

The Importance of Business Planning, or "By Failing to Prepare, You Are Preparing to Fail"

By: Scot Mitchell, FACHE, Senior Vice President, Western Healthcare Alliance

The Benjamin Franklin quote in the title above is very relevant for healthcare networks. We support hospitals and other healthcare entities that are many times financially fragile and located in rural areas with limited resources. Utilizing a sound business planning process can help improve the chances of success in your network, whether it's for a new program or service or even the overall sustainability of your network.

Some executives might question the usefulness of going through a comprehensive planning process. It's always good to bring an inquisitive mind to the table, so this is a valid question. There are numerous incentives for developing a strong planning methodology. Below are a few positive take aways.

- It allows you to logically plot a course for the future of your program.
- Effective planning facilitates the advancement of the best course of action.
- It can also help you analyze various potential funding opportunities.
- The planning process compels you to take a more analytical approach to your project.
- This is also a great time to thoroughly evaluate your competition in the market.
- You can also eliminate a lot of hand-wringing by having a solid exit strategy as part of your plan. This frees you to make informed decisions with less chance of 'analysis paralysis' during a stressful time, especially if you've invested a great deal of time and effort into the process.

There is no shortage of exciting business ideas among the many member healthcare networks that make up the National Cooperative of Health Networks (NCHN). It is actually pretty easy to start a new network program. Where the development of a new program usually bogs down is during the implementation and sustainability phases. A robust business plan can reduce the chances of program failure, as it helps you stay on track and focused on the important aspects of implementing and maintaining that program. It is also an important technique to keep your eye on the financial viability of a program.

Western Healthcare Alliance (WHA) was formed in 1989, and over the past quarter century, has implemented and refined a very reliable planning process that has been a noteworthy success factor in the development of its more than 50 programs for its members. General George S. Patton once said "A good plan today is better than a perfect plan tomorrow." WHA found this to be true while preparing for our most recent program in which we embarked on a very unique journey to assist our members with a viable population health management strategy.

In 2013, WHA began a journey to examine the healthcare trends that were pushing the industry away from the current fee-for-service and cost-based reimbursement models towards a value-based model. The research conducted by WHA staff, along with numerous comprehensive discussions among the members, led to several

educational sessions from nationally-renowned experts. As a result of this initial business planning process, WHA members decided to further explore ways that the network could utilize its collaborative expertise to develop a strategy that would help the members successfully transition to this new reimbursement methodology. One of the main tenets of this plan was to rely on our core network values: care is local, collaborate to develop best practices, be innovative and proactive in response to healthcare reform and utilize initiatives that promote hospital independence and sustainability in their communities.

During early discussions, the members felt that there was not enough pressure from the local market in Western Colorado to warrant forming an Accountable Care Organization (ACO). Despite this, there was unanimous agreement that the reform efforts underway nationally would eventually make an impact in our area. The decision was made to develop a network strategy for helping the members learn how to manage a given population. This strategy would allow the members to gain valuable experience with population health management on their own employees. Since the participating members in this approach were partially self-funded, they would not be assuming any additional risk during this learning experience.

A market feasibility assessment was conducted for the WHA service area, and found that there was a significant population that would allow an actuarially sound population health management program. As a result of the early planning results, the WHA membership decided to develop a central organizing mechanism directed by member hospitals that would negotiate population health contracts with payers on behalf of its member-based provider network and support its members in developing and managing innovative population health initiatives that focus on meeting the Triple Aim. This organization is called the Community Care Alliance (CCA).

During the process, WHA was awarded a HRSA Rural Health Network Development Grant to assist with the start-up of this Community Care Alliance. To show their commitment to this process, the WHA members agreed to match the grant funds.

“Control your own destiny, or someone else will.” Jack Welch is credited with this shrewd statement. WHA has always been a firm believer of this philosophy, and used this approach to make a decision to alter its business plan when a new opportunity arose to potentially help offset some of the multi-million dollar capital expenses that will be required to develop the infrastructure of the CCA.

As a result of the Accountable Care Investment Model (AIM) program, the WHA board decided to form two ACOs for its member communities, albeit a couple years earlier than originally anticipated. While we will still be meeting the original goals of the CCA business plan, we used this opportunity to speed up the implementation of our CCA and take advantage of an unanticipated possibility that may help us speed up our planned activities.

General Dwight D. Eisenhower once avowed “In preparing for battle I have always found that plans are useless, but planning is indispensable.” Few business plans

will ever go from the initial brainstorming process through to completion without undergoing modifications along the way, as seen in the WHA project to build its Community Care Alliance. If your network can cultivate its unique business planning methodology, you will likely have a much more lucrative, and sustainable future ahead.

Western Healthcare Alliance (WHA) is a health network and shared services membership organization founded in 1989 to strengthen the financial operations of healthcare organizations so they can better serve the health needs of their individual communities. Managing a menu of member-owned and partner programs, WHA delivers an ROI of more than 49:1 and distributes more than \$3 million in revenue annually.

Scot Mitchell, FACHE, is the Senior Vice President of Western Healthcare Alliance. Prior to joining WHA in 2011, Scot served as CEO at three hospitals and a rural health network and is Board Certified in Healthcare Management and a Fellow in the American College of Healthcare Executives.

WHA was a founding member of NCHN in 1995 and has remained a member since that time. WHA's CEO at that time, Steve Ward served as NCHN's first board president. WHA's Chief Executive Officer, Carolyn Bruce served as the NCHN board president in 2005.