

Credit Rating Report: Small and Mid-Size Hospitals Struggling Strategic Planning Can Help

Earlier this month, Fitch Ratings identified four attributes of health systems and hospitals that are better positioned to adjust to and benefit from health care reform. One attribute was “sufficient scale and financial flexibility to absorb potential decreases in reimbursement without severely impairing financial standing.”

Now, A.M. Best, the credit rating agency, takes this one step further in a new report that finds many small and mid-sized not-for-profit hospitals struggling financially, making it “difficult for them to effectively carry out their missions and endangering their long-term survival.” The report finds these financial problems are due to limited economies of scale, poor payer mix, higher overhead costs, fewer high-margin specialty service lines and an overall lower revenue base.

A.M. Best analysts recommend that hospital leaders take a “strategic, in-depth look at how they do business,” including analyzing the environmental, industry and operational strengths, weaknesses, opportunities and threats as well as their own resources. The report states that careful consideration must be given to the hospital's service line portfolio mix and the financial impact of strategic decisions.

New Solutions, Inc. agrees with these recommendations and consistently incorporates them into our strategic planning engagements. NSI has supported hospitals with cost effective strategic planning processes for nearly 25 years. Our success is due to:

- Customizing each engagement to the needs and culture of the client hospital,
- Expert consultants who have a thorough understanding of the local, state and national health care environments,
- Integration of health care financial, market and planning data throughout the process,
- An in-depth knowledge of medical staff and operational issues,
- Expert facilitation resulting in a dynamic process with key leadership buy-in.

The final product is a detailed strategy with a realistic and measurable execution plan.

If a “strategic, in-depth look at your business” is what your institution needs, New Solutions, Inc. may be your answer. Contact Nancy Erickson, Principal, to discuss how we can help at **732-418-3234** or at nerickson@newsolutionsinc.com

New Solutions, Inc. (NSI) is a management consulting firm offering a broad base of services tailored to meet the diverse and changing needs of health care providers. NSI offers a full array of health care consulting including development and implementation of strategic and service line plans, business development and marketing plans, community needs assessments, medical staff development, outcomes measurement and monitoring, and regulatory compliance activities.

New Solutions, Inc.
317 George Street.
Suite 412
New Brunswick, NJ 08901