

Ambulatory strategy

Strategy Accelerator program reveals range of success in ambulatory care

As care increasingly shifts out of the hospital, health systems' goals for their ambulatory business also are shifting. No longer are innovator organizations content for these services to function strictly as feeders of an inpatient core; they expect ambulatory services to independently boost the bottom line.

Achieving that goal, however, can be elusive. Success in the ambulatory arena is most directly tied to an organization's ability to differentiate its business across multiple dimensions. That requires leadership teams not only to rethink ambulatory services' role within the care continuum but to revise traditional approaches to the design and execution of care.

To identify and prioritize market opportunities, 19 organizations recently participated in the Ambulatory Strategy Accelerator program offered by Vizient, Sg2's parent company. Sg2 faculty led the group through two in-depth components designed to advance participants' strategic positioning:

- A six-week course grounded in critical success factors in ambulatory service delivery, which included an in-depth self-assessment
- A prioritization calculator, which captured quantitative and qualitative data to highlight opportunities to capture ambulatory service growth

Participating organizations were able to comprehensively assess the effectiveness of their current ambulatory services and pinpoint opportunities for improvement across three essential dimensions.

Leading insights

This holistic view is essential insight for any organization working to identify next steps in ambulatory planning. The critical challenges that surfaced among accelerator participants offer clarity for other organizations about the complex work required to excel in this part of the care continuum.

Financial self-sufficiency. Low reimbursement, high expenses and capital constraints complicate the change in mindset of ambulatory services from loss leader to generator of revenue and margin. Participants focused on this goal recognized a need to carefully balance cost management efforts with initiatives designed to boost share capture.

To achieve it, organizations aim to harness volume shifts while optimizing service distribution. Site-specific models, for example, must factor in options for financial sustainability in sites that do not benefit from the boost of ancillary services. That could entail consolidating multiple ambulatory sites to reduce lease expenses while launching initiatives to respond to evolving consumer demand.

Critical success factors

Consumer focused

Access

Convenience

Pricing

Integrated and efficient approach

Organizational alignment

Data and analytics

Opportunity to scale services

Appropriate services

Organizational capacity

Market share opportunities

Market demand

Organizational structure. Many accelerator participants also have found traditional department-oriented oversight, spanning IP and OP settings, has become ineffective as the range of ambulatory sites and essential capabilities multiply. Instead, dedicated oversight enables customized operational models and greater opportunities for cross-team collaboration.

New approaches will vary by organizational structure but could include using multidisciplinary OP leadership or oversight by each site of care.

In their self-assessments, organizations found they had the potential to strengthen organizational alignment but struggled to do so. For instance, they found good alignment on value-based care initiatives but lagged when trying to reinforce the System of CARE or expand into new markets. They reported a lack of organizational structure to support a holistic ambulatory strategy and a need to move from a regional or divisional approach to an enterprise strategy.

Consumer focus. Organizations found substantial room for improvement in all key aspects of consumer focus—access, convenience and pricing. To make headway, participants report their systems are prioritizing basic capabilities, such as online scheduling and same-day access.

Improving this capability is important for success because many ambulatory services are less time sensitive and allow consumers to shop around by service, physician or price. Availability of quality and cost data has increased consumer expectations about quality service, ease of access and care coordination.

Table 1. Consumer expectations across ambulatory footprints

	Biggest challenge for participating organizations
Orchestrating easy-to-navigate, price-transparent services	41%
Creating a one-stop shopping experience	36%
Ensuring seamless scheduling across providers	23%

In the program’s self-assessment, organizations as a group rated themselves on a five-point scale as better at

access (3.0 for AMCs, 3.1 for non-AMCs) than convenience (2.6 for AMCs, 3.0 for non-AMCs). In fact, access was the area in which participants graded performance highest of all the dimensions. Even so, qualitative input during follow-up interactive sessions confirmed participants acknowledge significant challenges still exist.

Pricing challenge. Across both AMC and non-AMC participants, pricing surfaced as the area of greatest opportunity for improvement. Specifically, that included organizations’ ability to offer competitive pricing, to provide sufficient pricing detail (e.g., out-of-pocket estimates) to consumers to enable informed decision making, and to triage patients to the lowest-cost service when appropriate.

Table 2. Overall pricing self-assessment (0-5 scale)

	Average score	Potential for improvement
AMCs	2.1	2.7
Community hospitals	2.5	2.9

The self-assessments showed more confidence among participants in their organizations’ success at enabling consumers to access lower-cost, lower-acuity ambulatory care outside normal office hours and providing consumers with information on their diagnostic and treatment options to choose the care that aligns with their individual goals.

Those findings came amid increasing federal and state requirements for health systems to reveal broad pricing information, a new federal law targeting surprise medical bills and increasing consumer price sensitivity as high-deductible health plans proliferated. Consumer price shopping for ambulatory services is increasingly diverting patients to health system competitors, especially highly efficient, low-cost providers of ancillary services.

Efforts to address pricing will need to overcome the logistical challenges of finding and relaying needed information to consumers without undermining the financial health of these sites of care.

Participants expect increasing ambulatory pressure from consumers and competitors. But understanding the complex interplay of the many moving parts and options to address emerging demand can help organizations tailor up-to-date ambulatory strategies. That hard work is increasingly critical—and mandatory—as health systems shift to an ambulatory focus.

AMC = academic medical center