

Principles of Health Care Management

Compliance, Consumerism, and Accountability in the 21st Century

Seth B. Goldsmith, SCD, JD



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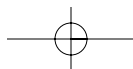
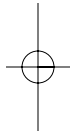
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Dedicated to
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My Ayshes Chayil



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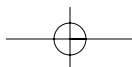
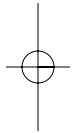
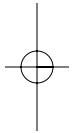
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About the Contributors

Joel Dalva, B.S. (accounting), M.B.A., CPA, is Senior Executive, Finance, Cambio Health Solutions. Previously, Mr. Dalva was CFO of Tenet St. Mary's Medical Center in West Palm Beach, Florida.

Solomon Goldner, M.B.A., M.P.H., is president of Premiere Healthcare Management, LLC, of North Hollywood, California, owners and operators of a chain of long-term care facilities. Previously, Mr. Goldner was vice president and chief financial officer of Golden Bear Health Centers, a chain of nursing homes; National Medical Enterprises, Hillhaven Division; and Coopers and Lybrand. His degrees in accounting and public health are both from Columbia University.



Introduction

The past several decades have been, to say the least, challenging for health care administrators, whether they are managing health systems, hospitals, nursing homes, assisted living centers, group practices, HMOs or other health care organizations. A medical center CEO summarized his recent experiences by simply saying, “It isn’t fun anymore.” While this book will not make management “fun,” it will explain the critical changes and challenges that administrators must deal with as they go about practicing their profession and that students must learn as they begin their study of this vital field.

The source material for this book comes from several places. First, like all books, it comes from the experiences of its author. In my case, four decades in the field, over 30 years of writing and research, and years on the board of one of America’s largest and most important for-profit health care businesses, a billion-dollar corporation that owns and manages nursing homes, home care services, and, in the recent past, hospitals, pharmacies, and related providers. Additionally, in 1998, I completed a 27-month stint as CEO of a multicomponent nonprofit health system with a budget \$70 million and a staff of almost 1100 people. Over the years in my various roles, I have had to deal with deficits, lawsuits, FBI investigations, labor strife, payrolls, ethical issues, good boards, and bad ones—just for openers.

A second source is the literature of the field, including the extensive collection of government and legal material. I draw heavily on government and legal documents, the former because it represents some of the best done and least known analyses of problems in the system, and the latter because the legal system is a main avenue for administrators to be held accountable.

The third source of material for this book is the experience of my many friends, former students, and colleagues in the field who have generously contributed their wisdom to this project. These people, who are living with the issues on a day-to-day basis, have been my sounding board for this book, and I trust their contributions will ensure its value to the “real world” of management.

This book's central theme is accountability, but the focus is effective management. I have organized the book into five sections toward the end of providing a useful text to both practitioners and students. The first section is essential foundation material on the U.S. health system. It is designed to give all readers a common understanding of the system within which management must occur. The second is a review of the essentials of health care management. In this review, I offer professionals an opportunity to reexamine how their own positions and performance stack up against what might be considered a theoretical model. For students, this section represents the health care spin on management, that is, how the principles of management apply in the field of health administration, where we operate with organizational structures that are not found in industrial organizations.

The third section examines the crucial area of corporate compliance. In the past decade, corporate compliance issues have changed the landscape of health care management. Not only have organizations been required to develop and implement compliance programs, but the federal and state governments also have actively pursued individuals and organizations that have failed to meet compliance requirements. Indeed, there is no other time in history when compliance violations have resulted in fines of more dollars for health care organizations and sentences of more jail time for health professionals. Perhaps no subject is more important to understand than corporate compliance for a health administrator's personal freedom!

In the fourth section, we look at how consumerism affects the health care organization. The consumer movement has not only had a major impact on American society but has, through a variety of legal and legislative mechanisms, also changed the way health care organizations must do business. And finally, we conclude with a model of accountable management that begins with a reconceptualization of strategic planning and ends with an analysis of the accountable organization.

Throughout this text, case studies are presented to illustrate the points that I am developing in the section or the chapter. While some of the names and places in these cases are fictionalized, each one of them is based on an actual situation. If this book stimulates thinking, provokes discussion, or better yet results in some positive changes, then its goal will be attained.