Practitioner Foreword

No one knows with any degree of certainty what healthcare will look like tomorrow or the days after that. Yet, there are a few predictions that I am sure will come to pass.

First, reimbursement for medical services will significantly decrease. This decrease in reimbursement will impact physicians, hospitals and other allied healthcare providers. Next, there will also be a decrease in reimbursements for pharmaceutical products and for medical devices. The medical pie which was $2.7 trillion dollars in 2013-14, occupies 18% of the US GDP. It is expected to increase to 25% by 2025. This trajectory is unsustainable. Finally, and to compound this decrease in income or reimbursements for medical services, there will be an increase in medical overhead costs. You don't have to have an MBA to translate this as a formula for squeezing the profits out of healthcare.

It is fitting that Doctor David Edward Marcinko MBA CMP™, and his fellow experts, have laid out a plan of action in *Financial Management Strategies for Hospital and Healthcare Organizations: Tools, Techniques, Checklists and Case Studies* that physicians, nurse-executives, administrators and institutional Chief Executive Officers, Chief Financial Officers, MBAs, lawyers and healthcare accountants can follow to help move healthcare financial fitness forward during these unchartered waters.

In 2001 the Institute of Medicine [IOM] illuminated to the healthcare world and to the public in their report, *Crossing the Quality Chasm: A New Health System for the 21st Century,* that 98,000 Americans died each year from medical errors. This was the first time that our profession formally made public that the healthcare profession was fallible, not perfect, and was fraught with preventable mistakes. This seminal report became a call to action as it gave the profession an opportunity to correct our errors and make improvements that would improve the care we provide our patients. Fortunately, more than a decade later, *Financial Management Strategies for Hospital and Healthcare Organizations: Tools, Techniques, Checklists and Case Studies* will show how something as simple as checklists can make healthcare administration less expensive.

It all began with Dr. Atul Gawande, a surgeon at Massachusetts General Hospital, who reviewed the airline industry and their use of checklists prior to take off of an airplane. The history of aviation checklists began in 1934 when Boeing was in the final process of testing a U.S. Army fighter plane with a potential contract of nearly 200 planes riding on the final test of the plane. The test aircraft made a normal taxi and takeoff. It began a smooth climb, but then suddenly stalled. The aircraft turned on one wing and fell, bursting into flames upon impact killing two of the test pilots. The investigation found pilot error as the cause. One of the pilots who was unfamiliar with the aircraft had neglected to release the elevator lock prior to take off. The contract with Boeing was in jeopardy. Thus, the pilots sat down and put their heads together. What was needed was some way of making sure that everything to prevent crashes was being done; that nothing was overlooked. What resulted was a pilot's checklist developed before takeoff, during flight, before landing, and after landing. These checklists for the pilot and co-pilot made sure that nothing was forgotten and safety of the planes was insured.

So, what does airline safety have to with medical care? There are so many activities that take place in medicine such as the operating room, that are far too complicated to be left to memory of doctors, nurses, anesthesiologists, and others involved in the surgical care of patients. Dr. Gawande identified

the key components of a surgical procedure which include the name of the patient, the procedure to be performed, the estimated length of the procedure, whether the right or left side is the surgical target, how much blood loss is anticipated, whether antibiotics have been given prior to making the incision, and the anesthetic risk of the patient. This use of a checklist which takes approximately 30 seconds has not only prevented wrong side surgery but also instills a discipline of higher performance.

Gawande published an article in the *New England Journal of Medicine* in January 2009 about the use of a surgical safety checklist. This article reviewed a global study in eight hospitals from all over the world including hospitals in developing countries which did compared a pre-study and post study rate of surgical complications and mortality following the implementation of surgical safety checklists. This study clearly demonstrated that complications and mortality could be significantly reduced using a checklist prior to making a surgical incision. Dr. Gawande also wrote the book, *The Checklist Manifesto: How to Get Things Right*, which became a New York Times best seller.

I am certain that if you read ***Financial Management Strategies for Hospital and Healthcare Organizations: Tools, Techniques, Checklists and Case Studies*** you will gain greater understanding of how to use checklists for the financial operations in your healthcare organization. You can take the checklist concept from the airline industry to the operating room and then to the boardroom.

A half a century ago Senator Everett Dirkson (1896-1969) once said, "A billion here, a billion there, and pretty soon you're talking real money." This quote couldn't be more poignant today than it was fifty years ago only now we have traded the word trillion for billion! We have a challenge and the ***Financial Management Strategies for Hospital and Healthcare Organizations: Tools, Techniques, Checklists and Case Studies*** is a step in the direction to make all of the stakeholders in the healthcare arena become sensitive to reducing and controlling costs and at the same time preserve quality of care. This can be done. I suggest you start by reading, using and referring to this excellent book.

And so, what is my final advice?

Some of you who read this book are CXOs COOs, Chief Medical Officers and maybe even COS. (Chiefs of Staff). But, *all* of you should become CLOs (Chief Life Officers)! Read this book and the initials CLO will appear after your name!

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