



October 2008

2 Savvy

- Over the last five years, the US has been riddled with 13 hurricanes as well as countless destructive weather and seismic events and tragic crashes and chemical spills. Such devastation is becoming almost commonplace in America - no geography is immune from disaster. Most recently, of course, Hurricane Ike made landfall near Galveston, TX and ripped through metropolitan Houston on September 13th. Weeks later, over 500,000 in the Houston area were still without power plus another 250,000 metered customers in Kentucky, Indiana and as far north as Ohio and Pennsylvania. Recent damages are being reported in the tens of billions of dollars and the state of Texas estimates needing over \$11 billion to address Ike's enormous destruction. Just months earlier, the Midwest was deluged with deadly floods throughout Iowa, Missouri, Illinois, and then down the Mississippi River into the Deep South. In the early spring, destructive tornadoes ripped apart areas in Arkansas and Kansas. It is clear that recovery will be both a lengthy process and widespread throughout the country. As a hospital CEO, what does this mean for your organization?

Prepare to Recover. When a disaster, natural or man-made, poses a threat to your area, you must be prepared. Preparation includes not only pre-disaster planning, but the recovery stage as well. Phase 2 Consulting Senior Director, Donald Smithburg, provides his take on the differences between thinking you are prepared and truly being ready when having to respond to catastrophic events. His experiences as CEO of the Charity Hospital System in New Orleans and throughout Louisiana during Hurricanes Katrina and Rita, plus his recent experiences in Gustav and Ike, prove that more times than not, the ideal scenarios learned through drills are not always reality. Check out an excerpt of Smithburg's article, *"A Primer on Disaster Preparedness from the Storm Files: An Executive Guide,"* by viewing the attachment.

- Each year Phase 2 Consulting participates in the Institute for Medical Leadership's Chief of Staff Boot Camp as part of the presentation team. The Boot Camp is designed to provide new Chiefs of Staff the information they need to succeed in their complex role. The three-day Boot Camp offers 18 hours of Category One CME credit for physicians and focuses on teaching the knowledge and tools necessary to work collaboratively with peers, hospital administration and staff members. In addition to honing executive-level leadership and communication skills, the course provides Chiefs with a working understanding of important topics such as JCAHO accreditation, credentialing and privileging, peer review, disruptive physicians, EMTALA & HIPAA reporting requirements, and hospital finances. This year Phase 2 Consulting team leaders Howard Salmon, FACHE, Executive Managing Director and Mickey Bilbrey, Senior Managing Director will present to the group. Register at http://www.medleadership.com/services_chiefstaff.htm and see "Catch Phase 2" for presentation information.

Phased In

Since our June edition of *The Advisor*, Phase 2 Consulting has developed a number of new team projects and clients.

- Fairview Park Hospital, Dublin, GA; Project - ED Call Pay Model
- Picis, Inc., Wakefield, MA; Project - White Paper Development
- The Brooklyn Hospital Center, Brooklyn, NY; Project - CARF Review
- Marquette General Health System, Marquette, MI; Project - Neuroscience Business Plan
- Murray Medical Center, Chatsworth, GA; Project - Financial Operational Assessment
- St. Clare's Health System, Denville, NJ; Project - Strategic and Operational Planning

Catch-Phase2

- ***"Strategic Planning and the Hospital Board,"*** by Don Smithburg will be presented to the Texas Hospital Association through a webinar for hospital trustees next Wednesday, October 8th.
- ***"The 3 Essentials of Managing Inmate Healthcare Costs,"*** by Howard Salmon will be presented to the National Conference of Correctional Healthcare on October 21, 2008 in Chicago, IL.
- ***"Healthcare Trends: The Outlook for 2009 and Beyond"*** by Mickey Bilbrey will be presented to the Chief of Staff Boot Camp on December 5, 2008 in San Diego, CA.
- ***"Improving Physician-Hospital Relations through Aligned Incentives" and "A Rational Approach for Emergency Department Call Compensation,"*** by Howard Salmon, Phase 2 Consulting COO, will be presented to the Chief of Staff Boot Camp on December 6th and 7th respectively, in San Diego, CA.

Trust the Prose

- ***“A Primer on Disaster Preparedness from the Storm Files: An Executive Guide,”*** by Donald Smithburg, offers a look at the timely issue of hospital preparedness and recovery during times of crisis by offering ten areas of focus. If asked, hospital CEOs will most likely confirm they address emergency plans regularly, but when faced with extraordinary situations, they may find their plans weak and their staff unprepared.
- **NEW!** Phase 2 is developing a series of new white papers highlighting industry hot topics such as overall hospital improvement, physician relations, revenue cycle practices and hospital governance. Look for more information in the November and December issues of *The Advisor*.

For more information on the presentations and speaking engagements listed in this edition of The Advisor, please contact Loretta Peterson at LAPeterson@phase2consulting.com.

Excerpt from "A PRIMER ON DISASTER PREPAREDNESS FROM THE STORM FILES: An Executive Guide,"
by Donald Smithburg, Senior Director/Phase 2 Consulting & Former CEO of the LSU/Charity Hospital System

One key lesson I learned after Katrina was that "...it happens." I used to be amused by that saying, but ultimately realized that the bumper sticker maker that came up with the slogan was profoundly prophetic with just those two words.

While I was CEO of Louisiana Charity Hospital System during the Katrina event, the lessons I learned go way beyond the hospital campus. But given the unique responsibility that a health care facility has for the lives of its occupants, an additional layer of duty and accountability applies to such organizations. Nevertheless, hospital experiences such as mine are transportable to industrial, institutional, and residential environments.

As a result, I have seen it as a duty to pass along lessons I learned from Katrina and Rita as well as other disasters I have experienced. In other presentations I focus on different aspects of disaster recovery, including the role of leadership as well as recovery politics. However, there are some less esoteric, practical lessons that are far more basic than the virtues I extol about the ethics of leadership in times of disaster. These are everyday suggestions that one can use at home, in the office building, at a large plant, and particularly in a hospital setting.

Given that extraordinary disaster events have already occurred in 2008, the last two of ten lessons learned are most relevant today. These are simple and something that may lead your first thought to be, 'well that's obvious.' But pause a moment after your review these:

Lesson 9: The Aftermath—A Sprint

After the disaster has come and gone, what remains of your institution will generally reveal what next steps in recovery are necessary. There may be physical damage to your buildings. There may be myriad impaired assets. Your employees and their loved ones may have suffered personally. The workforce may be depleted across the board or in specific functional areas. Interim facilities and outside help may be necessary, and immediately. The leadership must rally the organization by providing the game plan for returning to operation as quickly as possible, even if that means the use of temporary resources that otherwise wouldn't be considered in normal circumstances. Here is an abbreviated check list that can guide the plan for the first few weeks and months after the disaster:

The Business Side

- Do you know how much money you will lose from fully or partially interrupted operations?*
- Do you know how long your hospital is financially viable given a reduction in or a complete loss of revenue?*
- Have you worked out arrangements with bankers and debt holders regarding your situation?*
- Do you know if your business interruption insurance has kicked in?*

The Clinical Side

- Do you have adequate relationships with other providers in order to coordinate community needs?*
- Have you negotiated an agreement to operate interim facilities, if needed?*
- Have you developed an operational plan to care for patients while experiencing a reduction in medical, clinical and support staff?*
- Have you determined the impact on your medical staff and how the hospital should respond?*

Lesson 10: The Aftermath—A Marathon

Responding to the organization's needs after the disaster has damaged your human and physical infrastructure represents a difficult battle of competing interests. There are immediate priorities and there are long term priorities. They are both so important that typical sequencing of activities is impractical. Addressing the institution's needs, both short term and long term, should be pursued simultaneously—and with equal vigor. Your long term strategy could involve:

- *Facility replacement or major renovation*
- *An entirely new business plan based on the disaster's impact on the previous business operation*
- *Seizing an opportunity to reconfigure or reinvent your organization*
- *A major campaign to gain support for the plan*

At the end of the day, the successful leader will concurrently deal with the immediate post-disaster recovery while simultaneously launching the development of the long term plan for not just viability, but excellence.

These lessons may seem to be the obvious, but are the same lessons that violently shifted my personal experience from difficult to critical.

For the full article and remaining eight lessons learned, please contact Mr. Smithburg directly at Phase 2 Consulting.

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