Sparrow Health System Strategic Plan

Amanda Bryant, Chandler Granacki, Heather Park-May & Eric Rosen

Siena Heights University

**Background and Overview of Sparrow Health System (Bryant)**

Background and overview of Sparrow Health System includes when the hospital was founded, geographic location, the Sparrow Pyramid, and associated affiliates. The location of Sparrow Hospital is central to residents of Ingham County. The Sparrow Pyramid lays the foundation for expectations of employees and hospital affiliates. Sparrow Hospital’s foundation lies on limited staff, who made Sparrow Hospital possible.

**Founded**

The founding of Sparrow Hospital dates back to 1896, when the Women's Hospital Association set out to bring critical medical services to Lansing. One doctor and one nurse worked out of a rented house, while the women of the association did everything they could to support operations - including loaning their own household linens when supplies ran low (Sparrow Health System, 2016).

According to Sparrow Health System (2016), in 1910, at a time when the expanding auto industry brought an influx of new families into the area, Edward W. Sparrow, one of Lansing's pioneer developers, donated land on East Michigan Avenue along with a gift of $100,000 to help build a new hospital. The hospital took in its first patients in 1912.

**Location**

Sparrow Hospital is located in Lansing, Michigan. The location is further discussed in the Service Area Competitor Analysis including population demographics, education, healthcare and business. Location and Service Area concentrates on Ingham County, Michigan. Residents reside in five cities and numerous townships.

**Sparrow Pyramid**

Sparrow Hospital has a model that encompasses the goals of others around them (Sparrow Health System, 2016). This model is called the Sparrow Pyramid, and is referred to as The Sparrow Way. The Sparrow Way allows Sparrow Health System to improve quality and patient experience, ensure affordability, all while implementing change. Sparrow Hospital has grown to become the region's largest health system and its diverse range of facilities offer residents some of the most advanced medical technology available in the world (Sparrow Health System, 2016).

**Directional Strategies (Bryant)**

Sparrow Hospital’s “mission, vision & values (MVV) establish the foundation for the Sparrow Hospital culture of putting patient needs first, which is most effectively accomplished when integrating each element of the Sparrow Pyramid” (Malcolm Baldrige: National Quality Award Application, 2015, p. 1). Strategic goals at Sparrow Hospital includes Chief Executive Officer, Dennis Swan dividing goals into five categories: people, quality, safety, service, resources, and growth. People, quality, safety, service, resources, and growth are all discussed after ICare Values, which is also a part of Sparrow Hospital’s strategic planning process.

Sparrow Hospital’s strategic planning process begins with its mission statement. Followed by an external environment analysis, a competitor analysis and a market area analysis. Following that strategy formulation and strategic goals, including their implementation, will be reviewed. We will discuss Sparrow Hospital’s vision statement. The Sparrow Pyramid is a tool that Sparrow uses to visualize how the Sparrow Way, Plan of Excellence Pillars, ICARE values, the Mission, Vision, and strategic goals all come together. ICARE values are the foundation of everything Sparrow staff does.

All staff meetings at Sparrow Hospital play an integral role in the implementation of Sparrow Health’s mission, vision, and values. During all leadership staff meetings nine questions are to be discussed among the group. The first five questions ask the employees to identify which ICARE value should be demonstrated. The last four questions are utilized to understand the employees’ point of view in regards to Sparrow Hospital’s mission, vision, and ICARE values (Mission, Vision, Values Staff Meeting Module, 2016).

**Mission**

Sparrow Hospital’s mission is, “To improve the health of the people in our communities by providing quality, compassionate care to everyone, every time (Sparrow Health System, 2016, p. 1). Following the patient (the top of the pyramid), and vision, the mission is the third level of the Sparrow Pyramid. Following Sparrow Hospital’s strategic planning process Sparrow Hospital’s mission is to serve patients, the public, and the community through innovative hospice care, compassionate urgent care, and excellence in women’s services, within the Michigan area while displaying passionate and quality care.

**Vision**

The Sparrow hospital’s vision is, “To be nationally recognized as a leader in quality and patient experience (Sparrow Health System, 2016, p. 1).” The vision is the second level of the Sparrow pyramid just beneath the patient. Following Sparrow Hospital’s strategic planning process Sparrow Hospital’s vision is to display compassion and quality as a leader in quality and patient experience.

**ICARE Values**

According to Sparrow Health System (2016) Sparrow Hospital’s values include innovation, compassion, accountability, respect, and excellence:

Innovation means finding new ways to improve the quality of health services. Compassion means providing radical loving care for everyone. Accountability means accepting responsibility for actions and attitudes. Respect means valuing diversity, inclusion and working well together. Excellence means achieving the best results in all they do. (p. 1).

The Sparrow ICARE Values are located on the fourth level of the Sparrow pyramid beneath the mission.

**Goals**

During a meeting with employees at Sparrow Hospital in 2016, Dennis Swan, Chief Executive Officer of Sparrow Health System, divided goals for 2016 into five categories including: people, service, quality/safety, resources, and growth.

**People**

One goal at Sparrow Hospital (2016, p. 10) concerning people includes: “Human Resource Committee and Board approvals of an update to the succession and career development plans for Sparrow Officers and high leadership potential Physicians, Directors, Managers, Supervisors, Professionals and Staff. Another goal concerning people includes: conducting quarterly polls of Sparrow Health System Medical Staff and Caregivers to monitor and improve the level of engagement throughout the year (Baldridge Application, 2015).

**Service**

Sparrow Hospital’s goals concerning service includes: achieving and sustaining improvement in ER Patient satisfaction “top box” scores for the Main Campus Emergency Room (adult and pediatric) consistent with the Annual Incentive Plan goals. Additionally, Sparrow Hospital aims to achieve and sustain improvement in inpatient satisfaction “top box” scores consistent with the Annual Incentive Plan goals (Strategic Horizon Plan, 2016, p.13).

**Quality/Safety**

Sparrow Hospital’s goals in regard to quality and safety include decreasing the observed vs. expected mortality rates for AMI cardiac surgery and congestive heart failure, while also decreasing the number of serious safety events in 2016 compared to 2015 (Strategic Horizon Plan, 2016, p. 16).

**Resources**

Sparrow Hospital’s goals relating to resources includes: achieve the health system’s target for net operating income on a consolidated basis secure all necessary approvals for a plan to reorganize the Physicians Health Plan insurance provider, including the provision of population health services such as care coordination and data analytics (Strategic Horizon Plan, 2016).

**External Environmental Analysis (Bryant)**

Sparrow Hospital makes decisions based on standards and best practices developed by regulatory and professional agencies and organizations. Sparrow Hospital uses this as a framework to enhance its operations in a highly competitive healthcare environment.

**General**

Some of the regulatory agencies in the United States that have an impact on the hospital external environment include: the Food and Drug Administration (FDA), the Center for Disease Control (CDC), the Environmental Protection Agency (EPA), and the Occupational Safety and Health Administration (OSHA). These organizations have the power to enforce laws regulated by the federal government. Organizations must follow rules put in place by regulatory agencies. Consequences of not abiding to the regulatory agency policies can result in being forced to pay hefty fines or in severe cases of non-compliance an organization can be shut down until they are in compliance.

**Competitive**

The Federal Trade Commission’s Bureau of Competition enforces antitrust laws, through the Federal Trade Commission Act and the Clayton Act (HovenKamp, 2016). These antitrust laws allow the United States to operate in a free market economy. Antitrust laws also promote competition and fair trade. It is helpful to have resources available when competition arises.

**External Environmental Analysis: Industry-Specific**

Sparrow Hospital external environmental analysis consists of the increasing likelihood of remaining competitive, and regulatory information regarding prescription drug coverage and electronic health records.

**Regulatory: Electronic Health Records**

According toBalow & Wright (2015), three things expresses while referring to electronic health record regulation include: privacy, security, and safety. Privacy addresses who, what, when, and why health information needs to be protected? While referring to security it is important to witness how health information will be protected. Lastly, safety addresses the integrity of the electronic health record. The individuals that need to be protected are consumers, patients, buyers, and clients. Health information that needs to be protected is called Protected Health Information (PHI). Balow and Wright (2015) identify PHI as any information created by a healthcare provider, health plan, or employer. Two key federal laws related to data security include the Federal Trade Commission Act- Section 5, and HIPAA.

**Competitive**

The more patients visit physicians within the healthcare field, the more competitive the healthcare industry becomes. Changes in reimbursement has created a more competitive environment. Jones (2016), writes about reimbursement issues that are capable of rolling over into 2016, as a result of the Affordable Care Act. The Centers for Medicare and Medicaid Services (CMS) established the Physician Quality Reporting System Requirements (PQRS) as a way of encouraging reporting of monitoring quality measures and metrics of eligible professionals and group practices. Physicians must satisfy the PQRS quality measures in order to avoid taking cut in the reimbursement rates for Medicare and Medicaid payments. Several different aspects of healthcare are measured and reported to CMS through the PQRS initiatives. (CMS.gov, 2016) Of the many measures tracked and reported to CMS, hospital mortality rates are reported and made publicly available on the medicare.gov website. The hospital mortality rate is a mortality ratio that compares patients’ actual mortality rates to their expected rate of mortality. The (Mayo Clinic, 2016) CMS tracks hospital mortality rates report 30-day risk standardized mortality rates (RSMRs) following acute myocardial infarction (AMI), chronic obstructive pulmonary disease (COPD), heart failure (HF), pneumonia, and stroke.

The current payment system requires changes, including the implementation of Medicare Access and CHIP Authorization Merit Based Incentive Payment System, which is scheduled to be implemented in 2019. The idea is to allow reimbursement dilemmas to become more transparent to consumers. Reimbursement information can be viewed on the Center for Medicare and Medicaid website. “2016-2017 will be a year of increasing quality requirements and reporting” (Jones, 2016. p. 2).

To avoid the reduction in reimbursement of Medicare and Medicaid payments, physicians will need to register with PQRS through the Group Practice Reporting Option, which can be accessed at portal.cms.gov. In 2015 any group that was not registered received a reduction in Medicare and Medicaid reimbursements. As a result of the reductions from some physicians and group practices, other groups who met the PQRS reporting requirements received increases in their Medicare and Medicaid reimbursement rates. Annual reports are made available to physicians to review. The reports are utilized as a benchmark against quality. Patients are able to view a similar site to view the PQRS annual reports.

**Prescription Drug Coverage**

Paying more out of pocket costs can be detrimental to patients. Patients facing more critical and life-threatening diagnoses are left with alarming expenses from out of pocket prescription drug costs. A barrier related to prescription drug coverage includes manufacturing issues. Insurance companies are impacted by decision made by drug manufacturers. “As finding breakthrough small-molecule drugs becomes more difficult, drug companies are increasingly turning to large molecule biologics. Although biologics represent many of the most promising new therapies for previously intractable diseases, they are extremely expensive” (Price & Rai, 2016, p. 1). Insurance companies and/or patients are therefore expected to absorb the cost of research and development of new drugs which has become a very costly endeavor. In many cases such as patients receiving a kidney transplant, patients begin a regimen of several immune building anti-rejection medications immediately after the surgical procedure. These medications are required to keep the patient alive, but are often not covered by their health insurance plans. Prescription drug coverage has been an ongoing issue. Patients not being able to have access to lifesaving medication is a safety issue.

**Service Area Competitor Analysis (Granacki)**

This section of the paper will focus on two main parts of the competitor analysis; the first being the service area. The service area analysis examines the demographics of the area to gain a better knowledge of the population. The second part of the competitor analysis will look at different key aspects of each competing institution within the service area to examine the strengths, weakness, services provided, and other necessary factors.

**Service Area**

The service area is Ingham County which is located in Michigan and is currently estimated to be 556.12 square miles (United States Census Bureau, 2015). Currently the county has five cities which are Lansing, East Lansing, Leslie, Mason, and Williamston; as well as a variety of townships within the area (Ingham County, 2016). Located within the town of Lansing is the Michigan State Capitol. Citizens benefit from receiving excellent healthcare, a successful Big Ten college sports team, and a variety of museums to showcase different forms of art (Ingham County, 2016).

**Population**

As of July 1, 2015 Ingham County contains an estimated 286,085 residents with a 51.5% female demographic (United States Census Bureau, 2015). In 2014 the Census Bureau indicated that the Ingham County’s population race demographic is currently 77.1% Caucasian, 12.2% African American, 7.6% Hispanic or Latino and other races (United States Census Bureau, 2015). In addition, 5.5% of the 286,085 residents of Ingham County are veterans. 9.1% of the residents of Ingham County are under the age of 65 and living with some form of disability. Currently the unemployment rate within Ingham County is at 3.4% (US. Bureau of Labor Statistics, 2016). The current national average has been at a low of 4.7% to a high of 5% (U.S. Bureau of Labor Statistics, 2016).

**Education**

Within Ingham county 91.3% of people that are 25 years and older have graduated from high school. 36.5% of Ingham County residents have received a Bachelor’s degree or higher education (United States Census Bureau, 2015). The area offers three different colleges, all located in the Lansing are: Michigan State University located in East Lansing, Great Lake Christian College in Lansing, and Lansing Community College (Ingham County, n.d.).

**Healthcare**

Ingham County has two main hospital campuses. Both main hospitals have smaller secondary campus and several satellite offices within the area. One of the two main hospital systems in Ingham County is McLaren of Greater Lansing previously known as Ingham Regional Medical Center. The other main hospital system in Ingham County is Sparrow Health System. The area also contains clinics for specialized care, doctors’ offices, and research facilities that are associated with the Michigan State University Health Team. The MSU Health Team has 260 providers and 14 different clinical departments (Michigan State University, 2016).

**Business**

Ingham County’s primary source of industry stems from the “automotive industry, microbiology research, and scientific advancements” (Ingham County, 2016, pp. , para. 2). Other main contributors to the local economy are warehousing and distribution companies. The different industries providing employment are 27.3% of Ingham county residents work in education, health and social services, while 10.9% of residents work in retail trade, and 10.4% in manufacturing (Ingham County, 2016).

**Competitor Analysis**

The main focus for this section will be the Sparrow main campus, Sparrow St. Lawrence campus, McLaren main campus, and McLaren Orthopedics Hospital. The first hospital will be the focused on within the paper, then the other competitor and what they offer in comparison. All of these hospital campuses provide different forms service lines with specific implications that will be discussed.

**Sparrow Main Campus**

This facility is currently regionally ranked at #21 of 171 Michigan acute care hospitals. It provides 655 licensed beds, and has 692 physicians (U.S. News & World Report, 2016). The facility had 32,734 admissions, and 130,599 the emergency room cases in 2014 (U.S. News & World Report, 2016). Currently Sparrow Health System (SHS) has approximately 6,451 employees. As of 2014 SHS’s total value of assets, income, expenses, and liabilities bring the hospital’s net worth to $588,086,226 (Guide Star, 2016).

**Care Provided**

The Sparrow Main Campus facility located in Lansing provides the only level 1 trauma center in mid-Michigan. Sparrow Hospital’s trauma center has trauma surgeons available around the clock and two emergency helicopters. This facility offers special care for cancer, trauma, pediatrics, orthopedics, neonatal intensive care, and neurological care (Sparrow Health System, 2016).

**Recognition**

Sparrow Hospital is recognized for their nursing staff with the Nurse Magnet Designation. This is an achievement held by only 7% of American Hospitals. The Joint Commission (TJC) has accredited Sparrow Hospital’s Home Care and Laboratory services with an Advanced Certification as Michigan's first Comprehensive Stroke Center. TJC has also recognized Sparrow Hospital with a certification in Hip and Knee Joint Replacements. (Sparrow Health System, 2016, para. 5). Other certifications include being mid-Michigan’s only Baby-Friendly from Baby Friendly Hospital Initiative, and Gold performance for Acute Myocardial infarction through implementation (Sparrow, 2016). Sparrow is also the only “Michigan-based health system” that is part of the Mayo Clinic Care Network. Other Recognitions include:

* National Surgical Quality Improvement Program Award: American College of Surgeons
* Michigan Quality Council’s 2012 Quality Leadership Award
* National recognition for Electronic Medical Record adoption: The Healthcare Information and Management Systems Society
* Governor’s Awards of Excellence
* Honored for improvements in care quality and efficiency by The Advisory Board Company
* First recipient of Excellence in Nursing Aware from Modern Healthcare
* Award of Volunteer Excellence: American Hospital Association
* Named among the Best Hospitals in Southeastern Michigan: U.S. News & World Report of Best Hospitals for 2012-2013
* Emergency Department honored by the Studer Group as National Healthcare Organization of the Month for October 2011

**Strengths and Weaknesses**

Sparrow Hospital prides itself on the advanced care available in the Emergency Department. Sparrow Hospital has a dedicated pediatric emergency department. The hospital has two helicopter pads to accommodate incoming and outgoing emergency helicopters transporting the most critical patients. Sparrow’s stroke survival rate is increasing, but is currently at an 8.17% mortality rate which is between 1% and 2% higher than the national average. Readmission rates for heart failure have improved to 8.9% (Sparrow Health System, 2016). Patients’ ratings of the hospital provided a hospital excellence rate of only 71% with negative patient ratings related to hospital facilities being dirty (Hospital Stats, 2016). Sparrow hospital has indicated that it has a higher readmission rate within 30 days of having a knee or hip replacement surgery than previous months due to either a complication, or issues of patients understanding instructions (Sparrow Health System, 2016). Other areas of concern within the hospital are increased mortality rates for heart attacks at 4.77% and simple pneumonia at 3.76% (Sparrow Health System, 2016).

**Sparrow St. Lawrence**

This hospital is a non-profit acute care facility that provides but more specialized care for patients. This facility specifically mentions their emergency department and advertises the department as a full service emergency department. Currently, the hospital offers 21 inpatient beds and services for all physical and emotional issues that maybe needed for the patient (Sparrow Healh Systems, 2016).

**Care Provided**

The Sparrow St. Lawrence campus offers different forms of service with an emergency department that receives more than 27,000 patients annually (Sparrow Healh Systems, 2016). The facility provides a 21 private bed section for their hospice department that helps with end of life care, as well as a home hospice department, a sleep center that experiences an estimated 2,500 cases a year; a radiology department, a wound and hyperbaric clinic, and pulmonary rehabilitation services (Sparrow Health System, 2016). The facility also provides dialysis treatment services.

**Recognition**

The American Academy of Sleep Medicine accredited the Sparrow St. Lawrence campus in 1995 for their work with sleep disorders and increasing health of the patients with sleep disturbances (Sparrow Healh Systems, 2016).

**Weaknesses**

Sparrow St. Lawrence Campus offers different areas of care, but does not have some departments that are common for most hospitals. With the surgical aspect of the facility; outpatient surgeries are offered, but inpatient surgery services are not available. This location does not provide any cardiology or maternity services for patients.

**McLaren Main Campus**

This is a non-profit acute care facility that holds 321 licensed beds, and is currently regionally ranked at number 16 and is accredited by the American Osteopathic Association (U.S. News & World Report, n.d.). The facility received 42,615 patients in the emergency room with admissions being 15,352 patients with 514 physicians. The hospital has approximately 2,287 employees. As of 2014 the total assets, income, expenses, and liabilities bring the hospital’s net worth to $76,872,703 (Guide Star, 2016).

**Care provided**

This hospital provides a variety of service lines to the patients and is recognized with teaching programs that are associated with MSU. McLaren promotes their expertise in diverse fields including providing obstetric care, cardiovascular surgical procedures and being promoted as in the top 5% nationally for joint replacement. In addition they have a collaborative endeavor with MSU in their Oncology department (McLaren Healthcare, 2016).

**Recognitions**

The hospital has been awarded for the following service areas: Breast cancer program, quality vascular care and testing, and achieving exemplary surgical patient care outcomes from **American College of Surgeons National Surgical Quality Improvement Program** (McLaren Grater Lansing, 2016)**.**

**Weakness**

Patients’ ratings of the hospital provided an excellence rate of only 65% with correlations over the hospital facilities being dirty (Hospital Stats, 2014). For the mortality rate of critical illness this facility is 2% under the national average in 2014 with 14% mortality rate in both heart attacks and heart failures, and 11% when dealing with pneumonia (Hospital Stats, 2014).

**McLaren Orthopedics Hospital**

This facility opened in 2004 and offers 52 inpatient beds, and performs more than 10,000 procedures a year (McLaren Greater Lansing, 2016). The facility is a non-profit organization that focuses on orthopedic procedures, and is a teaching facility for the orthopedic residency program.

**Care Provided**

This hospital provides a nationally recognized orthopedic surgery service, an Endoscopy center that performs around 50 procedures a day, as well as a sleep and alertness center that examines 10-12 patients a night for different studies (McLaren Greater Lansing, 2016). Other services provided include an infusion center for elective, non-chemotherapy procedures and a neuro-diagnostics department that conducts different studies to help physicians produce an accurate diagnosis. The facility is recognized for providing a wound care and hyperbaric center that treats non-healing wounds. The facility offers services to the community with diabetic education offered throughout the year, a heart failure center providing information to patients and IV (intravenous) infusion therapy for patients with advanced heart disease limiting them from meeting metabolic requirements (McLaren Greater Lansing, 2016). McLaren Grater Lansing (MGL) is recognized for being Michigan’s largest dedicated orthopedic hospital and a national leader for orthopedic care. MGL is also the only hospital in the area to offer hyperbaric oxygen therapy for non-healing wounds (McLaren Grater Lansing, 2016).

**Recognitions**

McLaren Greater Lansing (MGL) is recognized for being Michigan’s largest dedicated orthopedic hospital, and a national leader for orthopedic care. MGL is also the only hospital in the area to offer oxygen hyperbaric therapy for difficult wounds (McLaren Greater Lansing, 2016).

**Weakness**

This hospital offers specialty care, but does not offer all services that are associated with many hospitals. This facility does not offer any emergency, radiology, hematology, oncology, gynecology, or maternity departments.

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| --- | --- | --- | --- |
| **Comparison of Service Lines (strengths)** | | | |
| Sparrow Main | Sparrow St. Lawrence | McLaren Main | McLaren Ortho. |
| Trauma Center  Stroke Center  Orthopedics  Emergency Room | Emergency Room  Hospice  Sleep Center | Obstetrics  Cardiothoracic Surgery  Oncology | Sleep Center  Orthopedics  Endoscopy Center |
| **Areas of Risk (weaknesses)** | | | |
| High Readmission Rate  High Mortality Rate – Pneumonia  High Mortality Rate - MI | No Maternity  No Inpatient Surgery  No Cardiology Services | High Mortality Rate – Critical Care  High Mortality Rate – MI  High Mortality Rate – Heart Failure | No Orthopedics  No Emergency Room  No Oncology |

**Internal Environment Analysis (Granacki)**

This section will provide a more in-depth view of the previous section for Sparrow Hospital focusing on two main points: Service delivery, and organizational structure. Service Delivery and organizational structure will be examined with examples that compare Sparrow Hospital to state and national reporting outcomes. According to Medicare.gov Centers for Medicare & Medicaid Services (2016) a summary of results of a patient survey rate Sparrow Hospital as a 3-star hospital in overall care in a 5-star rating system. The following sections provide an analysis of resources, competencies and capabilities as well as value, rarity, imitability and sustainability.

**Service Delivery**

Duncan, Ginter, & Swayne (2010) describe that service delivery is made up of three different sections: 1.Pre- service, 2. point of service, and 3. after service. Service is not only the medical treatment that one recives, but rather all the activities that a hospital provides to keep the company in business. For this section the document will follow the point of service and the different areas that are assoicated with it. The information will then be added to charts to signify if the survices are working as is or what needs to be improved.

**Point of Service Care**

This section takes a look at the clinical applications that are associated with Sparrow Hospital and will consider the positive and negative aspects. Sparrow Hospital prides itself in the emergency department: verified as a level 1 trauma center by the American College of Surgeons (ACS). Sparrow Hospital receives greater than 60,000 patients annually. Compared to the 54 minute national average for wait time, Sparrow Hospital is at an estimated 69 minutes (Centers for Medicare & Medicaid Services, 2016). Patients who leave the emergency room at Sparrow Hospital before services are given, is at 1%. The 1% of patients who leave the emergency room at Sparrow Hospital is lower than the national average which is at 2% (Centers for Medicare & Medicaid Services, 2016).

Sparrow Hospitals stroke care services yield outcome results higher than the national average. National averages for thrombolytic therapy for acute ischemic stroke symptoms within three hours is currently at 83%. Sparrow Hospital offers better adherence to industry best practices and potentially better patient outcomes regarding mortality and morbidity. At 93%. Sparrow Hospital’s measured outcomes for preventative medication care for patients within 2 days of their hospital visit is at 99%. This outcome is slightly higher than the national average which is 98% (Centers for Medicare & Medicaid Services, 2016).

Sparrow Hospital’s environment is a service that is examined in regards to how patients view their areas while in the facility’s care. The first thing to examine are the rooms that the patients are in; only 65% of patients said that their rooms were clean (Centers for Medicare & Medicaid Services, 2016). The national average is at a 74%. The other aspect is how quiet it is at night; for Sparrow Hospital patients said it was quiet only 54% of the time where the national average is at 62% quiet at night.

The following chart will look at the different area of point of service care and determine whether it is a strength or if it is a weakness.

|  |  |
| --- | --- |
| **Point of Service** | |
| **Strengths** | **Weaknesses** |
| **Emergency Department**  In mid Michigan this facility offers the only: Trauma 1 center, and 24-hour air medical transport | **Heart attack care**  People having a heart attack are given a procedure within 90 minutes to open blood vessels in sparrow is at 88%. The national average is at 96%. |
| **Stroke center**  Provides excellent care by giving medication to break up blood clots for people showing symptoms within three hours. Sparrow ranked 93%; 10% higher than the national average. | **Post Surgical Care**  Patients given antibiotics at proper times after surgery is at 97%. The national average is 99%. Proper time to stop antibiotics after a surgical procedure is at 96%. The national average is at 98%. |
| **Pneumonia care**  Offers pneumonia patient care in appropriate initial antibiotics at 99%; whereas the national average is at 95%. | **Environment**  Patients reported that the rooms are clean only 65% of the time; national average is 74%.  Only 54% of patients said that it quite at night and the national average is 62%. |

The following chart looks at the points of service and reviews them in 4 different dimensions which are value, rareness, imitability, and sustainability. The information from the chart above will be put into 3 different categories which are resources, competencies, and capabilities. For resources this will take the information from the previous chart and then be examined by the different dimensions. The competencies will look at what is offered such as skills that can be possessed or the knowledge that offers a look as to whether it helps or hinders the company. Capabilities is how well Sparrow Hospital is able to use their resources and if the resources are meeting the care necessary to survive.

|  |  |  |  |
| --- | --- | --- | --- |
| **Point of Service** | | | |
|  | **Resources** | **Competencies** | **Capabilities** |
| **Value** | High | High | High |
| **Rare** | High | Low | Low |
| **Imitability** | Hard | Easy | Easy |
| **Sustainability** | Yes | Yes | Yes |

**Organizational Structure**

Organizational structure includes different aspects which all help to create a healthcare facility that can provide much value to patients. Duncan, Ginter, & Swayne (2010, p. 130) describes that the “structure is comprised of three different key aspects which are function, division, and matrix.” This section is comprised of different departments and their functions within the hospital to maintain perfomances.

**Function**

When examining the internal environment, we will discuss performance measures focused on staff preventive measures to keep patients safe, and providing care to prevent hospital acquired illnesses. One of the ways hospitals encourage staff to keep patients safe is by providing influenza vaccinations for staff; nationally the average for hospital employees is 84%. Only 68% of Sparrow Hospitals’ staff has received influenza vaccinations. (Centers for Medicare & Medicaid Services, 2016). When a person is admitted to Sparrow Hospital they should be assessed and given the influenza vaccination if needed; nationally the average is 94%. Sparrow Hospital is slightly behind the national average at 91%.

**Division**

Division is one of the products of organizational structure and can be described as the different sections of a facility as a facility can branch out and offer different services. A good way to examine this is observing and asking the question, “Would patients recommend the care offered at this location to anyone else?” The reason for this is that patients will explain the different areas from which they are receiving care. When looking at performances utilizing Centers for Medicare and Medicaid statistics, CMS provides a useful hospital rating system of stars. Sparrow Hospital is currently ranked as a 3-star facility. Nationally 71% of patients would recommend a hospital. Sparrow Hospital’s recommendation rating is slightly higher than the national average with 73% (Centers for Medicare & Medicaid Services, 2016).

**Matrix**

One way that matrix can be viewed is by considering the structure within the facility such as communication process, how well staff performs tasks, and internal improvements. When patients work with staff it is important that communication process is examined. Sparrow Hospital has received different awards for their executive team including the Michigan Quality Council’s 2012 Quality Leadership Award. Communication among nurses awarded Sparrow Hospital the gold standard of care by designating Sparrow Hospital as a Magnet Hospital. Volunteers at Sparrow Hospital were recognized with the American Hospital Association’s award for volunteer excellence (Sparrow Health System, 2016). Nursing communication with patients is nationally ranked at 80%, and Sparrow Hospital is ranked at 77% (Centers for Medicare & Medicaid Services, 2016). Patients rated Sparrow Hospitals’ physicians’ communication at 77%, where the national it is ranking is 82% (Centers for Medicare & Medicaid Services, 2016).

The following chart will look at the strengths and weakness of the organizational structure.

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| --- | --- |
| **Organizational Structure** | |
| **Strengths** | **Weaknesses** |
| **Staffing**  The staff has received different awards for their performances. First recipient of Excellence in Nursing Aware from Modern Healthcare | **Preventative Care**  Influenza vaccination for staff is at 68%; national average is 84%  Influenza vaccination for patients is at 91%; national average is 94%. |
| **Patient Services**  Patient recommendations are at 73%; national average is 71%. | **Communication**  Physician currently at a 77%; national average is at 82%.  Nursing communication is at a 77%; national average is 80%. |

With the information provided from the the chart above the categories of resources, competencies, and capabilities will be used. The previous dimensions of value, rareness, imitability, and sustainability; they will be used to determine the necessity of the different categories.

|  |  |  |  |
| --- | --- | --- | --- |
| **Organizational Structure** | | | |
|  | **Resources** | **Competencies** | **Capabilities** |
| **Value** | Low | High | Low |
| **Rare** | Low | Low | Low |
| **Imitability** | Easy | Easy | Easy |
| **Sustainability** | No | Yes | Yes |

**Strategy Formulation and Evaluation (Park-May)**

**Overview**

Based on the data gathered on the external and internal assessment, and the competitor analysis, the area to focus the strategy formulation on should be Sparrow Hospital’s Emergency Department. . Boyl, Ahmed, Palmer, Bennet & Robinson (2012) found reductions in hospital admissions and mortality rates after integrating improvements in emergency care. The information gathered for the purposes of developing a strategic plan points to a plan that aims to improve patient satisfaction and outcomes in the Emergency Department (ED) where the majority of patients enter the hospital system. The strategy formulation discussed and evaluated maintains the current scope of the ED, while maintaining current resources to improve processes. This section outlines the strategies identified to fit the Sparrow Hospital Emergency Department’s internal and external environmental analysis, competitive analysis, organizational structure and directional strategies. This section also evaluates the strategies chosen to assess for appropriateness.

**Adaptive Strategy**

For the vast majority of patients, the ED is the first point of entry; For this reason, it is imperative that the patient’s experience begins on a positive note.

A maintenance of scope enhancement adaptive strategy would be most appropriate to improve patient satisfaction and outcomes, reduce ED wait times and encourage a focus on patient centered care among ED caregivers.

The importance of an efficiently run ED with high quality measures that impact the outcomes of many other hospital in-patient departments makes it strategically beneficial to invest in infrastructure, technology, and staff in order to improve patient satisfaction and reporting outcomes from the ED. This approach should have a shockwave effect on other hospital departments as the ED is often the patient’s first impression of the quality of care provided.

**Market Entry Strategy**

The Market entry strategy most applicable is a reconfiguration of the value chain. This involves streamlining processes in place to reduce wait times, improve patient satisfaction, and educate ED caregivers on patient centered care models.

A Clinical Documentation Improvement program will help to identify errors in the patient’s chart to “scrub” the patient chart before going to the medical coder which can improve reported outcomes, reduce negotiated payments from insurance providers, and improve patient satisfaction. Accurate documentation has shown to improve the hospital’s ability to negotiate payments, enhance consumer decision making and identify appropriate resources for the continued care of the patient (Cassano, 2014)

The maintenance of scope value adding strategy is supported by external conditions, internal resources and Sparrow Hospital’s mission, vision, and ICARE Values. The external conditions that support this strategy is the many regulatory agencies such as the centers for Medicare and Medicaid (CMS) who requires mortality rates as well as many other quality measures to be reported. The competitive environment supports the strategy as all hospitals are required to report the same quality measures to CMS.

The Strategy outlined supports the Sparrow Mission, vision and values by improving the quality of care provided to patients starting with the ED by “providing quality compassionate care to everyone every time as Sparrow strives to be recognized as a national leader in quality and patient experience” and achieving the vision of being “recognized as a national leader in quality and patient experience” (Sparrow Health System, 2016).

**Strategy Evaluation**

Based on the Boston Consulting Group (BCG) matrix and the Strategic Position and Action Evaluation (SPACE) matrix, the Sparrow Hospital ED is between the cash cow and Star categories which indicate an appropriate strategy formula. Cash cow strategies should be focused on maintenance through enhancement as our strategy is designed to do (Appendix A). Sparrow Hospital’s ED is in the mature phase of the product lifecycle (PLC) which indicates the slowing growth of sales and increasing competition. This is the time to focus on modifications or improvements to the process in order to increase the competitive advantage as our strategy is intended to do (Duncan, Ginter, & Swayne, 2010) (Appendix B).

The ED has some financial strength, with a stable service category that is currently not experiencing growth. The Sparrow Hospital ED has a moderate competitive advantage as the only level 1 trauma center in the region. Enhancement strategies are a good fit for departments/organizations which meet a conservative strategy profile when evaluated using the SPACE matrix (Duncan, Ginter, & Swayne, 2010)( Appendix A). The maintenance of scope value adding strategy is supported by external conditions, internal resources and Sparrow Hospital’s mission vision and ICARE values.

**Competitive Strategies**

The competitive strategies describe the behavior of the Sparrow Hospital ED within the market and how the product and services is positioned among its competitors. The ED’s behavior within the market is described as the strategic posture. The position among the competitors is the strategic position within the market. (Duncan,Ginter, & Swayne, 2010) The Sparrow Hospital ED strategic posture is an analyzer. The strategic position is a focus differentiation. The following sections discuss the posture and position of the ED in greater detail.

**Strategic Posture**

Sparrow Hospital has a strategic posture as an analyzer. Sparrow hospital frequently looks to what other non-profit hospital organizations are doing before formulating a strategy, and taking action. The majority of Sparrow operations are very stable with minor quality reporting concerns, the most concerning quality reporting measure addressed by this strategy being the hospital mortality rate. While Sparrow Hospital is a very stable organization, it is still on the lookout for new opportunities for innovation and value leaders who drive innovation through research (Sparrow Health System, 2016). After evaluating the strategic posture fit based on external conditions, and internal resources, competencies and capabilities, the analyzer strategic poster appears to be a good fit for the maintenance value chain strategy. The Analyzer strategic position is appropriate based on the following external conditions and postures that apply to Sparrow: Sparrow is a moderately changing environment. Sparrow’s technological, regulatory, economic, social and competitive environments are open to change and new opportunities. Sparrow has some competitive rivalry in new and old markets. Sparrow has some stable products and markets, with some new market and product opportunities surrounding Sparrow Fast Care urgent care clinics opening up, and research. Sparrow is in a growth and mature stage of the product life cycle for it’s existing products (Swayne et al. 2008).

**Strategic Position (Rosen)**

As noted in the previous sections, expected mortality is a reportable quality metric (generally expressed as actual mortality) and severity of illness scoring is linked to reimbursement. In addition, expected length of stay is often a direct byproduct, in a functional manner, of timely and appropriate interventions rendered in the earliest stages of the patient’s care (Miller, et al., 1987, Diez & Fuentes, 2004 & Cannon, et al., 2012). It stands to reason that if advocating good fiscal policy in either a prospective payment system, reasonable and anticipated fee system or value based reimbursement model to limit length of stay where ethically possible. This is not only for cost containment (increased time in an inpatient bed is more expensive) but mortality as usually higher as the increased length of stay is associated with complications, higher acuity or both, all of which contribute to increased expense to the organization as well as potential impacts from poor statistical reporting (AHRQ, 2014).

With this information in mind the most prudent course of action would be a focus differentiation position. Swayne, Duncan & Ginter (2010, p. 234) identify key components of this strategic position. They include, “development of unique product or service features directed toward a particular market segment” Sawyne et al., 2010, p. 234). This seems a nearly perfect fit; hospital patients are already differentiated into groups by diagnosis, hospitals are reimbursed based on these diagnoses and previously cited research as demonstrated dramatic reductions in patient morbidity and mortality as well as inpatient bed utilization and cost generation if early intervention occurs. As the primary method of inpatient admission for the severely ill most likely to benefit from this strategy is via the emergency department this is a logical fit for Sparrow’s strategic posture and may even encourage a shift from a primarily analyzer posture to a prospector posture in an effort to maximize gains.

Previously identified is the issue that appropriate emergency department coding has a significant impact on downstream revenue generation (Claro Group, 2016). As reported, Sparrow’s statistical reporting shows it would benefit from gains in managing cardiac conditions such as heart failure and critical infections (sepsis). Research has specifically shown that strict adherence to care bundles, predetermined early responses to these diagnosis groups, yields significant improvement in morbidity and mortality which we have previously asserted is linked to cost savings and better market positioning (IHI, 2016). Headway in this area should yield maximum benefits in both a value based reimbursement shift and in competition against McLaren, their primary rival.

**Summary and Conclusion (Rosen)**

Sparrow Health System, and their main campus specifically, occupies a respected niche in the regional healthcare culture being in the upper 14% of Michigan hospitals. Their most direct competition, McLaren Lansing, is in a similar position being in the top 10%. As we have demonstrated throughout this paper, the unique qualities of Sparrow, which are difficult to duplicate, include their trauma services and commitment to pediatrics. They have invested significantly into community penetration for urgent care and alternative destinations for urgent and acute patients. With the impending shift to value based reimbursement initiatives this should be further developed by proactively and aggressively pursuing established best practice guidelines which would capitalize on their ability to limit morbidity and mortality by leveraging their emergency department as a gatekeeping system.

**Appendix A**



**Appendix B**

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