The GUIDEWIRE

A Publication of Richard Beveridge & Associates, Inc.
For Cardiac, Vascular And Imaging Providers

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Safely Navigating Unchartered Waters in Cardiac, Vascular & Imaging Services

Cardiac, vascular & imaging services are charting new seas; uncharted oceans of opportunity. To safely navigate and sail through these uncharted waters, cardiac, vascular & imaging providers must be built upon five critical inter-related components:

1. Mission & Vision determines purpose, direction and destination of the services
2. Staff determines the capabilities, potential & quality of the services
3. Relationships determine the service climate, esprit-de-corps and morale of the services
4. Organization Structure determines the culture and size of the services
5. Leadership determines the success of the services

Mission & vision development is typically perceived as a "soft issue" with many providers and as a result, very little time is spent on developing effective mission (purpose) or vision (direction) statements. Without a clear purpose of why an organization exists, it's next to impossible to set a direction for the organization. Without a shared vision of the direction for the organization, staff members won't fully commit their time, talents and skills to the services. Staff determine the potential, capabilities and quality of the organization. The ship can only sail as fast, as far, and as effectively as the staff allow. Without a shared purpose and direction (destination), the staff won't know how to fully utilize their skills, knowledge and abilities to help the organization reach its destination.

Inter-personal and inter-departmental relationships determine the service climate, esprit-de-corps and morale of the organization. Relationships create bonds that tie staff members to organizations and customers to organizations. Relationships are fostered when all staff members are working towards achieving the same destination and communication channels are free-flowing with accountability and transparency in outcomes and results.

The organization structure to include interdepartmental and reporting relationships determines the size of the program or services. There are two parts to the structure that must exist to ensure smooth sailing: Non-physician staff and physician staff.

The non-physician staff should be organized so that cross-utilization of the staff's capabilities, knowledge and skills may be optimized. Reporting relationships among non-physician staff must be kept within effective communication standards of no more than 7-10 staff members reporting to a supervisor or manager.

The medical staff model that exists within most hospitals originated approximately 11 decades ago. Since the late 1800's, sub-specialization within medical and surgical disciplines has increased dramatically; however, the medical staff model has remained virtually unchanged. In today's rapidly changing medical environment, cross-utilization of new technologies and staff in the provision of services

(See "Navigating" on page 2)

Calm Before the Storm?: Examining the CV&I Risk Factors and Procedure Trends

The cardiac, vascular & imaging services arena is a dynamic, shifting environment with new and evolving technologies constantly changing the playing field. As with all healthcare data, there is a one to two year lag in the collection and reporting of the data. The available data and what most interventional programs are experiencing tend to show a dichotomy. As shown in Chart 1on page 2, IP diagnostic cardiac cath volume has been decreasing over the past few year while PCI to include stent volumes have been increasing; yet many programs report that their numbers are decreasing for flat or both procedure types. Open heart and CABG volume are decreasing.

So, what are the factors that are contributing to this lowering of procedure volumes and what are the driving factors behind the volumes? As shown in Table 1, there are

Navigating: (*Continued from Page 1)*

demand that traditional reporting boundaries and relationships in the medical staff model be redefined.

Specialties that perform diagnostic and interventional procedures using the same technology modalities need to be organized and structured in a manner that effectively and efficiently addresses issues arising from, and associated with, the shared services without airing dirty laundry throughout the entire medical staff. RB&A believes that cardiac, vascular and interventional radiology services should be organized as a separate department or division within the medical staff with dual reporting, e.g. radiology, where necessary, to the traditional medical staff department.

Leadership determines the success of any organization. Effective leaders not only build effective teams but develop other leaders. Leadership must set a clear direction, constantly survey the horizon for unexpected obstacles, maintain open communication with staff members and must create a structure that achieves excellence in all processes and outcomes. Effective leaders spend time developing other leaders so that a tradition of excellence is maintained and becomes the legacy of the original leaders. Developing other leaders within the organization synergistically improves the effectiveness and efficiency of the program.

Successful cardiac, vascular and imaging programs are led by leaders who set a clear direction for the program through mission and vision development; treat staff as the program's most important asset recognizing that staff represents the potential of the program; keep organizational morale high through interpersonal relationships development fostered by honest and open communications; and create an appropriate organizational structure that effectively manages growth. Successful leaders recognize that through developing other leaders, program growth is multiplied many fold. ♥♥

(CV&I Trends—Continued from Page 1)

many driving risk factor trends that point to increased demand for CV&I services in the future. Since CV disease is a progressive disease that becomes more prevalent with age, the growth and aging of the U.S. Population are positively correlated with an increase in demand for CV&I services in the future. In addition, as a whole, the U.S. popu-

(See CV&I Trends on page 3)

Chart 1: CV IP Volume Trends

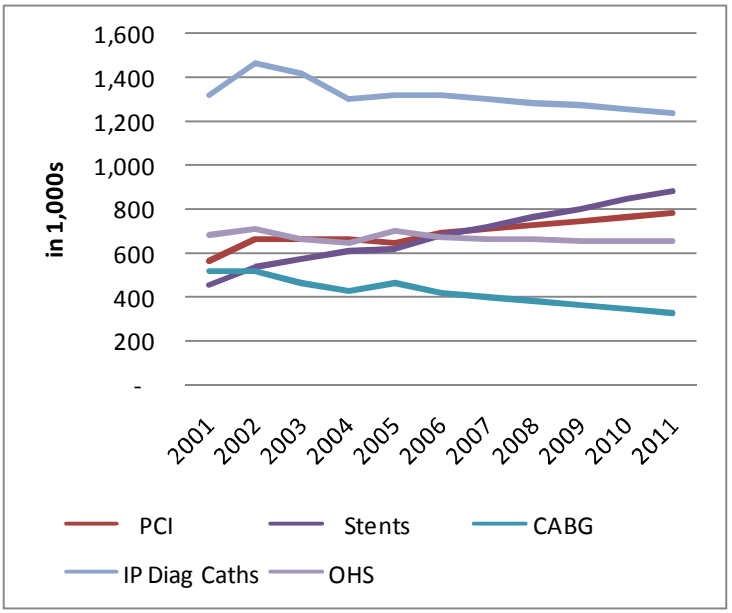


Table 1: CV Risk Factor Summary Chart

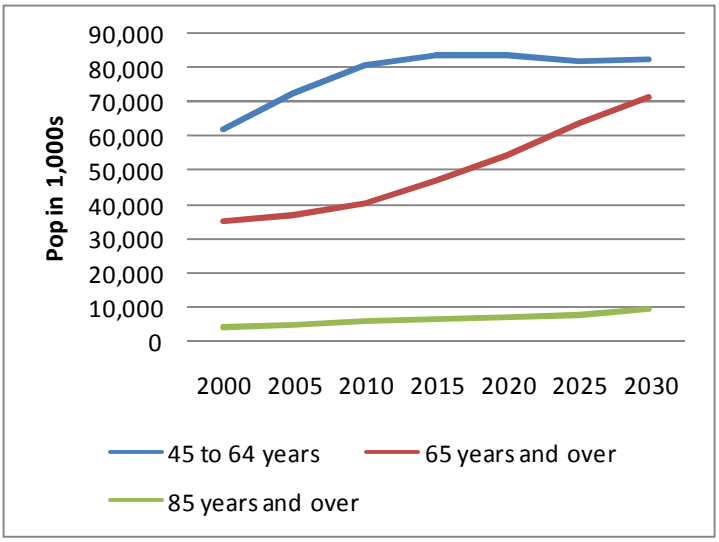
Category or CV Risk Factor	Trend for CV Diagnostics & Procedure Growth(1995-2007)
Population Growth	↑
Male Aging	
45- 64 Years	↑
65+ Years	↑
85 + Years	↑
Female Aging	
45- 64 Years	↑
65+ Years	↑
85 + Years	↑
Overweight	↑
Obesity	↑
Current Smokers	↓
Never Smoked	↓
Smoke Every day	↓
Diabetes	↑
No Physical Activity	↓
High Blood Pressure	↑

Source: CDC BRFSS Data Set 1995-2005, 2007 projected ; 2000 U.S. Census Projections

Bottom-line Quote:

"A time of turbulence is a dangerous time, but its greatest danger is a temptation to deny reality"
--Peter Drucker

Chart 2: CV Risk Factors: Aging



(CV&I Trends: Continued from page 2)

lation has a weight problem with larger percentages of the population being considered overweight or obese, based on BMI scores. As a result, there are higher incidence rates of diabetes and high blood pressure which typically are strong indicators for cardiac and vascular disease.

Interestingly, juxtaposed with the increase in weight, the U.S. populace is exercising more and smoking less, which negatively impact the demand for CV&I services but is good news for the population as a whole.

Looking at these factors in isolation would seem to point to an increase in the demand for CV&I services, not the decrease that many programs have experienced over the past few years. So what other factors exist that would be reducing the CV&I volumes, particularly in the cath lab? RB&A believes that there are three important factors that are contributing to the decreasing cath lab procedure volumes experienced by many programs:

1. New technology
2. More programs
3. New referral patterns

New technology utilized to diagnose cardiac disease such as the 64-slice CT is shifting some of the diagnostic caths to the CT suite. This technology combined with the efficacy of DES results in fewer cases being treated in the cath lab either diagnostically or for re-stenosis.

There has been a steady increase in the number of cath labs that perform PCI. The trend toward PCI without surgical coverage onsite is becoming more prevalent. Between 2001 and 2006, nearly 290 new PCI programs have opened. Since these programs also provide diagnostic cath, dividing the procedure volumes for diagnostic cath & PCI by the number of cath labs in the U.S., demonstrates that procedure volume per cath lab has dropped by approximately 24.5% over this time period, due to the proliferation of cath labs.

Over the past few years, the trend of using hospitalists may have also contributed to the decrease in cath lab volumes per cath lab. In today's healthcare environment, it's very rare for PCPs to make rounds on their patients. Most utilize the services of hospitalists. Hospitalists are well-educated and trained in treating hospital patients including those with CV disease. A higher number of CV patients maybe being treated medically by the hospitalists versus being sent to the cardiologists, where the specialty is more procedurally oriented.

Examining the CV risk factor trends, it appears that the US is experiencing a calm before the storm. As the baby boomers turn 65 years of age in 2011, the demand for CV&I services will increase; however, given the changes in referral patterns from PCPs, the emergence of new technology, and the continued proliferation of cath labs across the country, CV&I procedure volumes per program may remain flat even though overall procedure volume nationwide will increase. The challenge for programs is to create additional access to the services while maintaining quality and patient satisfaction. CV&I programs will need to strategically plan and utilize program resources to attract additional patients to remain viable and provide positive bottom-line contribution to the hospitals.♥♥

Strategic Action Steps: Steps to keep your practice and program ahead of the rest!

RB&A recommends that all cardiac, vascular and imaging practices and programs take the following strategic actions steps:

1. **Assess your market** service area and compare market potential with yours and your competitors' actual market share. Market potential is the "size of the pie" while market share is your "slice of the pie". Out-migration is occurring if yours and your competitors' market share volumes don't equal the identified market potential.
2. **Perform a "Line of Sight" Strategy Assessment** to determine how effective and successful you have been at implementing your strategies and to quantify the results.
3. **Convene a "TAG" (Technology Assessment Group) team** to identify, assess, and recommend acquisition of new technology.
4. **Update your Strategic Business Plan** to include the timing and budgeting for acquisition and provision of new technology. First to market has significant benefits that are difficult to overcome by competitors. ♥♥

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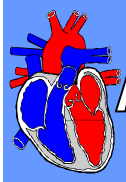
What's inside:



THE GUIDEWIRE:

A Newsletter for Cardiac, Vascular & Imaging Providers

Richard Beveridge & Associates, Inc.

Creating Tomorrow's Standards of Excellence Today

"Line of Sight Strategy Assessment"

How effective are your CV&I strategies in positioning your cardiac, vascular & imaging program within your market? Are your CV&I strategies achieving the desired results?

The Line of Sight Strategy Assessment provides:

- ☑ Assessment & quantification of the variance between the actual and the targeted/ intended results of your CV&I strategic initiatives
- ☑ External review of your CV&I Strategic, Operational and Marketing Plans by experts in CV&I service delivery
- ☑ Identification of issues and problems in organizational and operational design and processes that hinder successful CV&I strategic initiative implementation
- ☑ Recommendations to improve future CV&I strategic initiative implementation performance

Considering the purchase of a physician practice? Check out RB&A's recent article: "A Primer on Medical Practice Valuations" published in the July/ August Edition of *Cardiovascular Business* or call us at 801-565-0909.