

COVENANT

HEALTHCARE



Successful Facility Planning Driven With Defined Data Sets and Analysis

Covenant HealthCare in east central Michigan was facing increased competitive pressure, population declines, and economic shifts, all of which appeared to be impacting outpatient volume and market share. The hospital needed to identify untapped opportunities for potential outpatient/ambulatory market share renewal and expansion.

HIGHLIGHTS

Location:
Saginaw, MI

Scope and Services:
One of the largest, most comprehensive healthcare providers north of metro Detroit, Covenant HealthCare is a nonprofit health system that offers a broad spectrum of programs and services ranging from high-risk obstetrics and neonatal/pediatric intensive care to leading-edge acute care, including a level II adult and pediatric trauma center, cardiology, oncology, orthopedics, and robotic surgery. Covenant HealthCare has 623 acute-care beds and serves a population area of more than 1 million. With 20 inpatient and outpatient facilities, a trauma/emergency department that provides more than 80,000 visits per year, and six urgent care facilities that provide more than 105,000 visits per year, Covenant HealthCare offers convenience and easy access to high-quality care.

Solutions:
MarketDiscoverySM Planning
Outpatient Profiles

Course of Action

Covenant HealthCare appointed a multidisciplinary Ambulatory Planning Committee, consisting of 14 ambulatory service line directors. The team met every four to six weeks for a year to discuss, evaluate, and analyze data respective to their service lines. For assistance with necessary data sets and analysis, including assessing market share volume by clinical service category and competitive landscape, Covenant HealthCare turned to Truven Health AnalyticsSM.

The committee began by reviewing the hospital primary and secondary service areas for opportunities, dividing the 20-county market area into five distinct regions, says Nancy List, Covenant HealthCare's senior planning analyst. "We used the MarketDiscoverySM Planning solution and Outpatient Profiles from Truven Health to answer critical questions."

Some of those questions included:

- What is the current estimated volume of the market for specific outpatient service lines, and what is our share of the market?
- Are we getting volume from the highest potential parts of our service area?
- Are we providing the services that generate physician referrals? Are services located near referring physicians?
- Which service lines are projected to grow over the next few years?
- What is projected to change in our marketplace in terms of population demographics, health, and disease rate?
- How will the service lines be impacted by those changes?
- What are the critical points to understanding specific service lines?

“The Hemlock ambulatory facility is not a facility that would have immediately come to mind for expansion, as it is a smaller rural community. However, using data analytics and a systematic approach, we uncovered an opportunity in a less-than-expected place.”

Nancy List, MA, MBA
Senior Planning Analyst
Covenant HealthCare

Since each service line and region had different projections for growth, the team established a systematic review process of market opportunities by service line. Each director established a definition of their service line by CPT-4 and ICD-9 codes, using applications for code profiles, and health profiles and descriptions from Truven Health. This allowed for defined service lines and the ability to do a side-by-side comparison of Covenant HealthCare internal volumes with Truven Health market data.

Each market was evaluated by the defined service line, which helped narrow the focus to market areas offering the greatest market-strength opportunity for Covenant HealthCare.

Service line forecasts for increased volume were based on market claims data. Goals were built into a pro forma model based on new volume gained minus incremental shifts from other Covenant HealthCare locations.

“We found that market volume profiles were not what we expected. Larger population areas had less potential than some smaller rural areas,” List says.

During the course of the year, the data-driven focus shifted to imaging and diagnostics, physical medicine and rehabilitation, laboratory and x-ray, primary care physician needs, and urgent care. These service lines became the targets for growth. In addition, the western region rose to the top of options for a potential new Covenant HealthCare facility.

This analysis, combined with a detailed strengths and weaknesses review, led to concrete plans for Covenant HealthCare to build an innovative 11,700-square foot Ambulatory Care Center in the western portion of Saginaw County — with physical medicine and rehabilitation, urgent care including laboratory services and X-ray, and a primary care practice.

Results

Covenant HealthCare opened the MedExpress Hemlock facility in June 2011 in Western Saginaw County. The location offered a stable population with anticipated growth potential, market share opportunity, a strong physician referral network, lack of facilities in the region, strong traffic patterns, and active economic development initiatives.

To be a profitable urgent care service in a rural area, new methods of delivering care were established that were unique to the organization, including expanded hours (seven days a week) and telemedicine.

For the first six months, physical medicine and rehabilitation volumes were 36 percent above forecasted volumes, lab volumes were double the expected numbers, and urgent care encounters were 15 percent above forecasts. In addition, primary care volume increased 25 percent in the first year.

The reliance on data in the planning process was key to the project's success, according to List. "There was a greater comfort level within the organization with defined data, analysis, and planning processes."

In 2012, Covenant HealthCare was acknowledged for its accomplishments in the pursuit of excellence in planning 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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