

Leveraging Clinical Advances in Small and Rural Communities

2006 Rural Health Care Leadership Conference

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Today's Focus

- Clinical advances/technologies and the implications for small and rural providers
- A case study of Albemarle Hospital's experiences in developing cardiac services
- What new advances show the best opportunity for small and rural providers
- For those interested:
 - How to evaluate opportunities in your market
 - Implementation strategies

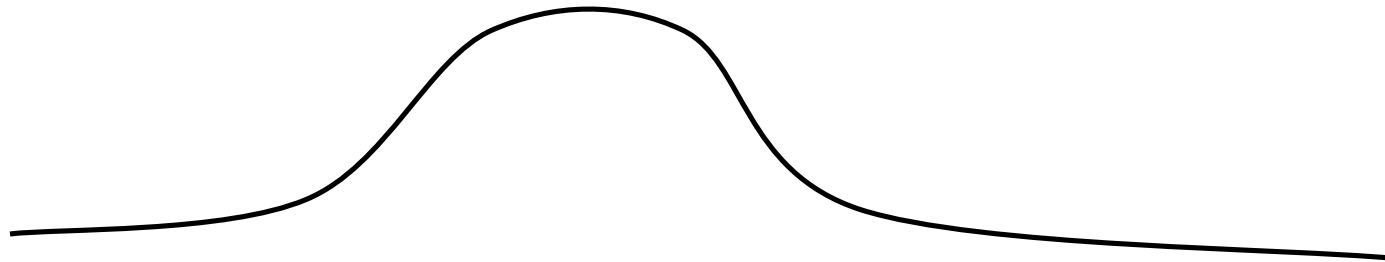
The Context

- Clinical practices and technology advancing faster than providers can adopt them
 - What is state of the art today, is obsolete tomorrow
- So much focus on early adopters, missing the opportunities for the majority - consensus and late adopters
- Biggest potential impact not on academic and tertiary centers, but on smaller, community providers
- Technology can shift the balance of power in healthcare

New Technologies Adopted at Varied Rates - *Imaging*

Adoption Profile

Laggards Late Majority Early Majority Early Adopters Innovators



Modality

PACS	Film storage	Individual modality PAC	Enterprise-wide PACS	
CT	4 slice CT	16-Slice CT	64-Slice CT	
MRI	<1.5T MRI	1.5T MRI <IT Open MRI	3T MRI	MRA IT Open MRI
PET		PET	PET/CT	
X-Ray	Plain film X-Ray	Computed radiography	Digital Radiography	



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Implications for Small and Rural Providers

- Able to provide quality care closer to home
 - Considerable service expansion opportunities in small/rural markets
- Changing consumer expectations challenging small/rural providers (the “mom” test)
 - Quality must meet that of larger, urban facilities
 - Technology must keep pace
 - Smaller not an excuse for lower quality
- A shift is occurring in the balance of power
 - Community providers increasingly in the driver’s seat
 - Peer to peer relationships vs. ‘big brother’
- Changes are redefining roles
 - What is tertiary?
 - What are regional referral centers?
 - What is role of above providers?

“Today, it is not the large who eat the small, but the fast who eat the slow”.

**Eberhard Kuenheim
Chairman, BMW**

The Story at Albemarle



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Leveraging Technology in Your Community



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The Watch List For Small and Rural Providers

– *First Generation*

- **Imaging**
 - CT
 - MRI
 - Ultrasound
- **Cardiology**
 - Cath/angio suites
 - EP
- **Orthopedics**
 - OP shift
 - Minimally invasive total joints
 - Spine
- **Urology**
 - Ultrasound based treatment for prostate
- **Gyn**
 - Ultrasound guided treatment
 - Outpatient hysterectomies
- **GI**
 - Endo suites replacing surgical intervention for GERD, others
 - Virtual colonoscopy
- **General surgery**
 - Endoscopic applications continue
 - Minimally invasive appendectomy, colon resection, hernia repair
- **Sleep lab**
 - Increased applications to additional populations

The Watch List For Small and Rural Providers – *Second Generation*

- **Neurosurgery**
 - Gamma knife radiosurgery
 - Linear Accelerator.X-knife radiosurgery
 - brain surgery under local anesthesia
- **Cardiolovascular**
 - VAD, other implants
 - Electrophysiology
 - Vascular stenting, procedures
- **Radiation Oncology**
 - 3-dimensional conformal radiation therapy (3D-CRT)
 - Intensity Modulated Radiation Therapy (IMRT)
 - New software allowing better tumor targetting

Understanding Financial Feasibility – A Different Reality

- New technologies do not always require full utilization for profit
 - OP imaging break even volumes per day (HCAB estimates)
 - CT: 14
 - MRI: 13
 - PET/CT: 2.3
 - Nuclear Med: 8.5
 - Ultrasound: 18
- Historic use patterns typically understate true market potential
 - Expanded applications
 - Increased populations

Evaluating Select Opportunities – A *Decision Checklist*

Technology	Mission/Vision Consistency	Physician Support	Trained Physicians	Tech Staff Capabilities and Interest	Tertiary Relationships	Facility Adequacy	Cost Relative to Others	Timeframe to Develop	Payment Outlook	Market Demand	Impact on other systems	Score
<i>Imaging - 16+ slice CT</i>	3	2	3	3	2	2	2	2	3	3	3	27
<i>Invasive/Interventional Cardiology</i>	3	2	1	1	2	1	1	1	3	2	3	20
<i>Orthopedic surgery - total joints</i>												
<i>Virtual colonoscopy</i>												
<i>Endoscopy</i>												
<i>Ultrasound guided surgery</i>												
<i>Minimally invasive surgery</i>												
<i>Sleep lab</i>												

Scoring:
3=High
2=Med
1=Low



Evaluating Opportunities - Scoring

- 24-33 – Strong opportunity exists to proceed with business plan
- 16-24 – Proceed cautiously, develop strategies to address lower scoring criteria
- Less than 16 – Proceed cautiously; may require strong partnership commitment to succeed

Challenges to Success

- Capital
- Community perception
- Regulatory approval
- Staff recruitment and training
- Physician, physician, physician

Overcoming the Challenges – *Exploring Partnerships*

- Capital is only first need for support
- Operating support key to new technologies
 - Staff training
 - Referrals and use
- Multiple partner opportunities exist
 - Tertiary or academic facility
 - Physician groups from metro areas/tertiary centers
 - For profit companies
 - Local physicians
- Partnerships can orient around program *or* technology
 - Cath lab vs. cardiology program
 - CT scan vs. outsourcing imaging

Evaluating Partnerships

Potential Partner	Upsides	Downsides
Local Physicians	<ul style="list-style-type: none"> •Support from referral source/medical staff •Community buy-in 	<ul style="list-style-type: none"> •Need for control
Specialty Physicians	<ul style="list-style-type: none"> •Gain expertise/quality •Increase ability to recruit/retain specialists •Physician back up 	<ul style="list-style-type: none"> •Practice sensitivity to local physicians may hinder ability to meet hospital objectives
Tertiary Provider or Academic Medical Center	<ul style="list-style-type: none"> •Access to capital •Expertise/quality processes •Staff education, training •Clinical back up •Recruitment assistance •Gain brand image 	<ul style="list-style-type: none"> •What are their motives? •Will they allocate promised resources? •Gain brand image
For Profit Niche Player	<ul style="list-style-type: none"> •Access to capital •Ability for a turnkey operation 	<ul style="list-style-type: none"> •Mission/vision may differ

Strategies for Overcoming Physician Challenges

- Partnership
- Service Line Management
- Practice Support
- Employment
- Competition

Strategic Physician Options

Strategic Alternatives	Medical Staff Support	Appeal to Community	Ability to Recruit and Retain MDs	Availability of Back-Up / Depth of Resources	Presence of Strong Leader	Financial Risk / Return	Supports Long-term Development
Partner with local group	Green	Green	Red	Red	Yellow	Red	Yellow
Partner with regional practice from tertiary referral center	Yellow	Yellow	Green	Green	Green	Green	Yellow
Partner with practice from academic medical center	Yellow	Yellow	Green	Red	Red	Green	Red
Establish own cardiology group	Yellow	Yellow	Green	Green	Red	Green	Yellow

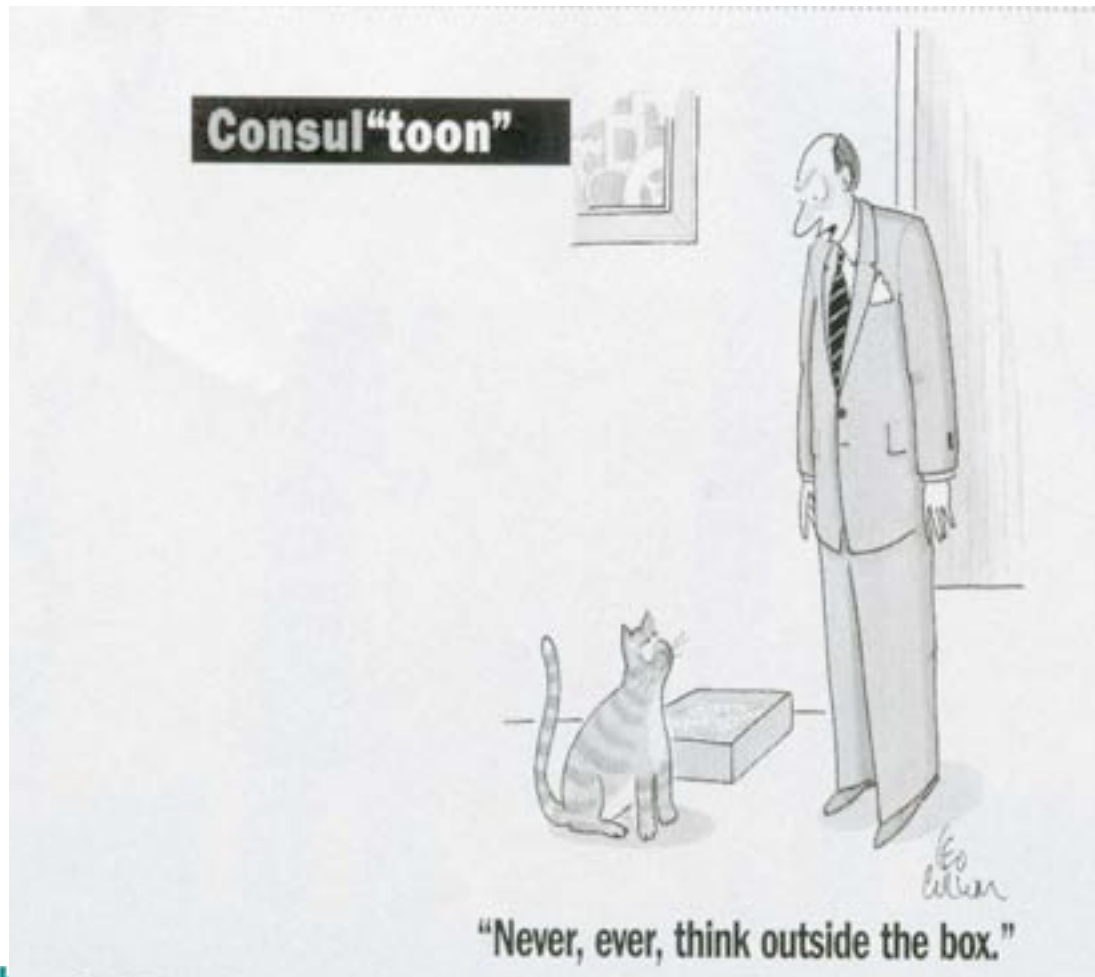
Legend:
 Red – Unfavorable
 Yellow – Neutral
 Green - Positive



Parting Thoughts

- Small/rural providers must find ways to adopt new technologies and clinical advances or the gap between healthcare ‘haves’ and ‘have nots’ will widen
- Technological advances should be viewed as enablers, not threats, to small/rural providers
 - Considerable opportunities for growth
 - Threat that we must be able to compete on quality
- Many larger organizations have realized the opportunities in smaller communities and are willing to partner in multiple ways to capture growth

And Finally.....



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