Strategic Approach to Requesting Capital

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by Gwen Hughes, RHIA, CHP

Health information managers often find their capital requests near the bottom of the list when limited funds are distributed. Their requests just aren't sexy enough to compete with those that enhance the organization's image, increase revenue, or promise a more rapid payback.

Fund acquisition is more likely, however, when health information managers approach the process strategically, which involves working toward obtaining support and approval for the project and funds rather than merely submitting paperwork. It entails building a guiding team, developing a vision, creating a sense of urgency, and communicating for buy-in.

Building a Guiding Team

Health information managers will be more successful in leading change and acquiring capital when they build a guiding team. The manager selects people who are knowledgeable about the situation, possess organizational credibility, have connections and leadership abilities, share an underlying concern, or share in the outcome.

As an example, consider this hypothetical situation. Sally Smith, the HIM director for a large hospital, observes that incorrect assignment of additional health record numbers to the same patient not only costs her department labor that could be better applied elsewhere, but threatens patient safety.

Sally imagines a scenario in which a patient presents to the emergency department and is improperly treated because the doctor has only one of the patient's two health records. The improper treatment results in unnecessary pain and suffering for the patient, litigation, poor publicity, an inspection by the state, a special survey by the Joint Commission, the loss of lucrative third-party contracts, a decline in market share, and reduced donations to the hospital's foundation. Sally feels a sense of urgency to ensure the master patient index (MPI) is accurate and that this scenario never actually happens. She shares the story with Jane Jones, the director of patient registration, who then shares Sally's concern.

After some preliminary fact finding, Sally and Jane ask patient registrars in various areas throughout the hospital and HIM staff responsible for correcting the MPI errors to join them in addressing the issue. They recognize that the imaging and laboratory departments are also affected by errors in the MPI and invite specific representatives of those departments to participate as well.

Getting the Vision Right

The guiding team creates a vision so clear that it can be articulated in a minute and written on a single piece of paper. The team then identifies the obstacles that stand in the way of achieving that vision and the steps necessary to make the vision a reality.

Sally and Jane lead the guiding team in an exercise that produces a vision of an error-free MPI achieved through an initial clean-up, computer software to assist in maintaining a clean MPI, and the implementation of a system for recognizing and rewarding registrars.

They identify obstacles such as acquiring support from information services, selecting software to enhance that which the organization already possesses, obtaining approval for capital, and educating registrars on the new system. They ask a member of information services to join their team.

The guiding team then selects an MPI software program to alert registrars when they are about to assign a second health record number to a patient who may already have one. The software also prints reports to the director of patient registration and HIM when a registrar chooses to override the duplicate health record alert.

The team works with information services and a vendor to quantify the number of errors in the MPI and the cost of correcting the paper, film, and electronic files. In addition, they develop a method to measure progress and reward the registrars with spot bonuses and merit increases for high levels of performance.

Creating a Sense of Urgency

The guiding team must then create a sense of urgency to gain support for their project and any capital resources needed to facilitate it. Creating a sense of urgency can be accomplished by sharing a compelling story or providing a demonstration that others can see, touch, and feel.

For example, the guiding team decides to share their project with the performance improvement and patient safety committees. They tell the story of a patient who is improperly treated and relate the ramifications. They throw fake money out the window to illustrate how much money is being wasted correcting duplicate errors and what may be lost through litigation, loss of a third-party contract, market share, and donations to the hospital's foundation. Then they share their solution.

Their colleagues on the performance improvement and patient safety committees then understand the problem of duplicate MPI numbers, the risks of those errors, and the cost. They like the solutions proposed and ask what they can do to support the project. The two committees agree to cosponsor the project when it is submitted for capital budget and agree to share the problem and outline the solution to their administrators and circle of colleagues.

Communicating for Buy-In

The guiding team's vision must then be widely communicated for buy-in. The message must be simple, and those relaying it must understand the thoughts and feelings of the people they approach.

For example, the guiding team recognizes that it needs the support of administration and the budget committee if the funds for their project are to be realized. They invite their respective vice presidents (including the CFO) to their next meeting, share their compelling story and demonstration, and request their comments. The guest members agree that the project sounds worthwhile. The guiding team then asks for information about the approval process, the make-up of the budget committee, and the criteria for capital approval.

The CFO agrees to review the cost benefit and payoff information Sally and Jane put together, to crunch the formulas used by the budget committee and to provide feedback.

Sally and Jane meet with the CFO, and with his help, improve the proposal by adding some additional returns they hadn't thought of. With his input they shorten the projected payback to one year, demonstrate an increased return, and make the proposal more attractive to the CEO and budget committee. In addition, they learn how to better prepare proposals for future capital requests.

They take this information back to the guiding team and returning guests, who agree the project is worthwhile and indicate that it has their support.

When the budget committee meets, its members, which include the CFO and some of the vice presidents in attendance at the last two guiding team meetings, support and secure approval for the MPI clean-up project.

By building a guiding team, developing a clear vision, creating a sense of urgency, and communicating for buy-in, health information managers increase their chances of securing the funds for that next big project. Try it. It just may work for you. Remember, this process will take time, so start early.

Reference

Kotter, John P., and Dan S. Cohen. *The Heart of Change: Real-Life Stories of How People Change Their Organizations*. Boston, MA: Harvard Business School Press, 2002.

Web Extra: sample tables illustrating projected costs and savings for MPI clean-up.

10-Year Cost Projection for Cleanup of Duplicate Health Records

	Cost Year 0	Cost Year 1	Cost Year 2	Cost Year 3	Cost Year 4	Cost Year 5	Cost Year 6	Cost Year 7	Cost Year 8	Cost Year 9	Cost Year 10	Total
Cost of MPI clean-up	$1,000,000	--	--	--	--	--	--	--	--	--	--	$1,000,000
Cost of software that will minimize future MPI errors	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$275,000
Additional costs of employee recognition and reward program	--	$25,000	$25,000	$25,000	--	--	--	--	--	--	--	$75,000
Total cost	$1,025,000	$50,000	$50,000	$50,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$1,300,000

When submitting a request for a capital fund request, the cost of the endeavor will be closely scrutinized by the administration and budget committee. HIM professionals must do the research into the costs of such a project, as shown in this table for Sally Smith's MPI cleanup.

10-Year Projection for Savings for Implementing MPI Cleanup

Cost Avoidance	Benefits Year 1	Benefits Year 2	Benefits Year 3	Benefits Year 4	Benefits Year 5	Benefits Year 6	Benefits Year 7	Benefits Year 8	Benefits Year 9	Benefits Year 10	Total
Not having to do expensive MPI cleanups	--	--	--	--	--	--	--	--	--	$1,000,000	$1,000,000
Labor to correct MPI errors that can be applied to other initiatives	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$500,000
Negligence or malpractice case settled or taken to court and caused by incomplete health records	$1,000,000	--	--	$1,000,000	--	--	$1,000,000	--	--	$1,000,000	$4,000,000
Increased insurance premiums resulting from MPI-related litigation or settlement	$20,000	$20,000	$20,000	$20,000	$20,000	$20,000	$20,000	$20,000	$20,000	$20,000	$200,000
Loss in market share due to poor publicity caused by MPI error case or cases	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$500,000
Loss of a lucrative third-party payer contract due to bad publicity	$500,000	$500,000	$500,000	$500,000	$500,000	$500,000	$500,000	$500,000	$500,000	$500,000	$5,000,000
Reduced contributions to the hospital foundation caused by poor publicity and concerns about the hospital	$100,000	$100,000	$100,000	$100,000	$100,000	$100,000	$100,000	$100,000	$100,000	$100,000	$1,000,000
Total	$1,720,000	$720,000	$720,000	$1,720,000	$720,000	$720,000	$1,720,000	$720,000	$720,000	$2,720,000	$12,200,000

Another important consideration for the administration and the budget committee is the projected savings an organization will reap from such a project. Sally Smith and her guiding team developed this table to outline projected savings for her MPI cleanup.

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