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What to expect with the new administration and the post-ACA economy

By Cindy Juhas / Special to Healthcare Facilities Today
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Many sectors of the healthcare industry are about to undergo a seismic shift due to the election of Donald Trump and the incoming administration's plans to alter the Affordable Care Act. The change in policy, which might take months to craft and a year or more to implement, will likely have a profound impact on healthcare facilities.

The biggest challenge is managing the uncertainty of it all. Without a clear path and long-term revenue strategy, facilities are likely to take a wait-and-see approach and hold off on any major infrastructure investments that were in the pipeline before the election. Everyone involved with those projects – from architects and construction workers to bankers and real estate brokers – could face a disruption in their business cycle, which previously had very solid momentum under the ACA.

Since the enactment of the Affordable Care Act, more and more facilities have embraced value-based healthcare with a sharp focus on cutting costs, increasing patient satisfaction, improving medical outcomes and reducing re-admittance rates. Many hospitals, clinics and outpatient facilities are taking on renovation projects, repurposing existing spaces and replacing outdated equipment to accommodate this new value-based healthcare model. With so many expansion projects already underway, the growth trend likely will continue for a while because it is difficult to stop construction once the financing is in place and work has begun. It's the facility deals that were set to close in 2017 and beyond that are in jeopardy.

However, despite pausing some new construction plans, decision makers at facilities that have embraced the value-based approach will likely continue to implement that philosophy because the strategy has proven to be so beneficial for them and their patients regardless of what system was being enforced in Washington. Additionally, facilities that have not adopted value-based approach will be more likely to now because of the uncertainty.

One question that facility stakeholders need answered is: What are the best products for the least amount of money? With millions of medical products and thousands of manufacturers to choose from, facility managers and standards committees have to revisit their budgets and tweak their purchasing plans in light of new priorities.

A purchasing partner with experience, expertise and access to the vast area of specialized medical equipment can be invaluable to a facility during this implementation of value-based healthcare. For instance, such partners could advise on the purchase of a medical refrigerator, the scope and cost of which would vary significantly depending on the need of a facility. A major metropolitan hospital will require a far greater refrigeration capacity than a local doctor’s office, and the equipment-sourcing partner can ensure the best price without sacrificing quality.

Another important expense for facilities to consider is the total cost of ownership for the equipment. During times of uncertainty, the worst thing a facility could encounter is unexpected purchasing costs. It is not simply the price of each product. The act of installing new equipment involves many additional moving parts.

There are the prices of acquisition, installation, freight, repairs, biomed service and network connectivity to consider as well. Each facility has unique requirements and solutions are anything but boilerplate.

To control the costs of a facility expansion or repurposing, there will be renewed needs for qualified consultants who can help facilities manage the “unknown unknowns” involved with switching gears in the face of such uncertainty in the healthcare industry.

Facilities will find this pivot to be a significant – but critical – challenge. Between navigating product choices and tracking every piece of equipment that needs to be staged, delivered and maintained, facilities also will have to manage the timeline carefully to avoid disruptions in patient care.

A 20-doctor clinic can lose $125,000 in revenue every day it is closed. Hospitals can lose closer to $400,000 to $500,000. These are high stakes during a chaotic economic transition. Without a complete understanding of their options, facility managers might make the wrong decisions.

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