

The Corazon Report

A special briefing from the Heart Experts

Volume 3, Issue 2 - June 2004

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TAKE THESE WORDS TO HEART...

"The greatest test of courage on earth is to bear all of life without losing heart."
— Robert G. Ingersoll

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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.

Growing the Heart of Your Business: Knowing When to Expand CV Services

Susan Heck, Director

Recent reports about cardiovascular market trends reveal that the growth of cardiac and vascular programs across the country is expected to continue into the future. The most reasonable explanations for this "boom" in redesigns and expansions include new technology offerings changing care delivery, an aging population demanding a higher level of care, and statistics showing the value of a high-quality and cost effective cardiovascular program.

Clearly, cardiovascular services are important to any acute care facility, sometimes generating up to 40% of net revenue. A full-service CV program can drive cardiac and other volume growth for a hospital, which likely explains the tendency for many to want to enter the 'business'—whether through coronary angioplasty offerings, open heart surgery services, or vascular or EP centers.

The recently published **Corazon National Benchmarking Survey** reports a similar phenomenon—78% of the programs surveyed are planning to expand into new space with additional cath labs (77%) and/or cardiac beds (42%), and 65% plan to add new services to the cardiovascular continuum, with vascular (48%) or heart failure programs (35%) and chest pain beds (22%) at the top of the list. This is no surprise considering that the services identified by respondents can lead to a competitive edge.

Given these trends, forecasting for the future, in terms of strategic direction, facility needs, and funding, is necessary to ensure that expansion is happening for the right reasons, in the right service areas, and at the right time. A clear planning process should be developed, involving market analysis, a feasibility study, and/or a formal business plan of action. Efficiency and cost-competitiveness can be a driving force behind an expansion, but finding better ways to provide care and cut costs may eliminate the need to add 'bricks and sticks.' Corazon typically advises clients that as they evaluate new program development they must assure that the foundation within their cardiac services is sound. A full operations assessment can identify areas of strength to build on and program features that can be improved.

Also significant is the need to evaluate new technology and how new CV advances will affect the future of care delivery and the financial components of a program. The new drug eluting stents are a good example of a technology that has had a major impact on all CV programs nationwide. They have the potential to radically change care delivery, but surprisingly, our Benchmarking Survey **Report of Findings** reveals that over 30% of respondents did not formally analyze the impact of this technology on their programs. How can a facility be prepared to make the best choices if the options have not been analyzed? How can new technology be adopted if the impact on all aspects of operations has not been predicted?

Since the CV industry is one that will always be affected by constant evolution, programs must better understand what the changes mean to their operations, and must be ever-ready to adapt quickly to these changes. Those that are best prepared—those that have the systems in place to understand the implications of expansion or technology adoption—will have a competitive edge in the market.

"78% of CV programs are planning to expand"

WANT TO LEARN MORE FROM OUR NATIONAL BENCHMARKING SURVEY?
Order the comprehensive Report of Findings today! Call 412-364-8200 or www.corazon-consulting.com



Jackie Johnson, RN, MBA, CHE
President
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A message from the Heart...

Oliver Holmes once said, “The great thing in this world is not so much where you stand, as in what direction you are moving.” This statement can be easily applied to our dynamic field.

Now, more than ever, it is important to know *where you stand* in cardiac services, especially with the increasing demand of an aging population and intense competition in the marketplace. Indeed, the implications of how an organization performs against industry standards is critical.

Finding these important benchmarks is often like looking for a needle in a haystack. Certainly you can readily find mortality rates or length of stay indicators through professional societies or publications. But determining what the staffing ratios and turnaround times should be in your cath lab or what progressive programs are doing to manage financial performance is not so simple.

That’s why the Corazon team has spent the past year compiling the findings from over 100 cardiac programs in hospitals throughout the country to bring these **unique benchmarks** to the industry. Our 2004 National Benchmarking Survey provides over 150 pages of charts, graphs, and interpretations on the latest thinking in cardiac program design, quality and financial reporting, and key operations benchmarks in all core Cardiac Care areas.

The cost of the Corazon survey is less than 20% of the cost of just one drug-coated stent, and yet it is worth millions in the way it can be a guidepost for your performance improvement efforts. We believe this survey offers any hospital with a cardiac program valuable insights and will advance an organization further along the ‘best practice’ continuum by offering a valuable baseline to gauge the potential to be a winner in cardiac care.

Assess your standing and see where it takes you!

The Importance of a Collaborative Framework for Healthcare Decision-Making: Melding the Clinical and Business Perspectives

David Fuller, Senior Consultant

Cardiovascular programs, one of the few profitable service lines in healthcare today, tend to financially support less-profitable areas of an acute care hospital. For this reason, poor financial decisions made in the CV program can and will have a ripple effect that impacts the entire organization. Thus, decision-making support that melds the clinical and business implications can be especially critical.

Many times, middle managers are confronted with important decisions that impact clinical practice, daily operations, and hospital finances. In these situations, clinicians may “do the right thing” for the patient while sacrificing profitability, which can negatively impact the hospital’s bottom line.

During these times, a designated liaison in finance, information systems, human resources, and planning should be available to assist with decisions that have broad impact. No one should be alone in a quest to do what is right for the patient and the hospital.

Clinical managers expected to make sound financial decisions often do not have the benefit of formal business training or education. Successful organizations create a system wherein clinical managers have access to partners in finance and information systems (among other areas) to support decision-making.

Clearly, effective decision-making in a hospital requires a system that integrates the clinical and business perspectives. And, with any successful relationship, this framework must be structured, collaborative, and involve reliance on expertise from both the clinical and business perspectives of operations with an understanding of potential technology changes.

As noted in a *Modern Healthcare* story exclusively covering the Corazon National Survey, many hospital cardiac programs are “barreling down the freeway with their eyes closed,” making moves to invest in expansions or renovations with limited financial information related to cardiovascular-specific profits and losses.

Only 10% of the programs participating in the Survey measure profit, loss, and other indicators of financial success for CV services, but a surprising 78% are planning expansions. Dedicating financial resources to the cardiac area is an important strategy for making decisions that can help an organization capitalize on market opportunities, yet 43% of the hospitals surveyed do not have a CV service line operating budget.

Understanding profitability at a DRG-specific level can be an important step in evaluating the adoption of new technology or the addition of new service offerings.

There is expert knowledge throughout an organization—the challenge is to bring it together to navigate through complex situations and problems. Clinical and business expertise must be integrated to arrive at the best decision. With this approach, the seemingly disparate and conflicting business and clinical perspectives will meld to bring the best solutions and long term success to an organization.

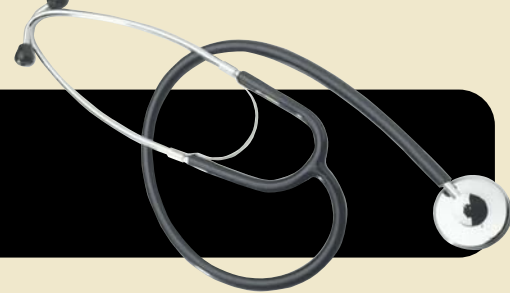


Effective decision-making in a hospital requires a system that integrates clinical and business perspectives.



News Pulse

Updates from Corazon and our clients



Corazon Clients Excel

Corazon would like to congratulate our clients who made *Modern Healthcare's* list of the Top 100 integrated health systems with the best clinical and financial performance across facilities:

- ♥ Covenant Healthcare, Milwaukee, WI
- ♥ John Muir-Mt. Diablo Health System, Walnut Creek, CA
- ♥ Carolinas HealthCare System, Charlotte, NC
- ♥ University Hospitals Health System, Cleveland, OH
- ♥ Western Maryland Health System, Cumberland, MD
- ♥ Swedish American Health System, Rockford, IL

Congratulations also to these Corazon clients who appeared on *Modern Healthcare's* 2004 "Top 100 Most Improved Hospitals" list:

- ♥ Akron General Medical Center, Akron, OH
- ♥ University of Pittsburgh Medical Center – McKeesport Hospital, McKeesport, PA
- ♥ Indian River Memorial Hospital, Vero Beach, FL

NGMC Expands for Growth

Our client, **Northeast Georgia Medical Center**, received state approval for a third cath lab to be added to their



Ronnie Green Heart Center, the preferred heart care provider in the region. Since implementation of their Heart Center in August 2002, the facility has performed

over 600 open heart surgeries, over 1,000 angioplasty procedures, and they continue to have excellent outcomes as reported in STS benchmarks.

SPHE Board Named

Corazon's Vice President, **Karen Hartman**, and Director, **Susan Heck**, were appointed to the Board of The Southwestern Pennsylvania Healthcare Executives (SPHE) organization. Karen was named Chair of the Program Committee and Susan, the Secretary. Through education and networking, the organization will strive to meet the professional development needs of healthcare executives throughout southwestern PA.

Corazon Employee Makes Community Connection

Brad Messner, I.S. Coordinator at Corazon, was honored for community service at the March 24, 2004 "Make the Connection Awards Luncheon," sponsored by the National Association of Women Business Owners (NAWBO). We salute Brad for his commitment to the people and the assets of the Pittsburgh region.

Spring Corazon Conference a Success!

The 2003 Spring Corazon Conference, "A View from the Top: Success Strategies that Work in Cardiovascular Services," was an outstanding event! With over 100 in attendance from all types of CV programs across the country, the early May meeting in Corazon's hometown of Pittsburgh was one of our best. Attendees benefited from presentations on the most effective strategies for CV program development and differentiation and were able to take in one of the best city skyline views in the country.



Corazon Director **Susan Heck** chats with Conference Speaker **Rodger Strode**, Partner at Milwaukee Law Firm **Quarles & Brady**, during the "Cinco de Mayo" themed Networking Reception.

James Cox, CEO of the **Mid-Ohio Heart Clinic** was the winner of the Heart Camp prize basket. We raised nearly \$300 for this special organization to benefit kids with heart disease, and appreciate the generous contributions made to this very worthy cause. The money will help with Corazon's sponsorship of the annual Camp Dance held later this month.

Congratulations to **Brad Peffley**, VP of Clinical Services at **MedCentral Health** in Ohio, winner of free registration to a future Corazon Conference. We thank everyone who completed their evaluation forms—you gave us very positive feedback that will help us plan our upcoming events.

At the Podium



Corazon President **Jackie Johnson** spoke at the Premier, Inc. CV Services Committee meeting in Houston, TX on April 29. Her talk on "Partnership as a Strategy for CV Program Success" addressed the need for collaboration among the key stakeholders of a cardiac program and received rave reviews from the audience.

Kathy Brown, Corazon Director, spoke to the Western Pennsylvania CHF Council on May 24. She discussed recent trends in congestive heart failure with her discussion on "Keys to a Successful Heart Failure Program" and provided an overview of Corazon's new CHF program development package. For more information on this and our other packaged products, call Corazon at 412-364-8200.

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Financial Update

Making Dollars and Sense of the Cardiovascular Industry



CMS Defines “Under Development” Specialty Hospitals

In mid-March, CMS issued a formal explanation to the specialty hospital moratorium enacted last year as part of the Medicare Prescription Drug Improvement and Modernization Act. The moratorium prohibits physicians from referring patients to cardiac, surgical, or orthopedic specialty hospitals in which they hold financial interests, but specialty hospitals “under development” were exempt. According to these new guidelines, hospitals “under development” include those whose architectural plans were completed, whose funding was received, whose zoning requirements were met, and whose necessary state approvals were received before November 18, 2003.

As reported in *Modern Healthcare*, HCA believes several facilities are attempting to find ways around this ruling and has alerted CMS that these facilities and others like them may be skirting the moratorium rules illegally. For instance, a group in Oklahoma City is setting up a “hospital” utilizing the in-office ancillary services exception under Stark II (as opposed to using the “whole hospital” exception) and a group in Denton, Texas has filed as a general acute care hospital (as opposed to simply a surgical hospital). CMS has received about eight advisory opinion requests following this most recent clarification on the moratorium, which will expire June 5, 2005.

FDA Approves Second DES

On March 4, Boston Scientific Corporation’s Taxus drug eluting stent gained U.S. FDA approval. This second drug eluting stent has created competition for Johnson & Johnson’s Cypher stent, which was U.S.-approved in April 2003. Boston Scientific immediately launched the product across the nation with ample inventory in all sizes. Sales are expected to surpass initial estimates; in just two weeks, sales exceeded \$40 million.

Report offers guidance on drug-eluting stents

Drug eluting stents, which are replacing about 20% of profitable coronary artery bypass surgeries, cost hospitals about \$1,400 per patient because of reimbursement shortfalls. A report by The Society for Cardiovascular Angiography and Interventions released a 64-page report stating that drug-eluting stents “will not be cost-effective for use in a wider range of patients until the price drops or reimbursement increases.” The report also calls upon physicians to place greater scrutiny on the decisions about which patients should receive DES and identifies the types of patients who are most likely to benefit from this technology.

ED Visits on the Rise

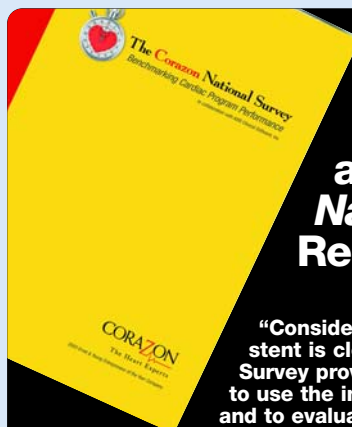
The Emergency Department (ED) is a key portal of entry for the cardiac population; in fact, as many as 50-75% of a community hospital’s cardiac admissions may arise from emergent care presentation. According to a March report from the Centers for Disease Control and Prevention, two-thirds of emergency patients spent as many as 6 hours in the ED, with the average visit lasting 3.2 hours. The report also shows an increase of 23% in the number of ED visits from 1992 to 2002, an average of about two million visits, while the number of hospital EDs has decreased about 15%.

Corazon believes that progressive facilities evaluate the reasons for such delays and can increase patient throughput by adding a comprehensive chest pain evaluation center or dedicated chest pain beds. On another note, some Corazon clients and industry contacts report that EMS providers bypass their ED with acute MI patients, triaging them to facilities that can provide primary angioplasty. To learn more about establishing a chest pain center or new interventional capabilities in your Cath Lab, call Corazon today.

News Pulse Continued

Welcome

As Corazon continues to grow, we welcome new employees to our team of Heart Experts: Business Consultant **Cathy DiNardo**, who joins us from a Supervisor role at The Pittsburgh Mercy Health System; Clinical Consultant **Ross Swanson** who worked as a Clinical Nurse Specialist at the Cleveland Clinic Foundation in Ohio; new Clinical Consultant **Shirley Cousino**, joining Corazon from her role as the CV Team Leader at UPMC Passavant Hospital in Pittsburgh; and **Christa McGuiness**, our new Research Analyst coming from a position as a CVICU Nurse at St. Clair Hospital, also in Pittsburgh. We proudly acknowledge these new additions to our expanding team and look forward to their future with Corazon.



Here’s what your colleagues in the industry have to say about *The Corazon National Survey Report of Findings*:

“Considering the cost of a new drug eluting stent is close to \$3,000, the Corazon National Survey provides exceptional value, allowing us to use the information to improve our processes and to evaluate multiple areas of cardiac operations. It was worth every penny!”

“The examination of the five key areas of cardiac program operations helped us benchmark our performance and highlighted issues we never even thought of evaluating.”



The Corazon National Survey

Benchmarking Cardiac Program Performance

In collaboration with AXIS Clinical Software, Inc.

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Program Design



Operations Management



Fiscal Management



Quality Management



Information Management

The Corazon National Survey results are in!

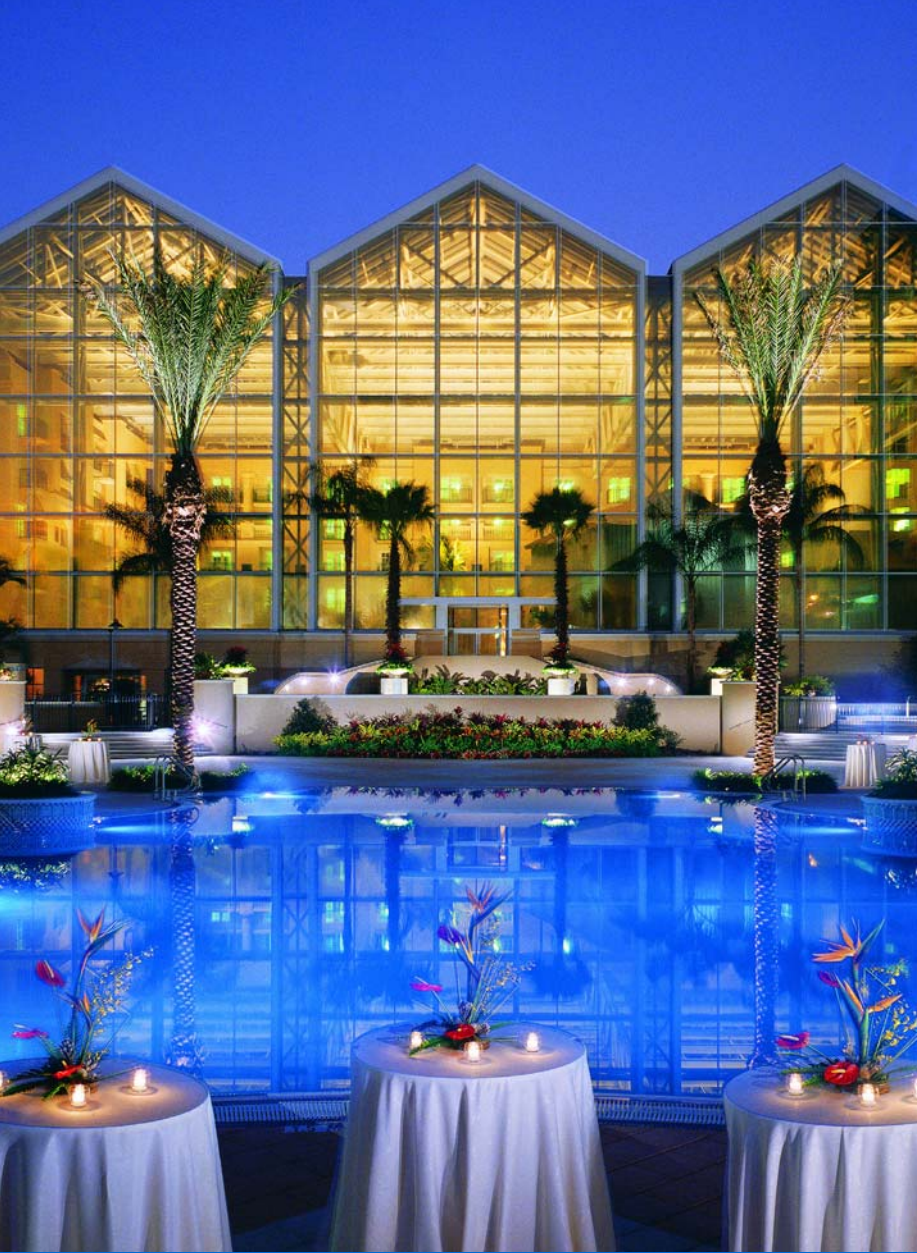
Don't miss out on your chance to purchase the information that can help you successfully benchmark your cardiovascular program. Over 100 hospitals coast-to-coast participated in this initiative and the data has been analyzed to develop practice benchmarks that can help you:

- ♥ 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.



Save the Date!

September 29 - October 1, 2004

MARK YOUR CALENDARS FOR THE 2004 ANNUAL CORAZON CONFERENCE IN ORLANDO, FLORIDA AT THE BEAUTIFUL GAYLORD PALMS RESORT AND CONVENTION CENTER. JOIN US FOR "WINNING THE CARDIOVASCULAR GAME: THE PLAYBOOK FOR SUCCESS," A CONFERENCE EVENT SURE TO GET YOUR ENTIRE PROGRAM DRIVING TOWARD VICTORY!

LET CORAZON COACH YOUR CV TEAM WITH AN OUTLINE OF THE STRATEGIC MOVES NECESSARY TO BECOME A WINNER IN THE COMPETITIVE ARENA OF HIGH-QUALITY, INNOVATIVE, AND COST-EFFECTIVE CV SERVICES. ❤️

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