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centers of excellence: big opportunities, big dividends

No topic in the field of healthcare growth strategies is as hot as centers of excellence.

Healthcare organizations recognize that focused attention on clinical service lines yields big dividends—more patients, higher margins, and funds to support continued growth. And focus—a key term for organizations pursuing competitive strategy—is strategically appropriate and beneficial in one or more service lines for most organizations.

This column addresses a single service line that is often the focus for a center of excellence: cardiovascular services. Other service lines on which hospitals often focus include cancer, neurosciences, musculoskeletal, and women's and children's programs.

Why Cardiovascular Centers of Excellence?

Cardiovascular disease is the No. 1 cause of death in the United States and accounts for huge and rapidly growing healthcare expenditures, fueled by technology innovations and population aging. Cardiovascular programs continue to be the most profitable business line for many healthcare organizations, making it possibly the most intensely competitive service line nationally. Nevertheless, there are underdeveloped niches, such as vascular services, that show great promise for the next decade. Cardiovascular services are the lifeblood of even average healthcare organizations and should be a focus for strategic development in the future.

In structuring and executing your cardiovascular services strategy, you should ask the following questions about four critical aspects in play:

- > Product: How broad and deep should our offerings be? What aspects of cardiovascular care are areas of distinction for our organization?
- > Markets: How can we expand into new markets, deepen penetration of existing markets, and defend current markets?
- > Position: How can we carve out a distinctive position in cardiovascular care and, potentially, one that creates halo effects for the overall organization?
- > Unique capabilities: How can we bring unique technological, staff (medical and other clinical), facility, financial, research, education, or other capabilities into the cardiovascular program to support its growth and development?

If you haven't pursued centers of excellence, it's probably not too late, and cardiovascular care frequently has much potential. If you already have a cardiovascular center of excellence, there is probably opportunity for even greater community and financial benefits.

Case Study: Building a Strong Community Cardiovascular Center

In 1998, Doylestown Hospital, a medium-sized community hospital in a growing Philadelphia suburb, offered ambulatory cardiac diagnostics, diagnostic catheterization, and acute cardiology services, operated and delivered by the voluntary medical staff and hospital without much coordination, integration, and differentiation. During strategic planning, the hospital realized the magnitude of the opportunity it was missing, both directly and in spin-off benefits for the organization and community.

Like many basic programs, Doylestown's initial efforts to raise cardiovascular services to a higher level focused on product development and providing the supporting resources to make this effective. A heart institute advisory board was formed to oversee program development. Doylestown worked with existing groups to develop and market invasive cardiology services and recruited a strong team of cardiovascular surgeons. It positioned the program from the outset as a high-quality cardiovascular provider and invested heavily to support this goal.

The results of aiming high have been impressive. Quality indicators and patient satisfaction are among the highest of any cardiovascular program in the Philadelphia region. In FY05, Doylestown Hospital's cardiovascular business represented about one-quarter of total hospital revenues.

Not resting on its laurels, the hospital recognized that important challenges and opportunities remain and that a second stage of cardiovascular development is now called for. This stage will require creating a larger and broader referral network, formalizing product development efforts with a focus on certain subspecialty/niche areas

and vascular care, and making rapid quality gains to stay ahead of the competition and maintain its competitive advantage. Doylestown Hospital recognizes that to maintain its cardiovascular center of excellence, it must make some difficult changes to grow and develop. The alternative is not just the status quo, but also a downward spiral that loses the gains of the past six years.

Case Study: Bringing New Cardiovascular Services to the Local Market

Oklahoma's Stillwater Medical Center is a sole community provider located between Tulsa and Oklahoma City. The hospital's medical staff first welcomed a cardiologist with a full-time practice in Stillwater in the early 1990s as part of an overall migration from a community hospital providing basic medical and surgical care for Stillwater residents to a regional provider serving a multi-county service area.

Hospital leadership targeted cardiac care as an important component of regional growth. Program development efforts in the mid-1990s focused on physician recruitment and new service development. By 2000, local residents no longer had to travel to Tulsa or Oklahoma City for basic cardiology care because there were now three cardiologists in Stillwater, and diagnostic cardiac catheterization, started in 1994, was in full swing. Stillwater's cardiology discharges in 2000 doubled from early 1990 levels, and nearly 1,000 procedures were performed in the cath lab.

The program's outlook was threatened by new heart hospitals in both Tulsa and Oklahoma City opening in 2000 and 2002, resulting in a downturn in Stillwater's cardiac volumes. Stillwater's 2002 strategic plan called for advancing subspecialty capabilities in cardiovascular services rather than facing further erosion. The capital

implications of this decision were challenging since replacement of the decade-old catheterization lab was difficult to justify with small and eroding catheterization volumes.

Subsequent cardiovascular planning explored the potential for coronary angioplasty with off-site cardiac surgery backup, a topic receiving much national attention. Stillwater plans to join three other Oklahoma hospitals in offering these services. Planning also unearthed many largely untapped opportunities in vascular and interventional radiology services.

Stillwater is now planning to replace the existing catheterization lab with a dual lab that will accommodate all interventional cardiovascular activity. A new 64-slice computed tomography scanner capable of advanced cardiac diagnostic imaging rounds out the expanded scope of services available to local residents. The biggest challenge will be recruitment of one or more cardiac intervention-
alists, vascular specialists, and interventional radiologists to spearhead the new programs.

Case Study: A National Leader Competing for Market Dominance

Saint Joseph's Hospital of Atlanta has one of the largest and highly respected cardiovascular programs in the country. Saint Joseph's Center for Heart and Vascular Care offers a comprehensive range of cardiovascular services ranging from community-based prevention and education to cutting-edge surgical procedures, including advanced robotics and heart transplantation.

The scale of Saint Joseph's program is immense: 8,500 cardiac catheterizations, 4,200 coronary angioplasties, and 1,500 open-heart surgeries. There are more than 125 well-trained cardiovascular physicians on the medical staff. National recognitions include being named as one of the

nation's top 100 hospitals for cardiac care four years in a row, and five-star ratings in HealthGrades in several heart and vascular areas.

A clear centerpiece of Saint Joseph's strategy is continuous innovation. Saint Joseph's was the first hospital in the state to perform robotic-assisted, totally endoscopic, closed-chest heart surgery in 2002 and introduced the city's first vascular rehabilitation program to help patients with peripheral vascular disease in 2004. Such innovations, while glamorous, can be extraordinarily expensive and require ongoing revenue growth to support.

An innovation strategy also requires highly entrepreneurial physicians actively involved in outreach and clinical research. The Atlanta Cardiology Group, a 30-physician practice with an extensive network of satellite offices, is involved in more than 500 FDA-approved clinical trials and coordinates regional educational programs for cardiovascular clinicians.

The program development challenges facing other cardiovascular programs such as competitor encroachment, capacity constraints, competing capital and program development priorities, contentious physician-hospital relationships, and accessing untapped market segments can be amplified by scale. Imagine balancing competing interests and opinions of almost 100 cardiologists. Consider the discipline required to pursue vascular and cardiac disease prevention opportunities in the shadow of world-class open-heart and transplant programs.

After reaching a plateau in the late 1990s, refocusing the innovation strategy has helped Saint Joseph's continue to grow and develop. From 2000 to 2004, the heart and vascular program experienced a 20+ percent increase in catheterization lab

activity and open-heart surgery volumes held steady in a down market. An ambulatory cardiovascular building now under development will provide important infrastructure for future growth.

Closing Observations

Today's open-heart surgery and angioplasty program development issues will persist, but vascular and ambulatory growth opportunities identified by these case study organizations will likely receive more attention in the future.

There is room for cardiovascular services development in most organizations and markets. Smaller players can carve out meaningful niches, and even the most seemingly dominant players must fight for their share of the market. Centers of excellence that achieve a sustained pattern of growth over time are those that encourage periodic assessments of direction and strategy to refocus and refine efforts. ●

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