Determining Your Health System's Acute Care Service Distribution and Network Optimization

How Many Cardiac Surgery Programs Do We Actually Need?

Heather Prasad, AVP, Strategy & Business Planning

Erica Ebeling, Senior Manager, Strategy

Polling Question

- What are you most looking forward to learning during this presentation?
  - Understanding approaches health systems are taking to network optimization
  - New analytics ideas
  - How to navigate consolidation landmines

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Polling Question

- How involved has your organization been in mergers & acquisitions in the past 5 years?
  - Merged with non-hospital entities (vertical integration)
  - Merged with 1
  - Merged with 1+
  - Merger(s) upcoming
  - None

Polling Question

- What title mostly closely aligns with your position within your organization?
  - Executive / Senior Vice President
  - Vice President
  - Director / Manager
  - Consultant / Analyst

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Agenda

- Who We Are
- Why Service Distribution?
- What did we do? Building the analysis.
- Implications for Network Optimization
- Lessons learned and challenges with implementation
- What’s next?

Learning Objectives

1. How to create a “book of truth” to ensure the decision-makers have a clear understanding of services provided across the health system
2. Understand the inputs needed to create a data-driven framework that produces service distribution scenarios
3. Participants will benefit from our team’s lessons learned in guiding conversations about optimal service distribution, network optimization and implementation planning

Your Presenters

Strategy at Jefferson Health

Philadelphia, Pennsylvania

Heather Prasad
Associate Vice President

Erica Ebeling
Senior Manager Strategy

Jefferson Health

$7.9 billion[1] Nonprofit corporation dedicated to education, research, healthcare delivery, and health insurance

2014 Dissolution of "old" Jefferson System

2015 University & AMC become one entity

2016 Abington Merger

2017
- Aria Merger
- Philadelphia University Merger

2018
- Kennedy Merger
- Magee Merger

2021
- Einstein Merger
- Acquisition of Health Partners Insurance Plan

12	2	2
Acute Care Hospitals	Rehabilitation Hospitals	JV Specialty Hospitals

+40k	+2.8k	+7.2k
Employees	Faculty	Students

+2k	+2.4k	+900
Employed Physicians	Independent Physicians	APPs

10	3	2
Colleges	Schools	Institutes

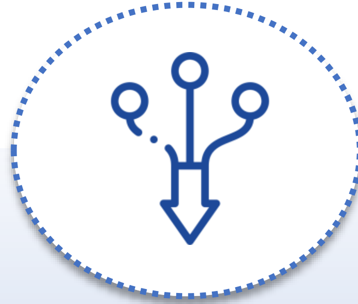
+100	+20K	+300k
Participating Hospitals	Providers	Plan Members

1 Total FY22 revenue.
2 Standard & Poor's and Moody's, respectively.

3. Jefferson Hospital for Neurosciences considered part of TJUH & EMCP – Elkins Park considered part of EMCP.

Why Service Distribution?

Improve quality, maintain access, and reduce operating expense & effectively deploy capital



Eliminate service duplication and internal competition for patients & talent

Differentiate signature programs and key service lines

Align physical footprint with future care delivery model

What do we mean by Service Distribution & Network Optimization?

Clinical Service Distribution Informs Network Configuration… And Vice Versa

Network Configuration

Role of each facility in Jefferson's system of care

The complement and intensity of clinical services provided at each site of care are influenced by the role of the facility in Jefferson's system of care, patient access, and volume/complexity

Network configuration, including opportunities to reduce services and thus facility footprint, influenced by service distribution recommendations

Service Distribution

Where patients receive services across Jefferson's acute sites of care

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What was the approach?

- Current state of services
- Underwent a process to build out a detailed fact book "Book of Truth" Developed and Evaluated Scenarios
- Developed recommendations

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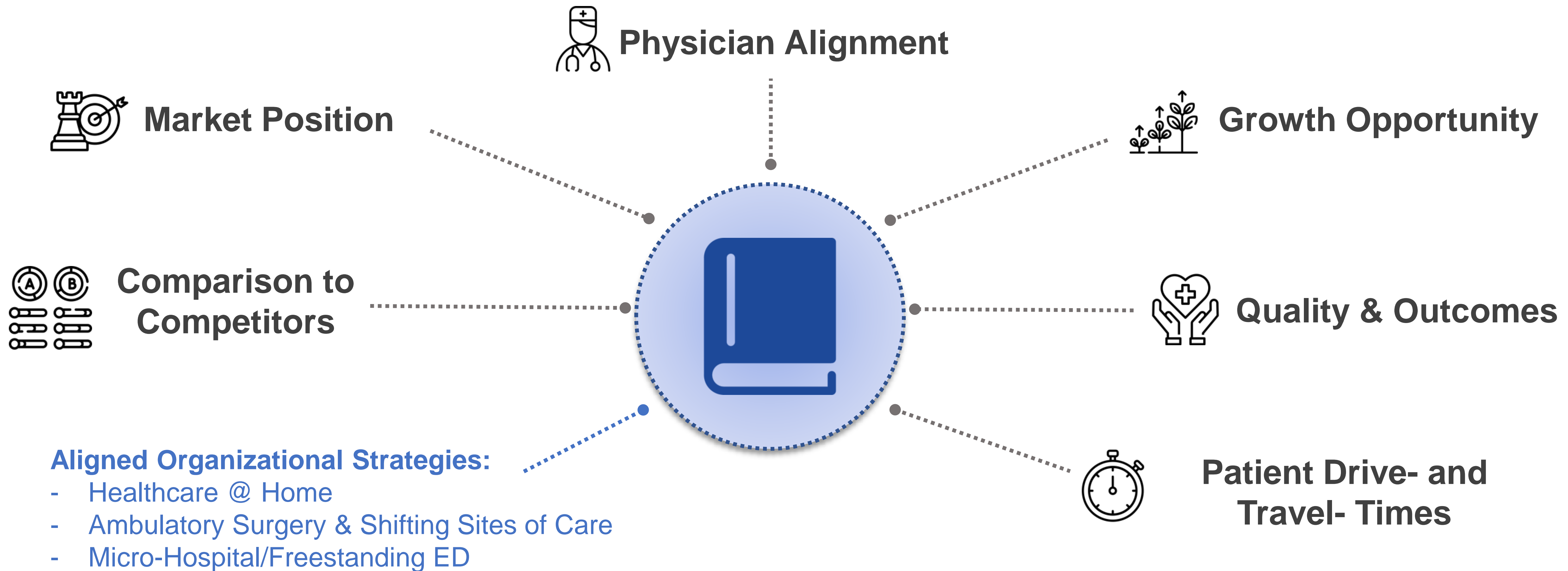
Building the Case: Creating the Book of Truth



DID NOT CONSIDER: Payor contracts, 340B eligibility, Trauma status / requirements, Academic/residency requirements, Impact on public rankings, Current vs. required mix of bed types (e.g., ICU vs. med/surg), Current state facility investment needed (e.g., FCI)

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Analysis

STEP 1: Identified higher acuity and low volume inpatient elective surgical services performed in more than one location

Create a Template:

- Patient Origin
- Volumes
- Quality Metrics
- Drive Time
- Scenarios:
  - Detail impact of each scenario (volume, LOS)

Inpatient Discharge Volume & Quality Metrics

	Academic Medical Center	Regional Destination Center 1	Regional Destination Center 2	Community Hospital 1	Community Hospital 2
Volume					
% Emergency					
CMI					
ALOS					
USNWR Procedure & Condition					
USNWR Specialty					
% Employed					
Drive Time (min)					

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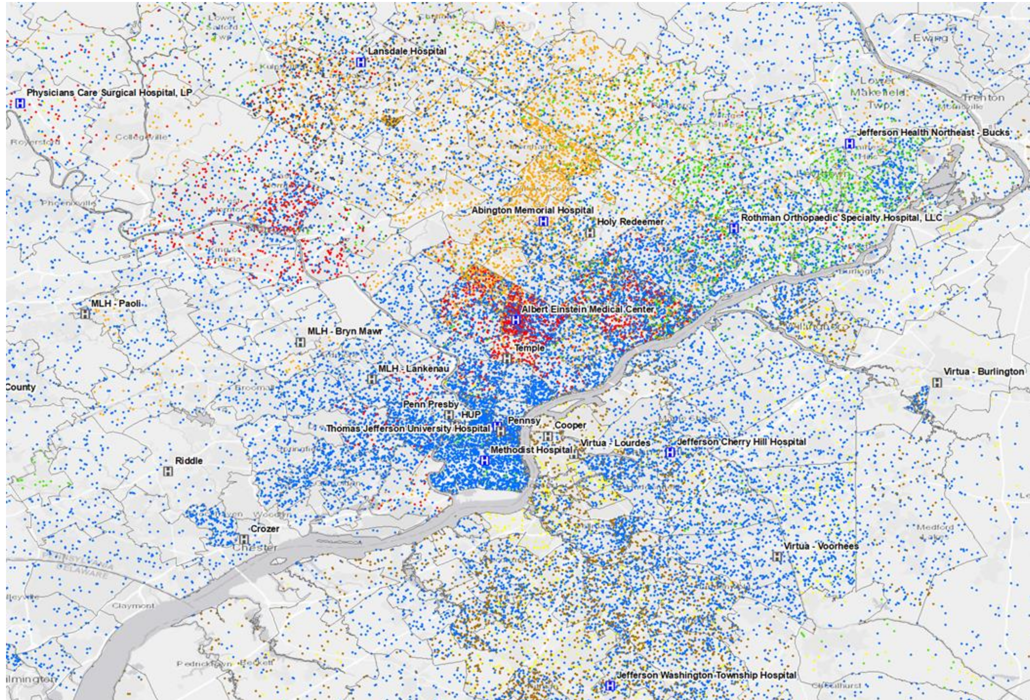
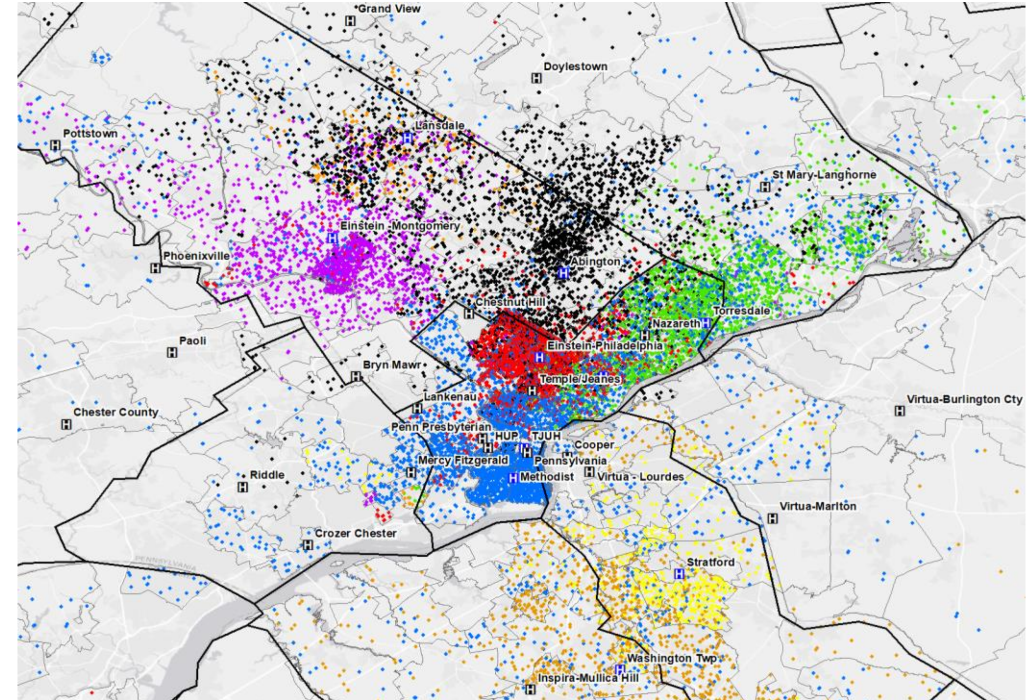
Taking a Page from the Book of Truth

Consolidated Service



Regional Service



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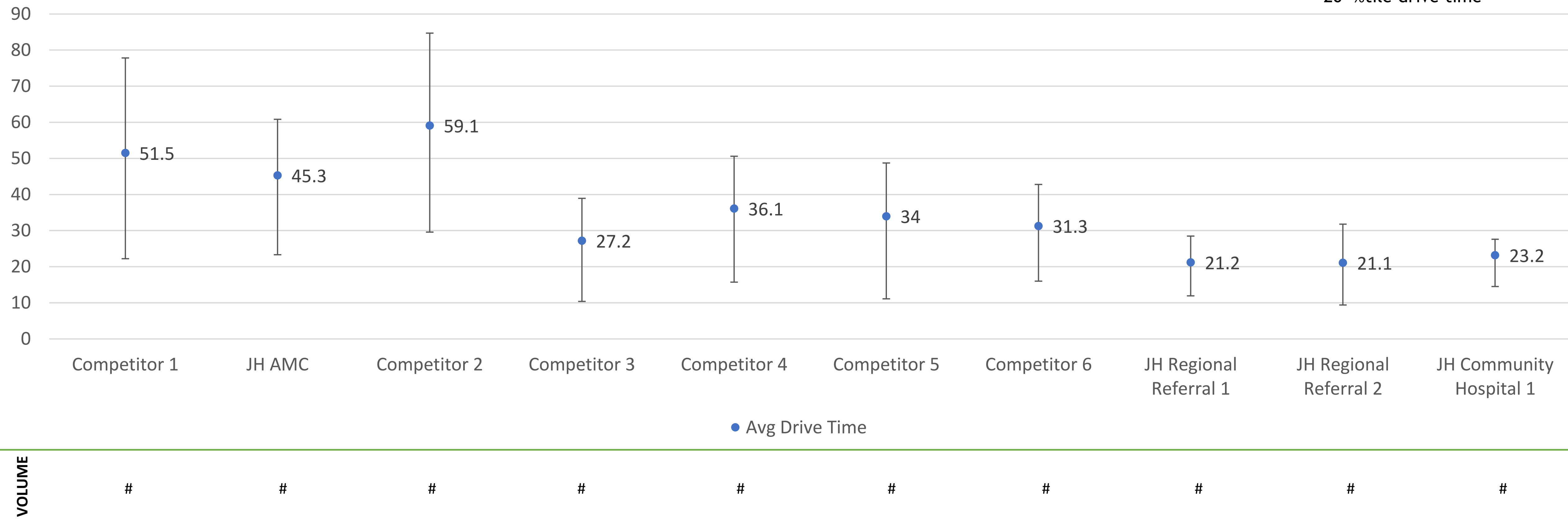
“My Patient’s Won’t Travel”



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Recommendations

1. Calculated which complement of service locations would:
   - Allow Jefferson to provide care in the FEWEST locations with the LEAST attrition based on patient travel times
   - Balance community need/patient travel times and competitive alternatives
   - Accounted for high level bed constraints based on current capacity
2. Developed two initial scenarios for consideration:

CENTRALIZED Consolidation	REGIONAL Consolidation
	• Most high acuity services consolidated in each region • The highest acuity/low volume services centralized in one location

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Example Recommendation

Optimization Strategy

Centralize highest-acuity XXXX at AMC & offer general at 1-3 locations

- **Scenario 1 Centralized:** (hospital locations)
- **Scenario 2 Regional:** (hospital locations)

Rationale		Risks
Market Position		
Patient Travel		
Internal		

Optimal Redistribution Impact

Hospital	CY21		Projected CY 26 Discharges	Scenario 1: Centralized			Scenario 2: Regional		
	Discharges	ADC		Discharges	ADC	+/- Discharges	Discharges	ADC	+/- Discharges
AMC									
Regional Referral Center 1									
Regional Referral Center 2									
Regional Referral Center 3									
Community Hospital									
Other JH Hospitals									
TOTAL									

Road Blocks & Challenges

Stakeholder Challenges

- THE DATA
- Messaging

Road Blocks

- Academic/Residency Requirements
- Facility Investments
- Trauma & Stroke Certifications

How do our recommendations impact our Trauma service?

Questions Raised

1. What is the current state of Trauma services?
2. Can we maintain Trauma certification at all facilities if we consolidate services?
3. Would losing trauma certification have a significant volume/financial impact?

Additional Analysis

Key Considerations

1. Different Trauma Levels & Clinical Requirements
2. State Regulatory Requirements
3. Services Impacted
4. Pre-Hospital Landscape
5. Volumes
6. Financials

The Final Chapters: Implementation Planning

- Facilities Implications
- Stakeholder engagement & messaging

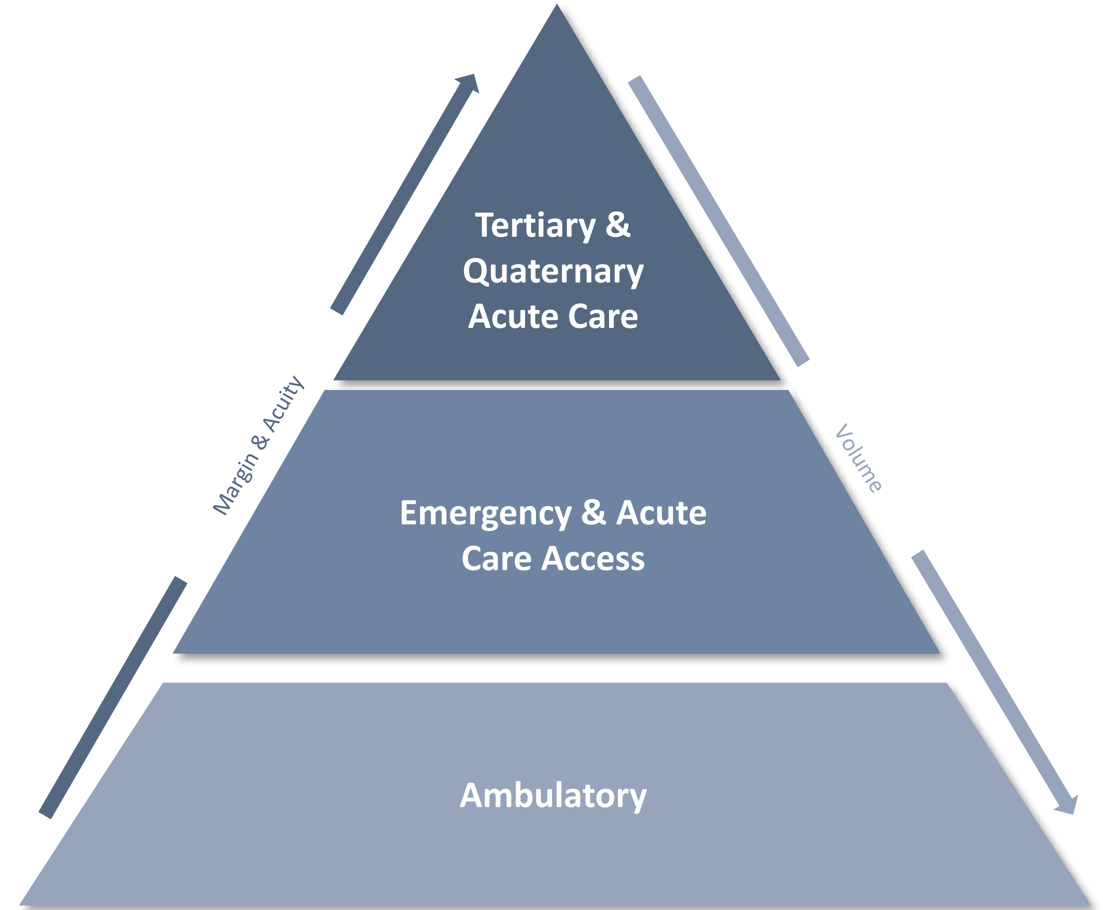
- Other
- Academic & Residency Requirements

Network Optimization as a Platform for Growth & Transformation

The ***academic medical center*** and ***regional destination centers*** provide high-acuity, specialized tertiary and quaternary care. They have surgical centers of excellence and provide the highest levels of trauma and stroke care.

Community hospitals ensure local access to emergency and inpatient care; they provide niche services based on community need.

Ambulatory footprint provides comprehensive, convenient access to the full continuum of ambulatory care.



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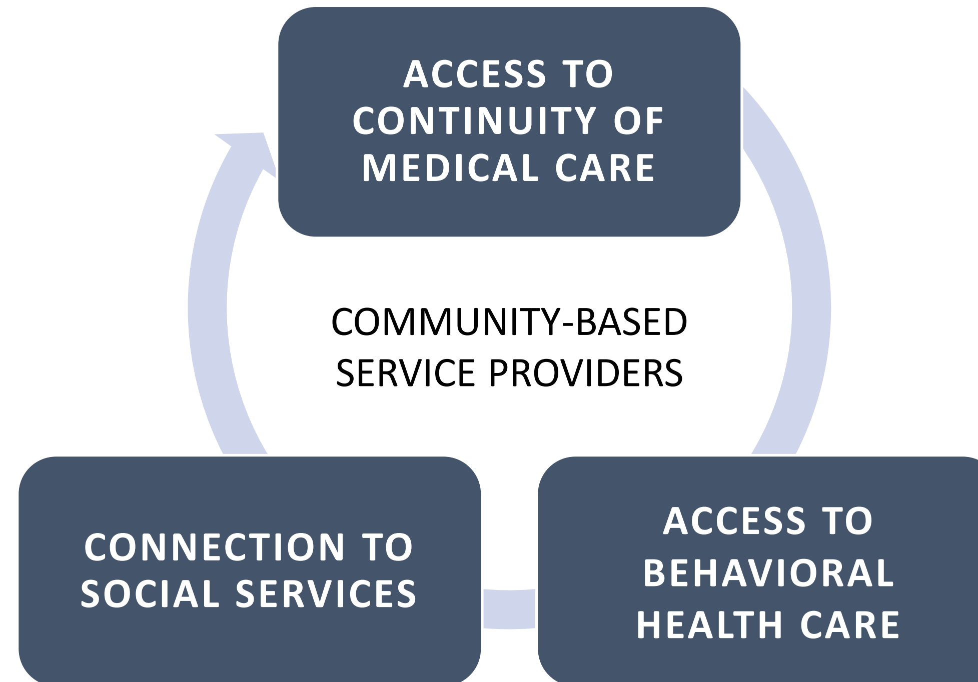
Community Hospital Transformation

Role of the Hospital: an essential component of the community since it opened (100 years ago), providing access to medical care for patients in (one zip code)



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Key Takeaways

- Dig into the data! Create a very thorough catalogue of services throughout the health system
- Determine the best message, tell a story

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Questions?

Please be sure to complete the session evaluation!

Speaker Biography(s)

Heather Prasad
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Heather Prasad has been working in Strategy at Jefferson Health through 10 years of continuous change & transformation, where she has focused on enterprise-level strategic and business planning. Her keys to happiness through this time have included cultivation of deep professional relationships and continuous focus on understanding the changing needs at all levels across the system. Prior to her work at Jefferson, Heather had 7 years experience working in academic medical centers and strategy consulting. She has a BA in Psychology and Sociology as well as an MHA from Cornell University.

Speaker Biography(s)

Erica Ebeling
Senior Manager Strategy
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Erica joined the Jefferson Strategy Team in April of 2022. Erica has 10+ years of progressive experience with health care provider strategy with an emphasis on enterprise strategic management and annual planning. Erica has worked in both community and academic medical center settings, with prior experience at Main Line Health and Emory Healthcare. She received her B.A. in Sociology and Philosophy from Case Western Reserve University; MPH from Emory University, Rollins School of Public Health.