



KH, Capella seeking chief quality officer

Hospital also 'flattening' management layers in advance of lease/purchase

Martin L. Cahn
mcahn@chronicle-independent.com
803-432-6157 ext. 115
May 15, 2015

When -- and all indications are it is a matter of when, not if -- Capella Healthcare completes its lease/purchase of KershawHealth, it will likely hire a position Kershaw County's hospital has not had before: Chief Quality Officer (CQO).

A letter of intent signed in December, and extended from March 31 to May 31, sets up Capella Healthcare to lease KershawHealth's real estate for 40 years and purchase its furniture, fixtures and equipment for \$36 million. That deadline is a little more than two weeks away, and Capella's decision to begin seeking a CQO would appear to indicate there are little, if any, barriers to closing the deal shortly after the end of the month.

Capella will operate KershawHealth in partnership with MUSC Health, the patient care arm of the Medical University of South Carolina.

Quality has risen to become KershawHealth's No. 1 priority during the last year, even moving quality committee reports to the top of each meeting of the KershawHealth Board of Trustees, including Monday's meeting. After hearing a report from Board Vice Chair Dr. Tullie Holmstrom, who chairs the quality committee, Gunn announced a "structural change" taking place now at KershawHealth, ahead of the Capella transaction, and Capella's intent to hire a CQO.

Gunn called the structural change an effort to "flatten the layers" of management.

"These are changes we're going to put in place now and the reason will be very evident," he said. "One of the things is we're going to flatten the layers. We have a couple of individuals (who) have multiple departments (which) report to them."

Danny Wharton, who was listed as KershawHealth's director of ancillary services in March, is now listed as the director of cardiopulmonary services on the hospital's website. Gunn said

Wharton will now report directly to him instead of Executive Vice President and COO/CFO Mike Bunch. This will also be the case for Divya Reddy, KershawHealth's director of quality services and hospitalist group.

"They just cover a lot of areas, so this will kind of spread out our responsibilities, but it takes out a layer out of the organization which puts us closer to our front-line employee teams," Gunn said, adding there will be a few other department-level reassignments.

Gunn called the search for a KershawHealth CQO to be the "biggest thing" happening in terms of any managerial changes connected to the Capella transaction.

"This is a 'C-Suite' level position as it would be the individual (who's) responsible, directly, for quality," he said. "This is a position that Capella has at all their facilities. It's of vital importance ... it's becoming increasingly complex and it's increasingly strategic that we, absolutely, demonstrate with our outcomes the quality that we provide."

"C-Suite" level positions are considered the highest level senior executives of an organization.

Gunn said while KershawHealth and Capella are seeking candidates now, no one will be hired to be the CQO until after the lease/purchase transaction is completed.

"We want to get them on board as soon as possible ... but, at the same time, we want to be respectful of the resources and not spend those resources prior to the transaction," Gunn said.

According to the job description posted on KershawHealth's job board, the CQO position is currently only open to internal applicants. The CQO will be "responsible for planning, administration and monitoring of consistent readiness of all quality management, regulatory requirements and quality improvement processes." The CQO will work collaboratively with hospital leadership, staff, medical staff leadership and the board of trustees; will direct and coordinate quality/performance improvement and hospital initiatives; coordinate the organization-wide performance improvement and risk management programs, and assure compliance with regulatory requirements; and have oversight of case management, risk management and corporate compliance.

Qualifications for the position include an ability to meet minimum hospital hiring standards; a bachelor of science degree is required, preferably in nursing or related healthcare field; a masters degree is also required; extensive knowledge of variously regulatory agencies and required standards, including those used by the Joint Commission, S.C. Department of Health and Environmental Control and the U.S. Centers for Medicare and Medicaid. KershawHealth and Capella would also prefer prospective candidates have experience or working knowledge in utilization management, case management, discharge planning and medical staff services, according to the job posting.

During her report, Holmstrom commented on “things to come,” holding up a complex spreadsheet showing a projection of how quality will impact finances in 2017, specifically in terms of reimbursements from Medicare and Medicaid.

“As you look through this, all the different measures are differently weighted,” she said. “From the core measures, which dropped to 5 percent. The mortality measures are now going to be at 25 percent. Mind you, this is 2017. If I’m correct, it was a long day, but it’s still 2015 today.”

Holmstrom went on to say Hospital Consumer Assessment of Healthcare Providers and Systems, or HCAPS, will comprise another 25 percent.

“And then performance measures like, urinary tract infections, bloodstream infections and so forth, are going to comprise 20 percent. And then we’re going to see this efficiency metric for Medicare spending per beneficiary show up, and that’s going to comprise 25 percent of the value-based monies at risk,” Holmstrom said.

She said it will be imperative for the board and for Capella and MUSC Health after the transaction to understand the metrics.

“You’ve got to really be able to get your head around them. This is going to drive the ... financial performance of institutions,” Holmstrom said. “We can have the best investment schemes and we can have the best lines of credit, but where we get paid ... from the federal reimbursers, Medicare and Medicaid, this is what’s going to drive it.”

Holmstrom said it will take a concerted effort at the institutional level in order “to keep their eye on this many balls, with this many different reporting periods with this much potential impact” when it comes to the hospital’s overall fiscal health.

“You can gain by being better than you were, or by being better than the others,” Holmstrom said, emphasizing the spreadsheet showing the actual dollar amounts involved are just projections so administration can determine what areas have the opportunity for the most improvement.

Holmstrom also said “data integrity issues” are being addressed in conjunction with a hospital safety score handed out by a company called The Leapfrog Group. Holmstrom said she would update trustees during a subsequent meeting when she knew more.

Also during his report, Gunn said he and Bunch participated in a monthly bond call to update bond holders on various matters, including the pending Capella transaction. He said the call went “very well” with bond holders being pleased with news work on the transaction is moving forward on schedule.

Trustees entered executive session at the end of Monday night's meeting to receive further updates and legal advice concerning the Capella/MUSC transaction, receive legal advice on two personnel matters and receive legal advice on a contractual matter.

After the meeting, Walt Cartin, one of the Parker Poe attorneys working for KershawHealth, said an unnamed candidate selected by the board to become the hospital district's executive director declined to take the position. The hospital district will be the legal entity remaining following the Capella/MUSC takeover, to be governed by the current board of trustees. A separate "Local Board of Trustees," and advisory body, will offer guidance to Capella after the transaction.

Cartin confirmed there were five other candidates but said the board is no longer considering them and has reopened the search for an executive director. The job is posted on the hospital's website. The executive will work directly with the board "to oversee and direct all aspects of managing KershawHealth's [remaining] assets, retirement and employment obligations, insurance coverage and other responsibilities." Prospective candidates should have a bachelors of science degree in a healthcare-related field and a masters in healthcare administration, at least seven to 10 years of work experience in the healthcare field and at least five years experience working with state healthcare regulatory agencies.

The position is listed as being full time.

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