

CAH Finance and Operations Webinars

July 18, 2024



Beyond Coexisting:

Building a Thriving Relationship Between Finance and Human Resources

The mission of the Oregon Office of Rural Health is to improve the quality, availability and accessibility of health care for rural Oregonians.

The Oregon Office of Rural Health's vision statement is to serve as a state leader in providing resources, developing innovative strategies and cultivating collaborative partnerships to support Oregon rural communities in achieving optimal health and well-being.

Webinar Logistics

- Audio is muted for all attendees.
- Select to populate the  to populate the chat feature on the bottom right of your screen. Please use either the chat function or raise your hand  on the bottom of your screen to ask your question live.
- Presentation slides and recordings will be posted shortly after the session at: <https://www.ohsu.edu/oregon-office-of-rural-health/resources-and-technical-assistance-cahs>.





CAH Operation and Finance Webinars

August 15, 2024 | 12 p.m. – 1 p.m. | [Register here](#)

Behavioral Health: Leveraging RHCs to Expand an Essential Service



Rob Bloom is a Principal at Wintergreen. Prior to joining Wintergreen as a Principal, Rob served as CFO for Carthage Area Hospital for over a decade. He previously held positions with the Hospital as Administrator of Primary Care Services and Interim Chief Financial Officer. In addition to his role as CFO at Carthage, Rob also served concurrently (2021-2022) as Chief Financial Officer at Claxton Hepburn Medical Center and Orleans Community Hospital in addition to providing consultative services to several other hospitals in rural New York.



ORH Announcements

Next Community Conversations | July 25 | 12:00 p.m.

Rural Health Resource Round-up - [Register here](#)

October 2-4, Bend, OR | 41st Annual Oregon Rural Health Conference

[\(More information here\)](#)

Beyond Coexisting: Building a Thriving Relationship Between Finance and Human Resources

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It's Really All About People And Strategy

Finance and HR Coexist

Finance and HR functions must not be siloed for proper execution of organizational strategic initiatives



Friction + Confusion= Risk

- Often, Finance and HR departments trip over each other creating friction and confusion
 - Reporting
 - Employee Strategy
 - Policy
 - Strategic Plan
 - Software
 - Compensation
 - Incentives

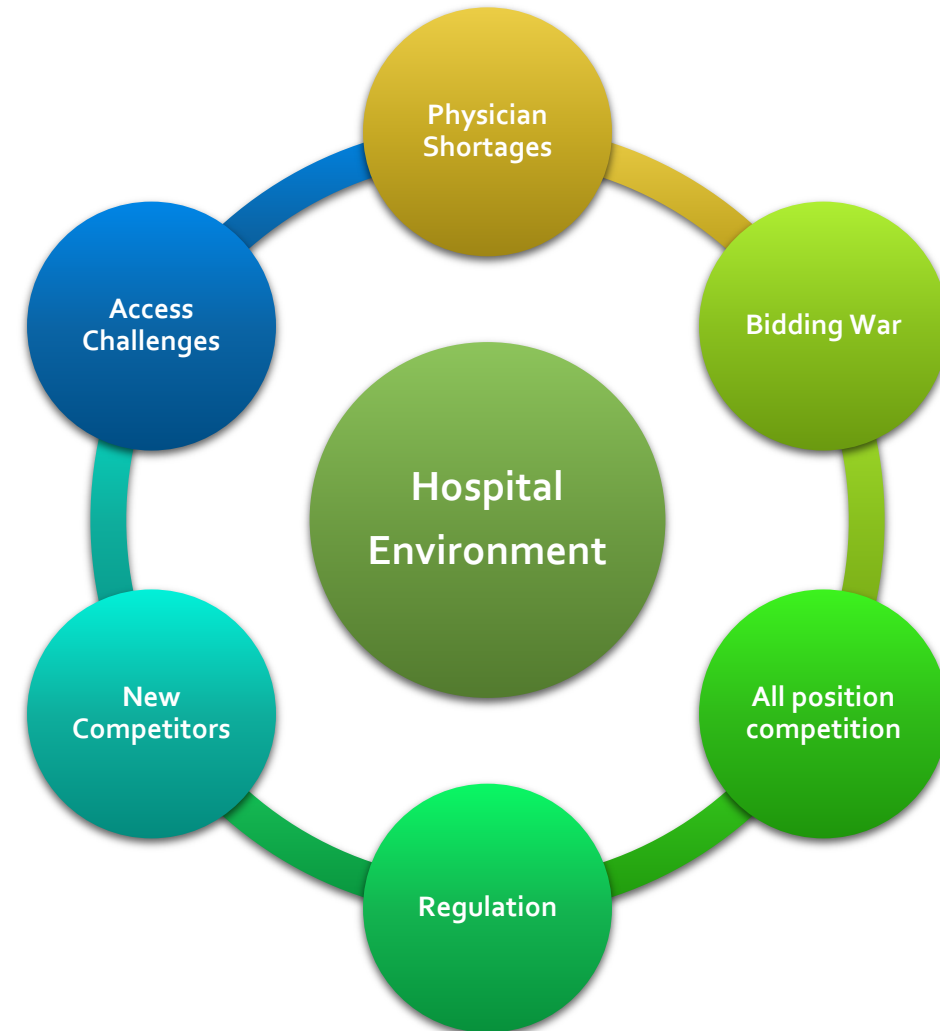


People



Recruitment and Retention Aren't Easy

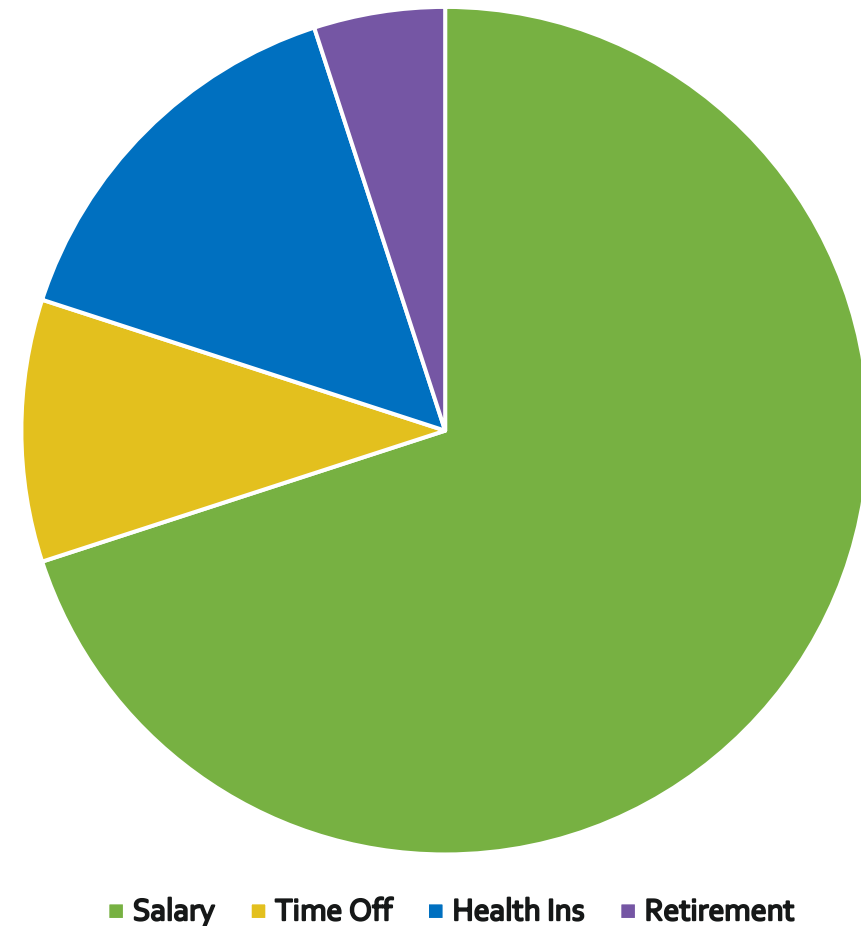
- The largest expense on the income statement of rural hospitals is labor related.
- Less than 10% of US physicians practice in rural communities despite rural composing 20% of the US population.
- Labor costs continue to challenge economic viability and remains the biggest driver of margin pressure.
- Vacant positions generally mean something isn't getting accomplished under optimal conditions; from care to administrative tasks.
- Many employers are passing on healthcare cost increases to employees due to a perceived inability to control price.
- Benchmarking to other healthcare providers doesn't truly represent market position.
- **Hospitals must reevaluate their current employee benefit packages and make changes necessary to be competitive.**



Strategic Reality

- Money doesn't care how it's spent.
- Ultimately, dollars spent on benefits, reduce the amount of dollars available for salary.
- Value to the employee must be the focus.
- Carrying costs of benefit packages reduce employee value; they represent payments to other organizations.
- Reductions in carrying costs create an opportunity to take savings or pass on savings as pay increases.
 - Value creation
 - Double value opportunity:
 - Reduction in administrative overhead
 - Reduction in total costs

Total Compensation



Successful People = Successful Organizations



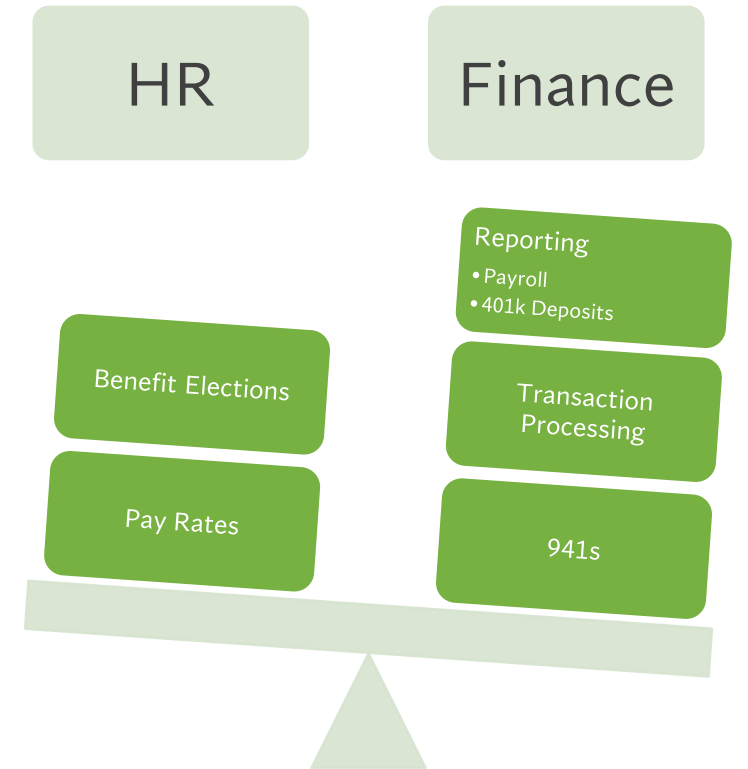
- **Compensation:** Cost control is not an effective strategy for people. To attract and retain top talent requires industry leading compensation packages.
- **Fulfillment:** Benefit plans should be structured to maximize employee value, not minimize cost or administrative effort. Stop measuring based on local markets.
- **Operational Excellence:** Top tier employees are required to optimize operational results in the current environment.
- **Strategic plan:** To achieve all of the above objectives, an HR strategy must be part of the organization's overall strategic plan to facilitate communication and execution.



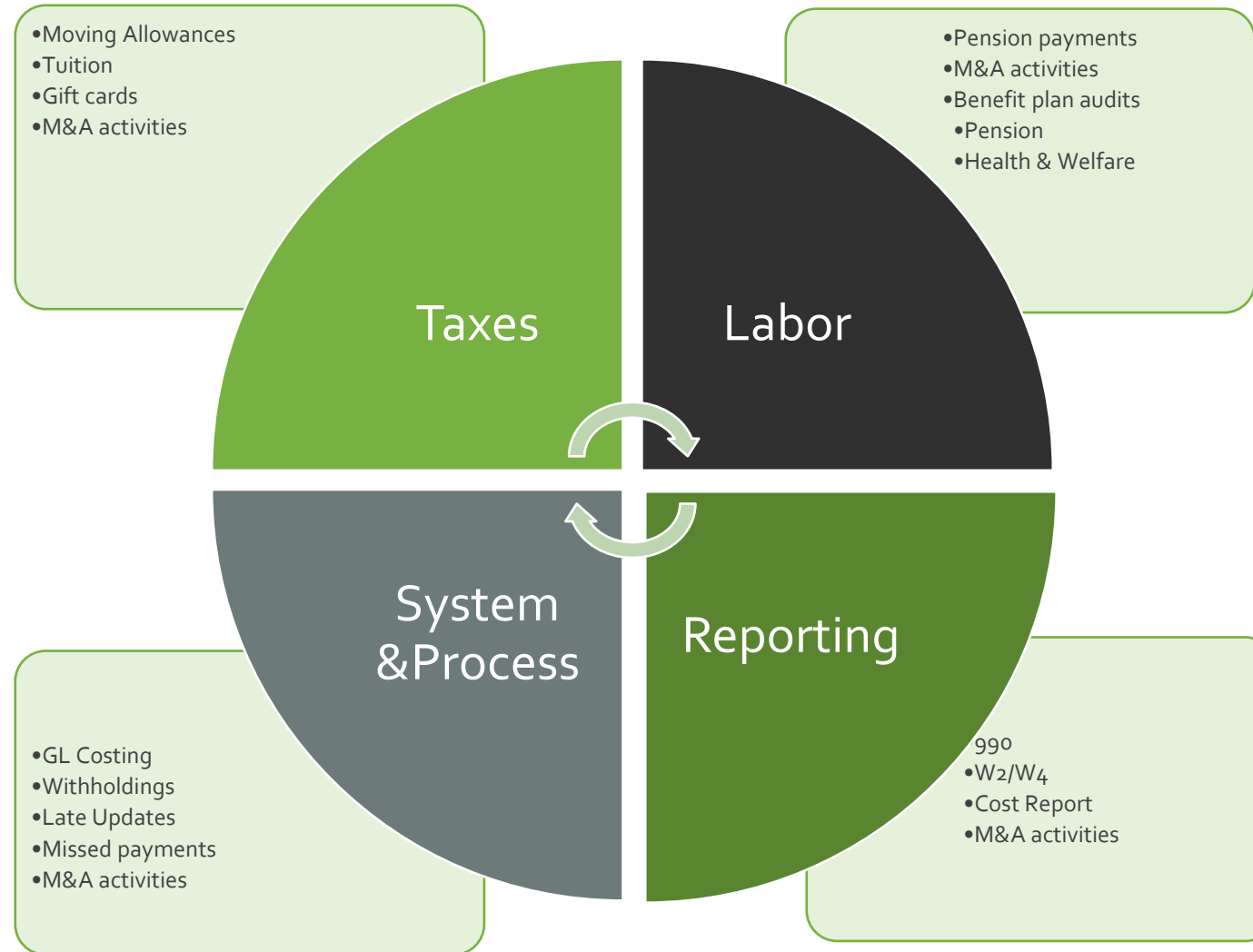
Compliance & Reporting

Shared Accountability

- HR and Finance share joint responsibility and oversight over several areas:
 - Pension Plans
 - Payroll
 - Audits
 - Reporting
- Lack of coordination often creates friction between the departments:
 - Surprise visits
 - Compliance concerns



Compliance & Reporting Hot Spots



Strategy

Explicit Problem Statement: Recruiting and retention are ongoing challenges in rural settings that can be addressed through strategy

Agonizing Self-assessment

- Organizations think they compete with the local market
- Healthcare benefits are viewed as a necessary and expensive evil
- Compensation structure is rarely a part of strategic planning
- Offerings are vanilla
- Benefits are mostly comparative across healthcare competitors
- Benefits aren't driving recruiting efforts, salaries are

Why Doesn't Rural Change

- Entrenched incumbents
 - High margins
 - Investment in "education"
- Organizations compare themselves to competitors to evaluate parity
- HR theory taught by professional organizations that don't operate healthcare facilities
- Lack of effort

Strategy Requires Planning & Coordination

- **Seamless Communication:** Communication regarding major strategic initiatives cannot be assumed, it must be scheduled.
- **Leveraging Expertise:** While HR & Finance professionals work very closely in many areas, recognize and leverage individual subject matter experts.
- **Joint Problem Solving:** The best outcomes can be achieved when different skill sets come to the table to solve issues. Different perspectives are valuable tools when solving problems.
- **Growth:** Current reimbursement methodologies still reward growth. In order to both achieve and sustain larger volumes in an increasingly complex regulatory environment, organizations must reach higher levels of sophistication.
- **Innovation:** Innovation is more likely occur when all parties come together to solve problems by pooling knowledge. That's difficult when friction and fires exist.





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Thank you!

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