

Integrating Strategic and Facility Planning

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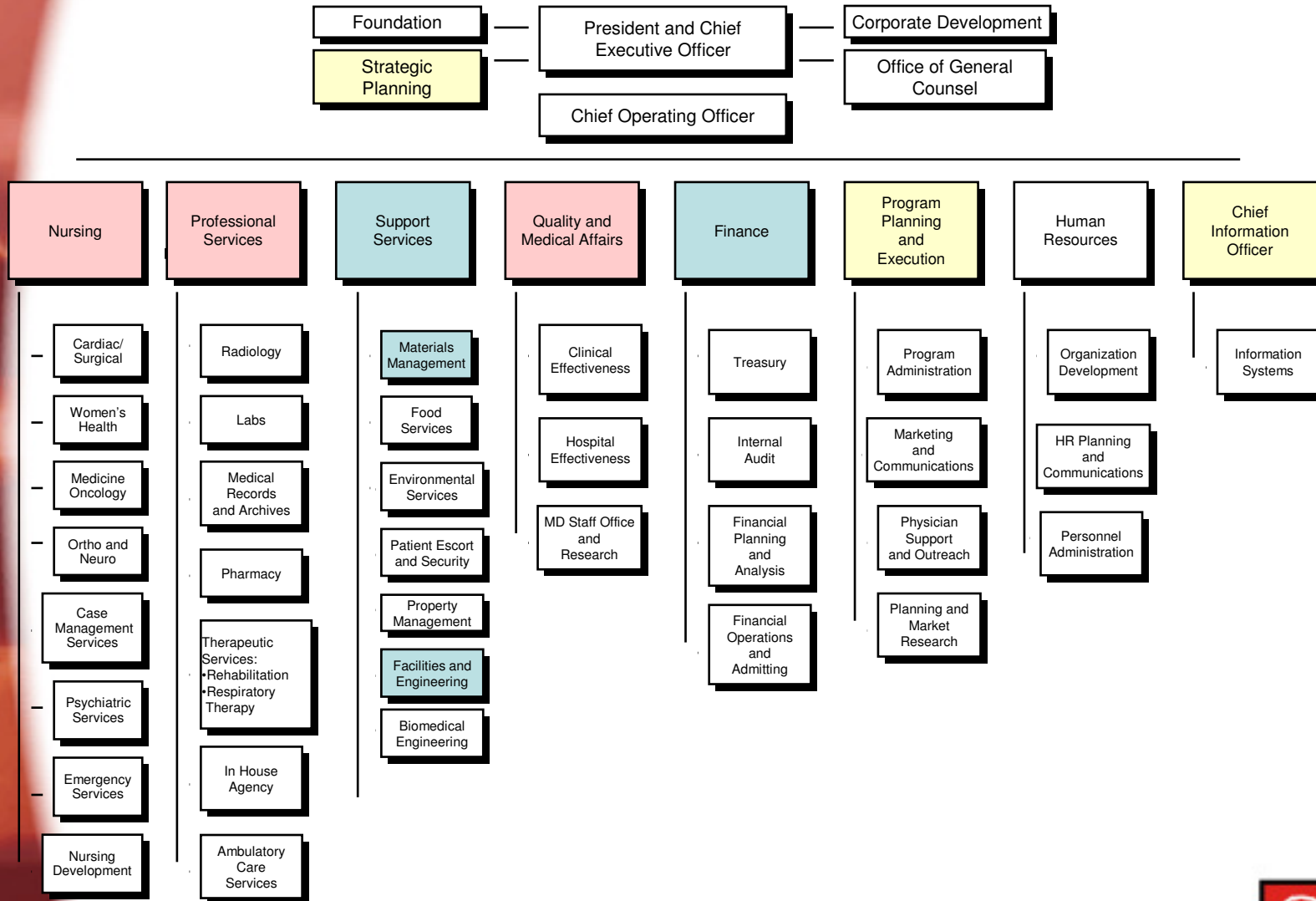
Context for Integrating



Why an Integrated Approach?

Why Build?	Strategic Questions
<i>Aging Facility</i>	<ul style="list-style-type: none">• <i>What is delivery system vision?</i>• <i>Do we maintain current location(s)?</i>
<i>Operational Efficiency</i>	<ul style="list-style-type: none">• <i>What is future operating model?</i>• <i>Efficient for whom?</i>
<i>Technological Advances</i>	<ul style="list-style-type: none">• <i>Are we leading edge or fast followers?</i>
<i>Consumer Demands</i>	<ul style="list-style-type: none">• <i>How much are consumers driving decisions in our market?</i>
<i>Population/Demographics</i>	<ul style="list-style-type: none">• <i>How does age mix affect needs?</i>• <i>How does cultural mix affect design/space?</i>
<i>Competition/Market Share</i>	<ul style="list-style-type: none">• <i>How will we differentiate ourselves?</i>

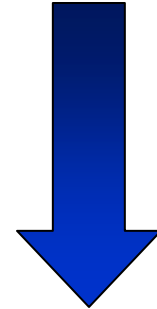
Dis-integrated Organizations....



...Lead to Dis-integrated Processes

- **Strategy**

- Driven by market forces
- Customers – consumers, physicians
- Priorities – market share, quality



- **Facilities**

- Driven by internal demands
- Customers – staff, physicians?
- Priorities – safety, efficiency



Dis-integrated Processes Cost Millions

- ***200 bed regional referral center had facility driven strategic plan***
 - Rapidly growing market
 - Facility focus on design with little emphasis on function, efficiencies
 - Hospital is beautiful but has limited ability to expand, is landlocked, and low operating margin.
- ***200+ bed suburban hospital invested heavily in a beautiful women's center to attract more ob business***
 - Payor mix predominately Medicaid
 - Facility did not support changes in care patterns
 - Hospital unable to address more significant facility needs (ED, patient rooms)

The Planning Hierarchy



The Conceptual Framework



“Form follows function..”

-- Louis Sullivan

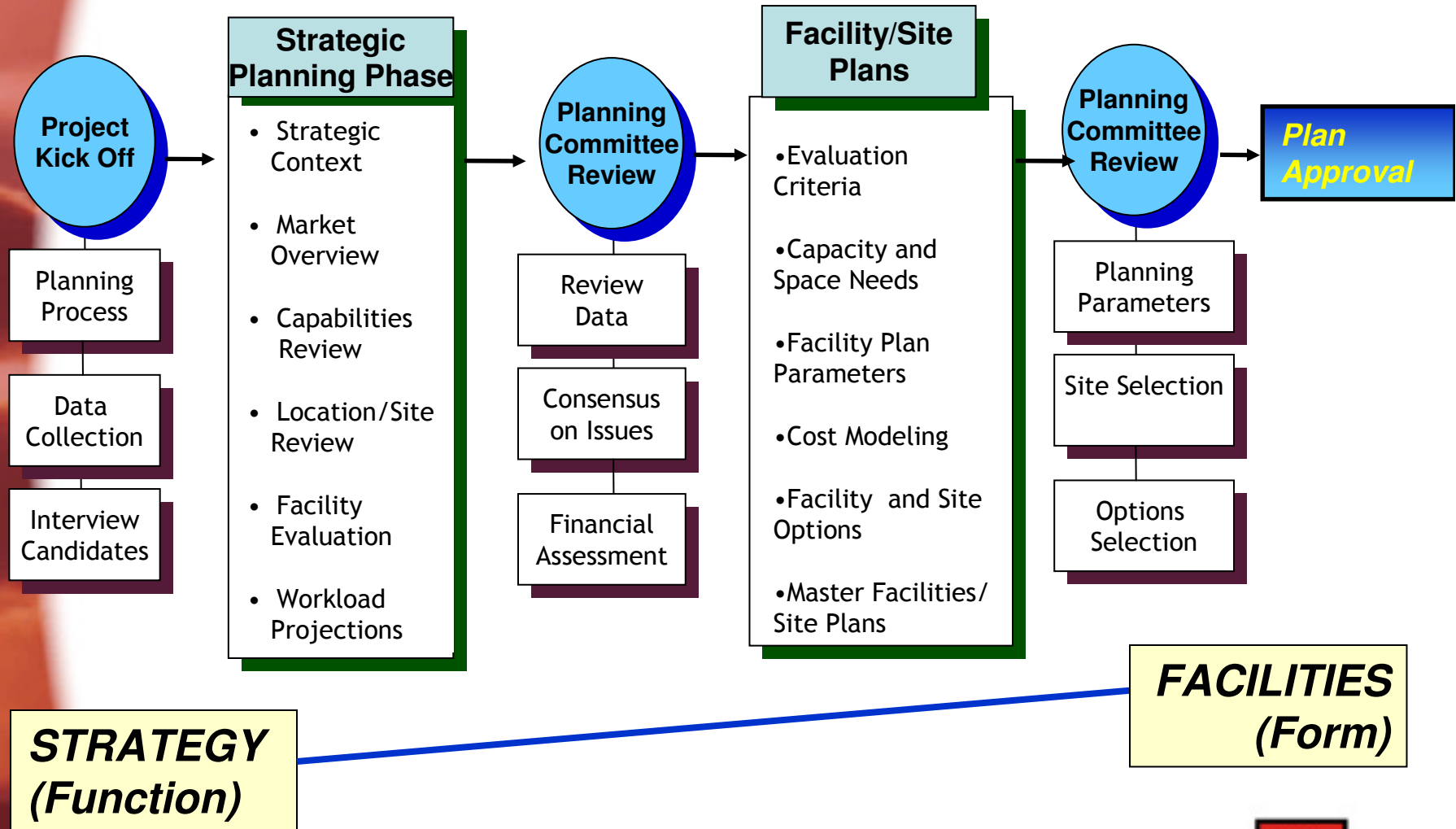


Leading Questions

- ***What is vision for the future? How will we position our organization in the future market? What will differentiate us from competition?***
- ***What are key short and long term strategies?***
 - Services
 - Physicians
 - Market
 - Quality/Efficiency
- ***How is the facility affecting our ability to achieve our vision and strategies?***
 - Old facility in and of itself is not a problem
 - Problem could be access, efficiency, quality, other
- ***What are competing capital needs?***



The Integrated Process



Why Build?

- ***Aging facility – 51 %***
- ***Operational efficiency – 43%***
- ***Technological advances – 35%***
- ***Consumer demands – 31%***
- ***Population/ demographic need – 31%***
- ***Competition/ market share – 29%***

Strategic Master Facility Plan Case Study - Smith General Health System



Smith General Health System

- ***Two hospital system in a semirural area***
 - 175-Bed Smith Hospital
 - 70-Bed Taylor Hospital in neighboring town
 - Smith Hospital is market leader
- ***County over-bedded***
 - Third hospital near Taylor campus; bad history with Smith
 - Taylor volume low and declining
 - Smith Board has no interest in any merger or collaboration discussions with competitor
- ***Smith and Taylor both older, well maintained facilities***
- ***Strategic plan focus on smart growth; master facility plan needed to support vision***

Project Approach

- ***Phase 1 – Confirm Strategic Vision***
 - Interview key decision makers and stakeholders
 - Review previous plans and reports
- ***Phase 2 – Determine Service and Space Needs***
 - Complete market assessment
 - Complete facility review
 - Project future volume/service needs
 - Project future clinical and support space requirements
 - Identify strategies to position System for future
- ***Phase 3 – Develop Facility Master Plan***
 - Develop space allocation program
 - Develop site and facility master plans
 - Develop construction phasing/implementation plans



It Starts with a Vision

Smith Hospital will be an indispensable resource to, and the preferred hospital provider for, residents of XXX County and the surrounding region

Strategic Plan - How Do We Achieve Our Vision?

- ***Growth***
 - Increase market share
 - Increase outpatient volume
- ***Physician Alignment***
 - Recruitment/retention
 - Access
- ***Quality***
 - Improve quality
 - Improve satisfaction
- ***Performance***
 - Service and resource priorities
 - Manage practice patterns



Implications of Plan on Facility

- ***Facility plan drivers***
 - Increase capacity to accomplish strategic goals and projections
 - Improvements to workflow and efficiency
 - Maximize utilization of existing facility assets where possible
 - Create a care environment that attracts patients, physicians and staff
- ***Key facility issues – problem areas***
 - Existing facility capacity and utilization
 - Operation and workflow
 - Engineering needs and/or deferred maintenance issues



Priority Issues and Departments

- ***Inpatient capacity***
 - Very high occupancy rates on acute care units
- ***Private rooms***
 - Only 40% private currently
 - Semi-private rooms include two 4-bed wards
- ***Observation patients***
 - Currently go to acute care units
 - Impact of CDU?
- ***Emergency***
- ***Lab (Fragmented)***

Existing Facility - Opportunities

- *Existing shell space (+17,000 SF)*
- *Old surgery department (highest and best use)*
- *Vacant unit*
- *Psych unit (moving off campus)*
- *Off-campus buildings (highest and best use)*
- *Potential vertical expansion*
- *Additional properties adjacent to campus*
- *Private rehab facility?*

Facility Plan Goals

- *Increase private room mix*
- *Maximize unused space*
- *Limit new construction*
- *Last 10-15 years*

Facility plan goals driven by vision as well as known financial constraints

Consider Off Campus Strategies in Campus Projections

- ***Diagnostic center(s)***
 - Basic x ray
 - Mammography/women's center
 - Potential CT
 - MRI?
- ***Urgent care***
 - Option A – on campus
 - Potential to defer volume to lower cost setting
 - Option B – off campus
 - Benefit is increased volume, market capture
- ***Other (not facility drivers but potential to increase volume)***
 - Physical therapy
 - Lab/draw station

Volume Drivers

National Trends	Local Impact
<i>Aging Population</i>	<ul style="list-style-type: none"> • <i>How will LOS be affected?</i> • <i>What should be done to better manage chronic medical conditions like diabetes?</i> • <i>What about the need for other settings such as home health?</i>
<i>Increasing Consumerism</i>	<ul style="list-style-type: none"> • <i>How to gear up for a more "retail" oriented market?</i>
<i>Escalating Competition</i>	<ul style="list-style-type: none"> • <i>What can we do to differentiate and compete more effectively?</i>
<i>More Aggressive Payers</i>	<ul style="list-style-type: none"> • <i>Will we be able to continue to command premium reimbursement rates?</i>
<i>Advances in Technology</i>	<ul style="list-style-type: none"> • <i>What is our strategy with regard to technology adoption?</i>
<i>Healthcare Reform</i>	<ul style="list-style-type: none"> • <i>What volumes will increase? What will decrease?</i> • <i>How will physicians be integrated?</i>

Projections Assumptions

- ***Inpatient***
 - Use rates decreased 5% over planning horizon
 - ALOS decrease by 10% over planning horizon
 - Market share increase by service line
 - Small changes to in-migration for pulmonary, vascular and orthopedics
- ***Outpatient***
 - Increase in market penetration to reflect technology advances and market share shift
 - Significant increase in sleep lab penetration to more closely reflect other similar communities



Incremental Bed Needs

	Current BEDS in Service	Projected Need 2012	Projected Need 2017	Additional Beds Required to meet Bed Needs
ICU/CCU	18	23	24	6
PCU	23	32	32	9
Med/Surg	96	98	100	4
OB	16	16	16	0
Behavioral Health	22			0
	175	169	172	19

Assumes psych patients are shifted to St. Lukes

Additional Beds Required

Excludes Nursery and CDU

Minimum additional beds required



Room Needs - All Private

	Current ROOMS in service	Projected Need 2012	Projected Need 2017	Additional Beds Required to Achieve 100% Private
ICU	18	23	24	6
PCU	21	32	32	11
Med/Surg	59	98	100	41
OB	12	16	16	0
Behavioral Health	13			0
	123	169	172	58

Assumes psych patients are shifted to St. Lukes

Additional Beds Required

Excludes Nursery and CDU



Operational Issues

- ***Psych / CD patients in ICU***
 - Will these patients go to Taylor campus?
- ***Lack of proper PCU / Step-Down***
 - Currently staffed as medical/surgical unit
- ***Observation patients***
 - Huge impact on acute care units
 - ADC 30 throughout hospital

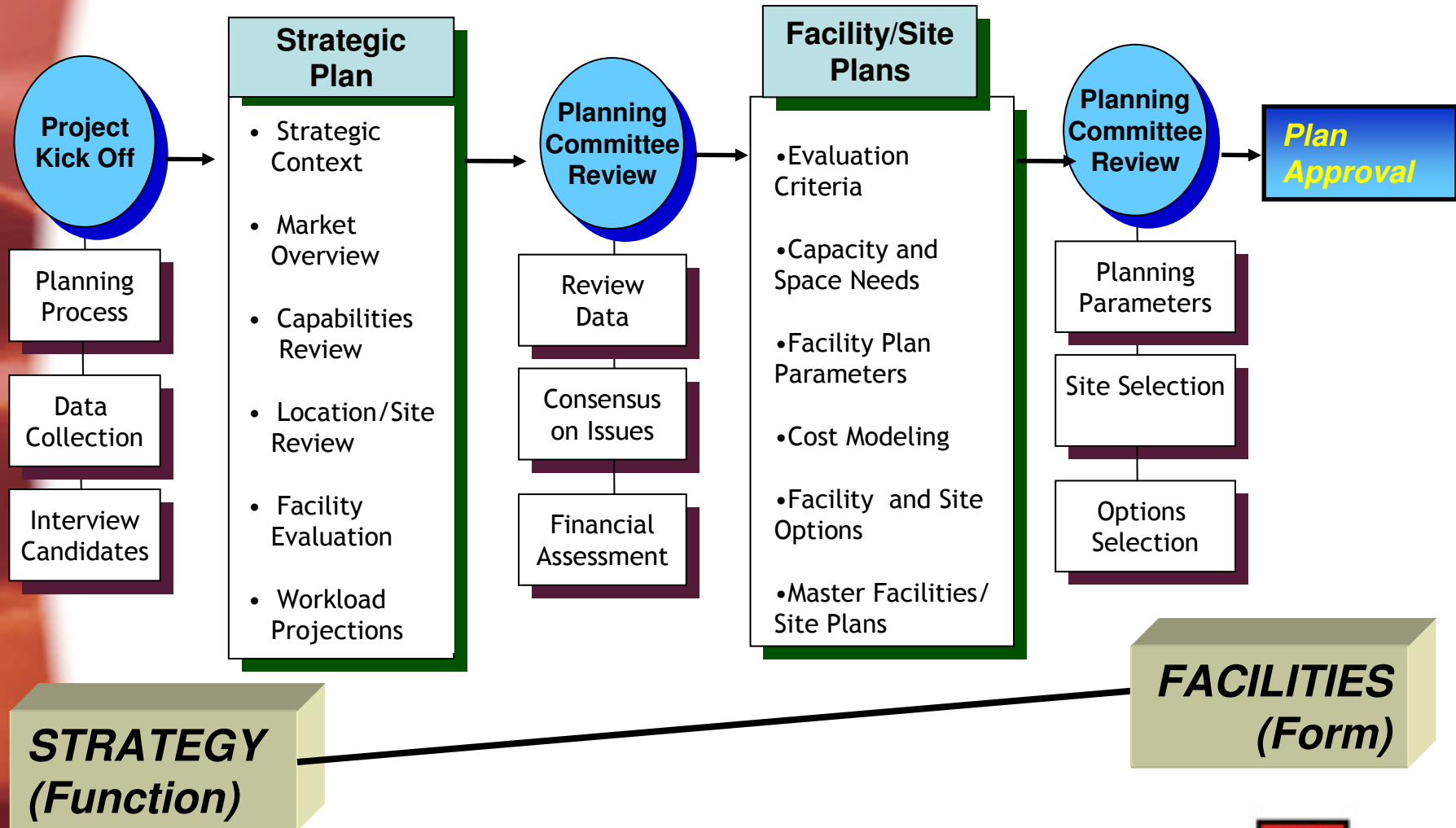
Bed Expansion Options

- ***Option A – Most Conservative***
 - No new construction
 - Mix of private rooms improved from 41% to 64%
 - Observation patients treated on acute care units
- ***Option B – Add dedicated Observation Unit***
 - Provides for 16-bed expansion of CDU
 - Accommodates approx. 60% of observation patients
 - Mix of private rooms improved to 81%

Options Discussion

<i>Board Expectations</i>	<i>Option A</i>	<i>Option B</i>
<i>Private Beds (Med/Surg)</i>		
<i>Critical Care/Step Down</i>		
<i>Maximize Unused Space</i>		
<i>Flexibility</i>		
<i>Cost</i>		

The Integrated Process



Questions?

Contact



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