

EPISODE 21

Why Engage a Healthcare Consulting Firm?

See the show notes at: THEHEALTHCARELEADERSHIP EXPERIENCE.COM

Lisa Miller (00:00):

Our job is to support the people in healthcare. The department, supply chain, CFO, whoever it is, that's our job. Our job is to support them for their success. Our job isn't to outshine, our job isn't to make anybody look like they're not doing a good job. That is never the case. We are in the background. We are building up those who brought us in. We wanna collaborate. We want to extend our knowledge. We want to help train. We want those people to get promotions, to see things in a different way — but this is all about helping, supporting, and being in the background and the ones that we're working for they are in the foreground. It's about them. We get the honor and the privilege to support them, to be on the business side of healthcare, so they can be on the healthcare side, you know, healing and saving lives.

Speaker 2 (00:57):

Welcome to The Healthcare Leadership Experience, a place where healthcare leaders will share proven strategies and innovative approaches to leading the clinical and business side of healthcare. This show is sponsored by VIE Healthcare Consulting, who's proudly helped hospitals save over \$700 million in non-labor costs since 1999. Here's your host, Lisa Miller, founder, and CEO of VIE Healthcare.

Lisa Miller (01:21):

Hi, this is Lisa Miller. Welcome to The Healthcare Leadership Experience. On

today's episode we are going to be discussing why engage a healthcare consulting firm. I'm joined with Lisa Larter, who is our producer. Welcome, Lisa, looking forward to this discussion.

Lisa Larter (01:40):

Yeah, me too. I can't wait to hear what you have to say on this.

Lisa Miller (01:43):

And we have Rich Dormer, who's VIE's COO, and Brian Covert, who's VIE's managing director joining us today. All three of us, as well as the team at VIE, we work on cost savings initiatives and margin improvement initiatives throughout the US. So welcome, Brian. Welcome, rich.

Brian Covert (02:06):

Thank you for having us.

Rich Dormer (02:06):

Great. Thank you.

Lisa Miller (02:07):

So we're going to jump right in. It's interesting because healthcare consulting firms have, I think, a good rap and a bad rap. So, I think the good rap is, is that we're able to support a hospital's initiatives. We're able to provide expertise, specialization, rapid deployment, you know, helping them fill a gap. There's all these reasons why it makes sense to bring a healthcare consulting firm into your organization. It's assessment, it's looking at a competitive analysis, you know, maybe there's a position that needs to be filled and it's- it's temporary to bring somebody, a group of people in there's a merger and acquisition. There's all these reasons why you'd bring a health care consulting for a minute. It makes really good sense.

And the bad rap is sometimes the consulting firms give you big binders, talk to your employees, and then put those ideas in the binder. They don't implement, they take too long, they're not results-focused. And so there's the bad side, right? So today we kind of want to talk about why you should bring in a health care consulting firm — when it makes sense, and you know, what

things to look out for, you know, how to approach some different scenarios, and just have a really good discussion. So Lisa, I don't know if you have any questions as we start this podcast?

Lisa Larter (03:31):

No, I'm just curious. I mean, when I think about a healthcare consulting firm, the first thing that comes to my mind are the big guys. And I know there's a really big difference between the big guys and a small boutique consulting firm like yours. So I'd love to even hear a little bit from you on the competitive advantage that a smaller specialized firm can provide.

Lisa Miller (03:56):

That is such a great question (laughs) and I will talk through that, because, you know, it's something that we deal with as a small firm, and I've often had conversations with our clients about it. So, you know, there's brand recognition. I think someone famously said, I'll never get fired for, you know, if you bring McKinsey in. Right? And so I think there's this brand recognition when it comes to the board or the C-suite that they can't get in too much trouble if they're bringing in those big names, you know, whether it's Accenture, Deloitte, whoever that may be, because that brand name kind of establishes, okay, well, you know, they're known in the industry and I brought them in and they didn't do anything so, or they did, or whatever the case may be. So, you know, I did what everybody else is kind of doing.

And listen, there's a lot of great consulting that's going on with the bigger firms, they're just different. And so what we hear from our clients is, is that, you know, you're speaking to decision makers. You know, myself, Rich, and those who are operational, who run the company, we're able to pivot, we're able to be flexible. And I think that's really important because, you know, we're able to offer a customized approach. We won't have to say, let me go back and talk to a partner and wait two or three weeks. And here's the binder you've got to go through in this order. You know, we're able to be more innovative. And I think that's the advantage. Plus, we're not a generalist company. We're highly specialized. We focus on margin improvement, and we have this incredible subset specialty around non-labor costs. And so, because we have this expertise, a lot of those companies have come to us to kind of help them, which is, you know, it's just kind of interesting over the years. And I, you know-

Lisa Larter (05:47):

Can I stop you for one second?

Lisa Miller (05:48):

Yeah, yeah.

Lisa Larter (05:49):

Are you saying the big guys actually outsource to specialized firms like yours because they don't have enough of the in-depth expertise?

Lisa Miller (05:58):

Yes. That happens more than most people realize (laughs).

Lisa Larter (06:02):

Wow. And so essentially, a hospital that, I mean, you just talked about planning your 2020 cost savings pipeline in your last episode. So if a hospital is really looking at managing costs, they need to be cognizant that if a bigger firm is outsourcing to a smaller firm like yours, they're marking those costs up.

Lisa Miller (06:23):

Absolutely. And they're only marking their costs up, which is a great point. They're bringing in a generalist, and usually the generalists are kind of piecemealing different aspects together of a really large project. And we've had some situations where the hospital has found out that we're the cost experts and, you know, we have gone through initiatives quickly and effectively, and they've been thrilled. And they've said, why didn't we hire you? Why do we hire X, Y, Z? So, and that speaks to the fact that they have brand awareness, you know, whether they have more marketing, or they're embedded in the hospital in some way shape or another, like GPOs are very much embedded in the hospital. So, you know, we really have to get that word out, us as this cost specialized firm that goes deeper than any other firm. But there are other companies, there's companies that are phenomenal at strategy, that are not McKinsey. They're small boutique companies. They have their own IP and formulas and methods. They're easier to work with. You know, and I think that hospitals really should kind of take more of a look at

those smaller boutique companies. I find it concerning sometimes when, you know, the GPOs really are forcing all of the services to go through them. I had a CFO once tell me, you know, Lisa, I wonder how much innovation we lose, or how much we don't get from outside companies because we're buying everything through our GPO. Now that was, I didn't say that that was a CFO that said that because so many of their, some of their services and whether it was analytics consulting on the revenue cycle side, and it just is expanded, expanded, kept on coming through their GPO. She was wondering how much innovation or how much that they didn't get, because they didn't go to the marketplace. And you've got some of these phenomenal boutique consulting firms that offer highly specialized services. So-

Lisa Larter (08:29):

It sounds to me like if you're looking for generalized support, then you're going to pay more for it. But the more specific you are on what you actually know you need, in terms of your cost saving strategy, the more specialized of a consulting firm you can get to help you reach those goals.

Lisa Miller (08:47):

Yeah, absolutely. I mean, in whenever you're looking for. Whether you're looking for expertise for specific IT integration, whether you're looking for revenue cycle consulting. I think that, you know, you want the Ferrari, you know, you want the best. You know, if you have an issue, a health issue, your GP is only going to get you so far, but it's that specialist that you want. It's the second opinion, the specialist, that takes you, you know, where you need to get to. So, Brian, I got a couple of questions for you. So, in your experience, what should a hospital expect their healthcare consulting firm to do? What are your thoughts?

Brian Covert (09:28):

First of all, they should expect them to deliver cost savings, achieve and deliver actual cost savings. They should be getting perspective on what other successful organizations are doing, how they're accomplishing their goals. I think consulting companies should be identifying cost savings initiatives, and opportunities that the team hasn't considered yet, bringing new things to the table. One of the most important things that personally, I just think too, is that when you're working with a consulting company, they should be taking work

off the plate of your team. They shouldn't be-

Lisa Miller (10:00):

That's a great point.

Brian Covert (10:00):

... burying your team with demands for information, for reports, assigning them more tasks and their daily work. They should be taking work off of their plate and helping you achieve more. And- and that's really the mark of like a successful engagement to me.

Lisa Miller (10:14):

Yeah, that's a great point. Um, it's funny because sometimes we've seen the data requests from other firms, and I look at the data requests, I'm like, wow, that's going to take like three people to do on the hospital side. Like they just don't make it easy to work with them. That's why we always say, we're going to make it easy to work with you, you know. And we built our entire model around let's make it easy to do business with each other and take work off. It's a great point, Brian. Thank you.

Rich. How about you? So you know, what kind of outcomes should hospitals expect?

Rich Dormer (10:48):

The biggest thing I see is that there's, in my mind, there's three levels of consultants. So for, to get the outcome, you have to know what you want. So first and foremost, what's your problem? So, the first level of consulting is, I have a problem, I know specifically what the problem is, and I need to go find somebody. So this is a, let's say an RFP for food and nutrition services or an OR assessment. This is a very commoditized space. So when you go out, you get resumes, you get the proposals, and then you pick the best one.

Then you have a second layer of consultant. Now this one's a little bit more challenging, this is where you start to get in some of the bigger companies. And we do all this as well. It's identifying opportunities. So this is where that second layer of consultants are. And you know, there's less of these than there are of those general consultants for specific problems. But this is where Lisa said, you know, a lot of times you'll get a big binder, right? So you'll have data.

It will give you direction. You can use it for your team, but really what's the value? I mean, sometimes the value is good, sometimes it's not, right?

So that goes to this third level, the top of the pyramid consultants, which is, again, there's a problem. I don't know what the problem is, I just need to identify it, but you might not have the team or the resources or the expertise to implement. And I think that's the biggest area that when you're looking for a consultant, you have to understand, am I getting something or do I just need one specific problem? Do I just need to find some opportunities for my team? Or do I need to find some opportunities as well as get some implementation? Because, you know, that- the top layer is where the biggest opportunities lie, right? We've talked about the highly-specialized expertise, implementation is the hardest part. You know, everyone can come in and say, "hey, you can get 10% off this", but then they say, "okay, do it for me", and most groups can't do it,

Lisa Miller (12:30):

I think it's a great point. Not only can most groups can't do it, that you know, even sometimes we, because hospitals sometimes don't want consultants. They want a benchmarking resource, or they want a tool. And then the tool says something, then it can't be done. And you know, it's easy to put numbers in a dashboard or in a report and kind of say, this is what needs to be done, versus getting it done. I mean, that's a big difference. Whether it's cost savings, revenue improvements, anything. Implementation is the hardest part. The binder is the easiest.

Rich Dormer (13:07):

Right. So let's say we're working with a client. They say, oh, we just need an assessment. So we get brought in by clients and they say, we need a purchase services assessment or PPI assessment, we'll come in and we'll find opportunities for them, and then we'll give them, you know, the report, and then we'll support anything they need, any background. But that information that we provide them would be the same exact that we would use in this top layer, which is negotiation. So we're not going to give our clients anything that we wouldn't sit in front of somebody in hand.

You know, because everyone's been in this situation where, you know, there's a benchmark out there, no one knows where it came from. Then you go to the vendor, and they basically laugh at you because no one in the world had-even has that. It was like a mistake in the data. So we don't do that. We look at

what we've accomplished. We know where the market is, and we'll put those reports together, so when you go to negotiate, you have the knowledge that, you know, this is supportable. And then you turn to us and say, we need you to do it. We would use the same exact information.

Lisa Miller (13:59):

So- so can I just talk to you about that a moment? I like this conversation because we sat on a, it was a publicly available webinar with a couple of our competitors. And actually, the three of us were watching the webinar. And one of the people leading were talking about a purchased services, um, benchmarking, and they were graphing out coding. And they graphed out coding to a higher dollar and a lower dollar value that they identified in a hospital spend. And this person was showing that the higher dollar was undisciplined spend. And- and because they showed the price point, I remember clearly Brian goes, that's an undisciplined spend. That's because they're insourcing and outsourcing. Can you talk about that for a minute?

Brian Covert (14:55):

Yeah. I mean, this company clearly had a great tool to aggregate and to visualize and look at this data, but what they were missing was just an understanding of the context of that data. Because if you've negotiated agreements for coding, you know that there's distinct markets, there's onshore versus offshore. So you're hiring somebody who's based in the USA, a company they're working the same hours as you, there's no language barrier, they understand the US healthcare market. It's one rate. And if you're hiring somebody from another country, we see these companies that are based in Ireland, that's a different rate. Or a company that's based in India, or even another country, it's a much lower rate. So what they were actually looking at was the just two distinct market rates that exist for onshore and offshore coding, but they weren't interpreting it that way. They're interpreting it as a pricing opportunity. Undisciplined pricing.

Lisa Miller (15:49):

Yeah, un- undisciplined pricing is what they identified, right? Pricing opportunity.

Rich Dormer (15:52):

A recent example, we're working with a large health system, and within the health system, they had one provider for sleep studies. So when we were looking at the data, we looked at it and said, what's their current rate at one location, and why is this other location \$200 less per multilevel sleep study? You know, and- and if you- if you don't know, if you don't have the expertise and the background of reviewing these contracts, you wouldn't ask that question. You'd be like, oh, look, this is a better price point, let's just go to the best pricing and that's our benchmark. But there was some questions around, and we kept asking questions, question.

And finally, even though the contract didn't state it, when we finally got the end users to go through it, and she said, well, that's because we use our own staff. So there was a secondary rate that was not part of the rest of the health system, because that location used their own staff. Therefore it was less expensive. But if you're just looking at the data and you don't understand what the data's telling you, where you don't question where some of this might be a problem, then that's where it leads to the binder showing a \$200,000 opportunity because of the one price point. Yet at the end of the day, it's probably more like a \$10,000 opportunity.

Lisa Miller (16:59):

Yeah. And we see a lot of that. And I think ultimately that's the frustration, I think, around bringing in a consulting firm, because I think there have been assumptions or they've been- some people have been made to, you know, maybe not look good or, you know, there've been bad recommendations. And now someone in supply chain or department has to go to the CFO and say, no, that's actually not right. You know, both cases that Rich and Brian talked about, we have two different ways that we approach these situations for coding, and like Rich mentioned as well, for a sleep studies.

Rich Dormer (17:36):

One other piece to the, you know, your question, as far as trying to understand what expertise you want to be looking for, again, depending on what your needs are. Right? But if you're looking at really from a proposal or just presentation, you know, understanding where the consulting firms, former current client list, explanation of the services, you know, actual examples, you want to see that they've had the ability to do these things. To not only, you know, say it, but I'll show the examples. They have multiple

examples from different classes, from clinical purchased services to support service, finance, IT, administration.

Lisa Miller (18:15):

Right, because you don't want to bring in six different companies to deal with the purchased services. You'd like to bring in one, you know, it doesn't miss anything. We're not looking at the same time.

Rich Dormer (18:20):

Right. And it's important to understand their processes. What is- how did they get to this, what systems are they using? Like Brian mentioned before, you know, what resources is it going to take on, you know, your end when you're evaluating these consulting firms, right? And then how did they, how are they successful in a similar situation? You know, is it one specific project? Is it, again, working with multiple and trying to identify and then implement? You know, and really what a big piece is, who are their people? Like, who's going to be your account?

I mean, we've had a lot of situations where you have someone that this is the front person for sales and marketing, and then all of a sudden this whole other group comes in and you had no relationship with. So who's going to be the person that, you know, is going to be the front of the organization? Who's going to be the one that you can call, you know, at 6 o'clock at night to say, I have a problem, right? Or 7 in the morning on a Tuesday, like I got a problem, right? So these are the ones you have to understand, like, is it going to be a big corporate one where they have a structure and you have to follow that structure? Or these more boutique companies that are nimble, that customizable, that are flexible to client's needs.

Lisa Miller (19:23):

Yeah, I agree. Brian, what red flags should people look out for?

Brian Covert (19:27):

I think we talked a lot today about getting results and achieving results. And I think initially one huge red flag would be that when you're contracting and you're hiring a consultant company, that they're not aligning themselves strategically and financially with the client. So the client success should be the

consulting company's success. And when we talk about that, we talk about, again, we mentioned companies that hand over the binder, companies that use technology or a tool, you know, to support their consulting activities, categorization. These are all fantastic tools, but how do they bridge that gap from the binder, from the categorization, to developing real initiatives, to achieving real results? And then how are you holding them accountable to that, so that you're both succeeding.

Lisa Miller (20:13):

Yeah. And I love that. And you know, the other feedback we get is we're collaborative and we train. So, our job is to support the people in healthcare, the department, supply chain, CFO, whoever it is, that's our job. Our job is to support them for their success. Our job isn't to outshine, our job isn't to make anybody look like they're not doing a good job. That is never the case. We are in the background. We are building up those who brought us in, you know, we want to collaborate. We want to extend our knowledge. We want to help train. We want those people to get promotions, to see things in a different way.

But this is all about helping, supporting, and being in the background, and the ones that we're working for, they are in the foreground. It's about them. We get the honor and the privilege to support them, to be on the business side of healthcare, so they can be on the healthcare side, you know, healing and, saving lives. And we're in the background. I think that's really important too.

Lisa, do you have any other questions or thoughts?

Lisa Larter (21:24):

No. I- I think that everything that you guys have talked about is really great. I'd love for you to maybe wrap it up with the three things that you believe a consulting firm like VIE Healthcare can really do for hospitals when they engage a specialized firm.

Lisa Miller (21:46):

Yeah, absolutely, Lisa. So there's three observable key client outcomes. And this is for anybody, you know, and on this podcast today, we kind of went in and out of, you know, what we do, also, you know, broadly, you know, what you can look for other firms or other initiatives you need. But in the broad

sense, there are three key client outcomes.

Number one, they have to give you financial clarity. And maybe is not always financial clarity, it could be no clarity around the initiative. But for the purpose of margin improvement, it's about giving financial clarity. How can we be sure we're uncovering all the margin improvement opportunities available to us? In the broader context, how are we sure that we are approaching this initiative from all different angles? We want to make sure we're not missing out on anything. So it's clarity. It's the initiative clarity in our context, it's financial clarity.

Number two is disciplined performance. How can we be confident about the decisions and execution on financial management across your organization? So whatever performance you're looking to achieve, it could be a merger and acquisition. It could be a new technology. You want disciplined performance, and that healthcare consulting firm should be able to bring that as a key outcome.

And number three, exceptional results. How will I know that we're getting there? Well, you always know that you're getting exceptional results because you're getting above market outcomes. You can get average outcomes or above market outcomes.

But again, there's three things a firm like VIE can do for hospitals. One, give you financial clarity. Two, disciplined performance. And number three, exceptional results. And in that context, you should be able to use those three to model whatever consulting firm that you're bringing in. Hold them to metrics, hold them to milestones. I'm a big believer in aligning performance and having a performance-based milestones. But I think those three areas are really importantly, Lisa, and it can be used in any context.

Lisa Larter (24:03):

Awesome. Thanks, Lisa.

Lisa Miller (24:05):

So I welcome you to listen to our previous episode about creating a cost savings pipeline in 2022. It's episode number 20. And our next episode, which I am really excited about, is episode 22. It's out-negotiate your vendors. I think a big, big topic, because negotiation is tied to financial improvement. So Lisa, thank you for being on the show today, Brian and Rich, and everyone for listening. If you have any questions or if you have suggestions on shows, we'd

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love to get those suggestions and add that to future podcasts. Thank you everyone.

Leah (24:46):

Hi, this is Leah. You are listening to my mom's podcast, the Healthcare Leadership Experience.

Fernando (24:53):

Hi, this is Fernando. If you would like to speak with my mom, email her.

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MEET LISA MILLER



It's important for hospitals to have a clearly defined cost savings strategy with purchased services as a component to that strategy. We provide our clients with a focused roadmap to achieve those savings through our expertise since 1999

Lisa Miller launched VIE Healthcare Consulting in 1999 to provide leading-edge financial and operational consulting for hospitals, healthcare institutions, and all providers of patient care.

She has become a recognized leader in healthcare operational performance improvement, and with her team has generated more than \$720 million in financial improvements for VIE Healthcare's clients.

Lisa is a trusted advisor to hospital leaders on operational strategies within margin improvement, process improvements, technology/ telehealth, the patient experience, and growth opportunities.

Her innovative projects include VIE Healthcare's EXCITE! Program, a performance improvement workshop that captures employee ideas and translates them into profit improvement initiatives, and Patient Journey Mapping®, an effective qualitative approach for visualizing patient experience to achieve clinical, operating, and financial improvements.

Lisa has developed patented technology for healthcare financial improvement within purchased services; in addition to a technology that increases patient satisfaction through front line insights.

Lisa received a BS degree in Business Administration from Eastern University in Pennsylvania and a Masters in Healthcare Administration from Seton Hall University in New Jersey.

She is a member of the National Honor Society for Healthcare Administration – Upsilon Phi Delta. Her book *The Entrepreneurial Hospital* is being published by Taylor Francis.

MEET RICH DORMER

Healthcare Margin Improvement Expert, Chief Operating Officer.

Richard Dormer serves as VIE Healthcare's Chief Operating Officer and Healthcare Margin Improvement Expert. In this role for over 13 years at VIE Healthcare, Rich identifies and implements dramatic cost savings for VIE's clients. He has extensive expertise and knowledge of hospital expenses across the organization.



Rich's specialty is high costs implants in the Operating Room and hospital Purchased Services, where he has worked collaboratively with VIE's clients to save over \$290 million during his tenure. Rich also specializes in hospital decision analytics and his ability to analyze big data sets to uncover true costs and cost savings opportunities is unparalleled in the industry.

Prior to joining VIE, Rich spent nine years with two equity sales firms on Wall Street. He applies the same analytical approach he learned on Wall Street to his work at VIE, and has become an expert in finance analytics for healthcare organizations.

Rich is also a skilled negotiator known for his ability to drive down contract costs without sacrificing services or quality. His sharp negotiating skills contribute to his expertise in the difficult areas of physician preference items and clinical preference services.

MEET BRYAN COVERT

Healthcare Margin Improvement Expert, Managing Director.

Bryan joined VIE Healthcare Consulting in 2012 and works alongside the top healthcare providers in the country carrying out high-level analytics and cost savings work.

Bryan's strength lies in strong analytics skills which enable him to analyze and organize complicated data sets, identifying trends and true costs of VIE Healthcare Consulting's clients. He is also skilled in working with pricing models to determine strategy and reveal underlying costs. He brings high-level negotiation skills and intelligent negotiating strategies for the benefit of healthcare organizations.



His experience extends across a wide array of contracting areas from IT and purchased services to physician preference items.

While working with VIE Healthcare Consulting, Bryan's success stories include:

- Playing a critical role in driving over a dozen successful Spine implant cost savings initiatives. These included a detailed analysis of reimbursement, side-by-side vendor construct comparisons, and physician utilization/landscapes.
- Working with clients to navigate through very complicated EMR system renewals to drive six figure savings.
- Successfully renegotiating and transitioning a prestigious university and medical center from Coca Cola to Pepsi which generated over \$5 million in savings over 10 years, including \$700,000 in Year One.
- Helping to lead the transition team to re-design supply chain operations for a 459-bed health system moving from state-owned to private entity.

Prior to joining VIE Healthcare Consulting, Bryan gained entrepreneurial experience as the CFO of two successful start-up companies in the public safety sector. During this time, he helped to lead a start-up public safety company to a \$2.5million dollar pre-revenue valuation in 2017.

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MEET LISA LARTER

Lisa Larter is a Business Strategist, Digital Marketing Expert, Author and Speaker.

Her business, the Lisa Larter Group helps their clients to formulate marketing strategies that support their business goals and objectives for increasing their visibility, leads and sales customer acquisition. Lisa provides consulting and advisory services as well as a full suite of implementation services that include: social media and content management, book marketing campaigns, and website design.

Lisa's background is in the wireless industry where prior to starting her own business she helped one of Canada's largest telecommunication companies build out their retail distribution channel, supporting a field team of over 1000 people and 100M in retail sales. She left that role in 2006 and opened her own retail bricks and mortar business which she sold in 2012.

She has successfully built two businesses that do in excess of 7 figures and has helped many of her clients reach the 7 figure mark, attract 7 figure clients, and sell their own companies. Lisa is a self-taught high school dropout who runs a business book club called Thought Readers which was inspired to help others learn more so they can earn more.

