



# The Corazon Report

A special briefing from the Heart Experts

Volume 3, Issue 1 - January 2004

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### TAKE THESE WORDS TO HEART...

"Everyone should carefully observe which way his heart draws him, and then choose that way with all his strength."

— Hasidic saying

# CORAZON

The Heart Experts

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The Corazon Report is published by The Heart Experts at Corazon, a leader in the design, development and implementation of outstanding cardiovascular programs for health care organizations across the country.

The information presented in this newsletter reflects the opinion of Corazon and, under certain circumstances, may not necessarily be the opinion of other health care professionals.

## Partnering with Physicians: Strategies and Options

Karen Hartman, Vice President  
James Burns, Director

With declining third-party payor reimbursements and mounting malpractice insurance costs, physicians are looking for avenues to supplement their income. These circumstances have led doctors to invest in diagnostic or ambulatory service clinics, become part owners of specialty heart hospitals, or even add cardiovascular services to their individual practices.

Traditionally, hospital management has taken the stance of not wanting to "give up" what they already have. Unfortunately, many who have taken this hard-line approach have watched physicians, who were once colleagues and friends, become competitors. This situation leaves many hospital administrators asking, "What can we do?"

The first approach for any organization is to initiate an open dialogue with physicians. Forums, such as advisory committees built around the CV service line, keep physicians and administration talking and provide a means to discuss opportunities that can be developed in cooperation with the hospital.

A successful partnership requires trust and the potential to provide a new approach to current services. A business plan must be developed to determine the feasibility of the venture, including an assessment of the current situation, a market demand study, an operational review, and the associated financial analysis. During the planning process, the following questions should be answered:

**Market:** What is the current market for the business to be shared? Can this be an avenue to attract other services?

**Recruitment and Retention:** Will this agreement keep doctors committed to the organization? Can this be a means to recruit additional skilled clinicians?

**Capacity:** What will happen to the facility infrastructure with the loss of caseload? Will there be enough business remaining to support costs?

**Profitability:** Will this cause an adverse effect on tax-exempt status? Who will foot the bill for equipment and facility improvements?

**Management:** Who will oversee and manage the venture? Is each party prepared to work and negotiate with a partner?

**Operations:** Does this create the opportunity for new and improved processes? What effect will this have on other departments?

In Corazon's experience, hospital administration and physicians need to prepare and review the information found through business planning activities before entering into serious discussions regarding partnering. And, you cannot ignore the legal aspect of such a venture and should use legal council when evaluating options and implications of partnering.

Each party should not make any promises until the venture has been fully evaluated. If promises are made too soon and they cannot be fulfilled, a feeling of mistrust can result. There are many complex steps and decisions involved in the process, but a proactive stance in partnering can place your organization one step ahead of the competition.

*An expanded version of this article appeared in the January 2004 issue of HFMA's Managing the Margin Newsletter. To learn more about Joint Ventures or other partnership arrangements, or to request a full-text copy of the article, call Corazon at 412.364.8200.*



### Partnering Update...

**New legislation was passed to place an 18-month moratorium on physician investments in specialty hospitals, in particular, cardiovascular and orthopedic facilities. Specialty hospitals "in operation" or "under development" by Nov. 18, 2003 are grandfathered.**



**Jackie Johnson, RN, MBA, CHE**  
**President**  
**Corazon Consulting**  
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# A message from the Heart...

In all of our travels, it is uncanny when we return to familiar people and places. Such is the case for me in ‘coming home’ to Reid Hospital and Health Services in Richmond, IN where I worked in the Coronary Care Unit some 30 years ago. My rich experience at Reid in the early days of my career clearly set the stage for what would ultimately be my passion and life’s work in cardiovascular care.

When Corazon began working with the Reid organization two years ago to assist with the planning and development of their angioplasty and open heart surgery program, I couldn’t help but reflect that this engagement has brought my career full circle. It has been a unique and wonderful experience to help the team at Reid bring advanced cardiovascular services to a community that holds a special place in my heart. And believe it or not, there are still a few people there who I worked with in those early days, including the physician who spearheaded cardiovascular specialty care and inspired me to seek the best in practice.

So it is quite an honor to share the early successes of Reid’s program expansion with you as we highlight their accomplishments in this issue. I am delighted that I have been afforded the opportunity to “give back” to this fine organization and provide Corazon’s expertise to to add sophisticated cardiovascular services that will serve this wonderful community for many years to come.

It has been quite a privilege to share in Reid’s accomplishments—not just once during my career, but twice. It’s a bona fide Cinderella story that shows us that life is sometimes stranger than fiction, isn’t it?

*Jackie Johnson*

## Reid Program Off to a Great Start

Over the last two years, Reid Hospital and Health Care Services



has focused on an important initiative—an expansion of their scope of cardiovascular services to include open heart surgery and

interventional cardiology services. Prior to this expansion, patients in the Richmond, IN community were traveling at least an hour to Indianapolis or Dayton for advanced cardiac care. The leadership team at Reid wanted to determine if expanded high quality CV services could be provided safely for these patients and delivered closer to home.

In 2001, they engaged the Heart Experts at Corazon to examine the feasibility of implementing open heart surgery and other advanced cardiac procedures. After a three-month comprehensive study, Corazon reported that developing a high-quality, cost-competitive, and well-structured interventional cardiology and open heart surgery program would not only generate new revenue, but would elevate the overall quality of clinical services provided to all Reid patients. As the project advisor, Corazon was involved with all aspects of the expansion, from defining facility, operational, and equipment

**“The response from our community has exceeded our expectations. We knew patients and families would appreciate the local access to sophisticated cardiac care, rather than having to travel 60 miles from home, but we did not anticipate how quickly our community would recognize the quality of the services and the safety of the care.”**

**- Dodie Preston**  
 Vice President of  
 Patient Services

requirements, to staff selection and training for coronary artery bypass graft, valve repair and replacement, coronary angioplasty and stenting, and thoracic surgery procedures. The primary challenge was to build for the needs of the cardiac expansion today, with an eye to occupying a new hospital within the next five years. Reid leadership opted to invest wisely in equipment that could be relocated in the future and to renovate space that would assure a sound patient care environment for the 5-year period. The solution was found through an 8-bed patient care unit (CVU) using the Cardiac Universal Bed model. This approach allowed Reid to centralize patients to be cared for by a specialized cardiovascular team in one area from post-procedure through discharge. A revamped prep and recovery area was also constructed to align with two catheterization labs.

The Reid Heart Center team recorded its first open heart surgery case in July 2003 and, in the first four months of operation, performed over 45 successful cardiac and thoracic surgery cases. The interventional cardiology program quickly followed and was successfully launched in November 2003.



**Reid Heart Center patient room with a cardiac universal bed**

Corazon Consulting salutes the Reid team and the organization’s commitment to improve access and the health status of the community. We will continue to monitor Reid’s progress as they prepare for an innovative new hospital and plan for further expansion of advanced heart care services.



# News Pulse

Updates from Corazon and our clients



## At the Podium

Look for Corazon President, **Jackie Johnson**, at the **American College of Cardiovascular Professionals 2004 Conference**, March 4, 2004. Her Keynote Address, "Change and Challenge: A Strategic Understanding of New Opportunities in CV Services," will discuss the Corazon "Prescription for Performance"—basic principles that guide an organization toward excellence in the competitive and ever-evolving CV field.

Corazon Director **Susan Heck** will be speaking at the American College of Cardiovascular Administrators Conference, March 4-6 in New Orleans, LA. Her presentation, "Sizing up the Competition: Benchmarking Cardiac Program Performance," will draw from the latest industry trends on benchmarking and from the results of the Corazon National Survey.

## Corazon Clients are Top Performers



Corazon would like to congratulate our clients who are part of Solucient's 2003 "100 Top CV Hospitals" list:

- Akron General Medical Center, Akron, OH
- Conemaugh Memorial Medical Center, Johnstown, PA
- Ohio State University Hospital, Columbus, OH
- Western Pennsylvania Hospital, Pittsburgh, PA

We also commend our clients selected by national consumers to have the "Best Quality and Image" in their communities:

- Akron General Medical Center, Akron, OH
- Carolinas Medical Center, Charlotte, NC
- Conemaugh Memorial Medical Center, Johnstown, PA
- Morristown Memorial Hospital, Newark, NJ
- University Health Care System, Augusta, GA



Our client, **Yavapai Regional Medical Center**, received an Employer Excellence Award from the Arizona Nurses Association for all the hard

work and dedication that nurses (and the entire hospital staff) have put forth to deliver excellent patient care to the Prescott community. We salute Yavapai for an outstanding effort to support opportunities for education and growth in the nursing profession.

## Welcome

At Corazon, we continually strive to find the most talented and qualified individuals to become part of our team of Heart Experts in delivering top-notch consulting services to clients across the country. Our new Business Analyst **Robert Gray** comes to us from Pennsylvania-based Highmark Blue Cross/Blue Shield, where he served in a similar role as Business Operations Analyst, gaining vast experience with data management and reporting.

## Annual Corazon Conference a Success!

The 2003 Annual Corazon Conference, "The HEART of your Cardiovascular Program: Hospitals & Physicians as Partners," was an outstanding event! With over 150 in attendance from 28 states, the October meeting at the beautiful Chateau Elan in Atlanta, GA was our most successful to date! Our presenters provided insightful and educational perspectives on hospital-physician partnerships—a key component of the most successful cardiovascular programs. The welcome reception, wine tasting, and dinner provided ample time for networking and making new contacts in the CV industry.



Corazon President **Jackie Johnson** at dinner with **Dr. Steve Mehta**, CEO of The Heart Center of Northeastern Arizona, and **Dr. David Hayes**, Director of the CV Division at The Mayo Clinic in Rochester, MN.

Dr. Hayes's Keynote Address stressed the importance of hospital-physician partnering for the future as the key to cardiovascular program success.

**Meg Heim** of TVC, Inc., one of our sponsors, was this year's winner of the Heart Camp prize basket. We raised nearly \$500 for this special organization to benefit kids with heart disease, and appreciate the generous contributions made to this very worthy cause.

Congratulations to **Scott Connor**, Director of Operations at Piedmont Hospital in GA, winner of free registration to a Corazon Conference. We thank everyone who completed their evaluation forms—you gave us very positive feedback that will help us plan future Corazon events.



# Financial Update

*Making Dollars and Sense of the Cardiovascular Industry*



Despite some of the downturns in 2003, as we look ahead to 2004, change for the better is upon us in terms of reimbursement methodology, hospital and physician collaboration, and consumer awareness. Medicare inpatient and outpatient reimbursement increases and CMS's Quality Initiative are signs of a new and welcomed structure for reimbursement; and, report card companies will look to market their information to the public. This "new thinking" will undoubtedly begin to change both the approach to care and the payment structure for hospitals—they will be more dedicated to providing the best possible care to patients because their payments will reward their quality focus.

## New PPS Rates Released

CMS has approved an increase to the outpatient prospective payment system (OPPS) rates by 4.5% in 2004 as noted in the November 2003 ruling. Outpatient services will likely remain under-funded despite this increase, however, especially since the rule does not include a pro-rated reduction in pass-through payments for new technologies, drugs, and devices. The full ruling was printed in the November 7, 2003 edition of the Federal Register and was put into effect on January 1.

## Medicare Bill Passed in Congress

In November, President Bush signed into law the most sweeping changes to Medicare since the program's creation in 1965, including a new prescription drug benefit. Drug coverage under the \$395 billion measure would not begin until 2006, but until

then, seniors are able to purchase a discount card that could reduce their pharmacy bills by 15%. The measure also increases reimbursement for doctors and hospitals, particularly in rural areas, and places an 18-month moratorium on physician investments to specialty hospitals.

## Possible switch to ICD-10 coding

An HHS advisory board recommended a sweeping change to the classification system for medical observations and codes. A letter of recommendation called for HHS to initiate the rulemaking process for replacing the current coding system, called ICD-9-CM, with two successor systems: ICD-10-CM for diagnoses and ICD-10-PCS for classifying medical procedures. This coding system underpins healthcare billing, much of the industry's quality-improvement research, and the Medicare DRG reimbursement system.

We will continue to monitor these and other financial changes in the industry. Look for updates in future issues of *The Corazon Report*.

Here's what your colleagues in the industry have to say about Corazon's book, **GETTING TO THE HEART OF IT: PROVEN STRATEGIES TO BYPASS THE COMPETITION IN CARDIOVASCULAR SERVICES:**

**"The book is a good source of detailed information...I lent it to my boss a few weeks ago and will probably never see it again!"**

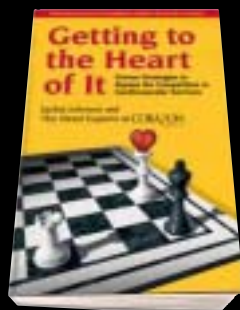
**"The chapters are concise and informative."**

**"It was so insightful I've ordered additional copies for my staff."**

**This valuable resource could make 2004 your best year to date!**

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**Order by February 10 and receive a free gift.**



*Happy New Year from the Corazon Team!*

*To our contacts, colleagues, and friends in the industry—very best wishes for all the great things that lie ahead for 2004!*

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# The Corazon National Survey

## Benchmarking Cardiac Program Performance

In collaboration with AMI Clinical Software, Inc.

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Program Design



Operations Management



Fiscal Management



Quality Management



Information Management

## The Corazon National Survey results are in!

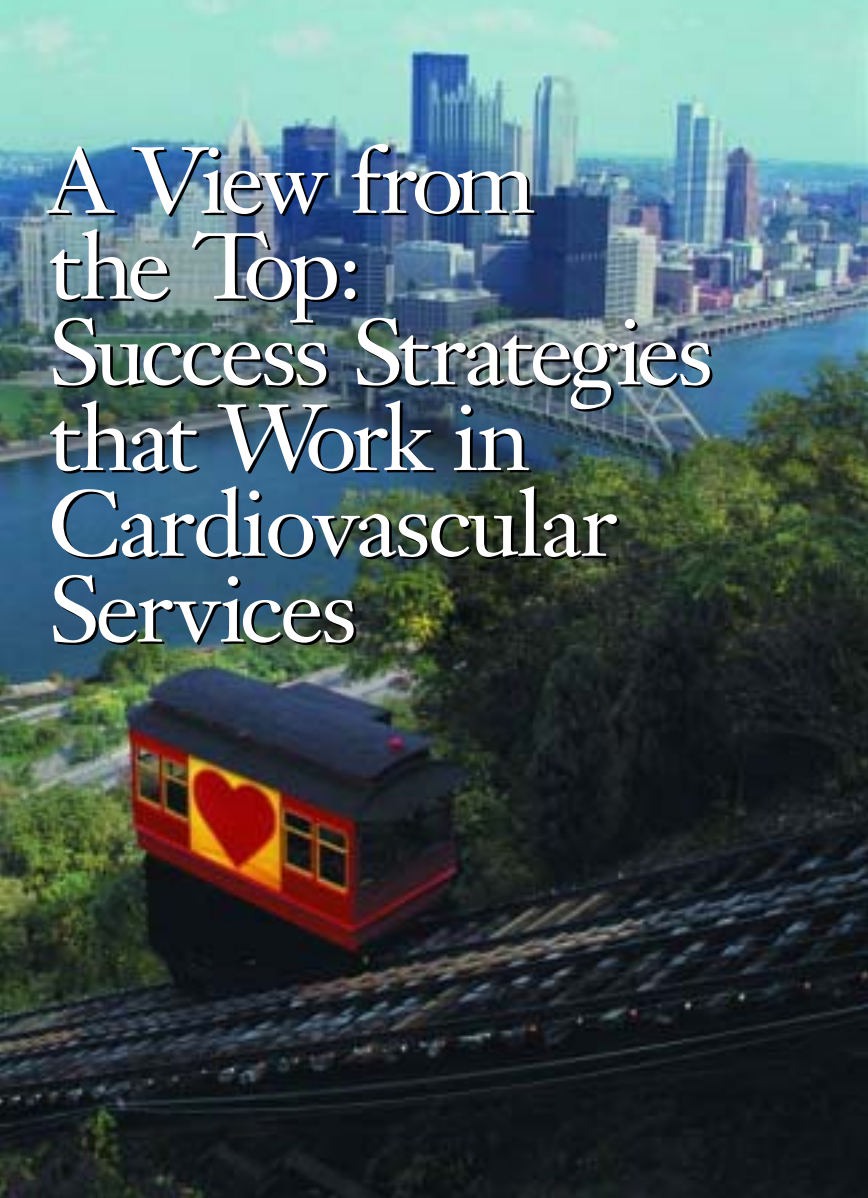
Don't miss out on your chance to purchase the information that can help you successfully benchmark your cardiovascular program. Over 100 hospitals coast-to-coast participated in this initiative and the data has been analyzed to develop practice benchmarks that can help you:

- ♥ Decrease length of stay
- ♥ Control inventory
- ♥ Improve profit margins
- ♥ Broaden service offerings
- ♥ Capture greater market share

Corazon's 100-page comprehensive report of findings is sure to be a valuable resource for all types of cardiovascular programs who strive for efficiency, quality, and profitability. It is loaded with written analysis, charts, graphs, and value-added commentary from the Corazon team of Heart Experts.


Assess your standing among the nation's hospitals—purchase your copy today.

Full survey report available for \$599.95 plus shipping & handling. Order by calling Corazon at 412-364-8200 or online at [www.corazon-consulting.com](http://www.corazon-consulting.com).



# A View from the Top: Success Strategies that Work in Cardiovascular Services

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