



The Corazon Report

A special briefing from the Heart Experts

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Inside this issue

Benchmarking for Success: How to be a "Top 100" Performer	1
Vascular Centers without the Turf Battles	2
Northeast Georgia Performs First Heart Surgery	3
Update on Drug Eluting Stents	4
Highlights of a Great Conference	4
Corazon Launches First Book	5

TAKE THESE WORDS TO HEART...

"Occasionally in life there are those moments of unutterable fulfillment which cannot be completely explained by those symbols called words. Their meanings can only be articulated by the inaudible language of the heart."

— Martin Luther King, Jr.

CORAZON
The Heart Experts

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"Benchmarking for Success: How to be a 'Top 100' Performer"

Karen Hartman
Director, Business Services

The other day, I was speaking with an administrator from a community hospital regarding Top 100 awards. As we chatted, he said to me, "I think we were a Top 100 in 1997," and as he pulled out a key chain noting his hospital's success, I asked, "Why are you not one today?" He replied, "I don't know how we got it or even how we lost it." I think what this administrator voiced is exactly what many others in the industry feel.

Over the last month Solucient announced the Top 100 Cardiovascular Programs for 2002, and as with every new award, hospitals scramble to try to understand why they were or were not named as a leader. "Top 100" status has fast become the number one way for a facility to measure achievements.

Hospitals collect information to enable Finance to bill Medicare and other payors for patient charges. Such bills contain uniform codes completed by medical records to determine patient risks, complications, charges, and mortality. If done incorrectly, coding can affect the reported outcomes, which consequently skew comparisons and rankings. Indeed, perception becomes reality, and hospital data might not reflect actual performance due to inaccurate coding. This information is available publicly and provides the raw data used to determine awards such as Solucient's and *Modern Maturity's* "Top 100" and Healthgrades star ratings, along with others.

Cardiovascular programs are very lucrative for hospitals, often generating 20-40% of their net revenue. With the industry competition ever on the rise, hospital leaders must always strive for creating and maintaining a successful cardiovascular program that will allow them to gain valuable market share.

Hospital leadership must understand how they are performing and then benchmark their findings with peer hospitals and best practice facilities. This begins with an evaluation of the findings within Medicare billing information to ensure the quality indicators internally collected through billing correspond with the actual situation. If this is not the case, then a thorough look at documentation, coding, and billing criteria must be conducted. Once a hospital is assured that information is communicated correctly through the various forums, performance improvement strategies, such as service line management, standardization, operations assessment, and benchmark subscriptions, can lead to overall improvements across the care continuum and consequently, improvements in ranking as well. Indeed, achieving "Top 100" status is important, but it is not, however, an endpoint. In fact, it is only a beginning. Along with understanding how you got there, you must realize that in this highly competitive market, others will always follow close behind. Once a part of this distinguished group, it takes leadership and visionary ideas to remain amongst "the best" in an industry that is ever-changing and constantly advancing.

For more information on Benchmarking, or to become a part of Corazon's National Benchmarking Survey, please call us at 412-364-8200

The Corazon National Survey:

Benchmarking Cardiac Program Performance

Take part in this national benchmarking survey developed by Corazon Consulting. Focusing on the areas of operations, quality, information and fiscal management, as well as patient care delivery models, this comprehensive survey will be an industry resource for ongoing best practices and will help you track your program's success based upon key cost and performance indicators.

For more information or to participate in this study, call (412)364-8200 or email research@corazon-consulting.com



Jackie Johnson
President
Corazon Consulting

“Vascular Centers without the Turf Battles”

Susan Heilman,
Director, Clinical Services

A message from the Heart...

These are fascinating times for cardiovascular medicine—our recent conference in Naples was testimony to that. We returned fresh with new ideas and knowledge about what is on the horizon, from the routine use of artificial heart devices in the not too distant future, to innovative heart hospitals that are creating a new standard of care delivery and service. We gained new insight into the growing interest in joint ventures, vascular centers, and how to achieve ‘Top 100’ performance. Add drug coated stents and universal bed models to the rapid pace of change, and the shifting landscape of the field becomes evident. As Dr. Pascal Goldschmidt, our keynote speaker and Chief of Cardiology at Duke Medical Center professed, these shifts in our cardiovascular paradigm represent ‘disruptive technologies.’ They are indeed market forces to be reckoned with as we evolve to the next level of treatment options and customer service. Though these ‘disruptions’ shake up the status quo and demand our attention, we can benefit from a learning curve that will lead to a better approach to cardiovascular care. And don’t count on this evolutionary change slowing down. An aging population and daily breakthroughs in cardiovascular technology mean more people can take advantage of these ‘disruptive’ changes in our thinking and practice, and live longer as a result. We encourage you to embrace this evolutionary change and master the challenges that these exciting times bring to your organization and the patients we serve.

Jackie Johnson

Vascular services have been described as ‘diamonds in the rough’—capabilities that remain largely underdeveloped in most hospitals across the United States. It is becoming clear that the cardiac, radiology, and vascular specialties address the same population across the continuum of circulatory disease. More and more hospitals are recognizing the integration of vascular services with the traditional scope of cardiac services as an important dimension of the overall cardiovascular service line.

The need for vascular care is growing with the increased prevalence of vascular disease in an aging population, and with the development of new, less invasive treatment options. Peripheral Vascular Disease (PVD) affects an estimated 8 to 10 million people nationwide; and the incidence of vascular disease is estimated at 20% for those aged 70 and older. As our population ages, the number of Americans with vascular disease is projected to increase by 40% by the year 2020¹.

There are numerous strategic and tactical factors to consider in developing a vascular center. In our experience, the most successful models include participation by vascular surgeons, interventional radiologists, interventional cardiologists, and vascular medicine specialists.

The ability to integrate these specialties requires strong administrative and medical staff leadership. Diplomacy, excellent negotiation skills, and the persistence to overcome traditional specialty boundaries and medical staff politics are the order of the day.

First, identification of a strong physician leader who recognizes the strengths of each specialty and serves as a catalyst for change is essential. An administrator who acts as an advocate with senior management will facilitate a sound business planning process. Initial meetings should focus on 1) development of a common vision and creation of a business plan that addresses market opportunity, 2) an internal assessment of current capabilities as well as a review of successful models and industry trends, 3) a detailed operations analysis, and 4) preparation of a financial plan that will guide the vascular center’s implementation.

A recent study of vascular centers demonstrated a 5-10% increase in growth within the first two years of operation, which suggests that opportunity exists for all specialties. Quantification of the revenue associated with each procedural type should be undertaken to demonstrate the opportunity for each stakeholder.

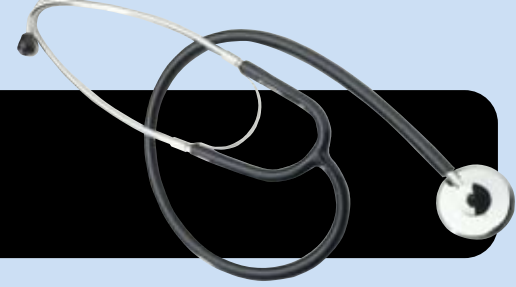
In the final analysis, all parties need to view the development of the vascular program as a ‘win-for-all’ opportunity and a sound means to grow business rather than a ‘take-away’ or loss of control for any of the participants.

1 Centers for Disease Control. “Advance Data from Vital & Health Statistics.” 2000 National Hospital Discharge Survey 329 (June 19, 2002).



News Pulse

Updates from Corazon and our clients



Welcome Aboard

As our staff continues to grow, please join us in welcoming the following to the Corazon Team: Mary Autore, Executive Assistant, Jill Durigon, Communications Coordinator, and Tom Norton, Business Consultant, who comes to Corazon following a position as a Market Analyst for Bay Health Medical Center in Dover, DE.

In the Spotlight

Mike Harlowe, Vice President of Operations at Floyd Memorial Hospital in New Albany, IN, was named one of *Modern Healthcare's* 2002 "Up-and-Comers" in their 16th Annual Award Program. One of 13 winners chosen from over 120 nominees, he fits the mold of "a rising star in healthcare management." The board has just approved a CV expansion for Floyd based on the completion of a feasibility study conducted with Corazon. We salute him for his dedication to improving healthcare in his community.

Breaking New Ground in South Carolina

Less than one year after completing a strategic business plan with Corazon, the \$30 million heart institute expansion of Providence Hospital in Columbia, SC, was dedicated on October 1. With six cath labs, four cardiology surgery suites, and 48 private recovery rooms, the facility's new design continues the hospital's overall emphasis on heart care.

'Top 100' Released

Solucient's recently released list of 100 Top Hospitals claims that if all hospitals performed at the level of these top facilities, an additional 4,400 cardiovascular patients could survive each year. We'd like to congratulate our clients who have been named to the prestigious "2002 Cardiovascular Benchmarks for Success" list due to their outstanding CV outcomes data:

- Conemaugh Memorial Medical Center, Johnstown, PA
- Deaconess Medical Center, Spokane, WA

We also applaud our clients at Ohio State University Medical Center in Columbus, OH, which was named a "2002 Top Benchmark Hospital" for appearing as a Top 100 three or more times from 1993-2000.

St. Clair Receives Award

Our friend and client St. Clair Hospital was the only Pittsburgh area hospital to be deemed one of the "100 Best Places to Work in Pennsylvania" by the Team Pennsylvania Foundation and the state's governor, Mark Schweiker. Corazon has worked with the St. Clair team on several projects, and can attest to how the positive atmosphere contributes to the outstanding care delivered at the facility. Benjamin Snead, St. Clair's President and CEO will join other representatives to accept this fine tribute at an awards dinner in Harrisburg.

Northeast Georgia Medical Center Gets Started

Despite the challenges of the strict Certificate of Need requirements that exist in Georgia, the newly built Ronnie Green Heart Center at Northeast Georgia Medical Center in Gainesville, GA, has launched with record success right from the start. Within weeks of the completion of Corazon's Comprehensive Implementation Support, the organization performed 30 open heart surgeries and 90 PCI procedures. Thanks to a \$4 million donation from the Green family, the new state-of-the-art heart care facility now includes two new ORs, two renovated cath labs, and nine CVU beds. In addition, the innovative design accommodates sleep rooms for patient families and the latest equipment with the most up-to-date technological advances. Dedication of the Heart Center is scheduled for late December 2002. Look for highlights in our next edition of *The Corazon Report*.



Surrounded by the nursing staff of his recovery unit, the first open heart patient of The Ronnie Green Heart Center at NGMC recovers after his procedure in August. Alex Justicz, MD, lead cardiac surgeon for The Heart Center, and cardiac surgeon Daniel Winston, MD, performed the operation. Both surgeons are with the Gainesville office of Peachtree Cardiovascular & Thoracic Surgeons, PA. Staff, clockwise from left: Rochelle Rogers, Janet Cochran, William Tankersky, and Amy Reilly.



Financial Update

Making Dollars and Sense of the Cardiovascular Industry



Cost Increase for MI

The average hospital charge for treating a patient with heart attack increased by nearly one-third from 1993 to 2000. The cost rose from \$20,578 to \$28,663, even while the average length of patient stay fell from 7.4 days to 5.5 days, which is a decrease of nearly 26%. This represents a substantial cost challenge for hospitals as new therapies for the MI patient emerge.

2002 Study conducted by AHRQ and HCUPnet

The Latest Word on Drug Eluting Stents

CMS made an unprecedented judgment with the 2003 IPPS Final Rule in allowing a payment methodology for the anticipated introduction of drug coated stents

(DES) this spring. With the CMS plan, DRGs 526 and 527 will go into effect in April and will add up to \$1,800 in payment to stent procedures. The FDA is expected to grant approval for the drug eluting stents in the near future, well before the additional payment takes effect, which will place a financial burden on providers.

We will continue to monitor the impact of this promising technology in upcoming issues of The Corazon Report.

APC Update

In November 2002, CMS released final changes to the Outpatient Prospective Payment System for 2003. The new ruling allows for an overall 3.5% increase in reimbursement. Some significant increases in payment rates from those proposed in August have been

enacted to further decrease the impact of sunseting 95 categories of pass-through device codes. Highlights of the final rule include:

- New APC 654 for insertion/replacement of a permanent dual chamber pacemaker.
- New APC 655 for insertion/replacement/conversion of a permanent dual chamber pacemaker.
- New APC 656 transcatheter placement of drug eluting coronary stents.
- Additions or changes to many CPT codes.
- CMS affirmed the sunset of many device pass-through payments at year's end.

A full list of these changes can be found in the Final CY 2003 Outpatient Prospective Payment System, Federal Register 11/1/02 or by contacting Corazon.

News Pulse Continued

Conference Follow-Up

Congratulations to Mark Dabbs, winner of the Heart Camp basket at this year's Conference. All donations collected will benefit the organization, which offers children with heart disease the opportunity to interact with others in similar situations at beautiful Camp Kon-O-Kwee in Zelionople, PA. We raised nearly \$600, and would like to thank those who stopped by our conference exhibit to contribute to this worthy cause.

Corazon would also like to congratulate Margot Manacchio, winner of free registration to the 2003 Corazon Conference we are planning for October. We appreciate all attendees who completed their evaluation forms. The responses, which were overwhelmingly positive, help us to plan for this forum and other Corazon products and services.



Corazon Plans Repeat Conference in Pittsburgh in April

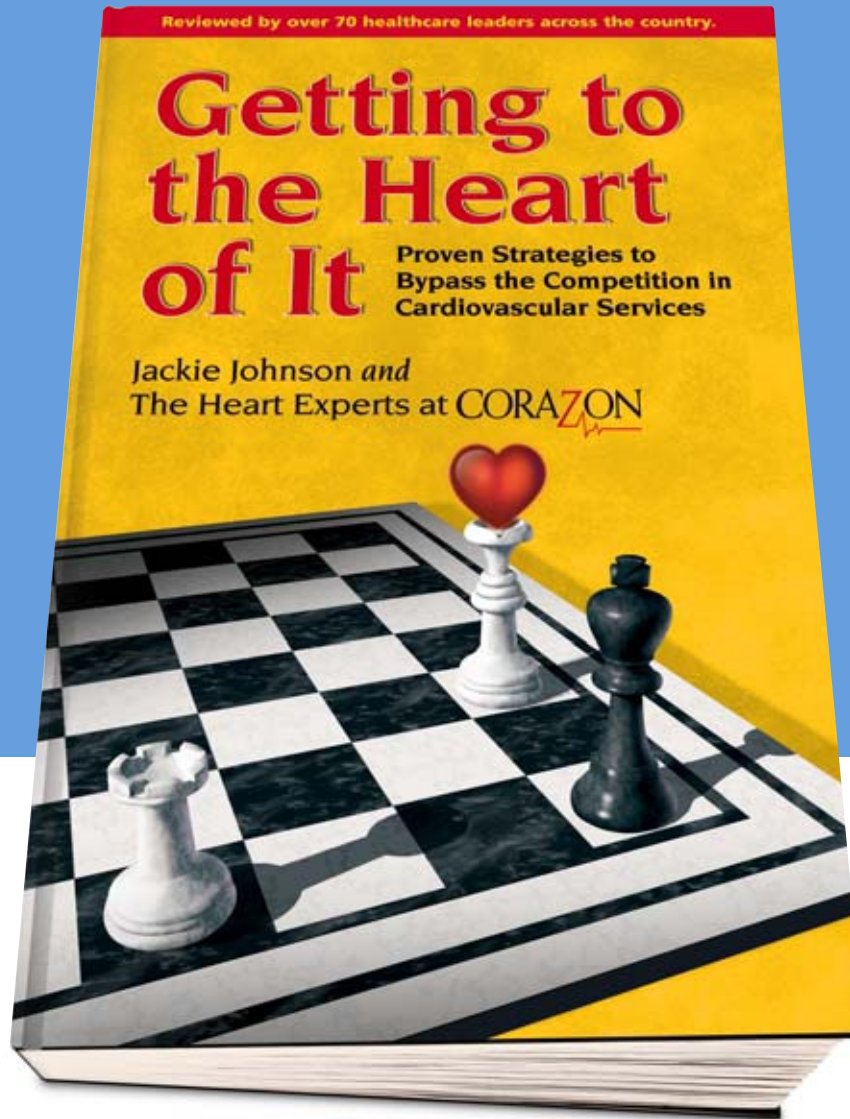
For those who couldn't join us at our conference in Naples, plan to attend our encore presentation. "The Best in the Field: Strategies to lead your Market in Cardiovascular Services," which will be held in Pittsburgh April 23-24, 2003. This event is another great opportunity to keep pace with the latest industry trends and to dialogue with colleagues.

For more information, check our website and look for our brochure, due for mailing in February, or contact Michele Strotmeyer, our Conference Coordinator.

Happy Holidays from THE CORAZON TEAM

- Jackie Johnson** - President
- Karen Hartman** - Director, Business Services
- Susan Heilman** - Director, Clinical Services
- Gerard Johnson** - Director, Finance and Information
- Katherine Kay Brown** - Manager
- Susan Heck** - Manager
- Janet Miller** - Manager
- James Burns** - Senior Consultant
- Barbara Michaels** - Senior Consultant
- Cindy DeFlavio** - Consultant
- David Fuller** - Consultant
- Russell Hemwall** - Consultant
- Jeffrey Hooks** - Consultant
- James Kanuch** - Consultant
- Judith Mills** - Research Consultant
- Kelly Neal** - Consultant
- Thomas Norton** - Consultant
- Evy Ozanich** - Consultant
- Carol Dombrowicki** - Human Resource Coordinator
- Jill Durigon** - Communications Coordinator
- Brad Messner** - Information Systems Coordinator
- Michele Strotmeyer** - Marketing Coordinator
- Shirley Susany** - Office Coordinator
- Mary Autore** - Executive Assistant
- Marie Danko** - Office Assistant
- Kalyani Gopalan** - Business Intern
- Nicholas Michaels** - Information Systems Intern

LEARN HOW TO BYPASS YOUR COMPETITION AND BECOME A MARKET LEADER IN CARDIOVASCULAR SERVICES...



Introducing the only strategic industry resource that offers:

- Ideas to successfully brand and market your CV Program
- Playbooks for innovative facility designs and lucrative partnership opportunities
- Models for business planning and service line management
- CV industry trends, statistics, projections, and their impact on your program and others across the country
- And much more

This comprehensive book includes practical information, guidance, and advice on all aspects of cardiovascular program development and expansion.

The detailed chapters, authored by Jackie Johnson and The Heart Experts at Corazon, offer clear explanations and real-life experiences to help your program succeed.

The information and insight in this volume has helped numerous Corazon clients bypass their competition and become leaders in the markets they serve. Now you can have access to the game-winning moves that can put your industry opponent in checkmate!

Distribution is scheduled for February 2003. To reserve an advance copy and receive \$20 off the list price, please call 412-364-8200 or e-mail book@corazon-consulting.com by January 31, 2003.



Photo-op

Snapshots from the Corazon photo album



Cheers to a Memorable Event!

During the Conference Welcome Reception, Corazon Consultant Barbara Michaels networks with client Mary Alice Schmitt from Vista Health in Waukegan, IL, and Kathy Miller from Hanover Hospital in Hanover, PA. The evening offered all attendees the opportunity to mingle with industry colleagues in a relaxed social setting. The reception, which followed Dr. Pascal Goldschmidt's Keynote Address on the ever-changing frontier of cardiovascular technology, concluded opening day of our 2002 Annual event.

To view this year's photo album, please visit the Conference Follow-up link on our website.

CORAZON

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