Glossary

360-degree or multi-rater review. Formal evaluation of performance by subordinates, superiors, and peers of the individual or unit

Accountability hierarchy. A reporting and communication system that links each operating unit to the governing board, usually by grouping similar centers together under middle management

Ad hoc committee. A committee formed to address a specific purpose, for a specified time period

Adjustment. A statistical technique using specification to remove variation caused by differences in the relative size of subset populations

Advanced practice nurse. A master’s-prepared nurse with specialization and licensure to practice as a nurse practitioner, nurse anesthetist, nurse midwife, clinical nurse specialist, clinical nurse leader, or other advanced specialist role

Agency or accountability. The notion that the organization can rely on an individual or team to fulfill a specific, prearranged expectation

Associates. People (employees, trustees and other volunteers, and medical staff members) who give their time and energy to the HCO

Attending physicians. Physicians who have the privilege of using the hospital for patient care and who are designated as the physician of record for particular patients

Bad debt. Cost for patients who are unable to pay for care

Benchmark. The best-known value for a specific measure, from any source

Branding. A communitywide communication effort to convey the mission and the competitive advantage of the organization

Business plan. A model of a specific strategy or function that guides design, operations, and goal setting

Empowerment. The ability of an associate to control his or her work situation in ways consistent with the mission

Epidemiologic planning model. A process to rigorously define, measure, and forecast the community served and its needs

Equal employment opportunity agencies. Government agencies that monitor the rights of associate groups; these are among those entitled access to the HCO and its records

Ethics committee. A standing multidisciplinary committee that is concerned with biomedical ethical issues and decision-making processes, formulation of policies, and review and consultation of medical ethical issues

Evidence-based management. Relies heavily on formal process specification and performance measurement

External auditor. A certified public accounting firm that attests that the accounting practices followed by the organization are sound and that the financial reports fairly represent the state of the business

Case manager. A health professional who advocates for the patient to receive the most appropriate treatment with acceptable quality in the most effective manner and appropriate setting at the best price

Certificate of need (CON). Certificates or approvals for new services and construction or renovation of hospitals or related facilities; issued by many states
Chief executive officer (CEO). The agent of the governing board who holds the formal accountability for the entire organization

Clinical practice guidelines. Systematically developed statements to assist practitioner and patient decisions about appropriate healthcare for specific clinical circumstances

Community health. A focus on sustaining all members of the community at their highest possible level of functioning for their individual happiness and their collective benefit

Community hospital. A short-stay general or specialty (e.g., women’s, children’s, eye, orthopedic) hospital, excluding those owned by the federal government

Competency. Having requisite or adequate ability or quality that results in effective action and/or superior performance in a job

Compliance programs. Programs designed to meet statutory and regulatory requirements; may be based on legislation or voluntary efforts such as accreditation

Consent agenda. A group of agenda items passed without discussion, unless a member requests a review; used to focus attention on priority matters

Credentialing. The process of validating a professional’s eligibility for medical staff membership and/or privileges to be granted on the basis of academic preparation, licensing, training, certifications, and performance

Cultural competence. A set of complementary behaviors, practices, and policies that enables a system, an agency, or individuals to work and effectively serve pluralistic, multiethnic, and linguistically diverse communities

Customers. Patients and others who use the services of the organization and generally compensate the organization for those services; also, by extension, other units within the HCO that rely on a particular unit for service

Database management system. A system for retrieving shared electronic data; designed to facilitate the recovery and use of data
Facilities master plan. A document that begins with an estimate of the space needs of each service or activity proposed in the services plan

Financial budget. Expectation of future financial performance composed of income and expense budget, budgeted financial statements, cash flow budget, and capital and new programs budget

Frequency. In advertising, the average number of times each person is reached by a specific advertisement

Functional protocols. Procedures and sets of activities to carry out elements of care

General ledger. Technically, the record of all the firm’s transactions; the term often refers to the fixed and collective assets, such as depreciation, that must be allocated to operational units

Governance bylaws. A corporate document that specifies quorum rules of order, duties of standing committees and officers, and other procedures for the conduct of business

Government regulatory agencies. Agencies with established authority over healthcare activities; licensing agencies and rate-regulating commissions are examples

Gross revenue. An entry to the patient ledger of the charge for a specific healthcare service; no longer a meaningful measure

Group purchasing. Alliances that use the collective buying power of several organizations to leverage prices downward
Healthcare organization (HCO). A formal legal entity that reaches across the panorama of medicine, other clinical disciplines, and business to identify and deliver care to its community.

Healthcare system. Healthcare organizations that operate multiple service units under a single ownership.


Heuristic. Systematically employing a trial-and-error mechanism that recognizes uncertainty and proceeds cyclically as more information is gathered.

Homeostasis. A state of equilibrium with one’s environment.

Horizontal integration. Integration of organizations that provide the same kind of service, such as two hospitals or two clinics.

Hospice. A model of caregiving that assists with physical, emotional, spiritual, psychological, social, financial, and legal needs of the dying patient and his family; the service may be provided in the patient’s home or in an HCO.

Hospitalists. Physicians who manage broad categories of hospitalized patients.

Incident report. See unexpected event report.

Interdisciplinary plan of care (IPOC). A process that includes the patient, the family, and all clinical disciplines involved in planning and providing care to patients, from system point of entry, throughout the entire acute care episode and to the next level of care.

Intermediary. A payment or management agent for healthcare insurance (e.g., Medicare intermediaries that pay providers as agents for CMS).

Internal customers. Associates and teams who work inside the HCO.

Joint ventures. Formal, long-term collaborative contracts usually involving equity investment.

Leadership succession plan. A written plan for replacing people who depart from management positions.

Legacy system. Outdated computer software that lacks the features found in more current versions.

Licensure. Government approval to perform specified activities.

Long-range financial plan (LRFP). An ongoing projection of financial position showing...
Loyal/secure customers. Customers whose opinions of the organization are so positive that they will return for further interaction and will recommend or refer the organization to others.

Management letter. Comments of external auditors to the governing board that accompany their audited financial report.

Managerial accounting. A process of restructuring transaction data to support monitoring, planning, setting expectations, and improving performance of accountability centers.

Marketing. The deliberate effort to establish fruitful relationships with exchange partners and stakeholders.

Medicaid agency. The state agency handling claims and payments for Medicaid.

Medical home. A concept or model of care delivery that includes an ongoing relationship between a provider and patient, around-the-clock access to medical consultation, respect for a patient’s cultural and religious beliefs, and a comprehensive approach to care and coordination of care through providers and community services.

Medical staff bylaws. A formal document of the governance procedures for physicians and others who provide care in the organization; approved by the governing body.

Medical staff organization. The organization of an HCO’s staff members that provides a structure to carry out policies, expectations for quality of clinical care, and communication from physicians to the governing body.

Mission. A statement of purpose—the good or benefit the HCO intends to contribute—couched in terms of an identified community, a set of services, and a specific level of cost or finance.

Needs assessment. A process for identifying and quantifying opportunities for improvement.

Net revenue. Income actually received as opposed to that initially posted; equal to gross revenue minus adjustments for bad debts, charity, and discounts to third parties.

Nonoperating revenue. Income generated from non-patient-care activities, including investments in securities and earnings from unrelated businesses.

Nurse anesthetist. A registered nurse who has advanced education and certification to administer anesthesia without direct physician supervision.
Nurse midwife. A registered nurse who has advanced education and certification to practice uncomplicated obstetrical care, including normal spontaneous vaginal delivery, without direct physician supervision

Nurse practitioner. A registered nurse who has advanced education and certification to carry out expanded healthcare evaluation and decision making regarding patient care; boundaries of independent practice are set by state laws

Nursing diagnosis. A standardized statement about the health of a client for the purpose of providing nursing care; identified from a master list of nursing diagnosis terminology

Nursing process. A system of assessing patients, diagnosing individual nursing care needs, planning care, implementing plans, and evaluating care

Operating budget. The aggregate of accountability-center expenditure budgets and the corporate revenue budget

Operational measures or operational scorecards. Six dimensions of measurement that include three measures of inputs or resources and three measures of outputs or results

Opportunities for improvement (OFIs). Result of comparing actual outcome against goal and goal against benchmark; also arise from qualitative assessments, including listening

Palliative care. Treatment to manage and reduce pain, discomfort, and other uncomfortable symptoms of life-limiting diseases or conditions with no known cure; services are provided in a holistic manner to include the patient and her family

Patient care plans. Expectations for the care of individual patients based on an assessment of individual needs

Patient care protocols or guidelines. Formally established expectations that define the normal steps or processes in the care of a clinically related group of patients at a specific institution

Patient ledger. Account of the charges rendered to an individual patient

Patient management protocols. Formally established expectations that define the normal steps or processes in the care of a clinically related group of patients at a specific institution

Peer review. Any review of professional performance by members of the same profession

Performance improvement council (PIC). A formal coordinating structure composed of representatives from all major activities
Position control. A system of payroll control that identifies specific positions created and filled

Primary care practitioners. Initial contact providers, including physicians in family practice, general internal medicine, pediatrics, obstetrics, and psychiatry; nurse practitioners; and midwives

Procedures or processes. Actions or steps that transform inputs to outputs

Process improvement team (PIT). A group that analyzes processes and translates OFIs to actual performance improvement

Pro forma. A forecast of financial statements, establishing the future financial position of the organization for a given set of operating conditions or decisions

Programmatic proposals. Proposals for new or replacement capital equipment or major revisions of service

Protocols. Agreed-on procedures for each task in the care process

Providers. Institutional and personal caregivers such as physicians, hospitals, and nurses

Quality improvement organizations (QIOs). External agencies that review the quality of care and use of insurance benefits by individual physicians and patients for Medicare and other insurers

Rapid response team. Caregivers with training in critical care management and emergency treatment protocols; deployed when a patient’s condition suddenly deteriorates

Reach. In advertising, an estimate of the number of people who will see or hear a specific advertisement

Referral specialist physicians. Doctors who care for patients referred by primary care practitioners on a limited or transient basis; likely to manage episodes of inpatient care

Reserved powers. Decisions permanently vested in the central corporation of a multicorporate system

Residents. Licensed physicians who pursue postgraduate education; residents who pursue advanced study are also called fellows; residents and fellows are also called house officers

Root causes. The underlying factors that must be changed to yield consistently better outcomes

Scenarios. Alternative approaches to improving the profile of opportunities reflected in the environmental assessment
Segmentation. The deliberate effort to separate markets by customer need and the message to which the markets will respond

Sensitivity analysis. Analysis of the impact of alternative forecasts, usually developing most favorable, expected, and least favorable scenarios to show the robustness of a proposal and to indicate the degree of risk involved

Servant leadership. The leader’s obligation to be sensitive and responsive to associate needs

Service excellence. Associates anticipate and meet or exceed customer needs and expectations on the basis of the mission and values

Service lines. Operating units designed around patient-focused care for related disease groups and similar medical specialties

Specification. A statistical analysis that identifies values for a measure by defined subsets of a population, to measure the extent to which the values change across the sets

Stakeholders. Individuals or groups (buyers, workers, suppliers, regulators, and owners) who have a direct interest in an organization’s success

Standing committee. A permanent committee established in the bylaws of the corporation or similar basic documents

Statistical process control. A method of identifying significant changes in measures subject to random variation

Strategic measures or strategic scorecard. Four dimensions of measurement (finance, operations, customer relations, and learning/human resources) appropriate for service lines or the HCO as a whole

Strategic opportunities. Opportunities that involve quantum shifts in service capabilities or market share, usually by interaction with competitors, large-scale capital investments, and revisions to several line activities

Strategic partnerships. Commitments with long-term obligations

Strategic positioning. The set of decisions about mission, ownership, scope of activity, location, and partners that defines the organization and relates it to stakeholder needs

Strategic protection. Safeguards the assets of the organization

Strategy. A systematic response to a specific stakeholder need

The Joint Commission. A voluntary consortium of HCOs and professional provider organizations that ensures a minimum level of safety and quality in HCOs
Transaction costs. The costs of maintaining a relationship, including the costs of communication, negotiation, and so forth.

Transfer price. Imputed cost revenue for a good or service transferred between two units of the same organization, such as housekeeping services provided to nursing units.

Triage. A method for sorting patients according to needs for various levels of resources.

Trustees. Members of the governing board of not-for-profit HCOs who volunteer their time to the organization; their only compensation is the satisfaction they achieve from their work. The title reflects their acceptance of the assets in trust for the community; also called directors.

Unexpected event report. Written report of an untoward event that raises the possibility of liability of the organization.

Values. An expansion of the mission that expresses basic rules of acceptable conduct, such as respect for human dignity or acceptance of equality.

Vertical integration. The affiliation of organizations that provide different kinds of service, such as hospital care, ambulatory care, long-term care, and social services.

Vision. An expansion of the mission that expresses intentions, philosophy, and organizational self-image.

Working capital. The amount of cash required to support operations for the period of delay in collecting revenue.