye Exams ▪ Ratings of Local Health Care
CANCER	▪ Leading Cause of Death
DIABETES	▪ Blood Sugar Testing [Non-Diabetics]
HEART DISEASE & STROKE	▪ Leading Cause of Death
INFANT HEALTH & FAMILY PLANNING	▪ Teen Births
MENTAL HEALTH	▪ Suicide (Age-Adjusted Death Rates) ▪ Symptoms of Chronic Depression ▪ Key Informants: Mental health ranked as a top concern.
NUTRITION, PHYSICAL ACTIVITY & WEIGHT	▪ Overweight & Obesity [Adults] ▪ Overweight & Obesity [Children]
POTENTIALLY DISABLING CONDITIONS	▪ High-Impact Chronic Pain ▪ Alzheimer's Disease Deaths
SUBSTANCE ABUSE	▪ Cirrhosis/Liver Disease Deaths ▪ Use of Prescription Opioids ▪ Personally Impacted by Substance Abuse (Self or Other's) ▪ Key Informants: Substance abuse ranked as a top concern.

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Table Work

- 15 minutes – Vision Concepts
- 75 minutes – Strategy Prioritization

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What are the four issues to be addressed in the LCH 2023-26 Strategic Plan?

Issue	Number of Responses	Comment
Employee/medical staff recognition and retention (pay, benefits, communication, culture)	14	
Facilities management and planning; campus consolidation	13	
Identify specific services to add, enhance or discontinue; service line development	11	
Long term finances; financial stability	10	

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Issue	Number of Responses	Comment
Stabilize/Enhance nursing and physician staffing (primary care, ED and specialty care)	7	
Improve community image of LCH; marketing, communication, advertising	7	
Clinical quality improvement; more focus and process	5	
Executive retention (too much turnover in last 5 years)	4	
Focus on revenue cycle/financial stability	4	

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Issue	Number of Responses	Comment
Improve Board/Leadership relations and function	3	
More hiring to minimize staff shortage	3	
Support and grow primary care services	2	
Increase community education services	2	
Improve mental health access for the community	2	
Increase diversity and DEI training; board and staff	2	
Patient/customer service; patient-focused culture	2	

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Issue	Number of Responses	Comment
Patient/customer service; patient-focused culture	2	
Enhance/expand existing services	2	
Implement new EMR	2	

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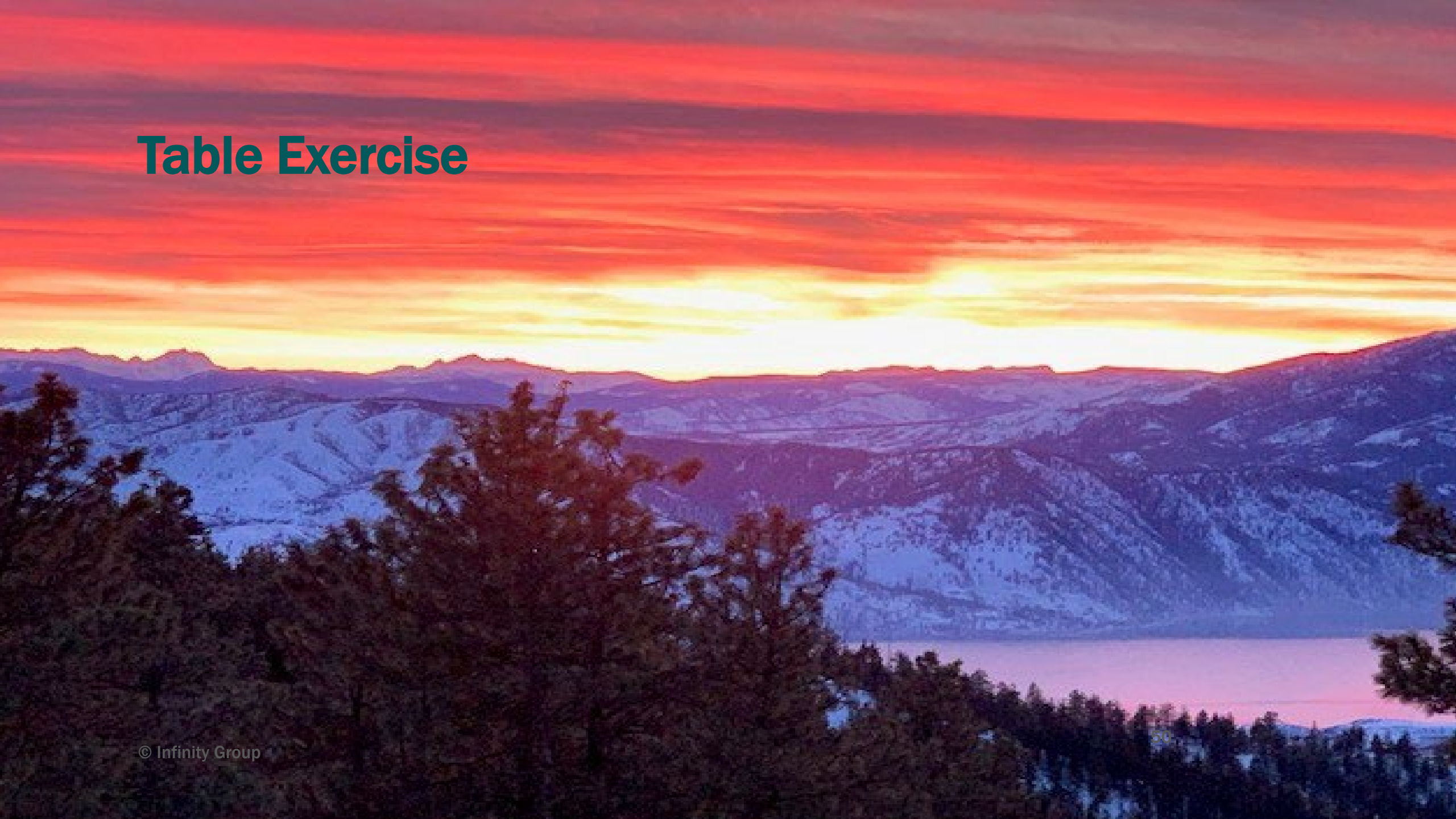
Table Exercise



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Next Steps

- Finalize Vision Update
- Finalize strategies
- Build Goals/KPIs for each strategy (for approval)
  - Board
  - Management
- Develop an Operating Plan for time horizon (three years with annual plans)
  - Detailed KPIs down to department level
- Accountability and feedback

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Guidelines for Planning

1. Unless an organization is in crisis, a board strategy session should **build on past decisions and strategy**.
2. The starting place is to **determine what the objectives of the strategy session are**, including social v. work time, strategy issues that need clarifications or updates, etc.
3. A **well-designed packet of material should be sent in advance** to prepare participants for key discussion items.
4. Ideally, at least one keynote presentation should cause participants to **consider external factors that affect the future of the organization** (policy and trends).
5. All **critical strategic conversations should be held within the room** with all participants v. in the parking lot or at the bar.
6. Every strategy session should have **outcomes that can be understandably summarized** with clarity that provides sufficient guidance for building an operational/implementation plan.
7. The end result should be **clarity of direction for the organization and more cohesiveness among participants.**

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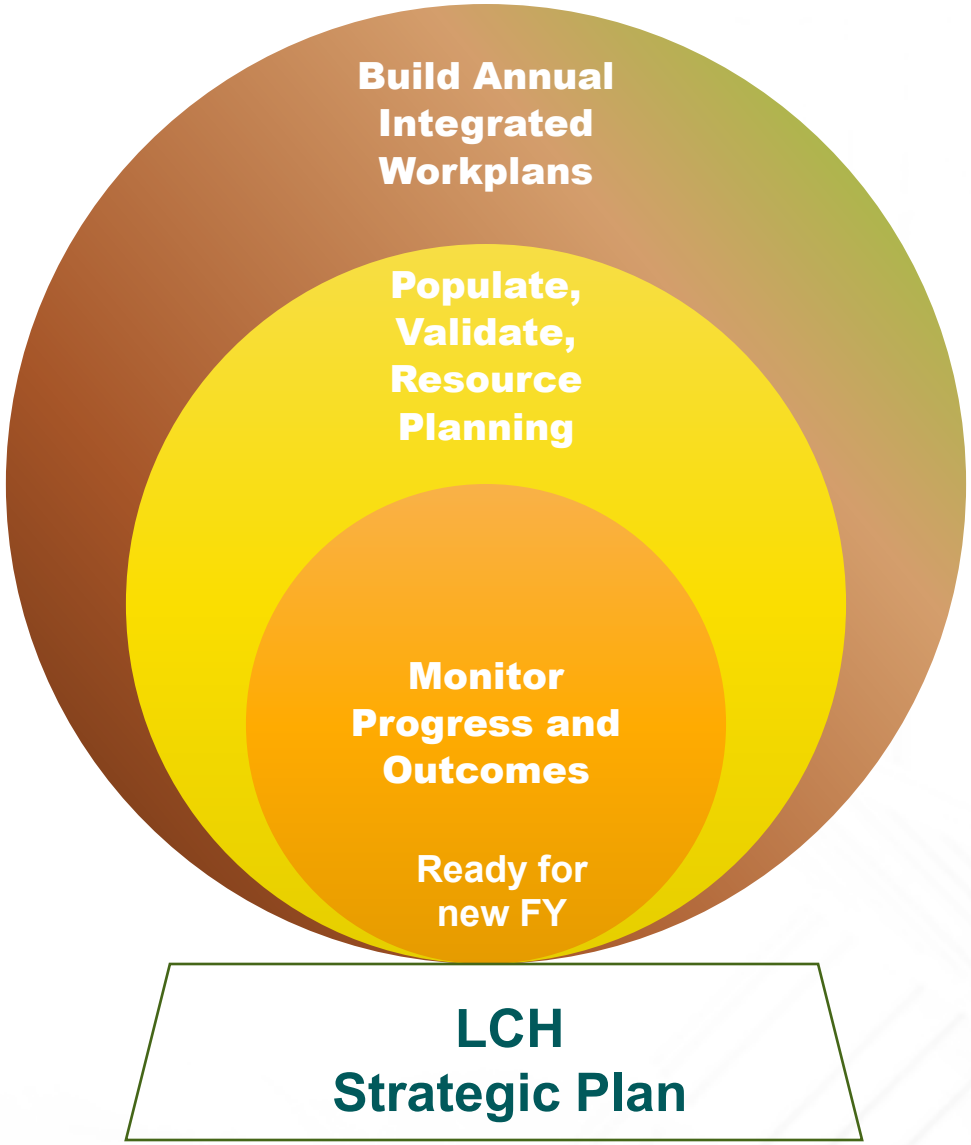
Current KPI List

Lake Chelan Health Strategic Plan															
2021-2022 Dashboard	KEY														
	2021														Desired
GROWTH & INNOVATION	Goal	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	YTD Trend	Trend
Increase Express Care Clinic visits to 350 per month	350	293	277	392	361	322	550	706	677	568	567	676	616		↑
Increase Orthopedic Clinic visits to 230 per month	230	57	72	110	123	0	0	0	0	0	0	0	0		↑
Increase General Surgery Clinic visits to 40 per month	40	21	17	42	15	20	29	15	37	36	33	8	19		↑
Increase monthly Inpatient M/S patient days to 58	58	98	171	91	21	54	66	74	81	46	67	76	83		↑
Increase monthly Swing Bed days to 183	183	93	151	40	17	66	108	105	110	80	113	103	91		↑
Identify HIS replacement & develop implementation plan for replacement HIS by year end	Y														Y
	2021														Desired
SERVICE	Goal	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	YTD Trend	Trend
Increase Med/Surg Dept HCAHPS top box score for Rate the Hospital 0-10 to 70% top box	70%	75%	57.14%	N/A	60.00%	61.00%	63.27%								↑
Increase the Outpatient Surgery Clinic Overall Press Ganey composite score to 75% top box	75%														↑
Emergency Department Overall Press Ganey composite score 90% top box.	90%				76%	76%									↑
		57%	75.91%	58.00%											
	2021														Desired
QUALITY	Goal	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	YTD Trend	Trend
Decrease patient falls 3 for the year.	3	1	3	1	2	1	3	1	0	0	0	3	2		↓
Monthly Cybersecurity failures ≤ 2%	2.00%	4.90%	2%	1%	2%	1.4%	0.05%	1.4%	1.2%	3.0%	1.6%	1.1%	1.5%		↓
Hand Hygiene compliance > 95%	95%	98%	97%	80%	92%	0%	0%	0%	0%	89%	82%	82%	93%		↑
	2021														Desired
PEOPLE	Goal	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	YTD Trend	Trend
75% Staff participation in each Q12 survey.	75%														↑
Monthly Rounding rate of 95%	95%														↑
Reduce total staff turnover to 16%. (209 * 0.16 = 33)	33														↓
	2021														Desired
FINANCE	Goal	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	YTD Trend	Trend
Net Operating Margin = 0	0%	-40%	-45%	-26%	-67%	-28%	0%	-3%	14%	25%	-7%	-7%	-13%		↑
Days in NET AR ≤ 65 days.	65	70	68	56	54	58	50	52	46	42	43	48	51		↓
Increase unrestricted days cash on hand to 50.	50	48	45	43	81	81	78	69	69	36	84	112	74		↑
Maintain Debt Service Coverage ≥ 1.25.	1.25	-7.5	-8	-3	0.4	-0.25	0.64	0.49	6.49	8.91	1.77	7.76	1.4		↑
	2021														Desired
COMMUNITY	Goal	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	YTD Trend	Trend
Conduct 1 Community Education Program each month.	1	2	3	4	4	5	3	5	3	6	5	5	2		↑
Monthly Community Newsletter/Communication.	4	5	3	4	4	2	5	6	4	5	4	4	4		↑

Integrated Operational Planning Framework



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Thank You for your commitment to LCH

"We often miss opportunity because it's dressed in overalls and looks like work”

— Thomas A. Edison

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