CEO Outlook 2008

EXECUTIVE SUMMARY

You might call the January issue of Inside Edge our annual rite of the CEO, a great opportunity to talk to a handful of SI member CEOs and ask them what IT-enabled initiatives they’re working on as the year unfolds. “Works in progress” might be an even better title. That’s certainly true about CPOE and clinical decision support, as we’re now beginning to see second-generation versions of those systems at leading health systems. But we also hear about robots visiting patients’ rooms, patient portals and PHRs, just to name a few of the initiatives for 2008.

We cast as wide a net as possible, talking to CEOs from Hackensack University Medical Center in the New York metro area, Alegent Health in the great plains of Nebraska, Billings Clinic in the Big Sky Country of Montana, Charleston Area Medical Center in the Blue Ridge beauty of West Virginia, Banner Health in the burgeoning suburbs of sunbelt Arizona and the West and last, but not least, CHRISTUS Health, whose Texas-based operation spills across several states and Mexico, our one international representative.

Banner Health

Planting the flag is more than a play on words when it comes to Banner Health. The Phoenix, Ariz.-based integrated delivery system, with nearly $3.4 billion in net revenue and 28,000 employees, is in the midst of a growth phase that could make it a poster child for the hospital building boom occurring across the country.

Having just opened 150-bed Banner Gateway in Gilbert, a huge growth area on the southeastern fringe of Phoenix, the 20-hospital organization is starting Banner Ironwood in Pinal County even farther southeast. That’s just three years after opening 173-bed Banner Estrella—which is being expanded to 208 beds this summer—next-door to a brand-new residential development on the city’s burgeoning west side. Both new hospitals can accommodate tremendous flexibility for growth, capable of expanding to as many as 400 beds each. Banner is also building a 230-bed children’s hospital and is in the final stages of development for a cancer hospital and an NCI-designated comprehensive cancer center.

“Arizona and Colorado are areas of high growth,” says Peter Fine, Banner president and CEO, referring to just two of the seven western states in which Banner resides. Those others include Nevada, another high-growth area, Alaska, California, Nebraska and Wyoming. Continuing this year and into the future, IT-enabled quality is critical to that growth.

“Care transformation is an important strategy for 2008. It’s our primary
area of focus and IT changes are a key part of that transformation,” says Fine. The organization’s goal is to implement Cerner Millennium HIS at all of Banner’s 20 hospitals by the end of 2008. Two hospitals have already implemented CPOE. “We’ve centered our activities around improving clinical information technology. Our success depends on differentiating ourselves on quality of care and patient safety,” he says.

Fine acknowledges IT is “a tens-of-millions-of-dollars investment” that includes not only technology but all associated training, and that investment competes with capital demands related to building new facilities. “It has caused a lot of strain and we’ve had to borrow a lot more, but we balance that with IT as we expand,” he says.

A key factor to efficient growth is Banner’s use of a “franchise model” for IT that can be applied to any location, whether in Wyoming or Arizona. “We just roll it out. We’ve centralized IT leadership and authority and it is all accumulated in one cost center. We’ve got a very good handle on what we’re spending and we try to do an ROI early on for each IT project,” says Fine.

The franchise model incorporates the many lessons learned, one of which is to provide a lot of startup support. “We ship in an army of people for each startup,” says Fine. “You can’t spend enough in the development of Super Users. They are worth their weight in gold. We have flooded these startups with Super Users with round-the-clock assistance. They stay however long is necessary. Then they train other Super Users in that facility,” he says.

That approach will come in handy this spring in Banner’s merger with Sun Health, a two-hospital system in the Sun Cities, senior retirement communities northwest of Phoenix. A hefty organization with 4,000 employees and almost 40,000 admissions, Sun Health will add as much as $600 million in revenue. “One of the key reasons Sun Health was attracted to Banner is the significant investment we’re making in clinical and information technology through 2010,” says Fine.

Charleston Area Medical Center

As a regional referral center and teaching hospital with nearly 900 beds smack dab in the center of southern West Virginia, Charleston Area Medical Center (CAMC) is home to one of the nation’s top 10 heart programs, one of two kidney transplant centers in the state and one of the nation’s busiest Level I trauma centers, covering five counties with a half-million people. That’s why keeping its IT continuously up and running has become a major focus for CAMC in 2008.

“We’re seeking a solution to the need for disaster recovery redundancy and backup,” says David Ramsey, CAMC’s president and CEO. “As we become more and more computerized in daily patient care we ask ourselves how can we ensure
that technology does not get in the way of taking care of patients?”

Fortunately, CAMC was able to find a near-perfect site for its backup. It just purchased a building in Charleston recently built by an IT company that operated a now-defunct Internet consortium across the state. Still, says Ramsey, “the price tag [for building a complete data center] is staggering. That’s why we went to an outside firm to provide the belts and suspenders so we can more incrementally build the redundancy and backup.”

The plan is to make the new building CAMC’s data center and convert the existing data center at the hospital into the backup site. Prioritization of systems is key in 2008. “We’re dealing with the issue of how extensive business continuity needs to be: what always needs to be up, what can be up in an hour and what can take a day. It’s an issue of economics.”

The issue is particularly uppermost in Ramsey’s mind because the air conditioning went out in the data center last year, shutting down most applications for three hours. And while nothing crucial was lost, it demonstrated even air conditioning requires redundancy if it serves IT.

Another area of focus for CAMC in 2008 is improving the functionality of the clinical information system. “We all purchase these systems then find that the data is not presented in a way the medical staff or nurses want,” says Ramsey, citing the example of the EHR’s inability to allow online editing of transcription. “It seems like a minor thing, but we keep hearing about similar problems across the board. The same issue applies to CAMC’s PACS, which requires doctors to navigate patient lists differently than the patient-care system.”

Also on track for 2008 is to tackle what Ramsey calls “the ambulatory question,” or how CAMC can contribute capital toward physician EHRs in a way that provides returns to the organization. “We’re trying to figure out what it’s going to cost. You’re talking huge numbers in terms of capital and resources—and there’s some question about the efficiency of it. Is the promise of the EHR a promise or a long-term quest? Sometimes we find it’s a cliff and not the promised land,” he says. Still, Ramsey says CAMC in the next year is likely to pilot some systems in physician-owned clinics.

Capacity management is another area that CAMC is working on. “We have an increasing demand for beds. We’re turning away patients daily, so we’re very focused on patient flow,” says Ramsey. As a result, CAMC needs to add 65 beds in two of its three hospitals. The first task will be to add 24 ICU beds. “Our ICU beds are full,” he says. Related to the flow issue: the need for more hospitalists to treat the increasing number of inpatients. That’s because so many
patients from surrounding rural hospitals flood into Charleston and ultimately need to be admitted to be hospitalized. “Our urologist may be the only one on call in the whole southern half of the state,” says Ramsey.

**CHRISTUS Health**

Irving, Tex.-based CHRISTUS Health may not stretch around the globe, but it’s off to a good start. With 40 acute-care facilities, numerous clinics, long-term care sites and 30,000 associates in six states and Mexico, CHRISTUS is always adding rather than subtracting. It just snared its eighth hospital in Mexico, expanding from two in only six years, and the organization seems to have found the right IT-enabled strategy to support this growth continuing in 2008.

That strategy is the imprint of CHRISTUS CEO Thomas Royer, MD, who invokes a three-part mantra of systematization, integration and standardization. This year CHRISTUS will swell that mantra to a chorus as it rolls out the Meditech HIS to the final dozen of its hospitals. “We’re in the last third of system conversion, so by the end of the year we’ll be fully implemented on a single platform across all of CHRISTUS,” says Royer. Among other things that will that will allow sharing of appropriate data, he says, to measure the organization’s progress on its Journey to Excellence, CHRISTUS’ nine-year-old performance-improvement program.

“The Journey to Excellence has been our constant theme,” says Royer. Its goal is to have all CHRISTUS hospitals reach the 90th percentile of international standards in the four areas of quality, community value, finance and satisfaction by February 2009. “We’re at the 80th percentile and should be above 90 by the end of 2008. Eleven hospitals are already excellent, but we don’t want an island of excellence, we want a continent of excellence,” he says.

In its commitment to standardization, this year CHRISTUS will standardize its accounting in the areas of charge of accounts and charge master. Inventory control is also being standardized so items as mundane as gauze strips will all be defined exactly the same throughout the system. “We’re moving to regional or division business offices to help standardize and streamline accounting. Mexico has unified inventory. So, we’re systematizing more and more and IT becomes the facilitator,” says Royer.

IT personnel have not been immune to the standardization strategy at CHRISTUS.

Just as the organization has eliminated variability in its IT platform by focusing on a single vendor, so now it need not have staff specialized in disparate systems. That helps streamline an IT department that has grown along with the organization.

---

**Tom Royer, MD, CEO, CHRISTUS Health, Irving, Texas**
CHRISTUS is also differentiating itself through a new retail division that is opening clinics in malls and selling merchandise like mother and baby gifts and green spa products under the CHRISTUS Health Healthy Living brand. Santa Rosa (Texas) Children’s personalizes doctors’ supply kits for patients and families to take home from the hospital. “We’re opening up a web-based business that will be connected into IT,” he says. The organization’s strategy is to develop a business portfolio that is one third acute care, a third non-acute care (lab, radiology, home care, senior campuses) and a third international. “So IT needs to connect all these parts,” Royer says.

“We’re watching seniors age and we do not think we need more hospitals. We think Baby Boomers will suffer from much more acute episodes,” he says, and not require long-term hospitalization. That’s why CHRISTUS is developing senior services that include independent living, assisted living, nursing homes and memory units.

Finally, CHRISTUS is subsidizing EMRs for physicians to the extent possible under Stark “so the patient can flow from one care site to another with their information available to all providers at any point,” Royer says. More than 200 physicians have already requested EMRs, 30 of whom have received them.

**Hackensack University Medical Center**

When you’re the fourth busiest hospital in the country and second in ambulatory visits in the New York metro area (three million a year), you’ve earned the right to be called a heavyweight. That accurately describes Hackensack University Medical Center, a 781-bed teaching and research hospital affiliated with the University of Medicine and Dentistry of New Jersey - New Jersey Medical School, and the largest provider of inpatient and outpatient services in the state of New Jersey.

John Ferguson, at the helm of this behemoth for more than two decades as HUMC’s president and CEO, envisions a 2008 strategy under five umbrellas: patient satisfaction, quality, workforce development, finances and physician satisfaction.

Under patient satisfaction, HUMC will continue to roll out patient kiosks in strategic areas for customer-friendly services like automated registration, credit-card payment and way finding. Plans are to expand to as many as 50 of these devices, which resemble the ones used at airports to check in, from the 11 currently installed. “These are a big patient satisfier, they can save lots of time for a mom who comes into pediatrics,” says Ferguson.

Portable personal health records (PHRs) are also on the list of patient satisfaction initiatives. These will be integrated with HUMC’s patient portal and allow busy executives who have checkups during the day, for example, to review their lab results and follow-up in the evening from a home PC using a secure code.
A third strategy is to improve on the interactive patient experience of computerizing services like ordering a meal at any time during the day. Patients are able to control their TV and music, browse the web or get emails and receive patient education, all on a single flat-screen TV in their rooms.

A quality initiative HUMC will continue this year: full EHR integration for both inpatient and outpatient data across the whole continuum of care. “We’re 75 percent there and it’s been slow torture,” says Ferguson, especially for a hospital whose inpatient admissions rank it almost at the top nationally and whose outpatient visits draw from New Jersey, New York and Connecticut. Also under quality, HUMC will continue to develop its clinical decision support for CPOE. “We’ve had CPOE in place for five years, but we continue to improve it,” says Ferguson. That work will include improving medication management through a third-generation eMAR.

Then there are robots—rounding robots. HUMC is expanding its use of robots to do virtual patient consults. Lab-coated with monitor heads, these human-sized machines can roam halls and visit patients, allowing a doctor in Connecticut to interact with patients in their Hackensack hospital rooms.

HUMC is also beefing up its physician portals with upgraded applications to allow doctors to view diagnostic-quality x-rays and other PACS images, order medications and sign transcriptions. The medical center is doing similar upgrades to its employee portal to enable workers to view the benefit packages they have online from a home PC.

Notwithstanding the current capital crunch, Ferguson says the extra $9 million HUMC is investing in IT this year should come back to it and more. “We believe by investing in this we’re actually saving money” through such improvements as better coding and billing. And that’s especially true with HUMC’s supply chain automation initiative. By automating its replenishment of supplies and using just-in-time inventory the medical center expects to save a whopping $5 million, from inefficient charging alone. “We’re automating the process so that you can’t order another stent until the one that was used gets charged for,” says Ferguson.

**Billings Clinic**

As a MEDPAC commissioner, Nick Wolter, MD, is acutely aware of the reforms needed in healthcare. “I have my list,” says the CEO of the Billings Clinic, a 215-physician, community-governed, physician-led delivery system in Billings, Montana. Wolter knows too that nearly all the reforms, whether P4P, management of high-cost, high-volume diseases, or redesign of the delivery system itself, will require IT.

“The bottom line is that as an industry we’re on an unsustainable cost curve. Clearly, appropriate development of
EHRs and HIT is going to be a key piece of the solution,” he says.

Billings Clinic's first area of emphasis for 2008, says Wolter, “is to try to raise the bar on how IT can help our clinic by expanding CPOE. Some departments are farther down the road than others in terms of embedded clinical pathways and order sets. We want to achieve 100 percent of our physicians using CPOE, including medication lists and medication reconciliation. And a lot of this involves integrating both clinics and the hospital.”

Three years ago the clinic moved to Cerner as a single platform and has since added embedded clinical decision support and alerts. “That’s a major improvement, to be able to see the problem list, allergy list, use more order sets,” says Wolter, adding that a growing number of Billings Clinic physicians use CPOE for orders today. But he acknowledges that implementing CPOE is a continuing challenge, even with physician leadership committed to IT. “It’s hard work, takes a long time and demands a large number of staff and resources because it involves both process change and technology.”

Besides its 272-bed flagship hospital, Billings Clinic owns nine physician clinics in Montana, manages seven critical access hospitals in the state and supports 20 regional clinics in Montana, Wyoming and North Dakota. That’s why another 2008 initiative that expands telemedicine is significant from an IT and patient care perspective. “The telemedicine expansion is really important to us because Montana is so frontier-like, so spread out, especially in the eastern half and up to the Canadian border,” says Wolter. “When cardiac-care patients, for example, come down to us for referrals we’ll be able to do more follow-up visits with them. New upgrades in telemedicine allow us to see patients as if they were in Billings. In the old days we had to go down to a telemedicine studio, spend a half-day lag time for transmission and see half the normal number of patients. We’ve done lots of mental health over the years using telemedicine.”

Other IT-related areas of activity in 2008 for Billings Clinic include implementation of a new patient registration and scheduling system. “The nice thing is that it’s an integrated system for the hospital and clinics. It’s a big conversion,” he says. On the consumer side, the clinic is piloting a patient portal that will allow 500 patients to access their medical records for information like lab results and, while restricted from changing existing record content, they will have a space to post their own comments. The goal is, with appropriate security, to have a patient EHR accessible to non-clinic ED and physician offices over the web.

Billings Clinic, a CMS site for the three-year Medicare Physician Group Practice (PGP) Demonstration to improve quality, continues its major emphasis
on patient safety and quality in 2008, including an initiative that involves intensive chart review to create disease registries to better manage CHF and diabetes patient populations and provide those patients report cards using a list of quality measures.

**Alegent Health**

If you connect opposite corners of the continental United States with diagonal lines, they’ll intersect in the true center of the lower 48—and you’ll find Alegent Health.

Omaha, Neb.-based Alegent Health is the largest not-for-profit, faith-based healthcare system in Nebraska and southwestern Iowa with nine acute care hospitals, more than 100 sites of service, over 1,300 physicians on its medical staff and about 8,600 employees.

As a critical component of the health system’s quality initiative, Alegent Health is in the process of implementing the electronic medical record across all nine of its hospitals to provide caregivers with timely and accurate information at the point of care. “We are also implementing an ambulatory EMR in our employed physician group as well as offering EMRs to our independent physicians at a substantially reduced cost. We believe that integrated patient records and the ability to access those records from anywhere at anytime not only benefits our medical staffs, but most importantly enables us to provide an even higher level of patient safety and quality care for our patients,” says Sensor.

“In support of our strategy to effectively engage our consumers, we continue to enhance My Cost—a first-of-its-kind, online tool that allows consumers to obtain the actual cost they will incur for nearly 500 medical tests and procedures, including their out-of-pocket responsibility.”

As a critical component of the health system’s quality initiative, Alegent Health is in the process of implementing the electronic medical record across all nine of its hospitals to provide caregivers with timely and accurate information at the point of care. “We are also implementing an ambulatory EMR in our employed physician group as well as offering EMRs to our independent physicians at a substantially reduced cost. We believe that integrated patient records and the ability to access those records from anywhere at anytime not only benefits our medical staffs, but most importantly enables us to provide an even higher level of patient safety and quality care for our patients,” says Sensor.

“In support of our strategy to effectively engage our consumers, we continue to enhance My Cost—a first-of-its-kind, online tool that allows consumers to obtain the actual cost they will incur for nearly 500 medical tests and procedures, including their out-of-pocket responsibility,” he says. Alegent Health is also implementing a Patient Portal, including interactive capabilities for pre-registration, scheduling and payment of bills.

Given the tremendous drain on capital these days, the need for affordable systems and more clear benefits from them, Alegent Health has a fairly disciplined process for prioritizing IT and other capital expenditures. “We approach the IT capital prioritization process from two levels,” says Sensor. “First, we have established a five year balance sheet
plan that identifies the expected sources of capital and at a high level the allocation of the use of that capital. IT is one of the key areas of our strategic plan going forward. As such, we commit a certain amount of capital to IT projects over the five years based on historical spending and the needs identified in the IT Plan.” Once this amount is established, Alegent Health’s IT Executive Steering Committee prioritizes the individual projects within that set amount. They utilize several criteria, including support of Strategic Priorities, ROI and regulatory requirements in that process.

Sensor says the increasing raft of unfunded mandates that many healthcare executives find burdensome—whether for reporting to the federal government, states or Joint Commission—does not negatively influence Alegent Health 2008 initiatives. “I have really never seen this as an issue, but rather a necessary cost of being in the business we are in and actually supportive of our goal of health care being more transparent. IT is critical to effectively reporting or sharing data. If we can establish standards, or more consistency in the information that is being collected and reported, these types of requirements can become a natural by-product of providing high-quality health care that is centered on the patient.”

Conclusion
Talking with CEOs of Scottsdale Institute member organizations is truly one of the highlights of the year. It’s an opportunity to see how deeply IT has penetrated the strategic imperative in healthcare and, more specifically, how savvy healthcare leaders have become in deploying IT for patient care and operational efficiency. It’s exciting to have a front-row seat as the journey unfolds.
Scottsdale Institute Conferences 2008/09

Spring Conference 2008
April 16-18, 2008
Camelback Inn,
Scottsdale, Ariz.

Fall Conference 2008
Hosted by Northwestern Memorial Hospital
Sept. 25-26, 2008
Chicago

Spring Conference 2009
April 29-May 1, 2009
Camelback Inn,
Scottsdale, Ariz.

Fall Conference 2009
Hosted by THR
Sept. 24-25, 2009
Dallas

Scottsdale Institute Member Organizations

Advocate Health Care,
Oak Brook, IL
Alegent Health, Omaha, NE
Allina Hospitals & Clinics,
Minneapolis, MN
Ascension Health,
St. Louis, MO
Banner Health, Phoenix, AZ
Billings Clinic, Billings, MT
Catholic Healthcare West,
San Francisco, CA
Catholic Health Initiatives,
Denver, CO
Cedars-Sinai Health System,
Los Angeles, CA
Charleston Area Medical Center,
Charleston, WV
Children's Hospitals & Clinics,
Minneapolis, MN
Children's Memorial Hospital,
Chicago, IL
CHRISTUS Health, Irving, TX
Cincinnati Children's Hospital Medical Center,
Cincinnati, OH
DeKalb Medical Center,
Decatur, GA
Hackensack University Medical Center,
Hackensack, NJ
HealthEast, St. Paul, MN
Heartland Health,
St. Joseph, MO
Integris Health,
Oklahoma City, OK
Intermountain Healthcare,
Salt Lake City, UT
Legacy Health System,
Portland, OR
Lifespan, Providence, RI
Lucile Packard Children's Hospital at Stanford,
Palo Alto, CA
Memorial Health System,
Springfield, IL
Memorial Hermann Healthcare System,
Houston, TX
Munson Healthcare,
Traverse City, MI
New York City Health & Hospitals Corporation,
New York, NY
New York Presbyterian Healthcare System,
New York, NY
North Memorial Health Care,
Minneapolis, MN
Northwestern Memorial Healthcare,
Chicago, IL
Norton Healthcare,
Louisville, KY
Parkview Health,
Ft. Wayne, IN
Partners HealthCare System,
Inc., Boston, MA
Provena Health, Mokena, IL
Saint Luke's Health System,
Kansas City, MO
Saint Raphael Healthcare System,
New Haven, CT
Scottsdale Healthcare,
Scottsdale, AZ
Sentara Healthcare,
Norfolk, VA
Sharp Healthcare,
San Diego, CA
Sparrow Health, Lansing, MI
Spectrum Health,
Grand Rapids, MI
SSM Health Care,
St. Louis, MO
SUNY Downstate,
Brooklyn, NY
Sutter Health,
Sacramento, CA
Texas Health Resources,
Arlington, TX
Trinity Health, Novi, MI
Truman Medical Center,
Kansas City, MO
University of Missouri Healthcare,
Columbia, MO
University of Pittsburgh Medical Center,
Pittsburgh, PA
Virginia Commonwealth University Health System,
Richmond, VA

Sponsoring Partners

Ingenix
Carefx
Thomson
Deloitte
KLAS

Strategic Partners

Exogen
Korn/Ferry International
Navigant Consulting
Hill-Rom
HealthTech