

# Stepping into Management

## ASSIGNMENT 1—THE SUPERVISOR'S ROLE

Read this introduction, then read Chapter 1 in your textbook, *Health Care Management*.

### Important Terms

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*Capitation:* A system that pays physicians or health care organizations a fixed monthly amount for each individual in a plan, regardless of treatment

*Critical access hospital:* A designation that allows a hospital to receive Medicare reimbursement based on its actual costs, which are generally more than typical Medicare reimbursement. The designation was designed to help hospitals in underserved areas.

*Fee-for-service:* A system that pays clinicians based on the number of services they perform

*Managerial authority:* The legal or rightful power of a manager to act or direct others

*Pay-for-performance:* A system that pays clinicians based on their ability to meet specified quality and efficiency measures

*Prospective payment system:* A system that pays physicians and health care organizations a fixed amount for every *episode of care*. For example, treatment for a particular illness or injury is reimbursed at a flat rate regardless of the length of stay in the hospital or the number of related physician visits.



## Trends in Health Care

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The health care market is demanding new delivery models. Gone are the days when patients go to health care facilities only; now, health care facilities provide services through satellite offices that are more easily accessible by patients. Skilled nursing services are even provided in patients' homes instead of in a facility. Reimbursement systems have also changed: The traditional fee-for-service system has been replaced by pay-for-performance fee schedules.

Other factors that managers in health care face are

- Shortage of experienced nurses
- Development of new staff positions such as certified nurse assistants
- Employees' ability to work remotely
- Breakthroughs in technology
- Work attitudes of Generation X and Generation Y

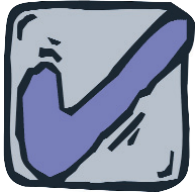
## Demands of the Supervisory Position

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The job of the manager has four dimensions:

1. The manager must be a good boss, manager, and leader, and must have the necessary competencies to run the department.
2. The manager must be a competent subordinate.
3. The manager must be a link between upper management and employees.
4. The supervisor must maintain satisfactory working relationships with other managers, supervisors, and leaders of other departments and service lines.

You've now completed Assignment 1. Take a moment now to complete *Self-Check 1*. Once you feel you understand the material, move on to Assignment 2.



# Self-Check 1

**At the end of each section of *Health Care Management*, you'll be asked to pause and check your understanding of what you've just read by completing a "Self-Check" exercise. Answering these questions will help you review what you've studied so far. Please complete *Self-Check 1* now.**

**Questions 1–9: Indicate whether the statements are True or False.**

- \_\_\_\_\_ 1. Traditional fee-for-service arrangements have been replaced with pay-for-performance (P4P) fee schedules.
- \_\_\_\_\_ 2. Hospitals are creating *centers of excellence* to focus limited resources on the growth of more profitable service areas.
- \_\_\_\_\_ 3. The employee is responsible for acquiring and combining the resources to accomplish goals.
- \_\_\_\_\_ 4. The supervisor must plan, guide, and supervise.
- \_\_\_\_\_ 5. The supervisor's job is to create a climate of motivation, satisfaction, leadership, and continuous self-development.
- \_\_\_\_\_ 6. The most valuable resource of any organization is the advanced technology found in the organization.
- \_\_\_\_\_ 7. *Organizing* involves developing a systematic approach for attaining the goals of the organization.
- \_\_\_\_\_ 8. Planning must come before any of the other managerial functions.
- \_\_\_\_\_ 9. Once a plan has been developed, the manager can delegate the decision of how the work is to be accomplished to someone else.

**Check your answers with those on page 59.**

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# ASSIGNMENT 2—THEORIES OF MANAGEMENT

Read this introduction, then read Chapter 2 in your textbook, *Health Care Management*.

## Classical School

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The *classical* school of management theory began in the late 1800s. Classical theorists believed in structured management and the motivational power of money. Classical management theories emphasize efficiency, structure, procedures, and hierarchy. Types of classical management include scientific and bureaucratic management.

- *Scientific management* focuses on the relationship between workers and machinery. It also defines how to organize work for people, so that workers don't need to think, but instead follow specific procedures and methods without exception.
- *Bureaucratic management* focuses on hierarchical structures, rational authority, and control. The focus of this approach is the structure rather than the employee.

## Human Relations Movement

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The *human relations*, or *behavioral*, movement arose in the 1920s as a result of the Hawthorne Studies, which emphasized the effect that other people have on worker productivity. This movement focused more on the human aspect of work, treating employees as people rather than units in a machine. Worker attitude was determined to be a key element in productivity. Supervisors were encouraged to listen to employees, pay attention to informal organization within the company, and motivate employees.

## Human Resources School

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The *human resources* school of management began in the 1950s as an extension of the behavioral school, and it continues today. This management theory emphasizes that employees are more creative and competent than employers historically gave them credit for, and that there's a reciprocal relationship between organization prosperity and worker prosperity. In this school of thought, employees want meaningful work and want to participate in their organizations.

## Contemporary Management Theories

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Other management theories in use today include the contingency, systems, management as discipline, and chaos theories.

- *Contingency theory* holds that the “best” way to do things is dependent upon the situation, the culture of the organization, and the society of which it's a part.
- *Systems theory* sees the organization as a collection of systems that interact with the environment and receive feedback from it.
- *Management as discipline theory* emphasizes simplification and decentralization. Management is a practice, not a rank, and involves setting objectives and using the strengths and knowledge of employees.
- *Chaos theory* holds that organizational events can't always be controlled; the organization is a system of interacting movements and events that balances between stability and disorder. Small changes can have large effects. As systems become more complex, they also become more volatile.

You've now completed Lesson 1. Take a moment now to complete *Self-Check 2*. Once you feel you understand the material, go to your My Courses page to take your examination.



## Self-Check 2

**Questions 1–6: Indicate whether the statements are True or False.**

- \_\_\_\_\_ 1. *Efficiency* implies using the fewest resources.
- \_\_\_\_\_ 2. Fayol identified four functions of management.
- \_\_\_\_\_ 3. Jobs are designed so that each worker has a specified, definitive task for which he or she is responsible.
- \_\_\_\_\_ 4. *Positional authority* is authority stemming from the personal qualities of an individual.
- \_\_\_\_\_ 5. The human resources school of management understands that employees are creative and competent.
- \_\_\_\_\_ 6. Systems theory is the concept that an organization is a collection of open systems that constantly interact with the external environment.

**Questions 7–9: Choose the *best* answer to each question.**

- 7. \_\_\_\_\_ is known for defining administrative management.
  - a. Henri Fayol
  - b. Theo Haimann
  - c. Frederick Taylor
  - d. Henry Gantt
- 8. The outcomes of organizational development may include increases in which of the following?
  - a. Customer satisfaction
  - b. Giving leaders more control
  - c. Making change easier
  - d. Putting the minds of all employees to work
- 9. \_\_\_\_\_ works by increasing the health of social and technical systems such as work processes, communication, rewards, and shared goals.
  - a. Management by objective
  - b. Hawthorne effect
  - c. Contingency theory
  - d. Organizational development

**Check your answers with those on page 59.**

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