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News Monitor

Compiled By Robert n. Mitchell

Procurement Outsourcing Doubles

Nearly half of companies in Europe and the United States are considering outsourcing part of their procurement operations within the next three years — more than double the 22 percent of respondents who said they currently outsource aspects of procurement, according to a survey conducted by Accenture.

Results of the survey, which included queries of more than 200 procurement directors from various industries, showed that companies are likely to outsource their procurement in the future, with 64 percent of respondents saying they would do so by 2006. Companies in the United Kingdom and United States were the most likely to outsource procurement functions by 2006 (58 percent each), followed by companies in Italy (42 percent). Thirty-nine percent of companies from Germany, Austria and Switzerland said they anticipate outsourcing procurement processes in the next three years.

Also, non-strategic processes, such as application hosting and requisitioning-to-pay — and indirect spend categories — are most often outsourced. Referring to these activities, 43 percent of the respondents said they were attracted to the combined opportunities for cost reductions and the ability to focus more time on the management of the categories that they retained in-house. However, 22 percent said they were prepared to consider outsourcing part of their direct materials by 2006, compared to 9 percent that do so today.

Managing Group Projects

A national survey, commissioned by the QuickBase division of Intuit Inc., found that communications, status tracking and consolidating information from multiple sources are challenges for most corporate workgroups. Sixty-percent of respondents said, "getting and keeping everyone on the same page" was their top concern in managing any group project.

Using a variety of stand-alone desktop tools, such as e-mail and spreadsheets, to communicate can make sharing and consolidating information among team members and customers difficult. Yet despite the inefficiency of these tools and the availability of specialized software and Web-based solutions, more than 60 percent of the project managers surveyed continue to rely on spreadsheets, and more than 50 percent still manage their projects through e-mail.

The ability to have "anytime, anywhere" access to information was the top requirement for software applications for 78 percent of marketing managers and 54 percent of project managers. The report concluded that tracking, updating and consolidating information on group projects should not be handled through files and information kept on a single desktop or corporate server. More than 60 percent of the respondents also cited ease of use as a critical feature, with more than 50 percent also pointing to cost-effectiveness as an important attribute.

MCP to Close

Tenet Pennsylvania announced that it has given notice to the Pennsylvania Department of Health of its intent to close Medical College of Pennsylvania (MCP) Hospital on March 31.

The 379-bed hospital has suffered losses over the past 12 months, recently accelerating into losses of more than \$5 million each month. Cost containment efforts were put in place and a third-party consultant was hired to review the hospital's options. "However, losses of this magnitude simply cannot be sustained," Phillip Schaengold, vice president for Tenet Pennsylvania, said in a statement.

MCP anticipates it will continue to accept new patients until the end of this month. Emergency room services will remain open until Feb. 29, as well.

Nationally, Tenet Healthcare Corp. announced a major restructuring of its operations designed to focus its financial and management resources on 69 acute care hospitals in 13 states and create a stronger company with enhanced potential for

long-term growth. To achieve those objectives, the company said in a statement at press time that it will seek buyers for 27 hospitals, including 19 in California and eight others in Louisiana, Massachusetts, Missouri and Texas.

Officers Named

J. Ronald Gaudreault, president and CEO at Huntington Hospital in Huntington, N.Y., was recently elected chair of the board of trustees for the Healthcare Association of New York State (HANYS).

HANYS is an advocacy group for more than 550 non-profit and public hospitals, nursing homes, home care agencies and other health care organizations throughout New York. HANYS' volunteer board of trustees is responsible for managing the association's activities.

Others elected to the 2004 board include:

Peter McGinn, PhD, president and CEO of United Health Services in Binghamton, N.Y., as secretary; and

Stanley Brezenoff, president and CEO of Continuum Health Partners, New York, as treasurer.

In addition, Samuel Lehrfeld, president and CEO of The Brooklyn Hospital Center in Brooklyn, N.Y., was elected to a three-year term on HANYS' board of trustees.

New President of NCHICA

The North Carolina Healthcare Information and Communications Alliance, Inc. (NCHICA) board of directors recently elected Rosemary Abell to serve as its president.

Abell is director of national health care vertical solutions at Keane, Inc. Abell said she would like to see the organization align with other national initiatives to improve health care through the use of IT. NCHICA is currently developing a project to document electronic provisions of a patient's medication history at the point of care.

A New Force in Talent

Talent management, a relatively new and increasingly popular human resource area, is becoming a major part of corporate strategy, according to a Conference Board report.

The report, *Integrated and Integrative Talent Management: A Strategic HR Framework*, presents a new view of a fully integrated approach to talent management and describes how organizations can become mature talent management integrators.

Components of talent management include recruitment, retention, professional development, leadership/high potential development, performance management, feedback/measurement, workforce planning and culture.

Boards of directors and other senior executives are taking a direct interest in integrating talent management into overall corporate strategy, according to the report. Talent management integration calls for featuring these individuals prominently in initiatives, and moves the accountability for talent beyond just the human resource arena. It should be a significant factor in the organization's strategy — at the core of business success.

"Talent management's importance is evident in its ability to hold management interest even in a weak economy," said Lynne Morton, principal in Performance Improvement Solutions and author of The Conference Board report. "Talent management is coming into its own. It is providing a way for organizations to integrate disparate human capital initiatives and a way for human resources to more strategically align with the organization. This study shows that talent is critical to the success and that its management is integral to all aspects of the business."

Breaking News

Mobile Computing Study

Mobile computing usage among physicians has grown over the past few years through the use of stand-alone, knowledge-based applications. According to a recent market study by the Spyglass Consulting Group, a California-based health care and technology consulting firm, more than 90 percent of clinicians interviewed under the age of 35 use some form of reference

application on a daily basis. Grass roots initiatives are leading large numbers of clinicians to independently purchase hand-held devices that are used primarily for drug reference databases, reference manuals and medical calculators.

Mobile computing usage, however, faces a significant number of obstacles to widespread adoption in an inpatient hospital setting as the applications become more comprehensive and require increased integration with legacy clinical and financial systems, said Gregg Malkary, founder and managing director of Spyglass Consulting Group. The consulting firm conducted more than 100 in-depth interviews with practicing clinicians at health care institutions across the country.

Highlights from the report:

More than 92 percent of clinicians interviewed were affiliated with health care organizations that were using legacy-based systems completed by inefficient paper-based processes and workflows.

Hospital administrators are facing challenges in deploying next-generation mobile solutions within an inpatient hospital setting including physician adoption, funding, integration complexities with legacy-based systems and protection of patient information on hand-held devices.

Less than five percent of the organizations are deploying next-generation mobile computing solutions. These solutions include e-prescribing, charge capture and patient data management applications that are tightly integrated with existing legacy-based clinical and financial systems.

Five Sentenced for Fraud

United States Attorney Alice H. Martin said in a recent statement that five defendants were sentenced by a federal judge in Birmingham, Ala., for their admitted roles in a scheme to inflate the revenues and reported earnings of HealthSouth Corp., the nation's largest provider of outpatient surgery, diagnostic imaging and rehabilitative services.

U.S. District Court Judge Inge P. Johnson sentenced former vice president of finance Emery Harris to five months in prison in January to run concurrently, three years of supervised release with five months of unsupervised home detention, and payment of a \$3,000 fine and a \$200 special assessment, the U.S. Attorney's office said in a statement. Harris was also ordered by the court to pay \$106,500 in forfeiture. Harris pleaded guilty in March 2003 to conspiracy and falsifying HealthSouth's books and records.

Former HealthSouth accounting department vice presidents Angela Ayers and Cathy Edwards, group vice president Rebecca Kay Morgan, and assistant vice president Virginia Valentine were each sentenced to four years of probation with six months unsupervised home confinement and each a \$2,000 fine, the U.S. Attorney's office statement said. Morgan was also ordered to pay \$235,000 in forfeiture. The four former executives pleaded guilty in April 2003 to conspiracy to commit wire and securities fraud, and Edwards and Morgan also pleaded guilty to wire fraud, the U.S. Attorney's office said.

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