

Organizational Profile

P.1 Organizational Description

P.1a(1) Presbyterian Healthcare Services (Presbyterian/PHS) is a nonprofit integrated health care system that has served the state of New Mexico for 100 years. PHS is comprised of two business units: Presbyterian Delivery System (PDS) and Presbyterian Health Plan (PHP). PDS provides patients with preventive, diagnostic, treatment and rehabilitation services in hospitals and outpatient facilities in six New Mexico communities (Figure OP-2). PDS operates eight hospitals and a new hospital is currently in development in Rio Rancho. Presbyterian Medical Group (PMG), which is part of PDS, employs physicians and mid-level practitioners such as nurse practitioners and physician assistants. PMG provides inpatient care as well as primary care and specialty outpatient services in over 90 clinics located within 44 facilities in New Mexico.

PHP includes a statewide health maintenance organization (HMO) and a health insurance company. PHP provides health insurance products and services designed and delivered to prevent illness and coordinate care for more than 450,000 members throughout New Mexico. The PHP network is comprised of PHS owned and operated facilities and PMG practitioners as well as many independent hospitals and practitioners throughout the state.

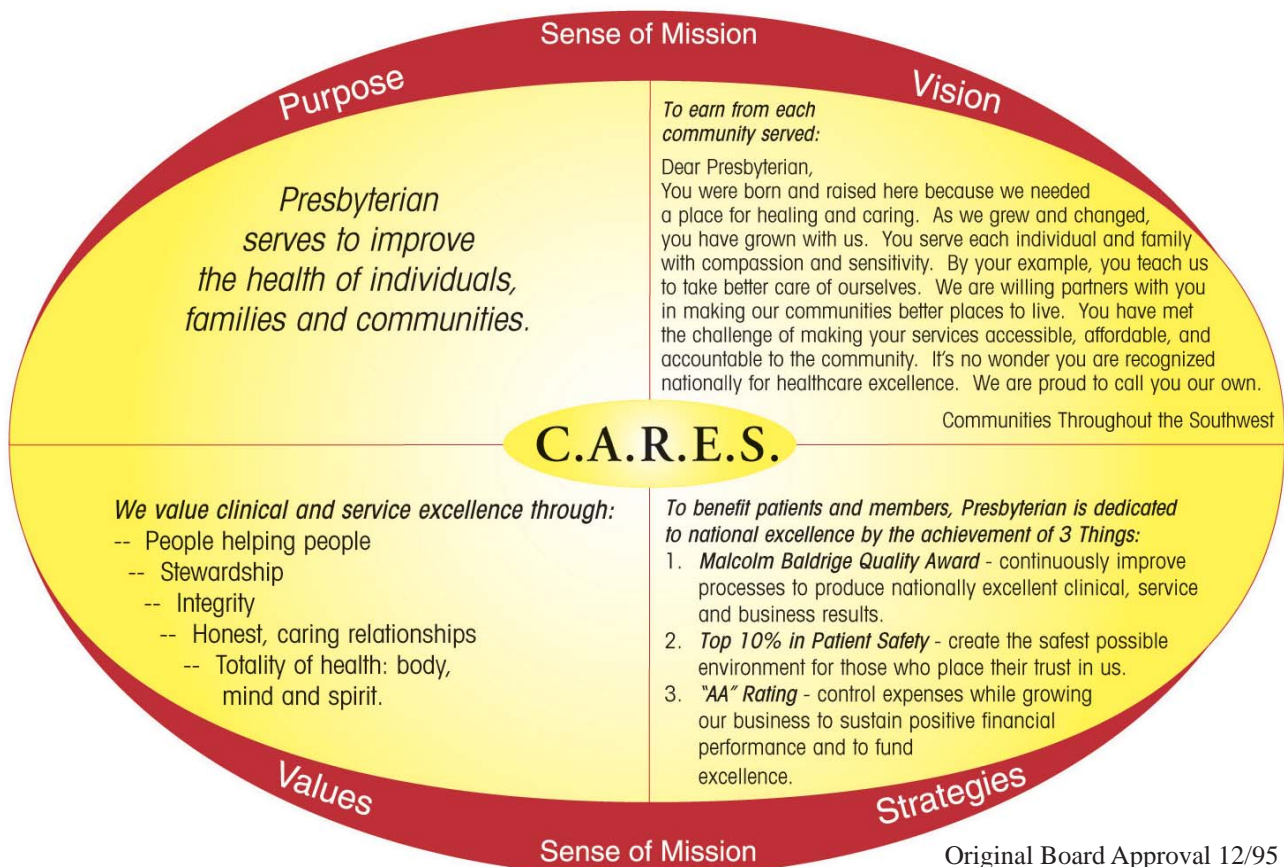
Work is approached through a focus on five “PresEssentials” Clinical Outcomes, Customer Loyalty, Staff Focus, Growth & Mission, and Financial Outcomes. Each of these PresEs-

entials has an associated key process or support process and a Council that owns the process (Figure OP-5). A sixth process, the Annual Rhythm, is divided into two cycles, each owned by a senior leadership team. Two of the six processes are considered key processes: Patient Care and Customer Acquisition and Retention. The other four processes are considered support processes.

P.1a(2) Presbyterian’s sole purpose is “to improve the health of individuals, families and communities” and as a locally owned charitable organization Presbyterian seeks to benefit the community in every action. This commitment to health care in New Mexico began in 1908 when Reverend Hugh Cooper founded the organization as a charitable tuberculosis sanatorium. Marion Kellogg VanDevanter (Mrs. Van) came to Presbyterian in 1921 and became its spiritual leader, establishing a culture of caring for patients and employees throughout her six decades of service. The purpose, vision, values, strategy and “CARES” behaviors comprise what is referred to as “the EGG” and represent the foundation of Presbyterian’s culture (Figure OP-1). “CARES” stands for “Continuous Learning, Accountability, Respect and Respond, Environment of Health and Superior Outcomes”: behaviors employees use to deliver services consistent with the organization’s values. In 2007, to reinforce patient and member focus, Presbyterian adopted a theme that speaks of a desire to deliver reliably excellent services: “Every patient, every member, every time.”

PHS believes patients and members determine when we succeed. Consequently, the organization’s vision is to earn a

Figure OP-1: The EGG



Original Board Approval 12/95
3rd Revision Adopted 10/22/02

symbolic letter from each community served. While the purpose, values and vision quadrant of the EGG remain relatively constant, the strategy quadrant is modified periodically. The strategy of national excellence, adopted by the PHS Board, is found in the strategy quadrant, along with three closely linked goals known as the **3 Things**. All employees understand the EGG and develop individual job Eggs to demonstrate how their own jobs align with the EGG.

P.1a(3) Presbyterian’s workforce consists of more than 9,000 employees and volunteers, with a payroll exceeding \$580 million annually. The diversity of the workforce reflects the demographics found in New Mexico, with approximately 58% Anglo, 35% Hispanic, 2% African American, 3% Native American, and 2% from other ethnic groups. The workforce is 78% female and 22% male.

The workforce is segmented in two ways. The first is based on the operations group within the organization in which the employee works, and the second relates to the major job function of the employee:

1. Segmentation by **Operating Groups: CDS & RDS**
Hospitals (67%), Medical Groups (18%), PHP (8%), System Services (7%)
2. Segmentation by **Job Function: Clinical (62%), Non-Clinical (31%), Volunteers (7%)**

Educational levels of PHS staff are diverse, ranging from high school to college, master’s level, MD, JD, and PhD. There is no unionized labor at PHS. Contract and hospital privileged staff include physicians, who play a key role in the leadership and delivery of health care. More than 5,000 practitioners across the state contract with PHP. Over 80% of these are independent physicians who practice medicine in PHS facilities and other facilities throughout New Mexico. PHS employs 583 primary care and specialty practitioners. The hospitals’ medical staffs organize and engage independent and employed phy-

sicians in hospital decision-making, credentialing, and oversight of patient care. Physician leaders are active members of Presbyterian’s leadership and governing boards, serving on the PHS Board of Directors and its Committees as well as providing operational and clinical leadership in the business units and clinical service lines. PHS contracts with agency nurses, as well as other clinical and non-clinical staff as required. Health and safety requirements for employees and key on-site suppliers include safety, emergency and bioterrorism preparedness, hand washing/infection prevention and security, plus other job specific requirements.

Presbyterian’s commitment to special health and safety requirements is emphasized in the Culture of Health Program, which assists employees in such areas as weight management, tobacco cessation, stress management, and Health Risk Assessments. The program has five components: Workplace Safety, Disease Management, Healthy Eating, Exercise, and Tobacco-free campuses. PHS also develops and offers benefits to meet the needs of a changing and diverse workforce. These benefits include medical, dental, disability, and life insurance, spending accounts, paid time off, personal counseling/assistance, retirement packages, tuition assistance, discounts to local businesses, and others. In 2007, PHS invested over \$139 million in employee benefits.

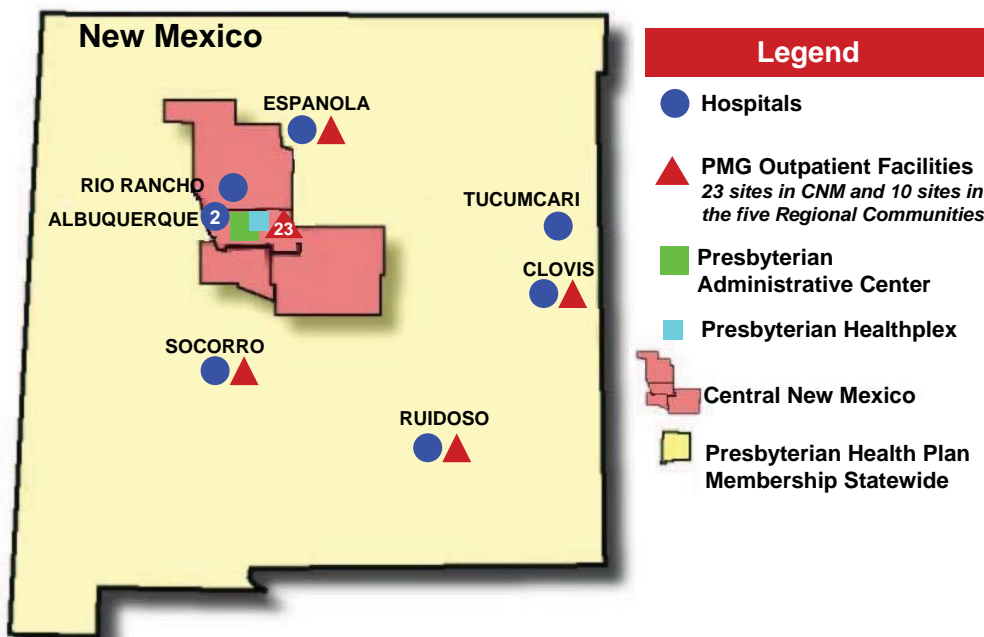
P.1a(4) Major facilities can be divided into hospitals, the PMG sites and the Presbyterian Administrative Center (PAC). Other facilities include the Healthplex (a large rehabilitation center) and separate home health centers. Inpatient facilities have a total capacity of 874 hospital beds across New Mexico. Major medical equipment supports diagnosis and treatment and includes Magnetic Resonance Imaging (MRI), Computed Tomography (CT) scanning, diagnostic imaging, and state-of-the-art medication safety automation. Presbyterian Information Services (IS) provides automation and performance measurement systems required for administrative and clinical functions

across the organization. An automated measurement system (PresTrack) is used to support fact-based decision-making and deployment of performance results across the system.

Major hospital equipment provides surgical suites with microsurgery capability, supports Infusion Centers, and provides the foundation for Radiation Oncology treatment. The PAC houses numerous servers and processors, the network backbone and the data center.

Major technologies that exist in all facilities include internet/intranet, local and wide area networks, wireless access, Interactive Voice Response phone technology, and web-based customer services. Other technologies include robotics and bar code medication management (CDS), and picture

Figure OP-2: Presbyterian has facilities across New Mexico



archiving and storage of digital images. At the CDS facilities, inpatient care is enabled through electronic order management, results reporting, and a web portal allowing access from remote locations. Technologies at the PAC include the Data Warehouse, automated claims processing, patient billing, and an enterprise document management system.

P.1a(5) Health care is a highly regulated industry and is driven by standards set by regulatory and accrediting entities. Major regulatory agencies include the Centers for Medicare and Medicaid Services (CMS), the Occupational Safety and Health Administration (OSHA), the New Mexico Department of Health, the New Mexico Division of Insurance, and the New Mexico Human Services Department (HSD). The major accrediting bodies for the organization include the Joint Commission (JC) and the National Committee for Quality Assurance (NCQA).

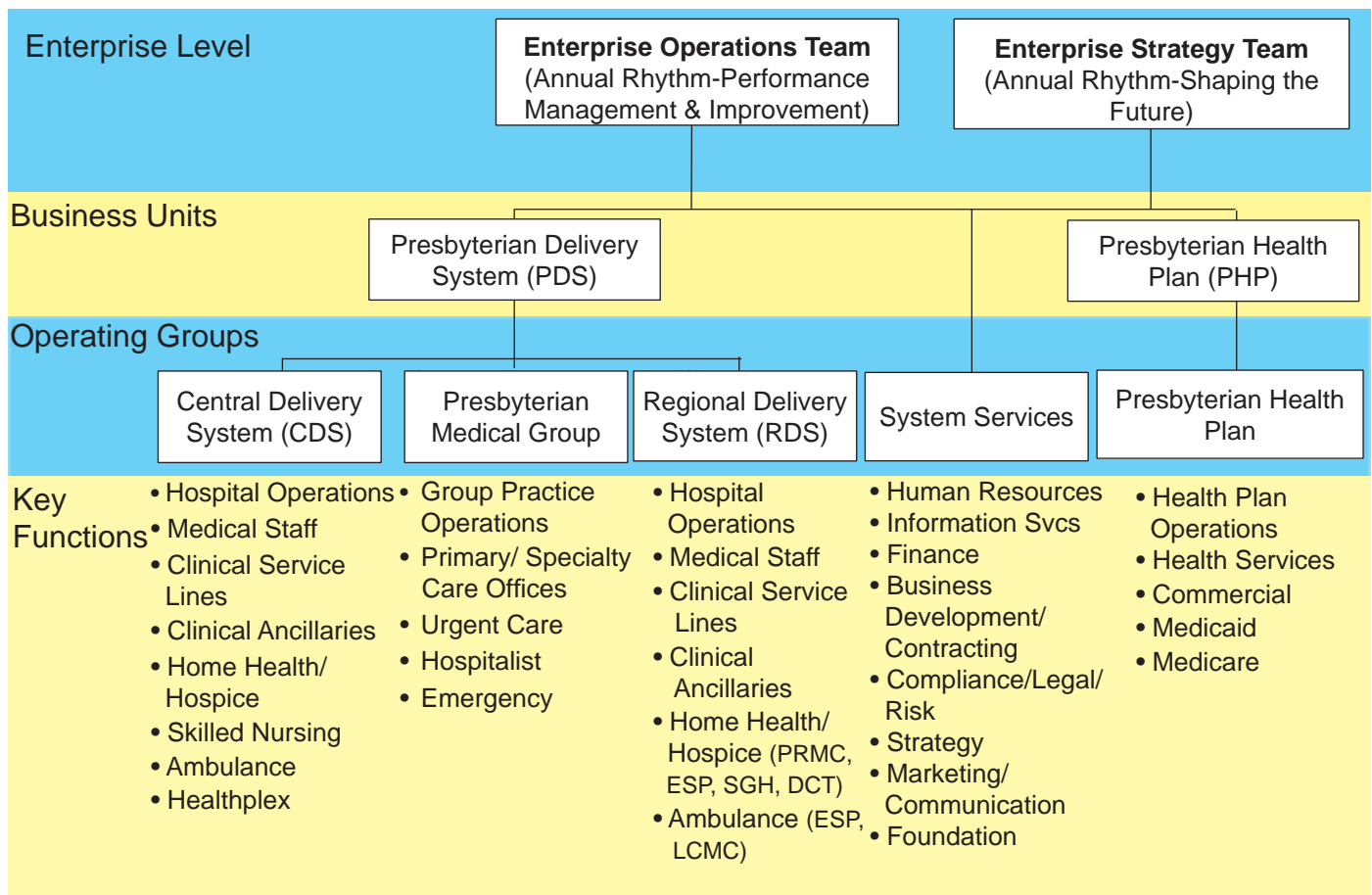
P.1b(1) PHS' organizational structure is depicted in Figure OP-3. Community-based volunteer boards are the cornerstone of Presbyterian's governance system. The PHS Board of Directors (PHS Board), with key supporting committees in Compliance and Audit, Executive Compensation, Finance, Governance, and Quality, is ultimately responsible for the entire system. The overall governance structure also includes a volunteer board or governing council for each of the hospitals, the Medical Group, the Foundation, and PHP. The hospital affiliate boards report to the PHS Board, govern in the communities where they reside, and are charged with assessing and

ensuring the appropriateness of the health care services provided. The Enterprise Strategy Team (EST) and the Enterprise Operations Team (EOT) are the most senior leadership teams with Vice President and Senior Vice President representation. EOT is chaired by the EVP/COO and the EST is chaired by the President/CEO. All management teams ultimately report to the President/CEO, who reports directly to the PHS Board. As depicted in Figure OP-3, the five Councils (processes) and the Performance Management and Improvement Cycle (PMI) of the Annual Rhythm is led by EOT. The Shaping the Future Cycle (STF) of the Annual Rhythm is led by EST.

P.1b(2) The customers of PHS are Patients and Health Plan Members. These are segmented around types of service for patients (PDS), and products (PHP) and geography as described in Figure OP-4. Patients receive services in the service lines described and PHP Products include Commercial/Self-Funded, Medicaid, and Medicare. Geographic market segments for PDS include the four-county metropolitan area (we refer to as Central New Mexico) and the other five communities where PHS owns or leases a hospital. PHP members reside in all areas of the state.

Key stakeholders include Communities, Employees, Families, Physicians, Purchasers, and Key Suppliers. Customer requirements, segments and market segmentation are shown in Figure OP-4. Customer requirements apply to all customer segments although each segment may prioritize requirements differently.

Figure OP-3: PHS Organizational Structure



P.1b(3) Key Suppliers provide services for patient care and information technology. Key Suppliers include Owens and Minor (supplies, pharmaceuticals and information), McKesson (technology), TriCore (laboratory services), and M.D. Anderson (radiation therapy). Partnering with key suppliers has led to innovations in supply chain management (Owens and Minor), pharmacy automation, digital radiography, and MD portal. Physicians collaborate and participate at the leadership level and on hospital medical staffs, and contract with PHP to deliver care. Physicians serve on numerous Process Excellence Projects (PEPs) and participate by supplying medical expertise and innovative solutions.

Efficiency and accuracy are the two most important supply chain requirements. To that end, PHS meets periodically with key suppliers and reviews performance measures, process improvements and/or innovative solutions.

P.1b(4) PHS staff interact daily with suppliers and supplier staff. Reporting relationships and communication with suppliers occurs at the Operating Group level. This two-way communication takes the form of regular meetings, contract reviews, review of key measures, and the use of web-based tools.

P.2 Organizational Challenges

P.2a(1) One major way that PHS differentiates itself in the marketplace is through the PHS Core Competency-- “Integrated health care delivery and financing resulting in market leading preference.” PHS currently serves over 698,000 patients and health plan members in all 33 counties of the state. PHP is one of only fourteen health plans in the United States to receive “Excellent” NCQA accreditations for all three products. PHS is the market share leader in the state for health plan membership and in Central New Mexico for inpatient hospital care. PHS’ total customer base has grown nearly 30% in the past five years. PHS is one of three competing delivery systems in Central New Mexico providing inpatient hospital and outpatient facility services. One of the two competing integrated systems consists of hospitals and a health plan, the other consists of

hospitals and a physician group. A third competitor, Heart Hospital of New Mexico, is a limited use inpatient cardiac care facility. Outside of the Central New Mexico area, PHS hospitals are sole source providers and do not have hospital competitors, although some hospitals exist in nearby communities that may be within driving distance.

Numerous national and local health plans compete to provide coverage for local employer groups, as well as for Medicare recipients. PHP is one of three health plans that compete to provide coverage for the State Medicaid eligibles.

Key collaborators are the University of New Mexico, Central New Mexico Community College, and statewide community colleges, as well as selected physician groups. PHS also collaborates with other health care organizations and participates in the Institute for Healthcare Improvement’s Impact Network.

P.2a(2) The principal factors determining success relative to our competition are performance management and measurement, brand preference, physician recruitment and retention, valuing employees, customer-centric process redesign, integration (integrated health care delivery and financing), technology deployment, and governance and management accountability. Key market changes taking place are reflected by our primary competitor’s five years of continued net operating losses. As this competitor loses much of its customer base to PHS, PHS is attempting to optimize its resources to continue to offer timely access to health care in the face of rapid growth.

P.2a(3) Presbyterian’s key sources of comparative data are the American Heart Association (AHA), NCQA, the Institute for Healthcare Improvement (IHI), Centers for Medicare and Medicaid Services (CMS), Press, Ganey, Hospital Consumer Assessment of Health Care Providers and Systems (HCAHPS), Premier, and MBNQA recipients. Key competitive (regional) sources of data are Research and Polling, Inc., Press, Ganey, and National Research Corporation (NRC). Other key market and competitive data resources include the New Mexico Health

Policy Commission (HPC), the New Mexico Hospital and Health Systems Association (NMHSA), the New Mexico Department of Insurance (DOI), Standard and Poors, Moody’s, and Fitch. Outside of health care, PHS uses the American Society for Training and Development (ASTD). PHS joins other health care organizations that are publicly reporting health care data (CMS, JC, NCQA) to customers and other stakeholders.

P.2b Presbyterian’s strategic challenges are determined during the Annual Rhythm’s STF cycle. The current strategic challenges are: 1) customer and purchaser dissatisfaction; 2) patient safety; 3) market and competitor changes; 4) physician engagement; 5) new technology impacts; 6) government initiatives; and 7) labor and market limitations. These strategic challenges are in rank order and the first two are as-

Figure OP-4: Customer Requirements and Settlement

Customer Segments	Market (Geographic) Segments	Customer Requirements
<p>Patients:</p> <ul style="list-style-type: none"> Inpatient Hospital-based Outpatient Emergency/Urgent Care Home Health/Hospice Ambulatory Care <p>Members:</p> <ul style="list-style-type: none"> Commercial/Self-funded Medicaid Medicare 	<p>Patients:</p> <p>Four County Area (CNM counties) Bernalillo, Sandoval, Valencia, Torrance</p> <p>Regional Counties (towns with hospital)</p> <ul style="list-style-type: none"> Curry (Clovis) Lincoln (Ruidoso) Quay (Tucumcari) Rio Arriba (Española) Socorro (Socorro) 	<p>Provide me with health services that are:</p> <ul style="list-style-type: none"> Safe Effective Timely Customer Focused Affordable and Efficient Equitable

sociated with organizational sustainability.

Strategic advantages include: 1) brand preference; 2) Quality Institute and investment in Lean Six Sigma (L6S); 3) market share leadership; 4) PMG and physician leadership; 5) strong capital position 6) relationships and reliability; and 7) reputation.

P.2c PHS maintains an organizational focus on performance improvement through the MBNQA Health Care Criteria for Performance Excellence. Use of these criteria as PHS’ quality system has focused the organization on continual refinements of the Annual Rhythm, which is the annual calendar of events and linked processes that align organization resources in order to improve performance, strengthen organization sustainability, and fulfill our purpose. The Annual Rhythm STF cycle integrates planning processes for people, IT, finance, and strategy across the five PresEssentials. Senior leaders are accountable for the Annual Rhythm.

The measurement system begins with 16 measures that are selected annually and considered most important to the achievement of the strategy of national excellence. These are the PHS Performance Results and senior leaders are accountable to the PHS Board for performance of these measures, which are distributed across five PresEssentials (Figure OP-5). Measures and tactics are annually reviewed and updated by senior leaders as part of the Annual Rhythm.

During the Annual Rhythm PMI cycle, Monthly Performance Reviews (MPR) are conducted by EOT to discuss performance gaps. These feed into Quarterly Performance Reviews (QPR), where execution of action plans to close performance gaps and organizational deployment are assessed by senior leaders. Leadership Development Institutes (LDIs) provide quarterly training and best practice sharing in a centralized location for 500 leaders from across PHS. LDIs are designed to review and act on quarterly results from QPRs and provide an ongoing forum for developing leadership knowledge, skills and behaviors. Best practice is defined in PHS “bundles”: the Employee

Retention Bundle (ERB), the Hire Right Bundle (HRB), and the Customer Loyalty Bundle (CLB) and in clinical areas the use of standard order sets and clinical protocols. Leaders are accountable for implementing what they learn at the LDIs. Middle managers, and other leaders who do not attend the LDI, attend Extended Leader Forums (ELFs). These are provided at numerous times so that all managers can receive the information and instruction presented at the LDI. This information is then cascaded to the rest of the workforce through Quarterly Employee Forums (QEFs). Thus, information cascades from MPR to QPR to LDI to ELF to QEF. The Learning Center provides ongoing training that is relevant to new and existing employees.

As part of the Annual Rhythm PMI cycle, PHS incorporates feedback the Baldrige process to maintain a focus on organizational learning. PHS initially utilized a Baldrige self assessment process (2002) to determine systematic approaches and gaps. Since then, Presbyterian has applied for state level recognition (Quality New Mexico) and the Baldrige Award to gain external feedback and systematically implement improvements. Annually, PHS analyzes the feedback and prioritizes opportunities for improvement (OFIs), which are presented at the annual January Celebration/Kickoff of the Annual Rhythm.

Councils and multi-disciplinary teams are assigned accountability for developing action plans, milestones, and measures to address these prioritized OFIs. In 2004, PHS was awarded Quality New Mexico’s highest honor, the Zia Award. In 2005 and 2006, PHS received MBNQA site visits. In 2007, PHS participated in a mock site visit utilizing national and state examiners to evaluate progress achieved resulting from actions taken based on information from the 2006 MBNQA feedback report.

As noted in Figure OP-5, evaluation and improvement of key processes is delegated to system level Councils which are responsible for the key and support processes. PHS has a standardized model for process management and improvement (the Work System Improvement and Innovation Tool Kit) which includes the Improvement Model (PDSA) as a method for evaluation and improvement of key processes and Lean Six Sigma.

Figure OP-5: PresEssential Measure Alignment and Accountability

PresEssential	Process	Accountable Council	PHS Board Measures
Clinical Outcomes	Patient Care	Patient Care Council	7 Measures
Customer Loyalty	Customer Service	Customer Service Council	6 Measures
Staff Focus	Selection & Engagement	Selection & Engagement Council	1 Measure
Growth & Mission	Customer Acquisition & Retention	Customer Acquisition & Retention Council	1 Measure
Financial Outcomes	Customer Financial Experience	Customer Financial Experience Council	1 Measure