Title page

Case study

The healthcare reform in the Silver Cross Hospital has impacted the mission of the organization that focuses on clinical integration. It was crucial for the hospital to respond to the healthcare reform by dealing with the strategically fundamental issues. The major challenges that the institute encountered involve the optimal score and scale of the hospital, identifying if the components of the value chain are adequate for delivering and determining the need for merging with other partners. To address the healthcare reform, the Silver Cross Leadership Retreat highlights key changes that will affect the future structure of the industry. The trustees and the physician leaders had a significant role in implementing the changing payment structure. The case depicts that the staff's salaries were directly linked to the changes made in payment and insurance. To address the issue the administration had to take essential steps for minimizing adverse impacts of the change process. The key strategic areas that address change include the scope, scale, and capabilities. The dominant issues faced by the Silver Cross Hospital involved coordination enhancement and rapid-change management.

Change is important for successful development of payment structure. The causes of resistance and common factors identified are; inadequate and untimely information, false perceptions related to job security, insufficient knowledge about the need for change, employees' involvement at earlier stages of planning, improper communication networks, inadequate interactions, lacking motivation and employees' participation. The study suggests solutions for handling the change process and overcoming resistance developed from previous literature. Results uncover demographic factors including age, gender, ethnicity, and race influences resistance to change and employees’ having similar demographics shared common traits and perceptions (Hartman, 2015).

The leadership role has been effective in adopting effective strategic solutions. The scope was, “that bundled payments would force "clinical integration" or vertical integration between surgeons, hospitals/surgery centers, and postoperative providers such as rehabilitation services." It indicates that the hospital had to adopt vertical integration for managing the payment structure efficiently. The scale exhibited that the hospital needed more capital for managing the expansion of institute from small to large scale. The leaders focused on adopting tactics for this expansion rather than merging with the larger healthcare system. Majority of the hospitals had merged for sharing capital, but Silver Cross relies on its own resources. The analysis of the capabilities shows that the hospital was relying on an uncoordinated system involving independent physicians, nursing homes, small group hospitals, and rehabilitation providers. The changes such as bundle payment demanded hospitals to establish new coordination skills that it lacked previously (Morrissette, 2012).

 The team leader plays a significant role in the management of conflicts between among employees. Adoption of certain managerial qualities leads to improved staff relationships. Team building strategies play a significant role in improving the morale of staff that leads to improved performance. The incorporation of effective team strategy ensures that all members take an active part in the workplace. The role of the team leader is to identify each opportunity that results in better involvement of staff. The team building undergoes different stages of development. The use of effective team building strategy and plan allow staff to work together and collaborate. Effective communication technologies such as face- to- face time also results in positive the important steps that result in team building involve constant attention to staff, enhancement of understanding between staff members and handling conflicting situations that result from differences among workers. The strategy focuses on ensuring that the members are working for a common purpose. Encouraging staff regularly also influences the morale of the staff. The mental, physical and emotional issues also influence the morale of nurses that affects the quality of their work. The limitations to address the team issues involve; lack of funds and resources, difficulties in managing positive attitudes due to cultural and religious backgrounds (Javani, Abolhallaje, Jafari, & Hashemi, 2017).

Silver Cross Hospital has adopted an adequate strategy for responding to change that include "Call to Action." The leaders including physicians and trustees responded to the situation by analyzing the need for urgency. The strategy was not to paralyze or fear among the staff or the hospital employees. Superior change management skills were required for handling the change process. The initial step decided by the board and the physician leaders was to decide how to respond to the situation. The main finding revealed the need for redefining the relationship between the doctors and the hospital. The hospital had hired a consulting form Price Waterhouse Coopers (PWC) for identifying effective ways of managing change. It was important to understand the structure and the system of the hospital. Silver Cross Hospital was operating as a small independent institute of physicians group. Mistrust was also prevalent among hospital administrators and physicians. The primary challenge faced by the organization was to redefine the relationship not documentation or adoption of technology. Active cooperation was the essential ingredient for eliminating the gap between the physicians and administration. This demanded the development of effective governance system that handled the issues within healthcare institute including conflicting scenarios. The board and the physician leaders accepted the necessity of redefining the new relationship between two entities. A Special Task Force was formed for addressing the issues practically. The Task Force was focused on changing reality by confronting retreat. The Task Force comprised of 12 doctors, two trustees, and four executives. The central aim of the team was to address the issue of clinical integration and doctors relationship with the project (Sart & Veronesi, 2016).

The degree of vertical integration was the dominant strategy adopted by the Silver Cross Hospital for managing the process of change. The primary question was to determine if vertical integration was useful for the hospital or not. The Task Force considered the detailed review of the vertical integration for assessing its practical implications. The forecasted consolidation was possible to attain in many ways including; acquiring of physicians practices, doctors becoming employees and insurers acquiring physicians practices. It was found that vertical integration offered many benefits such as “hospitals need to collaborate with physicians to reduce inpatient costs; hospitals need to coordinate care with physicians to improve outcomes, mostly to reduce costs and secure performance-based incentives, and bundled payments systems will require increased collaboration” (Morrissette, 2012). The healthcare leaders decided to first use the backward integration and later switch to the forward integration. The leaders also faced the challenge of deciding if the effective solution was alliance or acquire. The leaders concluded that the effective model required enhanced coordination, need for controlling and managing risks. An appropriate strategy of the hospital was to allow physicians to access hospital as a potential partner and providing a checklist for considering partial integration (Sfantou, Laliotis, Patelarou, Pistolla, Matalliotakis, & Patelarou, 2017).

The actions were taken by the Silver Cross's board and leaders were practical because it allowed managing the change process. The strategy was made in which doctors had to take roles of employees while the hospital acted as a sub-contractor of a new multispecialty medical group. The equity joint venture model was chosen after thorough analysis that focused on partnering between hospital and physicians. Most of the physicians chose to practice as private while 25% emphasized plans for seeking hospital employment. The approach selected by the Task Force was experiencing and involved certain risks. Strong communication networks were established for improving the pace of information sharing between employees and the trustees/ board (Morrissette, 2012).

Communication is crucial in defining the change process to the employees, suggesting the adoption of the top to bottom approach. The leadership will research the opportunities and devise an effective plan that is later communicated to the employees. Having a clear understanding of the tasks of the process change rely on the selection of an effective communication process. Through enhanced communications the design review is explained to the manufacturing team, instructing them to avoid errors and work efficiently. Enhanced communications also have a profound impact on the quality of performance as the staff would be capable of executing actions appropriately. Consistency in monitoring and documenting critical specifications is also the visible advantage of the communication process. Documentation of critical aspects plays a vital role in making things more clear for the employees, ensuring that the characteristics are well understood by them. It is also useful in building interactive relationships between the staff and employees, helping in the development of key performance indicators tracking the individual level training. The management team working in coordination with the leadership is capable of following the instructions of the new change process. The change process through its designed plan will communicate the goals for tracking change and implementing new procedures effectively. The training efforts are also ensured by highlighting the specific-personal and change related issues (Hargett et al., 2017).

The administrative management theory states the rules that apply to the hospital design. The common functions of administrative management’s theory that applies to the Silver Cross Hospital involve forecasting, planning, organizing, commanding, coordinating and controlling. All managerial functions apply to the hospital under discussion. The function of the forecast depicts the future performance of the hospital. The planning is involved in organizations’ that they utilize to form policies, develop goals and sets targets for sales and profits. The function of organizing also exists in current hospital setups that involve organizational design, organizational culture, and networking. The concept of organizational culture reflects the involvement of people from different ethnicities, races, and genders. The hospital aimed at the building has strong social networks that involve the suppliers, vendors, and partners. The existence of commanding function reflects from the top to bottom hierarchy the executive and CEO holds the authority over organizational decisions. The coordination is maintained in all current organizations that reflect from the adoption of effective networking systems. The control is maintained through the top management that supervises and checks the performances of staff and employees. The current organizations adopt the functions and principles of the administrative management theory that leads to a better organizational structure (Javani, Abolhallaje, Jafari, & Hashemi, 2017).

Effective coordination systems were the party of the hospital's strategy for managing change. The strategy emphasized on, "skills and capabilities that indicate a hospital's degree of readiness to accomplish changes necessary to adapt to industry changes." As the change in clinical practices become apparent gradually because the government's legislative process takes time. The healthcare organization had to deal with the coordination skills and rapid-change management skills (Hargett et al., 2017).

The case study revealed that culture is the leading risk factor containing integrity and compliance of organizations. An organization can achieve a high level of performance by incorporating ethical culture, and inadequate leadership practices result in poor project performance. Speculative culture is negatively associated with financial and economic performance. The organizational culture and ethical principles have a significant impact on financial outcomes, and the results highlighted that following ethical values and new organizational culture does not yield immediate financial benefits. The factors organizational culture, corporate social responsibility, and ethical behaviors resulted in a long-term competitive advantage for the organization. Positive organizational culture leads to financial gains and better economic conditions of the organization. Organizations can also achieve competitive advantage through organizational culture. The study reveals that organizational culture influences organizational performance that is linked to hospital performance (Sfantou, Laliotis, Patelarou, Pistolla, Matalliotakis, & Patelarou, 2017).

Silver Cross Hospital realized that the payment changes would affect the entire structure of care that will make it essential to adopt new structures. The changes were more prevalent for independent community hospitals including Silver Cross having a capacity of 300 beds. The leader/ manager has a dominant role in identifying the relevant criteria of the success because they have direct contact with the issue and staff. The stakeholders pressurize the managers for completion of the project on time that relies on managerial capabilities of assembling the right people with adequate skills set and experience. The ability of the manager to communicate at different levels is essential for the successful implementation of the transformed payment structure (Javani, Abolhallaje, Jafari, & Hashemi, 2017).

Improved coordination between leader and employees is an effective project management practice, aimed at completing the project in a timely and efficient manner. Increased interaction between managers and the staff improve the understanding of the team regarding their duties and tasks. It also minimizes the chances of mismanagement by removing the information gap. It provides timely solutions to the problems, increasing the chances of project completion on time. The manager ensures that the team is doing well with the tasks and give them continuous support throughout the project (Hartman, 2015). Risk management has a positive correlation with hospital performance. The success of the hospital is dependent on the ability of the leader/ manager to mitigate the risks. The hospitals in addressing healthcare reform face different kinds of risks including the physical, financial and environmental risks. The adoption of adequate risk mitigation strategy is thus critical for the successful implementation of reform. The project managers that adopt adequate risk management strategy are capable of minimizing the threats having a positive impact on the performance. Risk management confirms the timely delivery of the project without interruption or delay (Hartman, 2015).

The leadership commitment of trustees and physicians have a dominant role in handling the changes of payment. Staff satisfaction and intentions related to turnover are influenced by affective commitment. It also revealed a high level of job involvement is linked to leadership's commitment. Leadership commitment is also associated with job involvement, job satisfaction, and high turnover intentions. Leaders that are more committed towards organizational development are more concerned about enhancing employees' motivation and the continuance commitment of employees is determined by the factors of job security and high turnover intentions (Sfantou, Laliotis, Patelarou, Pistolla, Matalliotakis, & Patelarou, 2017).

Governing the joint venture was another challenge faced by the Task Force in the process of change management. The joint venture was clinically integrated, so the hospitals gave certain degrees of control to the physicians. The legal counsel was also considered for resolving the issues of compliance, antitrust issues, and Redland decisions. The governance authority was given to the board members that provided equity for the hospital. It was found that the physicians were controlling the majority of the board seats that indicated that they had the governance power. The Task Force decided that the physicians will hold 50% of the equity while 100% of the equity was used for the hospital. The strategy involved writing of the by-laws for defining the responsibilities of the doctors and the employees. The doctors were allowed to govern the clinical protocols, initiatives, performance monitoring, annual plan, participation requirement, and funding distribution network. The participative leadership style is determined to significantly affect employees' motivation that involves joint decision making and sharing of ideas among employees and leadership. Participative leadership improves the quality of employees work and promotes employees motivation that influences them to work effectively. Employees' willingness increases as their involvement in decision-making increases and their motivation are assessed from their loyalty commitment towards hospital (Iribarren, Cato, Falzon, & Stone, 2017).

The anticipated economic impacts involve improved returns on healthcare services, management of equity and funds. Management skills and coordination skills are essential tools for attaining economic gains and long-term stability. The managerial skills acquired by employees/ physicians allowed them to manage equity for financial expenses. This improves the probability of allocating funds efficiently in all aspects of healthcare such as clinical practices and patient care (Javani, Abolhallaje, Jafari, & Hashemi, 2017). Clinical leadership has a significant impact on economic and financial gains. Enhanced coordination networks improved the probability of utilizing funds inappropriate manner. Improved governance eliminated the possibilities of a waste of resource. Healthcare organization that give roles of leaders to the physicians are more likely to experience financial gains that result in economic stability (Sart & Veronesi, 2016). The economic impacts also depict elimination of inefficiencies, delays in the payment or delivery. Effective use of resources ensures continuity of care that leads to increased patient safety, elimination of dissatisfaction and economic consequences. Improved productivity of employees and physicians is also linked with positive economic impacts. The patients receiving timely service and improved care will be inclined to spend on healthcare again in the future. Efficiency in operations also eliminates extra costs resulting in increased patient stays or readmission. Evidence suggests that enhanced communication and management skills have a positive correlation with economic gains. Risk management is considered a cost-effective technique that prevents healthcare organization from future financial loss (Iribarren, Cato, Falzon, & Stone, 2017).

The organizational and strategic decisions highlighted in the case study provides an effective model for other healthcare institutes. The strategy focuses on clear goals, appropriate leadership and effective communication that builds positive relations between staff and also improves their motivation. Creation of healthy organizational culture results in positive behaviors that encourage staff to take an interest in their work and produce better health outcomes. The managers, staff, and leaders are involved in building effective teams. Organizational planning and decision making lead to effective organizational process. The success of the organization also depends on organizational planning and decision-making. Organizational planning involved strategies in enhancing business production that leads to maximizing gains and outcomes. The goal of organizations to earn a profit and maximize the revenue that derives from the effectiveness of decision-making. The process of planning identifies that activities that organizations perform to achieve the desired target. The planning and decision-making processes are linked together, and the primary step in the planning process is to identify the problem (Sfantou, Laliotis, Patelarou, Pistolla, Matalliotakis, & Patelarou, 2017). The problem identification provides information about the issues that the company faces. The identification leads to the formulation of solutions that focuses on resolving the issues. Organizational planning focuses on leading and controlling organizational activities. The planning and decision making is incorporated into daily business practices that result in the achievement of goals. Organizational planning covers every aspect of business such as selection of employees, assessment of skills, formulation of policies, controlling hospital employees and finances. The important part of organizational planning is to prioritize tasks that directly influence the business performance of hospitals.

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