

As seen in ***Hospital News***

Heart Hospitals—A Review of National Trends

By Susan Heck

There is a growing national trend for hospitals to organize and integrate cardiovascular services to provide efficient cost-effective care. Management structures in the form of service lines and centers of excellence have evolved into institute and **heart hospital** organizational structures and facilities.

Corazon has conducted a review of programs that claim distinct cardiac services lines organized as a “hospital within a hospital” heart centers, freestanding heart hospitals, or stand-alone heart hospitals. In reviewing these programs, several trends are evident, and are reflective of Corazon’s experience in the industry.

Generally, heart hospitals describe themselves as “freestanding” when the physical plant is adjacent and connected to the main hospital facility with some reliance on the main hospital for core services. Heart hospitals that share no core infrastructure with a host hospital are described as “stand-alone” facilities. The “hospital within a hospital” description is used when cardiac services are integrated within existing hospital infrastructure, but with distinct reporting, financial, and physical identities.

Heart Hospital Models

Hospitals across the country are making major investments in the infrastructure necessary to support cardiovascular care. Corazon’s survey revealed a broad array of dollar investment in heart hospital construction from \$38 million to upwards of \$100 million.

The motivation for the commitment of resources varies from market to market. Most programs describe their motivation for making substantial investments in heart hospitals as multi-faceted. They cite the fierce competition among local competitors, the need to capture or secure cardiac market base, and the desire to grow market share as reasons for proceeding with aggressive building plans. Their investment strategies focus on blending facility and technology dollars, and their efforts provide the following:

- **Visibility**

The end result gives the programs a new ability to differentiate themselves in their marketplaces. New cardiac-focused facilities are a visible symbol of the importance of this service line to their medical staff, employees and the public.

- **Marketability**

The ability to develop marketing strategies that combine a new visible physical plant, state-of-the-art technology, and consumer-targeted and packaged program components can be a tangible advantage in a competitive market.

- **Access**

New space configuration affords the hospital the opportunity to offer patient/family-friendly space, designed to meet the demands of the modern health care consumer. A provider focus on the “one-stop-shopping” concept appeals to patients and physicians alike. Centralized scheduling and registration functions, ease in parking and navigation through facilities, and linkages with other community medical providers are all aspects of the “user friendly” expectations of today’s medical consumer and physicians.

- **Efficiency**

Significant declines in hospital-wide margins have forced the industry to search for creative ways to reduce expenses. Most organizations have taken many steps to reduce personnel and supply expenses, but these actions often reach a point of diminishing returns in traditional care settings. New facility designs offer hospitals the infrastructure to move to new levels of cost reduction. For instance, new service adjacencies may allow for cross training of employees and consolidation of services, which decrease patient transfers and resource utilization.

- **Technology**

Changes in technology have greatly influenced the clinical practice, setting of care, and length of stay related to the delivery of heart services. Health care futurists predict new technologies will continue to change and influence cardiovascular care delivery. Twenty first century medical tools and technology such as Cardiac Magnetic Resonance Imaging (CMRI) and Cardiac Magnetic Resonance Angiography (CMRA), robotic-assisted heart surgery, and pharmacologic interventions provide opportunities to provide new, less invasive treatment options for patients. Hospitals are

reacting to these technology predictions by designing health care facilities and space that can be flexibly used or redesigned with minimal investments to meet the changing technology landscape.

Heart Hospital Branding and Naming

Another trend in heart hospitals is the branding evident in the naming of these new facilities. Some hospitals are designing programs with multi-specialty components and positioning the programs to capitalize on the synergies between the specialties. Examples of this multi-specialty branding include The Jewish Hospital Heart and Lung Institute in Louisville, Kentucky; Miami Cardiac and Vascular Institute in Miami, Florida; and Michigan Heart and Vascular Institute.

A second branding strategy is naming facilities to reflect the intended geographic reach of the program. Mid-America Heart Institute (Kansas City, MO), The Cardiovascular Institute of the South (Huoma, LA), and Prairie Cardiovascular Institute (Springfield, IL) are examples of programs that are positioning their Institutes to reflect a broad geographic market.

The naming of facilities for a major donor or in honor of a renowned physician is also a strategy being used by some organizations. Texas Heart Institute’s new Denton A. Cooley Building reflects the organizations attempt to honor its premier cardiac surgeon and reach out to a grateful community for support.

Heart Hospital Joint Ventures

Corazon’s research indicates that there is currently a cautious approach to joint venture relationships between physicians and hospitals. The current regulatory environment is viewed by many to be fraught with uncertainty. Federal and state regulations are regularly amended, re-issued and reinterpreted. Stark I and II regulations, and heightened scrutiny from the Office of the Inspector General (OIG) and Internal Revenue Service (IRS) have necessitated the costly intense involvement of legal counsel in joint venture arrangements.

Heart Hospital Physician Involvement

The final trend relates to the involvement of physicians in the organizational structure of the heart centers. A common denominator at each of the heart centers is the assumption of a leadership role by at least one cardiologist, CV surgeon or cardiology group. The collective experience of those surveyed attests to the importance of physician involvement in the planning and management process. Their experience demonstrates that strong physician leader/s are the unifying force that helps to articulate and execute the vision and strategies that will align hospital and physician incentives, improve quality outcomes, and control costs.

Future Considerations

A growing number of hospitals across the country are evaluating cardiovascular services and their existing physical plants to assure they are positioned for the future. The decision to invest in new heart hospital construction or reconfiguration of existing space for distinct cardiac services needs to be supported by a solid business strategy. The organization is also wise to evaluate the impact of a “do nothing” position in a competitive marketplace. Organizations who are prepared to make the bold move to the next generation of heart service delivery models have the opportunity to dramatically change market forces within their communities.



Susan N. Heck is a Director with Corazon Consulting, LP, a national leader in specialized consulting services for cardiovascular 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 cardiovascular programs.

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

Call 412-364-8200 or visit www.corazon-consulting.com.