

# ST. MARK'S MEDICAL CENTER

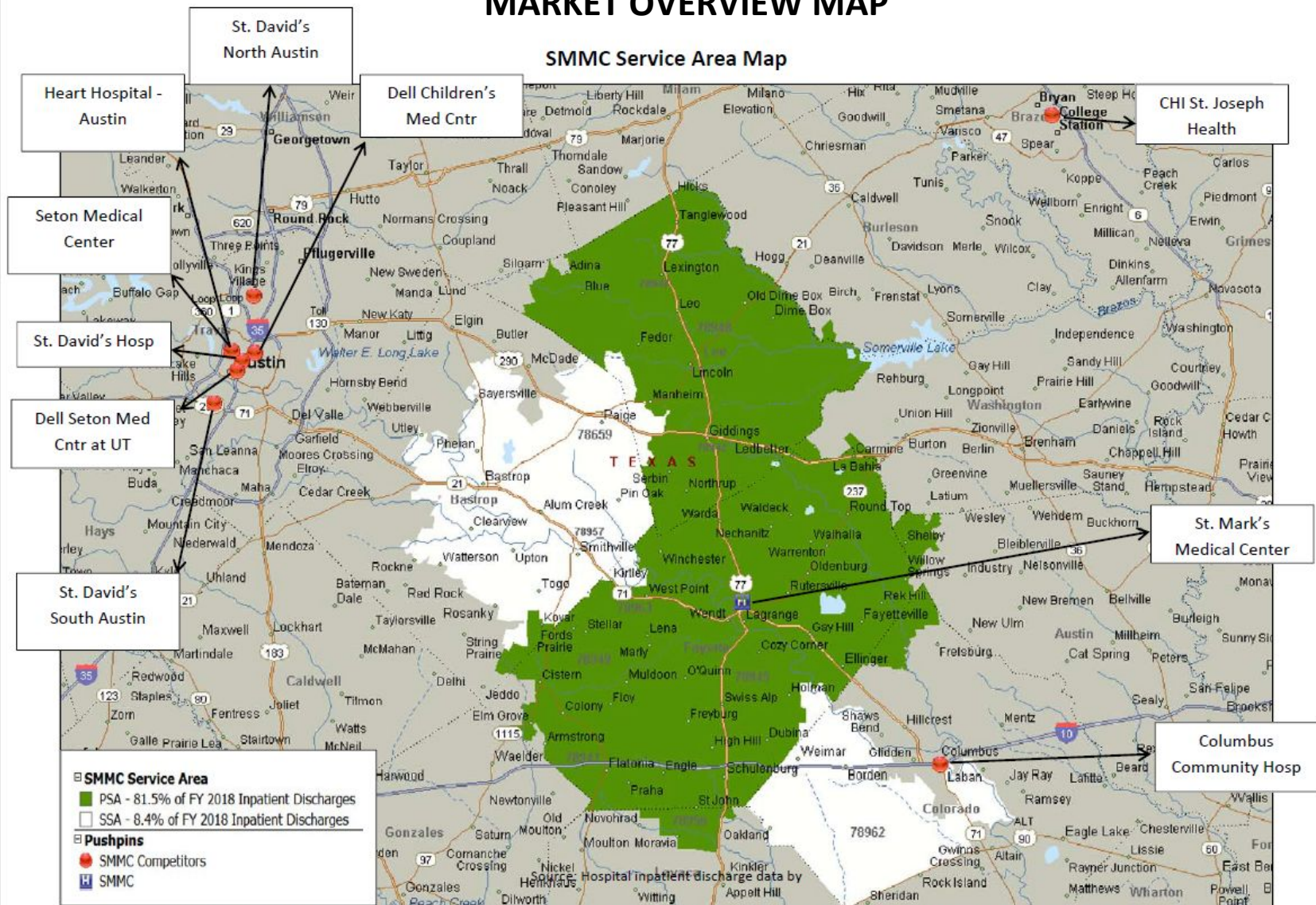
a clinical affiliate of  
**St. David's HealthCare**



## *St. Mark's Medical Center 2020 Business Plan*

Barry Harding, CEO  
Steve Bishop, CFO  
Tammy Hartfield, CNO

# MARKET OVERVIEW MAP



- Consider your locations/sites of care, competitor locations and high, desirable growth areas. What are your major opportunities?
1. Adding outpatient orthopedic clinic in Eagle Lake to increase referral base
  2. Increasing orthopedic referral base in Flatonia
  - 3.



# MAJOR GROWTH STRATEGY: FY 2019 PROGRESS

● Accomplished 
 ● In progress 
 ● Not accomplished/Abandoned

Strategy	Summary	Status	Accomplished	In Progress	Not Accomplished/ Abandoned	Resources Needed
<b>Primary Care Access</b>	FY19 goal was to recruit 2 additional primary care providers.	<span style="color: yellow;">●</span>	Recruited 1 PCP under income guarantee partnering with La Grange Family Health (LGFH)	Continued recruitment		
<b>ED</b>	Change to new ED physician group made in FY18	<span style="color: green;">●</span>	Ongoing evaluation of service, quarterly meetings with SMMC CEO and group leadership			
<b>Outpatient</b>	Wound care program implementation goal for FY19	<span style="color: red;">●</span>	Program plans discontinued related to due diligence process.		Wound care program on hold	Capital funds
	Market new Orthopedic surgeon	<span style="color: green;">●</span>	Radio ads and press releases distributed	Continue with community introductions		On-site Marketing assist
<b>Surgical</b>	Increase urology, podiatry, orthopedic and ENT procedures	<span style="color: yellow;">●</span>	Dr. Frieben urology cases 4/mo. Podiatry cases 6/mo. Ortho cases 50/mo.	Requesting additional ortho equipment. Sterilizer upgrade planning underway.		ENT microscope repair or replace. Capital funds.
<b>Post-Acute Services</b>	Swing bed utilization increased for time in FY18 when Occ Therapist added; current OT vacancy	<span style="color: yellow;">●</span>	Physicians continue to utilize SWB services consistently.	PT and Speech Therapy continue on inpt/outpt basis.		Staff OT
<b>Medical Group: Primary Care</b>	SMMC transferred Flatonia Clinic to LGFH in FY18	<span style="color: green;">●</span>	LGFH recently opened new Flatonia clinic location	SMMC Ortho Clinic providers to satellite clinic in Flatonia Jan. 2019		
<b>Medical Group: Specialists</b>	Goal to support Austin Heart cardiologists to recruit 3rd full time cardiologist	<span style="color: red;">●</span>	Physician recruitment not successful so NP hired Oct. 2018	Beginning to see orders from new NP in practice		
<b>Results of Approved FY 2019 Major Capital Projects &gt;\$2,500, as of YTD</b>						
<b>Project</b>			<b>Pro Forma EBIDA</b>	<b>Actual EBIDA</b>	<b>Notes</b>	

## SWOT ANALYSIS

### Top 5 Strengths

1. Only 4-star rated hospital within 50 mi.
2. Loyal, high quality medical staff
3. Easily accessible and modern medical campus
4. Growing PSA and SSA
5. Committed and quality clinical staff

**S**

### Top 5 Weaknesses

1. Lack of adequate primary care
2. Aging equipment
3. Lack of adequate working capital
4. Weak financial stability
5. Perception of facility instability by employees

**W**

Internal  
Factors

### Top 5 Opportunities

1. Capture out-migration
2. Additional primary care recruitment
3. Improve community marketing efforts
4. IGT programs working with Beaumont
5. Improve referrals from Flatonia and Eagle Lake

**O**

### Top 5 Threats

1. Non-referring providers
2. Poor community perception
3. Uncertainty about hospital future
4. New Seton hospital/specialties-Bastrop
5. Urgent care - Giddings/Bastrop

**T**

External  
Factors

Positive

Negative

## MARKET FORCES: OPPORTUNITY PROFILE

### Patients

1. Perception of higher quality of care in Austin
2. Growth in the 65+ age group
3. Negative hospital reputation
4. Established relationships with out of town providers

### Competitors

1. Continued presence of non-referring specialists in MOB space
2. Urgent care clinic in Giddings & Bastrop
3. Seton Bastrop facility

### Payors

1. BCBS renegotiation of percent of charge contracts
2. CMS focused reviews
3. High deductible health plans
4. Continuing efforts for VA referrals to SMMC

### Payment Reform

1. Continued marketing of high deductible health plans.
2. Value-based purchasing for hospital/clinic
3. Readmissions reduction program



### Information Technology

1. Aging medical technology
2. Lack of support from EMR vendor
3. Physician/staff dissatisfaction with EMR

### Legislative & Regulatory Changes

1. Explore establishment of tax district
2. Reimbursement tied to MIPS (Ortho and PT)
3. CMS inpatient only list changes
4. Changes in uncompensated care pool distribution

### Employers

1. Movement to higher deductible health plans
2. Shift to lower paying insurance provider

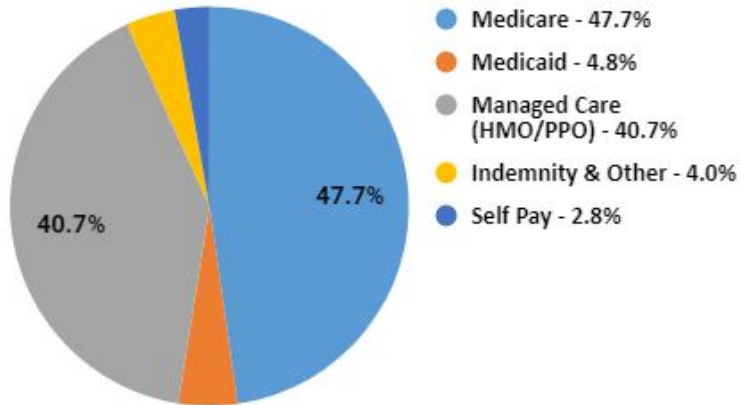
### Physicians

1. LGFH is part of ACO and is SMMC hospitalist group
2. Physicians employed by other hospitals renting space.

# PATIENTS: HOSPITAL PAYOR MIX TRENDS

## FY 2018 Payor Mix

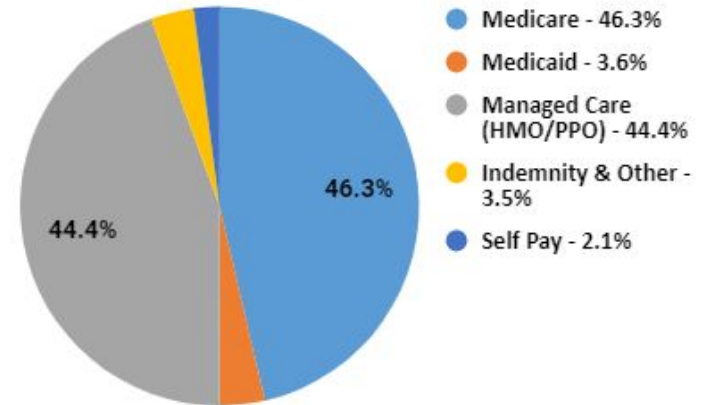
FY 2018 Payor Mix: Net Revenue



## NET REVENUE

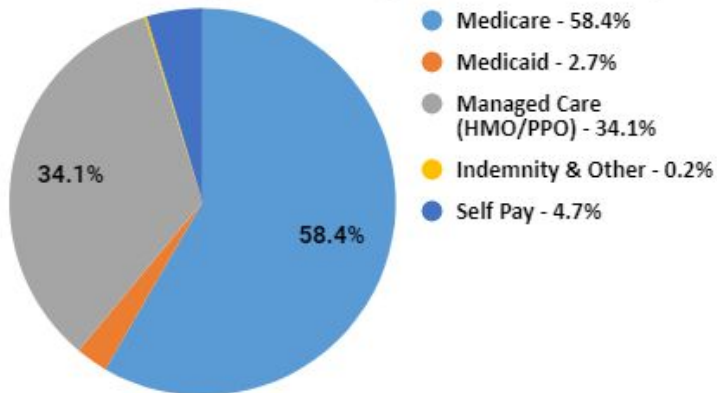
## FY 2019 Payor Mix\*

FY 2019 Payor Mix: Net Revenue\*



## FY 2018 Payor Mix

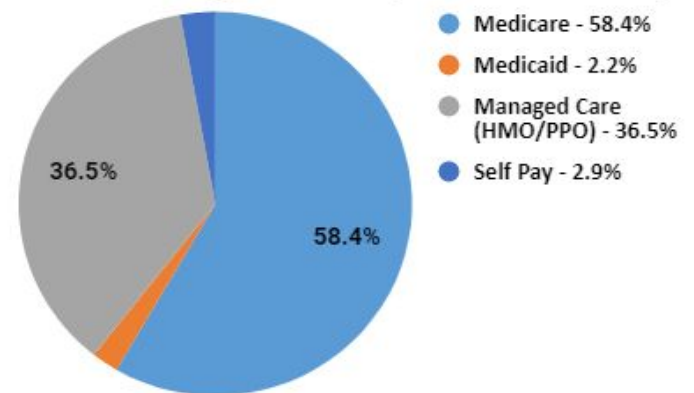
FY 2018 Payor Mix: Adjusted Patient Days



## ADJUSTED PATIENT DAYS

## FY 2019 Payor Mix\*

FY 2019 Payor Mix: Adjusted Patient Days\*



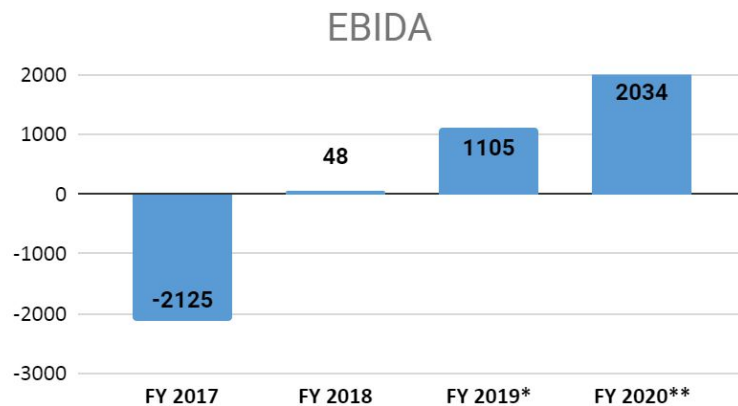
\*Actual FYTD October 2018

What are the major takeaways of your changing, or stable, payor mix? Is there anything important/different that needs to be considered with our Medical Group payor mix?

1. Payor mix remains constant over previous 3 years
- 2.
- 3.

# CONSOLIDATED FINANCIAL TRENDS: FY 2017-FY 2020

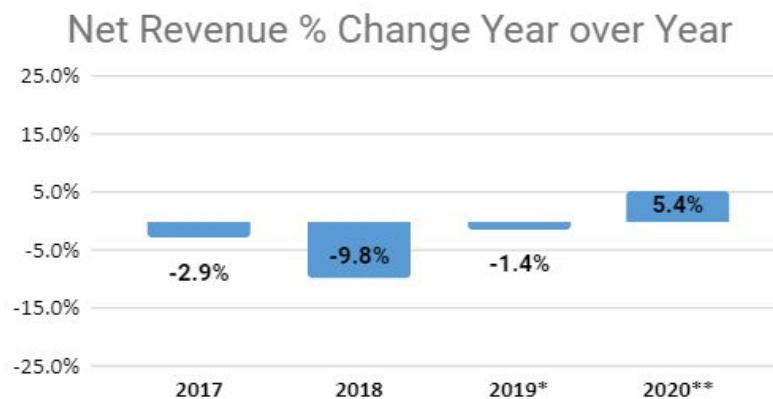
## EBIDA



## Net Revenue



## Net Revenue % Change Year over Year



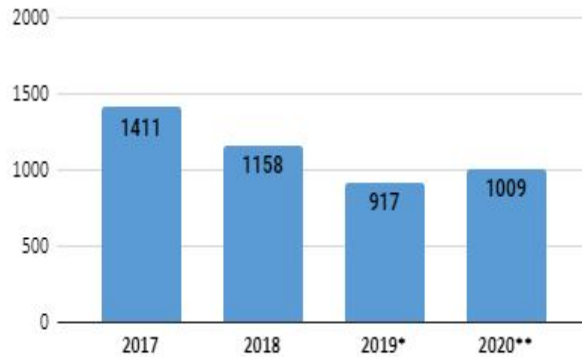
\*Projected FY 2019 YTD Annualized

\*\*Projections

# CONSOLIDATED VOLUME TRENDS: FY 2017-FY 2020

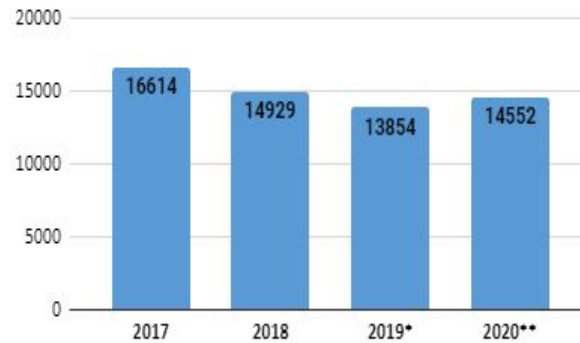
## Admits

Admits



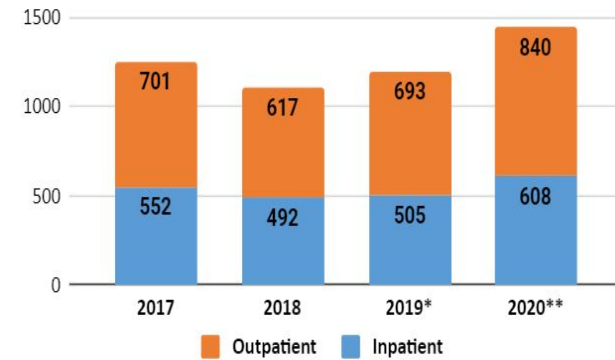
## Adj Patient Days

Adj Patient Days



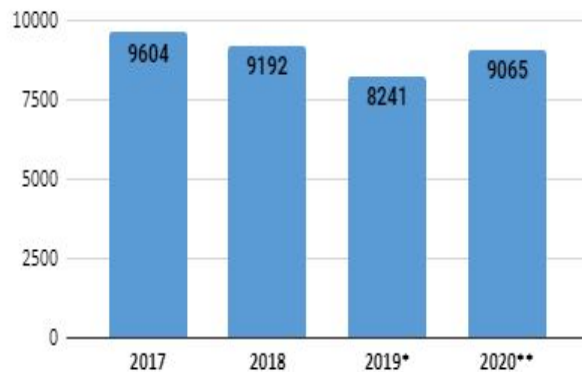
## Total Surgeries

Total Surgeries



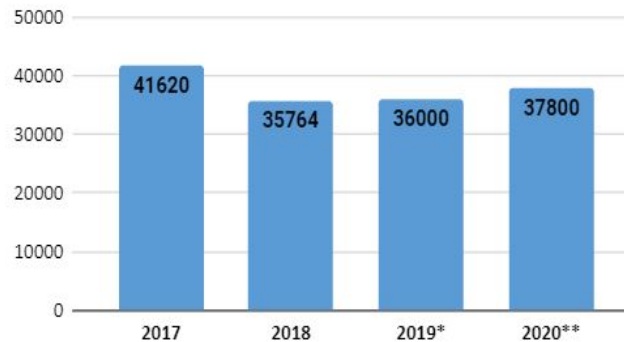
## ER Visits

ER Visits



## Outpatient Diagnostic Visits

Outpatient Diagnostic Visits



## Clinic Visits

Clinic Visits



\*Projected FY 2019 YTD Annualized

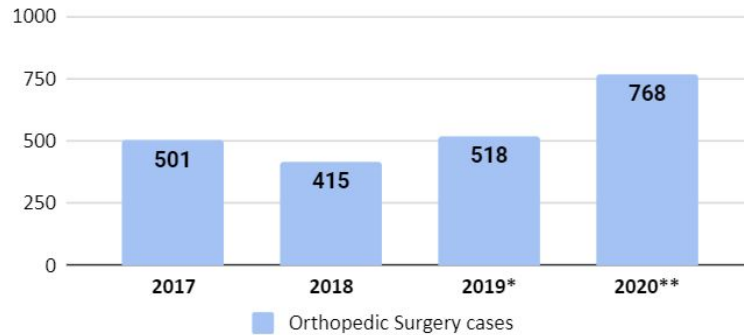
\*\*Projections



# TOP SERVICE LINE TRENDS OR GROWTH STRATEGIES: FY 2017-FY 2020

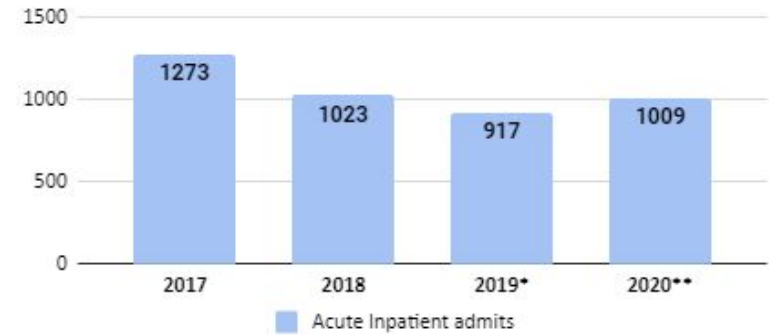
## #1 Service Line Trend or Growth Strategy

Increase Orthopedics Surgery Cases



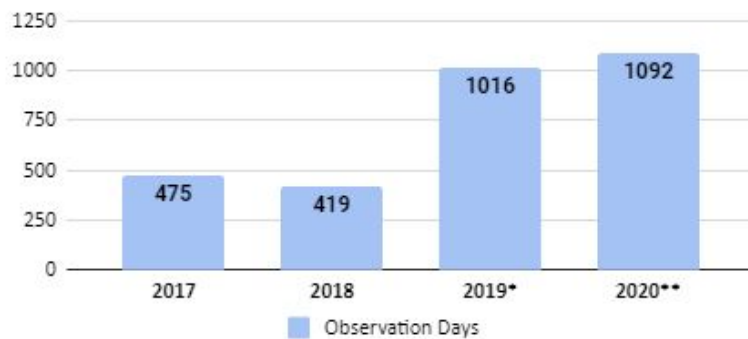
## #2 Service Line Trend or Growth Strategy

Increase Acute Inpatient Volume



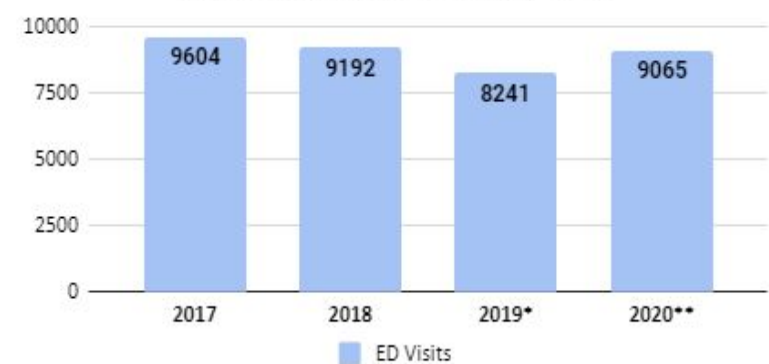
## #3 Service Line Trend or Growth Strategy

Increase Observation Days Volume



## #4 Service Line Trend or Growth Strategy

Increase ED Visits Volume



\*Projected FY 2019 YTD Annualized

\*\*Projections



# Growth



### Primary Areas of Focus

- ❑ Primary Care: Align with La Grange Family Health (LGFH) to grow access to Primary Care in Lee & Fayette Counties through income guarantee for one additional provider by Qtr3.
- ❑ Develop and implement a marketing plan for the SMMC Orthopedic service line to highlight Dr. Edeen's arrival and Dr. Clark's practice to increase referrals from the PCPs and surrounding area.
- ❑ Expand Orthopedic presence in outlying markets. Drs. Clark and Edeen to establish timeshare clinics in Eagle Lake and Flatonia Family Health Clinic.

## Stabilize and Expand Primary Care

- ❑ Collaborate with LGFH to implement strategies that benefit their operations and SMMC:
  1. Assist and facilitate recruitment of additional Primary Care Physicians with the goal of one being added by end of quarter 2 FY 2020
  2. Monitor growth in Flatonia volumes based on clinic ownership transition to LGFH. Implement timeshare for Orthopedic presence in Flatonia clinic.



## **Expand SMMC Orthopedic Clinic**

- ☐ Maintain consistent practice management to coordinate staffing, patient flow processes, and interface with surgical scheduling
- ☐ Focus efforts to market new orthopedic surgeon with goal to increase general orthopedic surgeries
- ☐ Establish new satellite clinic locations focusing on partnerships with regional PCP practices as a referral base
- ☐ Develop process to monitor patient experience within the clinic environment

## **Improve Community Perception and Increase Utilization of SMMC Emergency Services**

- ☐ Make decision on point of care lab testing technology for ED by end of 1st Qtr
- ☐ Improve ED Patient Satisfaction:
  1. “Providers treating with courtesy and respect” improve by 5%
  2. “Understanding side effects of medications” improve by 5%
  3. “Overall rating of facility” improve by 10%
- ☐ Continue quarterly meetings with Victoria Emergency Associates physician leadership to ensure open communication
- ☐ Develop process to obtain patient testimonials and conduct patient focus groups for marketing purposes

## Medical Staff Development

- ❑ Continue the OR Process Improvement quarterly and ad-hoc meetings with the surgeons to provide a forum for exchange of ideas
- ❑ Continue to share financial statements at all general medical staff meetings and Medical Executive Committee
- ❑ Continue monthly Clinical Documentation Integrity physician education opportunities
  1. Activities to include documentation of risk factors which will affect mortality, readmission, and MCR spending per beneficiary calculations
  2. Goal is to have SMMC risk-standardized rates below national rates

## GROWTH SUMMARY

Initiative	EBIDA	Volume	Capital
Stabilize and Expand Primary Care	\$60,000	Estimating 50% of FY 2019 new provider	
Expand SMMC Orthopedic Clinic	\$869,000	additional 250 cases from new Ortho provider	
<b>Total:</b>	<b>\$929,000</b>		





# **Operational Improvements**

## Financial Performance

- ❑ Revenue Cycle
  - Maintain Revenue Cycle Team and meet CHC business office element targets
  - Implement Chargemaster improvements as service lines are added or changed
  - Develop and implement Central Scheduling Strategy starting with Imaging with phase-in of Surgery
  - Develop and implement Denial Management Strategy
- ❑ MedHost
  - Implement the SMMC IT Plan for FY 2020
- ❑ Continue to maximize usage of Leading Reach for improved communication with physicians and referral management

## Financial Performance

- ❑ Meet the budgeted financial metrics for FY2020
  1. EBIDA
  2. Rolling 12 month cash collections of 100% of net revenue.
  3. Net days in accounts receivable.
  4. Days cash on hand.
  5. Paid & worked FTE's per EEOB.
  6. Days in Accounts payable
  7. HPG compliance

## Information Technology/Informatics

- ☐ Patient portal development and associated patient education
- ☐ On-line bill pay mechanism
- ☐ Leading Reach adoption for applicable SMMC departments to improve the scheduling process for physicians and patients.
- ☐ EMR super-user development for all modules
- ☐ Review interoperability of the MedHost system to maximize documentation and charge capture
- ☐ ECQMs (Electronic Clinical Quality Measures)
  - Prompt EMR changes for proper mapping and staff education to capture interventions.



### **Develop and Implement the IT Strategic Plan to include:**

- ☐ New Phone System
- ☐ Network Assessment & Improvement - A 3rd party assessment to analyze the data network's effectiveness and security. To eliminate network overloads and safely provide technical resources to all areas of the hospital.
- ☐ Employee HIPAA & Security Education Program
- ☐ Security - Network monitoring tools with log storage. Improved video surveillance.
- ☐ Disaster Recovery - Increase the storage space and management of backups and other critical data
- ☐ Meaningful Use stage 3 - Medhost update