Navigating the pressures that accompany a post-pandemic world

NON-PROFIT MANAGEMENT

Gerald Archibald

"In every crisis, doubt or confusion, take the higher path – the path of compassion, courage, understanding, and love."

-- Amit Ray

The COVID-19 pandemic has changed our world in many ways. The frustration of what constitutes the post-pandemic "new normal" represents a tremendous uncertainty for all organizations, particularly not-for-profits. For example, less than one year ago, it was highly unlikely that the vast majority of our meetings and communications, both internal and external, would take place as a result of virtual technology. As a result of the pandemic, we find the word "impossible" fading rapidly from our lexicon. Further technology revolution is the order of the day and the foreseeable future. For example, in the health and human service delivery sector, the use of telehealth and telemedicine technologies has accelerated the acceptance that services do not have to be provided face to face. In fact, many experts believe that the pandemic has accelerated the acceptance of telehealth and telemedicine by a decade. We all need to embrace the techno-revolution and automobiles without human drivers.

One of my recent columns discussed the concept for nonprofit organizations to consider outsourcing non-core competencies in order to achieve more cost-effective service delivery and outcomes. The pressure on nonprofit service providers to obtain and/or develop cost-effective approaches to service delivery has been building for decades. Most of this pressure has been accelerated by advancements in technology. One of my colleagues recently said that my current smartphone has far more technology than what was used for purposes of building a successful Lunar Landing Module in 1969. I found that knowledge terrifying.

In addition to technology advancements, however, there are many additional pressures on nonprofit organizations that result from increased government regulations and consumer demands for cost-effective service delivery. For example, Gov. Andrew Cuomo issued Executive Order 38 back in 2013, which required a transition for nonprofit health and human service organizations to reduce their administrative costs below 15%. Since the issuance of Executive Order 38, insurance companies and managed care organizations, as well as Federal grant funding, have reduced their expectation for administrative costs to 10% or less. This extraordinary pressure is, in large measure, driving continued affiliations and mergers of tax-exempt organizations across all charitable service sectors.

Many tax-exempt organizations continue to apply a strategy that involves collaboration with other nonprofits to create a management services organization. Group purchasing cooperatives and information technology outsourced service providers are two of the most common services that lead to the formation of an MSO or the utilization of an outsourcing service vendor.

MSOs are not a new concept. Similar structures have been in place for decades. Yet "management service organization" can mean many things to many people.

A broad definition of an MSO is any organization that provides goods or services to its members and other customers with the objective of improving productivity, efficiency and reducing costs. Obviously, this definition can apply to a variety of organizations. MSOs can be either nonprofit or for-profit, depending upon the mission and objectives of the individuals forming the entity.

In the nonprofit sector, their popularity is being driven by the techno-revolution and changing expectations of consumers and government funders. Nonprofit organizations continue to face the challenge of government funders and philanthropic donors to produce quality service at a cost-effective price.

Other than group purchasing, the most common functions that can benefit from a shared service MSO approach are as follows:

- Information technology
- Financial reporting and billing
- Human resources
- Regulatory compliance / QA
- Managed care provider contracting
- Facilities / occupancy / maintenance
- Access to grants and capital financing / credit facilities
- Transportation
- Administrative functions supporting regional provider networks (e.g., IPAs)
- Fundraising and development
- Marketing, public relations & communications
- Strategic planning and multi-provider collaborations

As MSOs have become more popular in the health and human services sectors, their failure rate has increased dramatically. Recent studies have shown that, particularly in the nonprofit sector, a large percentage of MSOs failed to achieve their goals and fulfill their mission.

Based upon my 40 years' experience in the design, development and formation of MSOs, I believe the 10 factors in the following list are critical elements for success in providing such services. s you read this list, keep in mind that, in the final analysis, an MSO's ability to provide value to its members/customers represents the key component to long-term success.

The 10 critical factors are:

1. The organization and its members must share a common vision with a defined purpose, goals, and objectives. Too often, MSOs attempt to provide services in areas where they have no experience or core competency.
2. The MSO must have dedicated, capable leadership. Since MSOs provide services, the leaders must have recognized expertise in providing these services-or else no one will want to buy.
3. The organization must have sufficient capital resources to be able to deliver what is promised in terms of services and bottom-line value to its customers.
4. It also must have a customer focus and an ability to measure the satisfaction of its customers.
5. The MSO should be a free-standing, entrepreneurial organization. A timely decision-making process and management flexibility are important to an

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Leading to the power and promise of the digital health renaissance

ON HEALTH

Travis Heider

We all know about the incredibly swift uptick and uptake last year of digital health, driven by necessity during the COVID pandemic shutdown. The health care sector, not known for rapid pivots or streamlined service, dove into adoption and effectively delivered, patients embraced virtual care and investment in digital health soared.

Venture funding for digital health surged to $14.1 billion in 2020, a 72% increase over the next highest year (2018), reported Rock Health. Total corporate funding, including venture capital, debt and public market financing, reached $21.6 billion last year, up 103% from $10.6 billion in 2019, according to Mercom Capital Group.

Virtual health utilization decreased in 2020 when in-person care became an option again but, clearly, investors are banking on considerable growth in digital health as providers integrate virtual care with care delivered by patients' traditional, trusted caregivers. At the 2021 Consumer Electronics Show (CES) held virtually in January, experts in health tech predicted the digital health boom will continue post-COVID and could accelerate further.

Will health care finally enter the modern digital era?

If this is the tipping point for digital health, then perhaps the health care system will finally catch up to every other industry and enter the modern world. Why so far behind? Health care has been digitally handicapped by several factors.

Until the COVID public health emergency (PHE), Medicare did not cover telehealth services except in rural areas with many limitations. Private insurers, as is typical, followed Medicare's lead. No coverage means no payment for telehealth and inability to incur costs of providing the service.

Second, hospitals and health systems have had to focus all health information technology (HIT) effort and resources on adopting and maintaining excessively expensive, notoriously cumbersome, and poorly performing electronic health records (EHRs).

A 2009 law that was supposed to result in an electronic ecosystem of easily shared health information instead created a "sprawling, disconnected patchwork" of thousands of EHRs that are not interoperable and that have "handcuffed health providers to technology they mostly can't stand" while enriching and empowering the $13 billion-a-year EHR industry. Those are the findings of *Fortune* magazine after extensive study of the matter with Kaiser Family Foundation. Research also shows that EHR vexation is a major contributor to physician burnout.

Scarred by this experience, hospitals, health systems and providers have low HIT expectations, insisting on only rudimentary deliverables in the digital space: integration with current systems (frequently requiring costly patches); compatibility with existing workflows (even if the EHR itself drives sub-optimal workflows); least friction for beleaguered physicians; and compliance, privacy and security. Maxed out by EHR frustration, most health systems and physicians have had little patience or bandwidth to explore digital innovations. Nor do providers have the capital to invest in unproven digital products or lure the best technologist.

We are fortunate in the Greater Rochester area to have health systems that, despite HIT challenges, remain undaunted and have become leaders in digital health innovation, providing virtual care solutions to their patients and our communities. But the health care system as a whole lags woefully.

Pandemic the change agent

COVID prompted the government to remove persistent barriers to the health system's IT transformation and provided reimbursement for telehealth. Recognizing how well telehealth is working during the PHE and how popular it is, the Centers for Medicare and Medicaid Services (CMS) in January made permanent several Medicare changes for telehealth and expanded access to other digital modalities including remote patient monitoring (RPM). CMS also started a Medicare inpatient hospital-at-home program.

Congressional action is required to more fully liberate digital health from restriction and encourage payment, but this has been a swift and significant shift that clears the way for consistent government reimbursement and private payers likely will follow Medicare's lead.

Recognizing that the tipping point may have finally arrived, everyone and their wallets are jumping into the digital health pool. The world's largest companies, brilliant technologists and ingenious startups all seek solutions beyond what has been imagined thus far to truly revolutionize how care is delivered, advance medicine, reduce costs and address the health system's long-standing, most-frustrating problems. Hundreds of companies offer thousands of solutions, some original, many similar but with "distinctive" features making them "superior" in a wild west of digital health.

Finding your way in health care's digital frontier

It is exciting and chaotic.

As with past tectonic shifts in other markets from Amazon to Zillow, disruption to the legacy industry is monumental and only the strong survive. In health care, we need to be cautious with hospitals, health systems and other providers that emerge from the pandemic in a weakened financial state. They must continue to battle COVID and their legacy challenges including insurer denials, government underfunding and regulatory burdens, while providing quality care and serving their communities.

Pandion Optimization Alliance has partnered with hospitals and health systems for 70 years providing group purchasing and business solutions to help them achieve that mission. There is no clear path to the digital health future right now and high potential for charlatan vendors and unproductive detours. It is our job to lead our customers during these tumultuous times and in this emerging macrocosm by

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tense unpredictability, it's particularly valuable to have trusted business partners that can consult on the questions that are weighing most heavily on the minds of business owners. Leveraging resources from legal counsel, an accountant or a trusted HR professional can help business leaders with the guidance they need, so they no longer need to navigate murky waters alone.

For additional information on how your business can respond to COVID-19 challenges, visit https://www.paychex.com/coronavirus-resources.

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the depreciation requires consideration — especially true for equipment-intensive businesses.

Taxpayers who need depreciation's sheltering effect may benefit from being the tax owners of equipment. You can accomplish this with a loan, installment payment agreement and some leases. However, on an after-tax cost basis, organizations that cannot fully utilize tax depreciation (or those subject to interest expense limitations) may find a tax lease more efficient.

Why a tax lease?

When compared to a traditional loan, tax leases typically provide favorable cash flows because the lessor monetizes depreciation and a residual investment in the form of a lower monthly payment. Tax leases also may allow the entire lease payment to be deducted as an operating expense on the business's tax return — a potentially critical consideration for organizations that wish to extend tax deductions over longer time periods.

Why financing matters now

Remember that equipment financing can be a strategic tool: It lets you acquire and employ assets immediately and develop a plan to achieve long-term goals. In fact, few if any other payment options offer financing's wide range of benefits and flexibility. In addition, though current economic conditions have negatively impacted many organizations, financing is a powerful source of alternative capital, available now.

Finally, before beginning to acquire new equipment or assessing existing equipment, it's essential to seek an equipment financing professional who has industry expertise, a proven track record in lease structuring and a clear understanding of the organization's goals.

Together, you can begin to create a strategy to optimize assets and opportunities, both today and in the future.

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MSO's success. The ability to react quickly to member needs and market changes will help it achieve success.

6. The MSO must have the ability to grow by adding new members who will utilize the organization's leadership talent and generate additional revenues.
7. Ongoing education and training for MSO staff is essential. The value to be derived by MSO members is dependent upon the talent pool available either in the MSO or through contractual affiliations with other service providers.
8. There must be an opportunity to provide consulting services to customers, in order to follow up on implementation of issues that may result from MSO consulting services.
9. The MSO must have an ability to provide benchmarking data to its customers. Both internal and external benchmarking data arc necessary to provide a competitive advantage to MSO members.
10. The services provided by the MSO must be targeted to meet the needs of what members / customers want. The cost of these services must be priced appropriately and demonstrate true value to the customer in the form of both cost reduction and/or improved efficiency and quality of services.

Participation or collaboration with an MSO is only one strategy that nonprofit organizations should evaluate to strategically position themselves for success in the restructuring and reform of the tax-exempt service sector. My previous column discussed the potential advantages of direct outsourcing of non-core competencies to the many vendors that typically specialize in one or possibly two of the functions listed above. As an example, very few individuals supported a vision of Tom Golisano in 1975 with the strategy of providing payroll processing services to small companies. As we know, his vision is now reality, with Paychex Inc. being a hugely successful company, with a market capitalization in excess of $30 billion. Upstate New York and more recently, Southwest Florida, have realized extraordinary benefits from the philanthropist Tom Golisano continually exhibiting compassion, courage, understanding, and love for the less fortunate in those communities. Each of us owes a debt of gratitude to him.

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sorting through the turmoil to find, vet and deliver the best products and services to them and to leverage aggregate buying power to ensure best contracts.

The key is finding solutions that truly alleviate pain points and advance health care.

For example, Pandion has partnered with Suki, an artificial intelligence app enabling physicians to use their mobile phone to dictate patient records, information and medications in real time. Suki helps physicians manage increased workload while alleviating frustration with EHRs and data entry. During a patient encounter, they speak normally and the app captures orders and medical notes, entering it all automatically into the EHR with no additional work required by the physician or staff, thus saving precious time.

At the Consumer Electronics Show, investors stressed that the future focus in telehealth is beyond virtual visits and incident-based care to integrating RPM and digital therapeutics into a more comprehensive understanding of the patient's ongoing health to manage chronic disease and facilitate wellness and prevention.

Pandion partner HealthSnap does that and raises the bar when compared with other RPM products "on the shelf." By using device-agnostic apps and navigators, HealthSnap maximizes patient engagement and compliance, empowering patients to better manage chronic illness and achieve their full potential for health. HealthSnap's lifestyle data analytics platform extracts and analyses meaningful data to equip clinicians with timely information to effectively guide care management and treatment. And when care is needed, HealthSnap provides comprehensive virtual care seamlessly integrated into provider clinical workflows.

Beyond patient-facing applications, digital tools help providers address longstanding dissonance in health care's byzantine universe to improve patient experience and increase efficiency. Examples of Pandion solutions in this area include: TogetherMD, which eases physician coding burdens while ensuring accurate coding to maximize revenue. Radiology patient-engagement platform, Within Health, tracks patient visits and prompts recommended screenings to promote early detection while facilitating communication with patients and physicians about test results and follow-up.

In the coming weeks, Pandion will announce a new initiative that will fill a critical and as-yet-unmet need in digital health for our customers and all players in the digital space. More on that in a future column.

Pandion's digital health strategy is important, and the activity is exhilarating. We never lose focus on our core mission, working as an equity partner of Premier Inc. to make sure our members have the supplies they need at the lowest cost during this pandemic and beyond. At the same time, we will lead our customers to truly valuable solutions so they can seize the power and possibility of digital health.

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