

# Healthcare's New Math



By *Chuck Dinerstein* — May 29, 2018



Hanging around the healthcare pod  
Courtesy of William K.L. Dickson [1]

OK, time for a pop quiz based upon reading *Access Imperative* by McKinsey and Company.

Dr. Dan is employed by Big Box Health Care to provide primary care health services 40 hours a week. In the last month, he averaged 24 15-minute appointments daily.

1. His unused capacity is
  - a. Eight appointments daily
  - b. 25%
  - c. 2 hours

Correct answer – b. Unused capacity is what percentage of the time paid is not being spent with patients. Providers are vessels to be filled and as the report indicates Unused capacity = less productivity = less access for patients.

2. How can Dr. Dan best increase his fill rate?
  - a. Increase backfill
  - b. Charge for no-shows
  - c. Increase weekend and evening hours

Correct answer – a. While all answers are correct, Dr. Dan's fill rate (number of appointments filled or the inverse of unused capacity) is best corrected when the office aggressively moves new patients, and waiting list patients into slots canceled more than 24 hours in advance (backfill). Charging for no-show appointments decreased patient satisfaction. Increasing convenience for patients is an excellent second choice. As stated by McKinsey, "...improving consumer

satisfaction may require offering evening and weekend appointments, and the physician may have to accept that their incentives will be based on reported consumer satisfaction, not just productivity.”

3. Dr. Dan’s, pod manager is working on the annual report of profit and loss for the clinic. Which is a realistic estimate of Dr. Dan’s financial contribution?

- a. Net profit of \$50,000
- b. Break even
- c. Net loss of \$70,000

Correct answer – c. As McKinsey points out, employed physicians are a net loss to health systems [1], and primary care is the least costly. Specialists represent even greater losses; surgical specialists cost health systems \$180-200K annually. A pod is a new term for teams, think of dolphins and other herding mammals.

4. Dr. Disruptive has reported to the pod manager than there is excessive paperwork to be completed and that he only has one nurse and one extender during office hours. What is the best way to characterize these “concerns.”

- a. More complaining from a newly “on-boarded and ‘older”” provider
- b. An issue of mindset
- c. A legitimate concern to be addressed to increase fill rate

Correct answer – b. This is simply, in the words of McKinsey, a mindset problem, perhaps along the lines of the old adage about mind over matter. “We don’t mind, you don’t matter.”

5. Consider this table:

| Criteria                         | Most important in choosing a provider |     |
|----------------------------------|---------------------------------------|-----|
| Quality of care                  |                                       | 41% |
| Consistency of care              |                                       | 5%  |
| Office location and appearance   |                                       | 11% |
| Appointment availability         |                                       | 4%  |
| Convenient hours                 |                                       | 4%  |
| Ease of getting to facility      |                                       | 4%  |
| Range of services provided       |                                       | 3%  |
| Customer experience of providers |                                       | 3%  |
| Out of pocket costs              |                                       | 11% |

Is the following summary, true or false: “When asked to select the criteria that matter most to them when choosing a primary care provider, respondents highlighted appointment availability and times that meet your needs as two of the top six factors among 20 available options.”

Correct answer – true. But unrelated to the larger truth, that quality of care was most important. Now since that is difficult to measure let us not bother and instead focus on that unused capacity that is reducing patient access. [2]

6. Essay question (Extra-credit) Discuss the following quotation (emphasis added)

*“Improving front door access is an essential part of an integrated growth strategy, especially given the imperative for health systems to expand both their **share of lives and share of wallet** among consumers age 45 to 64 with commercial insurance.”*

### Instructional Notes

All of these materials can be found in a new McKinsey and Company instructive report on access to healthcare. As a global consulting firm they specialize in solutions which include best-practice appointment length, removing authority from the “individual clinic-level operators” and shifting it to our centralize overlords. The new metrics include productivity, scheduling, patient satisfaction and revenue cycle results. But the quality of care and outcomes are nowhere to be found. Now that healthcare is an industry and physicians and nurses are providers, the productivity experts have been set free to optimize operations. Clinicians continue to accept regimentation branded as best practice appointment lengths, for a better work-life balance. Patients continue to accept the prospect of lowered cost, branding them as consumers and healthcare as a commodity. McKinsey's report is an invaluable service if we become more "woke" to the Faustian bargains we make.

[1] Based on a survey of 49 large health systems employing 13,000 physicians. In part, this is because revenues generated by these physicians in terms of testing, imaging, hospitalization, and procedures is accounted for in other sectors and they are not “credited” to the clinicians who are prescribing or providing specific services.

[2] Based on their survey of 3000 adults

Source: [The Access Imperative](#) [2] McKinsey and Company

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### Links

[1] <https://upload.wikimedia.org/wikipedia/commons/8/8d/BlacksmithScene.jpg>

[2]

[http://healthcare.mckinsey.com/sites/default/files/McK%20white%20paper\\_Patient%20Access\\_Nov%202014.pdf](http://healthcare.mckinsey.com/sites/default/files/McK%20white%20paper_Patient%20Access_Nov%202014.pdf)