

BAYCARE HEALTH SYSTEM



Detailed Planning Data Identifies Service Line Priorities

BayCare Health System wanted to know which service lines had the most potential to assist in the prioritization of strategic planning and marketing initiatives. The organization needed a process to analyze inpatient and outpatient services in both hospital and ambulatory care settings. This was specifically challenging in the outpatient arena because an outpatient encounter can involve several different kinds of procedures — and the health system’s cost data is only at the encounter level, not per procedure. So, the first challenge was to sort encounters into service lines.

HIGHLIGHTS

Location:
Tampa Bay, FL

Scope and Services:
BayCare Health System is a leading community-based health system in the Tampa Bay area. Composed of a network of 10 not-for-profit hospitals, 4 ambulatory surgery centers, 3 primary care networks, and 70 other outpatient sites, BayCare also provides services such as long-term acute care, fitness, imaging, lab, behavioral health, and home healthcare.

Solutions:
Market Expert®
Outpatient Profiles

The next challenge was to develop a way to compare service lines to each other, taking into consideration BayCare’s current standing in the market, its potential for growth, and how those factors contribute to the bottom line. After looking at these and other market factors — plus the community’s need for services — BayCare selected a set of service lines to prioritize.

Course of Action

Using Truven Health Market Expert® and input from the planning, finance, and clinical departments across all of the BayCare facilities, the health system established both inpatient and outpatient service lines. Medicare Severity Diagnosis Related Groups (MS-DRGs) helped group inpatient encounters into service lines (i.e. Cardio-Medical or Cardio-Surgical) and sub-service lines (i.e., CABG, Value, ICD, PCI, etc.). Outpatient cases were grouped by assigning Current Procedural Terminology (CPT) codes to clinical groups and assigning a weight to each CPT code. The highest weight among the CPT codes listed for that admission determined the outpatient service line for the outpatient case.

Assigning outpatient cases to service lines was possible after establishing a hierarchy of CPT codes that weighs all the procedures in the encounter, then assigns the encounter to one of 64 different service lines. This is a process unique to BayCare. In the past, the organization had grouped outpatient encounters by admit source, but found that this did not accurately describe the service line.

For each service line and facility, BayCare analyzed market share, future growth, and contribution margin:

- **Market Share:** Inpatient and outpatient market share was provided by Truven Health planning solutions. Truven Health AnalyticsSM experts adjusted the

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Strategic Planning Manager
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outpatient data to account for the high percentage of Medicare patients in the Florida market.

- **Future Growth:** Using demographics information, BayCare calculated inpatient growth per service line. Outpatient growth was projected using outpatient information, and then percentages were applied to the customized Truven Health outpatient market data.
- **Contribution Margin:** Internal data on the direct costs versus the payments received helped BayCare to calculate an average contribution margin per case.

The health system measured the potential for each service line by calculating the future dollars that may be associated with growth in each service line. This dollar amount was based on the market opportunity and internal financial data. This process, used across both inpatient and outpatient service lines, was an objective method of comparing service lines regardless of type of setting (hospitals vs. ambulatory care) and differing market regions.

Using all the data described above, BayCare calculated a volume number representing the potential market opportunity of each inpatient and outpatient service line. Using one percent of this market opportunity and applying its internal information regarding cost and reimbursement, the organization ranked service lines according to market opportunity dollars.

Results

The outcome of this analysis enabled BayCare, for the first time, to objectively look at the financial potential for all service lines in different settings: inpatient, hospital-based outpatient, and ambulatory care.

These market opportunity projections standardized the process across the service lines, as well as the different geographic areas. This is important given that BayCare Health System has a network of 10 not-for-profit hospitals, numerous outpatient facilities and services, home healthcare, and long-term care facilities. In addition to mission-driven services, senior management used these projections to identify which service lines were top priorities for BayCare’s marketing resources.

In 2011, BayCare Health System was acknowledged for its accomplishments in the pursuit of excellence in Strategic Planning and Marketing with a Truven Health Healthcare Advantage Award in Strategy and Growth. The Healthcare Advantage Award was established in 2005 to honor and recognize customers who have used solutions and tools from Truven Health Analytics to achieve outstanding success at their organizations



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