A Cleveland Clinic Adult Hospitalist Program at Hillcrest Hospital

Leading in Healthcare Course Business Plan 2005-2006

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Project Concept

- Develop an integrated CCF-staffed hospital medicine program for the entire Cleveland Clinic Health System
- Develop a "CCF-standard" for hospital-based general medicine regardless of practice location
- Grow the Section of Hospital Medicine at the main campus to provide staffing, administrative oversight, and academic linkages
- Project intent
  - Objectives
    - Enhance the inpatient operational efficiency of CCHS
  - Rationale
    - CCF referrals are being limited by lack of bed availability, while the CCHS hospitals are not at full occupancy
    - Need a standardized inpatient care model to tap into the CCHS bed availability
- Project intent
  - Customers served
    - Patient universe
  - Strategic relevance
    - CCF cannot afford to lose referrals in a local market that is shrinking
  - Project timeline
    - Next 0-5 years
    - Develop an adult hospitalist program at Hillcrest Hospital that is staffed and administrated by the Section of Hospital Medicine, Department of General Internal Medicine, CCF Main campus.

Market Analysis and Demand

- No geographic boundaries
- Target customers
  - Local patients and physicians
    - CCF-standard at Hillcrest hospital
  - CCF local patients and physicians
    - Support Solon, Beachwood, and Willoughby Hills family health centers
  - CCF referrals (Patient Universe!)
    - Utilize the capacity at Hillcrest to increase our transfer volume into the main campus

	2005					
Hospital	Registered Beds *	Staffed Beds*	Days	ALOS	Discharges	% Occupancy
Bedford	*110*	*99*	19,497	4.74	4,109	48.56%
Euclid	*380*	*172*	54,055	6.55	8,247	38.97%
Geauga	*225*	*142*	31,193	3.99	7,818	37.98%
Hillcrest	*454*	*365*	107,597	4.50	23,915	64.93%
LakeEast	*205*	*167*	29,411	4.35	6,757	39.31%
LakeWest	*255*	*204*	49,353	4.10	12,030	53.02%
Marymount	*312*	*248*	73,642	5.11	14,407	64.67%
Richmond Heights	*245*	*81*	20,369	4.75	4,286	22.78%
South Pointe	*393*	*238*	64,814	5.93	10,928	45.18%
TOTALS:	*2,579*	*1,716*	449,931	4.86	92,497	47.80%

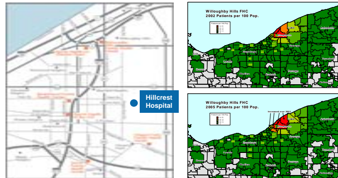
** Bed figures are from the 2004 Annual Hospital Registration Reports*

NOTES

% Occupancy is calculated based on Registered Beds, as per the formula used by the Ohio Health Department (ODH): days / (365 * # registered beds)

Data from both the Center for Health Affairs and the ODH Annual Hospital Registration Reports is self-reported by each hospital, region, or health system.

Market Research & Planning: April 2006



- CCF Main campus
  - ED visits continue to go up
    - Internal medicine admissions are still increasing
  - Transfer calls continue to go up
- Net value for each bed day created at CCF Main is approximately $3,400
  - Estimated by net revenue/case divided by the adjusted length of stay
- Target customers
  - Hillcrest hospital
    - Improve operational performance
      - LOS, throughput, cost-per-case
      - *Closing some beds in the next 12mo for tower renovations
      - *ED Diversions are going up
    - Improve quality
      - Order sets, pathway development, committee support

Competitive Analysis

- Patient competition
  - University Health System
    - Geauga and Richmond Heights hospitals
  - CCHS
    - Euclid or SouthPointe
- Physician competition
  - Local non-CCF physicians
  - Community Hospitalists, Inc
  - National hospitalist companies
    - IPC and Cogent

Operational Summary

Services Offered

- Primary hospital-based general internal medicine (± ICU)
  - On site 10 hours daily (7:30a-5:30p) 7 days per week
- Medical consultation
- Additional opportunities as the program matures
  - Rapid response teams
  - Code blue teams
  - Perioperative care
  - Committees (P&T, ITD, medical records, quality)

Program Structure

- 3 physician FTE's
  - 2 on service at all times
  - Shared weekend coverage
  - Combine with existing CCF hospitalist employed by Solon FHC
- Target patient encounters 18-20 per day
- Rotational schedule with the entire Section of Hospital Medicine with a focus at Hillcrest for 4-6 physicians
- No ED call for unassigned patients
- Preferably use CCF subspecialty support when available
- Clerical support at the Main Campus
- Minimal overhead
  - Hillcrest workspace
  - Computers already tied into CCF

Financial Summary

Direct Revenue

- Professional fees
  - 1400 admissions annually
  - Recover 0.33 of billed fees

$360,000

Indirect Revenue

- 10% reduction in cost per case
  - Average cost per case = $8,197
  - $819 saved per case
  - 1400 annual admissions

($1,146,000)

- Assume 10% of Hillcrest volume comes from CCF Main campus diversions
- 700 patient days saved at CCF Main campus
- $3,400 net revenue per patient day

($2,380,000)

Expenses

- 3 Physician FTE's
  - $180,000 per FTE
- Clerical support
  - $40,000
- Equipment
  - $15,000

$595,000

- Hospital night coverage
- $600,000
- Total expense

$1,195,000

- Expenses exceed direct revenue
  - -$805,000
- Indirect revenue (or value) will greatly exceed program costs

$2,715,000

- Cost reduction for Hillcrest will only occur in Year 1
- Projected revenue for improved operations at Hillcrest and the impact on CCF Main

Over $1 million annually

SWOT Analysis

- Strengths
  - Current CCF program has a national reputation in academic hospital medicine and infrastructure already exists
    - Recruitment, orientation, training, mentorship
  - Already have one CCF hospitalist at Hillcrest supporting Solon FHC
  - Hillcrest hospital is currently "shopping" for a hospitalist program
- Weaknesses
  - Availability of qualified hospitalists
  - Night coverage not integrated
  - Can a CCF-standard really be applied without the full range of CCF subspecialists?
  - Need to establish cost reductions and equivalence of care to CCF Main quickly, or true value is not realized
  - Financial solvency based on patient type
- Opportunity
  - Decompression for CCF
  - Increased subspecialty referrals for CCF and Hillcrest
  - Expanding on reputation
    - Hillcrest: Quality of care is the highest available
    - Cleveland Clinic: Patient friendly, local feel
  - Template process for other system hospitals to harness the power of the CCHS
- Threats
  - For CCF: Someone else will do it
    - Outsourced program with no affiliation with CCF Main
  - Physicians will admit to alternate hospital that offers hospitalist services
  - Current local internists who do "hospitalist" work will admit to an alternate hospital

Exit Strategy

- Performance metrics
  - Hillcrest
    - Length of stay
    - Opportunity days
    - ED diversions hours
    - Costs per case
    - Quality metrics
      - Patient satisfaction, local physician satisfaction, benchmarks of quality
  - CCF Main
    - Transfer volume sent to Hillcrest
- Factors that determine failure
  - Need to create bed days because none are available now – efficiency not improved at main campus therefore no financial justification
  - Mass exodus from hillcrest of local physicians – decreased revenue
- Project risk is low
  - CCF Main still has open hospitalist positions
    - Night coverage program
    - IMPACT growth
  - Hired hospitalists for Hillcrest would be redeployed at CCF Main