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Georgia's Critical Access Hospitals: Financial Performance and Process Improvement

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Georgia's critical access hospitals: Financial performance and process improvement

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Background: Georgia's Critical Access Hospitals (CAH) are in crisis. Within the last 2 years, four CAHs have closed their doors due to failed financial and operational performance. Evidence points to the risk that several more are on the brink of closure. CAH closures have far-reaching impact on residents. Negative impacts include the extra distance that patients must travel to seek care, the displacement of health professionals and the unravelling of the entire fabric of the communities these hospitals serve. We hope to help participants understand the financial and operational challenges of CAHs, and to identify realistic strategies to enhance the resilience of these hospitals.

Methods: The Georgia Southern team worked with a cohort of CAHs across the state of Georgia to identify financial and operational best practices. Year 1 of this project focused on data collection, analysis and benchmarking. Year 2 is currently focused on performance improvement through Lean Six Sigma.

Results: CAHs face financial constraints due to factors such as low volume, declining market share, unfavorable payer mix, challenges relating to collections, and difficulties in recruiting providers. CAHs in Georgia performed more poorly on the financial indicators assessed, in comparison to respective national medians. Many CAHs in our cohort are better organized to deal with crises – utilizing strong executive and bureaucratic structures – than to pursue ongoing improvement through employee empowerment and a process focus.

Conclusions: Improvements in the operational and financial management practices of Georgia's CAHs may significantly improve performance. Evidence-based strategies for operational and financial improvement are vital to sustainability. Opportunities exist for collaboration between public health systems and rural hospitals, including CAHs in assuring healthcare access for rural populations.

Key words: Critical Access Hospitals, performance improvement, Lean Six Sigma, financial analysis, operations management

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