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Smart Strategic Planning for Cardiovascular Services

By Karen Hartman

Cardiovascular disease remains the top cause of death in the United States. As the nation's elderly population grows, the need for advanced cardiovascular services, in both urban and community settings, will rise exponentially over the next decade. Hospital C-suite members should put smart strategic planning for the cardiovascular services service line on the front burner. Hospitals that implement a cardiovascular program strategic plan can avoid volume erosion and maintain profitability.

Cardiovascular services can account for up to 40 percent of the net revenue of an acute care hospital, regardless of its size or scope of services. Successful cardiovascular programs can help make up for revenue declines in a hospital's other service areas. Hospitals need to quickly react to industry changes by retooling their cardiovascular programs to meet changing needs.

The number of cardiac and vascular specialty programs is growing nationwide. As some states ease certificate of need regulations, and with continuing efforts to ensure safe clinical practice in hospital settings, hospitals increasingly are providing advanced cardiac and vascular care. As a result, industry competition for the profitable cardiovascular patient is on the rise. In fact, The Corazon National Survey for Benchmarking Cardiac Program Performance shows that 64 percent of the 101 national participants plan to add services or programs to their cardiovascular continuum over the next year, with many focused on the vascular and heart failure specialties. The survey also found that 78 percent of respondents are planning new space as a result of facility renovation or expansion. The most commonly identified expansions cited are catheterization labs and beds devoted to cardiac patients.

The Need for a Plan

Considering the competitive environment and the difficulty involved with creating a progressive, but practical course of action for a large, complex clinical service line such as cardiovascular, the best way to outdistance the competition and be on the forefront of industry change is to have a smart strategic plan in place. Effective planning is critical to the smooth functioning of this vital clinical specialty, especially when planning for major changes in service offerings or facility design. A formal process can ensure that long-term investments for the cardiac continuum produce lasting results. But this plan needs to be integrated with the financial plans of the organization and/or the capital situation of the cardiovascular service line.

Hospitals' capital needs include additional hospital capacity as the elderly population grows, IT upgrades, and the required amenities of future cardiac patients--baby boomers.

Strategic planning should include the formation of a cardiovascular advisory committee that includes key stakeholders, such as representatives from administration and the medical staff. This dedicated group needs to commit to attending the facilitation sessions and to actively and honestly contributing to the process. This feat can be difficult to accomplish given the many opinions and potential barriers that can arise when a diverse group of administrators and physicians come together on one project, especially one that everyone may not support from the start. By communicating openly and honestly, the committee can go a long way in generating trust and gaining support. Up-front communication with key stakeholders can save time and effort and eliminate conflict. Ensuring that all affected parties are informed of any changes in responsibility and understand how a change will affect them demonstrates that the leadership is sensitive to everyone's ideas. Arriving at a consensus and documenting the plans can keep a program on an established path from year to year.

Strategic Planning Milestones

The most successful plans begin with a time line (usually three – four months) that includes key actions, individuals accountable, and due dates. The following milestones should be completed in the strategic planning process.

Internal assessment. Members of the executive team, board of directors, medical staff, and management team should be interviewed by an unbiased party (i.e., an outside consultant) as early as possible in the process regarding their ideas about the facility's current market situation, the unique characteristics of the cardiovascular program, and opportunities for cardiac service line growth or expansion, any operational issues, and commitment to planning goals. These interviews can help leaders understand the diverse viewpoints involved. An evaluation of the current competition, the external market, and internal cardiovascular operations and a discussion about program goals and initiatives should also be addressed with this group.

External market analysis. A market share and utilization data analysis defining the current cardiac service area, trending utilization statistics for cardiac procedures in

the region, predicting population demographics, and presenting mortality and out-migration statistics should provide detail for the past three years and anticipated changes for the next five years. The hospital should use this information to project utilization and market share, taking into account practice and technology changes and population demographics. The projections should also include any changes expected due to new competitors, outreach opportunities, and physician staffing needs.

Integrating the internal and external analyses will help the CV advisory committee project volumes for expanded cardiovascular procedures.

Operations review. A smart strategic plan also should include a review of current operations related to the performance of cardiovascular services, including an evaluation of the program and its components and a review of floor plans to determine the impact of an expansion. This process will identify opportunities for (and sometimes barriers against) change, including staffing, organizational structure, technology, and equipment.

The operational assessment should also take into account how any changes in services will affect capacity needs, including beds, cardiac cath labs, and operating rooms. This approach is unique because the information considered relates to volume and uses a formula for calculating capacity for cardiovascular areas, including inpatient beds, cardiovascular operating rooms, and cardiac cath lab. It is important to complete capacity models for these areas using projected volumes, lengths of stay, and any resources required for patient turnover. The result should be an accurate estimation of facility levels. For example, the equation for determining the space needs and facility design for a cardiac cath lab is:

$$(\text{number of procedures} \times \text{procedure time in minutes}) + (\text{number of procedures} \times \text{room turnover in minutes}) \times \text{inefficiency factor} / \text{cardiac cath lab operating hours per year in minutes} = \text{cardiac cath labs required}$$

Strategies and initiatives. Aggregated findings from the interviews and evaluation of market, program, and operations should be presented to the cardiovascular advisory committee. This information then should be analyzed in conjunction with financial plans and used to develop a strategic plan for cardiovascular services that includes:

- * A validation of all planning assumptions to gain consensus
- * Endorsement by key constituents of the hospital and medical staff
- * A draft plan for deliberation of strategic direction and priorities
- * A comprehensive final plan that reports all findings and defines the goals, priorities, and recommendations for the development and growth of the cardiovascular program
- * An implementation work plan noting key actions, costs, and time frames for the endorsed strategies

Cardiovascular program strategies may include areas such as leadership, market outreach, physician and hospital partnering, space planning, and potential new services. The immediate focus should be on leadership, which can be an administrative component or a physician component or both. Strong leaders are needed to begin addressing strategies and implementing initiatives.

Over the past several years, the availability of many new practices and technologies have led to the redirection of cardiovascular programs. For instance, new and expensive technology such as 64-slice imaging equipment and drug-eluting stents are being adopted, angioplasty is replacing open-heart surgery in some cases, an influx of capital is being received from physicians investors (to specialty hospitals in particular), and angioplasty is becoming available at hospitals without on-site open-heart surgery. With these market dynamics, some cardiovascular programs are finding their market position has changed dramatically over the past few years.

As hospitals develop a plan and set a direction, they need to continually reflect on the committee's vision. What goals are to be accomplished? What is the desired end result of the initiative? A vision such as attain top 100 status for cardiovascular services has for a goal not only award status but also optimal clinical care, operational efficiency, and patient satisfaction--and the program's financial performance can contribute to or benefit from these positive achievements.

Identifying a goal is often easier than achieving it. How to reach a goal can be a daunting task, both financially and operationally. If cost did not matter, most goals would be easy to attain, but given increasing price tags for technology, qualified staff, and facility improvements, cost always has to be considered. Indeed, operational and fiscal performance are closely linked; thus, the strategic plan must be in sync with the capital plan to align a program's financial and operational or performance goals.

Financial analysis. An analysis of costs related to implementing the strategic plan is key, so the monetary commitment required and the ROI should be detailed in a comprehensive pro forma. The pro forma should integrate the market, operational, and financial parameters of a cardiovascular program expansion, which helps to accurately define the financial investment required to meet the recommended market and strategic objectives. The pro forma uses market information, capacity needs, operating requirements, recommended staffing levels, and the financial parameters in tandem with the strategic plan.

With each initiative that the organization endorses to the strategic plan, any additional revenues, operating expenses, and capital investments should be estimated and placed in a pro forma so that the financial considerations can be tracked. A strategy may require a separate cost/benefit study to determine whether that strategy is the right next step for the organization. For example, if during the planning process, the cardiovascular advisory committee endorsed partnering with physicians as an objective, and many options for partnering existed, the committee would need further evaluation of the type of venture that meets the vision and the operational and financial needs of both parties to make an informed decision.

Once a plan for reaching an identified goal has been developed, the initiatives to be implemented should be organized along a time line, from the easiest task to the most complicated. This plan should be reviewed and updated continually to ensure that the organization is on track with the plan, the budget, and the cardiovascular environment. The cardiovascular program should be monitored for not only the extent to which it meets the plan's goals but also the financial viability of the service line.

Looking Ahead

Leaders need to think strategically, understand both the big picture and the intricacies of their local market, and assume national and local market conditions will change continuously.

Equally important, smart strategic planning for cardiovascular services should consider their organization's core mission and vision as well as its financial situation. Only then can leaders master the challenges of growing market share with a cardiovascular service line that excels in clinical performance, functions with sound fiscal results, and produces high customer satisfaction with a profound community benefit.

Stakeholders should not focus on planning to the extent that they postpone implementation. As Gen. Norman Schwarzkoff said, "The truth of the matter is that you always know the right thing to do. The hard part is doing it."

Remember, hospitals that fail to plan, plan to fail.



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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.

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