

Profiles

Health Care Leadership and Innovation

JANUARY 2011

“We do that here,” the town slogan of Canton, can also be applied to its local hospital and health system — **Graham Health System.** Serving Fulton County and the surrounding region, Graham Health System is a representative example of not only **“we do that here”** but **we do it all** — that is, offer a full range of health care services to meet virtually all of the community’s health care needs.

About Graham Health System

Since 1909, when the original structure was donated to the community by its namesakes Alice and Caroline Graham, Graham Hospital has been caring for its community’s health care needs. For the last 100 years, it has been evolving to address the ever-changing needs of those they serve—moving from a single, acute-care hospital to a progressive, comprehensive system of care now known as Graham Health System. Today, this health system offers primary care, acute and emergency care, home health, hospice, and specialty services. Graham Health System is an independent affiliate of OSF HealthCare in Peoria, Illinois. This affiliation strengthens the continuum of care offered by Graham Health System; OSF HealthCare serves as Graham’s tertiary care partner and also expands access to physician specialists.



Graham shares many of the same challenges as other small, rural health care providers: dwindling Medicare and Medicaid reimbursements at the same time the need for care is growing; addressing increasing community needs during difficult economic times; and recruiting physicians. However, this health system has spent the last five years crafting the strategies to overcome these challenges while preparing for a new “accountable-care” era in health care.



Robert Senneff, FACHE
Graham Health System President
and CEO

The Administration, Board of Trustees and physicians at Graham Health System have a focused strategy that is based on systems thinking, with all seven entities acting as one system of care. It doesn’t matter whether a professional works at **Graham Hospital, Graham Wellness Center, or Graham Home Health,** they all share a common mission, vision, values, and financials, which are driven by the health system’s goals. Likewise, there is common accountability for achieving system goals around finance, quality, patient satisfaction, and process improvement—for the leadership, senior staff and middle management.

“Our systems thinking has helped to make us the ‘little engine that can’ care for the full range of our community’s health needs,” says **Graham President and CEO Robert Senneff, FACHE.** “It has moved us beyond being a traditional small rural hospital, taking care of Medicare pneumonia patients, to a sophisticated continuum of care.”

Systems thinking forms the underpinning of Graham’s business strategy, which includes a focus on physician partnerships, a transparent culture, a strong financial position, quality improvement, cost control, and investing in the future.

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Graham Health System

This is the second in the series of profiles highlighting the leadership and innovation of Illinois hospitals and health systems as they make strides in caring for their communities and preparing for the future.

IHA is pleased to focus this Profile in Leadership and Innovation on Graham Health System in Canton, Illinois.



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**Graham
Health System**
Fulton County



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Transforming Illinois Health Care

Building Partnerships with Physicians

“Our physicians are critical partners, both for today and as we move towards the future,” says Senneff.

“Graham’s survival is predicated on partnerships and aligning incentives with physicians, because 99% of our revenue is initiated when an individual with an MD or DO at the end of his or her name sees a patient in our clinics or orders a test or an exam or admits a patient to the hospital,” notes Senneff.

Shared governance and shared savings are two important ingredients to Graham’s successful physician partnerships. In terms of shared governance within the health system, Senneff notes there is a strong “three-legged stool” relationship between physicians, the Administration and the Board of Trustees. Graham is employing a shared governance model in the emergency department (ED), as well as in the surgery and medicine departments. This model is having a direct impact on quality, patient satisfaction and efficient use of resources. For example, the recent change in the governance and staffing model of the ED—from a contractual relationship to an employed staff model—has improved patient satisfaction and lowered ED waiting times to under an hour.

There are also quantifiable financial benefits for physicians as a result of their partnership with Graham Health System. In 2007, Graham Hospital sought and attained status as a Provider-Based Rural Health Clinic (PBRHC), which required the hospital to decrease the number of staffed beds from 77 to 49. Through this federal program, primary care/clinic services receive enhanced reimbursement from Medicare and Medicaid. For Graham, the PBRHC designation has meant additional annual revenue of between \$600,000 and \$700,000, which has been shared among the primary care physicians and Graham Medical Group.

Graham Health System is also strengthening physician partnerships through new and updated physical facilities in four locations, including \$17.5 million earmarked for two new clinics, as well as providing the technical and financial support many physicians need to transition to electronic health records.

Physician recruiting is also an important and ongoing initiative. Upon his arrival nearly five years ago, Senneff made recruiting physicians a top priority. “We work hard to make sure that we get the right fit for our rural area,” explained Senneff. “We look for talented, highly qualified physicians who want to practice in, and be part of, a rural community.”

To aid in recruitment and to help young physicians get started, Graham offers a generous reimbursement program where the system can assume a large portion of the physician’s debt, which is then forgiven over time. Also, in keeping with national trends in physician recruitment and practice, nearly 85% of physicians join Graham Health System as employees of Graham Medical Group/Coleman Medical Associates.

Through the **partnerships and alignment with physicians**, Graham Health System is well positioned to engage in many of the new delivery and payment models being developed as part of the **Accountable Care Organization (ACO)** model.

Together, Graham physicians, the Board of Trustees, and leadership are in discussions about how to approach ACOs, pay for performance, value-based purchasing, and bundled payments.



Cultivating a Transparent Culture

“We have spent a lot of time and energy on leadership and creating an open, transparent culture,” says Senneff. “A core value at Graham is that our employees know everything going on at the system. They should learn and know what is happening at their health system directly from the leadership team, not from the local newspaper, barber shop or church social.”



This culture of transparency is critically important to employee pride and a feeling of ownership in Graham Health System. The financials and goals of the system are shared with all employees to generate a common understanding of the important leadership role each employee can play in keeping the system financially healthy. According to Senneff, Graham has made a solid commitment to employees that all measures will be taken to reduce expenses and generate revenue rather than institute staff layoffs or cutbacks—although this means that everyone needs to be looking at efficiencies in everything they do.



“Our employees know and understand that **we are not going to balance the budget on their backs,**” notes Senneff. “As a result of our focus on employee leadership and an open culture, **our employees feel ownership of the system and are proud to come to work.**”

He notes that this pride and ownership is evident whenever a staff member bends down to pick up a stray napkin or candy wrapper in the cafeteria, or reaches out to a family member or visitor who needs some assistance and walks them to their destination.

Graham Health System

MISSION STATEMENT

*To provide **compassionate, quality health services, in a responsible and charitable manner, to the people and communities we serve.***

VISION STATEMENT

*We are the **community's choice for an exceptional health care experience.***



GRAHAM HEALTH SYSTEM AT A GLANCE

- Graham Hospital (49-bed acute care hospital, with 32 skilled care and 13 extended care beds)
- Graham Medical Group (25 provider multi-specialty group practice)
- Graham Home Health & Hospice
- Graham Wellness Center
- Graham Home Medical Equipment Company
- Graham School of Nursing
- Graham Hospital Foundation
- OSF HealthCare Affiliate

GRAHAM HEALTH SYSTEM BY THE NUMBERS

- 725 employees
- 115 medical staff members and 24 APN/PAs
- 130 volunteers
- \$75 million operating budget
- 8,100 annual acute patient days
- 16,000 annual ED visits
- 75,000 hospital outpatient visits and 93,000 clinic visits (main clinic and three satellites)

Strengthening the Financial Condition and Driving Value

Financial strength is another important component of Graham Health System's business strategy. Graham strives to maintain financial indicators consistent with Moody's "A" rated organizations—and at the end of its fiscal year, June 30, 2010, the Health System's Liquidity and Capital Structure indicator ended well above those targets. Today, Graham has an operating budget of \$75 million, with unrestricted net assets of \$74 million and \$30 million of long-term debt.

TO BOLSTER ITS FINANCIAL STRENGTH, GRAHAM IS:

- Strengthening its balance sheet. This is being accomplished by building up days cash on hand—which has grown to 252 days from a low of 137 days in February 2009. In addition, the System has eliminated out-of-state airline travel and education, and slowed capital expenditures except for strategic long-term facility investments.
- Focusing on core inpatient and outpatient business growth.
- Growing key surgical services including orthopedics, general surgery, ENT, urology, OB/GYN, vascular surgery, and ophthalmology.
- Expanding Graham Home Health & Hospice and its Home Medical Equipment business.

Simultaneously, Graham is driving value within its health care system—providing high quality care while reducing or controlling costs. At Graham, value is inherent in targeted reviews of important quality and performance metrics and goals—from key clinical indicators to patient satisfaction.

Perhaps one of the largest, most pervasive initiatives advancing value at Graham is the integration of Six Sigma and Lean Sigma into the culture. All employees are trained in the basics of Six Sigma and Lean Sigma. According to Senneff, it's been extremely valuable in proactively wringing variation out of processes and getting "entire non-value added steps out of processes."

One simple example of how Six Sigma and Lean Sigma process improvement has made a difference in resource use is by replacing all light fixtures with more energy-efficient fixtures and bulbs. The cost for this conversion will be made up within two years, and then, as Senneff points out, "we reap those savings forever."

Investing in the Future

In spite of today's financial challenges, Graham Health System is investing in its future. Through a \$31 million bond, Graham is upgrading and building the physical plant infrastructure, purchasing state-of-the-art imaging and surgical equipment, and building the structure necessary for a comprehensive electronic health record (EHR) by 2013.

"Information technology—IT—is a business strategy, not just a discussion about computers," says Senneff. "Our goal for our IT and our EHR is for a patient record to be accessible throughout the System within the next three years. Regardless of how the health care landscape changes, we are confident that we are building the right infrastructure to meet that goal."

Investing in the future is about more than financial strength for Graham Health System. It's also about investing in tomorrow's workforce. Thus, another area of investment and growth is its School of Nursing—the only diploma school left in Illinois. This past year, the Graham School of Nursing had the largest class in the school's 100-year history. "It's a great benefit to us all," says Senneff. "The students get a great clinical experience through our System and we help to build the workforce for tomorrow."

While it's difficult to predict health care's future, at Graham, they plan to continue moving nimbly and keep building the muscle needed to be there for their community for another 100 years.

"We tell our employees every day that health care is a bit like an athletic contest," says Senneff. "We don't know which sport we will be playing next year or the year after, or what the rules will be. But, if we are as strong as possible and in as good aerobic shape as possible, **we will be as prepared as we can be to succeed.** Sitting on the sidelines until we know the game and all the rules is simply not an option."

Profiles in Health Care Leadership and Innovation is published by the Illinois Hospital Association. Readers are encouraged to submit suggestions or questions to:

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