

Capturing New Opportunities in CV Services Part I: Understanding the Change & Challenge

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Hearts are Hot!...and as the population ages and the demand for quality intensifies, developing a market-leading cardiovascular service line must become a key priority for hospitals and health systems. In fact, the cardiovascular service line is among the most financially rewarding for acute care facilities, sometimes generating over 40% of a hospital's net revenue—and this opportunity can convert to even more in profit with astute business management.

But developing a quality-focused and profitable CV service line comes with its challenges. Without a clear strategy, diligent operations management, and close fiscal scrutiny for these high-end and high-volume services, opportunities for new revenue and market share growth will be lost.

This focus on cardiovascular services begins with staying abreast of the continuous—literally daily—changes in the industry at large. This implies a need for thinking strategically about the impact of new and often expensive technology, changes in clinical practice that will affect the current delivery model, and emerging market developments including regulatory changes in CON at the state level or a growing adoption of physician-hospital joint ventures in Heart Hospitals.

Changes and Challenges are escalating as a result of some broad market trends that are directly impacting the cardiovascular service line:

The **Manpower Shortage** is affecting the hospital workforce throughout the country. This is especially true in the cardiovascular specialty where the available manpower supply of cardiologists, cardiac anesthesiologists, nurses, and technologists is not keeping pace with a yearly rise of 13% in the incidence of cardiovascular disease in the United States (*Business First*). Subspecialty-trained physicians in Electrophysiology, Vascular Interventions, and Heart Failure Management are in even shorter supply.

This manpower shortage in the cardiovascular specialty contrasts starkly with a market demand that is increasing, and will continue to as

- 1) The population ages and Americans live longer with chronic cardiovascular disease;
- 2) More techniques to diagnose and treat the disease become available for more people;
- 3) Hospitals and physicians expand or add new cardiac and vascular programs to capture the opportunity. This converts to challenges in higher salaries and fierce competition for scarce talent and training.

Technology Advances in healthcare, but particularly cardiovascular care, are in the news daily as investors and industry suppliers continually seek new ways to launch better drugs and devices, advance clinical practice, and improve patient outcomes. Today, this is witnessed very clearly in the marketing campaigns and aggressive competition among the developers of drug eluting stents. While the latest trials show major improvements in clinical outcomes for a segment of patients, a huge new cost has been added to the bottom line with little opportunity for hospitals to negotiate. Link just this one technology change to a few other innovative yet expensive cardiovascular investments like sophisticated pacemakers, drug therapies, and robotic surgery and *accepting the change and managing the challenge* become the mantra for this service line.

Progressive Clinical Practice in cardiovascular care goes hand-in-hand with standardizing results, an abundance of research, and the fruits of new technology. For example, the growing adoption of PCI procedures in the community setting without on-site open heart surgery services represents a dramatic change in practice that is gaining the attention of the industry and a formidable challenge to existing providers of coronary angioplasty programs. The very safety and standardization of complex

cardiac procedures, as well as access to experienced practitioners, have fueled a shift of open heart surgery, electrophysiology services, and even transplant programs to the community setting.

Regulatory Pressures are acute in cardiac services where the revenue opportunity warrants unrelenting pressure to expand cardiac services in states with Certificate of Need (CON). The recent federal moratorium placed on physician investment in heart hospitals highlights the government interest in this service line, compounded by the high degree of Medicare coverage among the at-risk cardiac population. With every regulatory change comes another challenge and decision—how to respond to new competition or whether to add the new service opportunity.

Facility Investments represent another change and challenge in cardiovascular services to the tune of over \$200 billion last year. And there is no sign of a downturn in cardiac construction as the demand for beds and care increase. Heart Centers, Heart Pavilions, Heart Hospitals, and Cardiovascular Research Institutes are a visible sign that an organization is *serious* about this service line. Keeping up with the changes in clinical practice and technology require a progressive infrastructure to reap the rewards in efficiency and new market share. However, an organization must be prepared with the dollars to invest and the challenges to the balance sheet.

Innovative Care Delivery models are changing as well, offering new and innovative ways to treat cardiovascular patients. To stay ahead of the curve, leaders must consider new delivery models at the bedside, with innovations such as the Cardiac Universal Bed, a progressive design to bring specialized care efficiently in one setting from procedure through discharge. Although Corazon advocates the CUB model to improve clinical outcomes; reduce operating costs; and enhance patient, family, staff, and physician satisfaction, the costs in facility changes and staff resistance must be overcome.

Physician-Hospital Ventures are also a growing force in the cardiovascular service line as heart doctors seek new sources of revenue or feel compelled to partner or compete for echocardiograms and nuclear cardiology, cardiac catheterization procedures, and even the entire scope of services found in a full-service Heart Hospital. Addressing how to accommodate the physician interest, while balancing the financial requirements of the hospital, represents an enormous challenge to leadership.

How to Master Change and Challenge in Cardiovascular Services?

With just this sampling of the wide range of pressures on the cardiovascular service line, the need for an organized approach and a solid 'go-to' person is paramount to success. The program champion, the 'Cardiovascular Executive,' is central to the communications and strategy of the service line. With a capable leader in place—one who is empowered to negotiate through the changes and challenges—the cardiovascular service line is poised to capitalize on the change and capture the opportunity found in the challenge.



Jackie is the Founder and Chief Executive Officer of Corazon Consulting. Corazon is a national leader in specialized consulting services for CV program development from strategic business planning through clinical implementation. Corazon combines business planning, market and financial analysis, feasibility studies, clinical operations, Heart Hospital design, best practice benchmarking, and staff education for newly established or existing programs

Corazon is a 2003 Ernst & Young Entrepreneur of the Year Company.
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