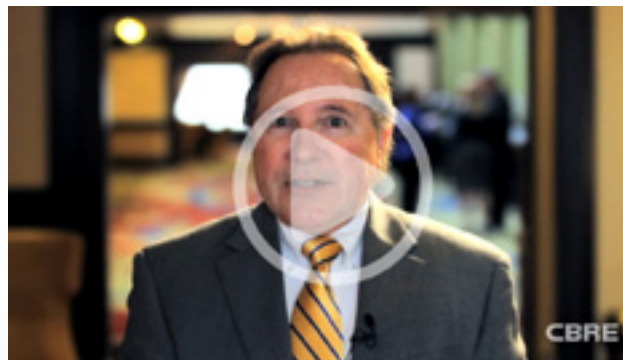




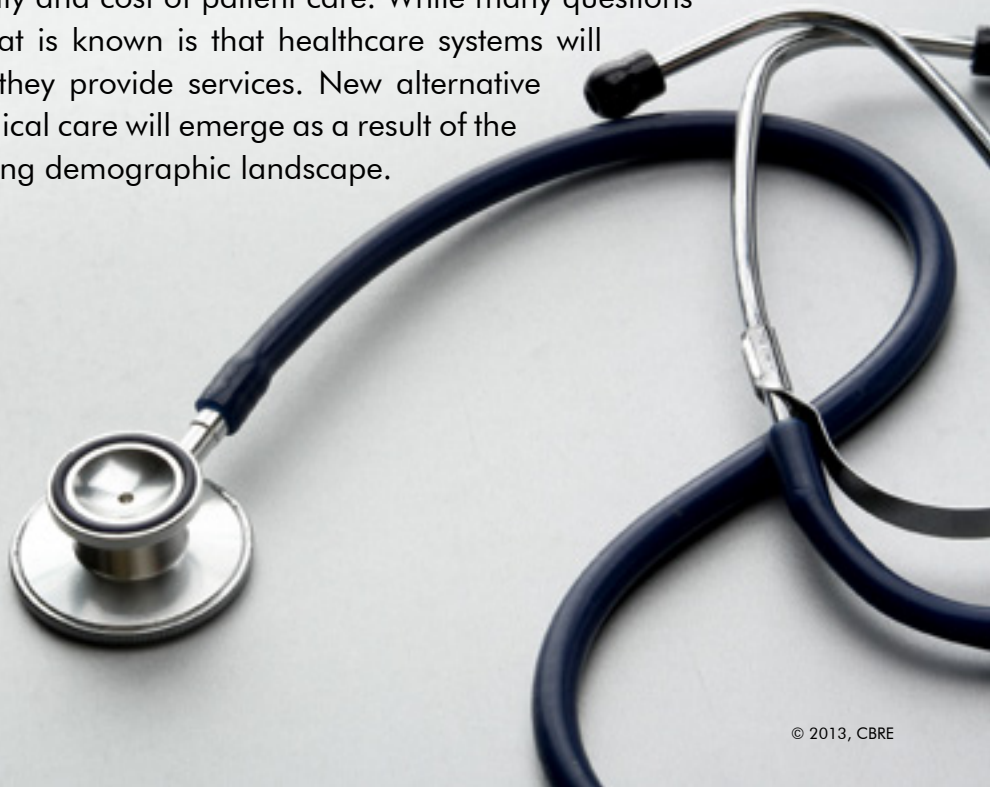
— TEN TIPS FOR —

HEALTHCARE PROVIDERS UNDER THE AFFORDABLE CARE ACT

The healthcare legislation, known as the Affordable Care Act (ACA), will have widespread implications for healthcare system



providers. An estimated 32 million newly insured people under ACA will dramatically affect how healthcare system providers deliver patient care. At the same time, baby boomers are approaching their peak healthcare consumption years. In addition, with ACA's mandate for Accountable Care Organizations (ACOs), groups of coordinated healthcare providers are now accountable for the quality and cost of patient care. While many questions remain unanswered, what is known is that healthcare systems will need to transform how they provide services. New alternative models of delivering medical care will emerge as a result of the new laws and the changing demographic landscape.





Two repositioning strategies centered on accessibility and affordability of care will be necessary for healthcare systems to meet the challenges of ACA head-on.

DIFFICULT OPERATING ENVIRONMENT

Healthcare systems are increasingly focused on cash preservation amid concerns about declining reimbursement rates. Healthcare executives are also faced with the challenge of how to grow in an industry that is consolidating. Where healthcare systems were formerly competing, they are now affiliating with other healthcare systems. The fundamental shift in how patient care is delivered is driving healthcare systems to go back and reassess the viability of the markets where they operate.

In addition, nearly every hospital is looking at more efficient ways to deliver patient care in light of the huge pending increase in demand for services. Rolling out new ambulatory facilities in locations far from existing hospitals will be critical to meeting new patient demand in a dramatically changing regulatory environment. What is the best approach in this difficult environment? Two repositioning strategies centered on accessibility and affordability of care will be necessary for healthcare systems to meet the challenges of ACA head-on.

GREATER ACCESS TO CARE

Healthcare providers can create ways to access larger groups of privately insured patients with a strategy that centers on providing services closer to their customers through ambulatory care facilities. Health care systems need to rethink their real estate location decisions and provide patient care in convenient, ambulatory settings in locations close to where commercially insured patients live.

Healthcare system providers need to move away from the old “hub-and-spoke” model and develop a delivery system that is built around the needs of the communities they serve. It is critically important to analyze the types of care that are currently being provided and determine where there are gaps in service. What types of specialized services, such as imaging labs, are needed in the communities where patients live? Where can care extenders be used to counteract the inability of physicians to meet all of the demands of the expanding population of newly insured patients?

Attracting healthcare users to new ambulatory care facilities will require healthcare executives to think like retailers. System providers that adopt retail models to market their services will be well positioned to capture greater market share and benefit from the changes underway as a result of ACA.

MORE AFFORDABLE CARE

With the renewed emphasis on positive patient outcomes, it is increasingly important for healthcare service providers to look at the most cost-effective ways to deliver quality care. One often overlooked area of opportunity relates to real estate and related strategies. For example, healthcare systems

which rollout ambulatory care facilities can drive costs down by repositioning services away from larger, more costly hospital locations. In turn, a change in the delivery system should be able to lower the number of patients that need to be readmitted to the hospital, thereby lowering costs. By improving access, healthcare systems can also dramatically increase the number of patients that they serve and spread costs of non-commercially insured patients over a larger base.



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TEN TIPS FOR HEALTH CARE SYSTEM EXECUTIVES

1. **Increase Market Share:** Expanding into suburbs to access a growing population of privately insured patients is a viable strategy to increase market share and control costs in face of regulatory changes. New locations and strategies need to be employed to capture a greater share of healthcare expenditures at lower costs.
2. **Emphasize Ambulatory Settings:** Buying or forming physician practices in ambulatory locations allows healthcare systems to draw referrals to support current or planned inpatient facilities. Research by The Center for Studying Health System Change indicates that providers can increase market share by strengthening service lines and referring complex cases to flagship tertiary care hospitals.
3. **Rethink Site Selection:** To attract commercially insured patients who typically spend more on medical care, healthcare real estate executives need to rethink site selection. Most healthcare consumers do not want to travel to a far-off, urban location for care. Repositioning services away from large hospitals also has the added benefit of driving down costs.
4. **Think Like Retailers:** Hospitals need to think like retailers to expand how and where they provide services. Urgent-care and after-hours free-standing emergency centers need to be part of the retail-based, continuum of care model. Providers need to compete against CVS' Minute Clinics and Walmart's pilot program, The Clinic at Walmart, as traditional retailers make in-roads. Sophisticated portfolio modeling tools and analytics that are routinely used by retailers are now being adapted for use by the healthcare industry.
5. **Focus on Branding:** As healthcare systems form partnerships with other providers, it becomes essential to inform the consumer of the partnership's role as part of a community network of care. Branding under one network identity is an important part of the process of consumer awareness. Extending the branding through architectural features, cohesive signage and way-finding programs can be highly impactful.

- 6. Spend More on Advertising:** Providers need to focus on managing communications with their patients to increase retention. Advertising is no longer static but is interactive. Patients demand online appointment scheduling and contacting their healthcare “teams” via email between appointments. Providers must emphasize the whole patient experience.
- 7. Focus on Community:** Ambulatory centers focused around the healthcare needs of the community are the best delivery model for gaining market share and focusing on patient wellness. Spend the time to define the necessary components of service such as imaging labs, physical therapy and other specialized types of care. Use care extenders to enable greater practice efficiencies.
- 8. Study Demographics:** Remember to consider the demographic characteristics of your marketplace. Analyze demographic data to identify growing areas with the highest likelihood of a well-insured patient base.
- 9. Remember Convenience:** To attract new healthcare consumers, providers need to rethink the type of space where they deliver patient care, with an emphasis on centralized care in one convenient location near where commercially insured residents live. New designs that emphasize convenience, the use of care extenders and the patient experience are key.
- 10. Emphasize Visibility:** Consider convenient access and clear visibility in choosing where to locate new ambulatory facilities. Highly-visible locations on major intersections or in well-located retail centers are essential to reinforcing branding and generating drive-by and foot traffic.



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