



HEALTHCARE FACILITIES

HEALTHCARE STRATEGIC SOLUTIONS

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About Navigant Healthcare

Navigant's Healthcare team helps clients effectively manage the risks faced in today's rapidly evolving healthcare environment. We offer end-to-end solution - from concept to reality - to ensure sound strategy supports your capital investments and that efficient operations are enabled by new initiatives. Our industry experts, including those who have spent careers in strategic planning and real estate development, make Navigant an ideal partner for your pursuit of the triple aim of improving population health and the patient experience at the lowest cost.

AMBULATORY NETWORK STRATEGY

Just as demand for ambulatory care is exploding, health systems are being challenged on all fronts to deliver on a lower per-unit and per-case cost structure. Ambulatory networks assembled over decades and under different market pressures can present a challenge to even the most successful health systems.

Medical groups have joined health systems, in many cases bringing along sites of care as part of the agreement. Sites have been highly purpose-focused, such as community breast centers, ASCs, dialysis, or infusion centers. Health systems have built or renovated centers to chase market share, often aiming for fast-growing populations with high rates of commercial payer coverage. In combination, these and other factors have left health systems with ambulatory networks that are ill-designed to meet rapidly evolving demands for delivery innovation that are being driven by payment reform initiatives (which do not turn on the fate of the Affordable Care Act alone). Across the industry, including in the vast "commercial" coverage environment, health systems, employers and payers are discussing new expectations on all sides, to ensure that money spent is more certain to improve health.

Your ambulatory care network needs attention. To spur change system wide:

- Assess your ambulatory network strategically and articulate your goals
- Challenge status quo operational models
- Deploy facility resources sparingly

Assess your ambulatory network strategically and articulate clinical and business goals

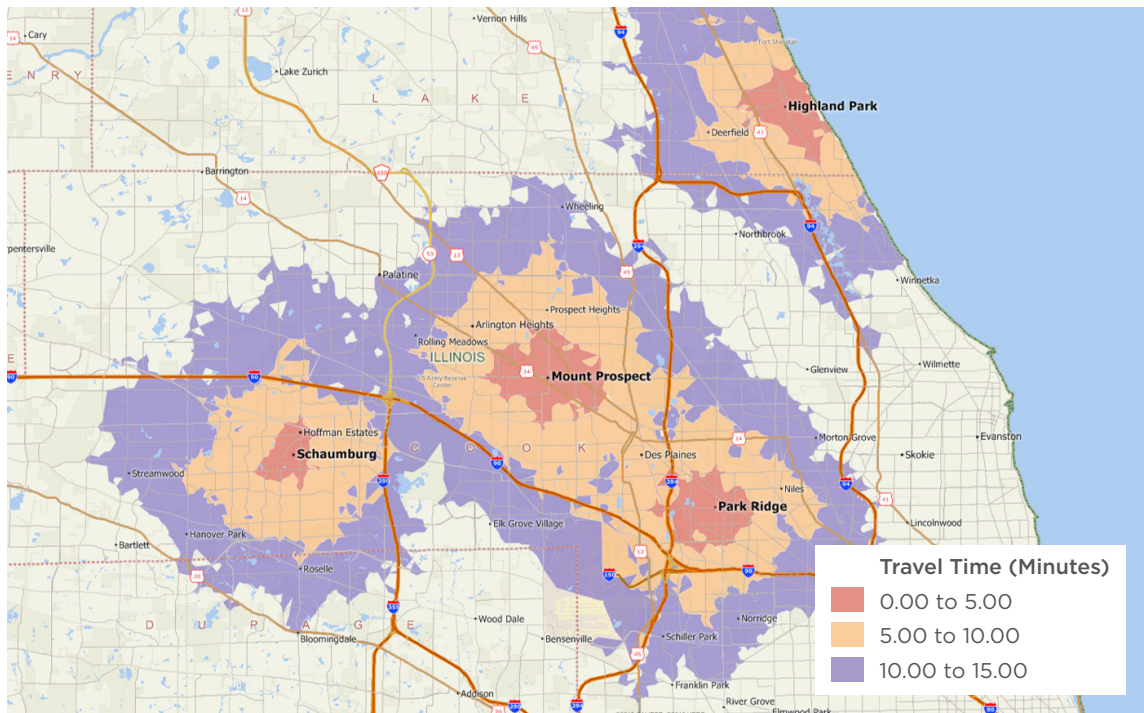
Viewing an ambulatory network on a map often instantly suggests the outlines of opportunity. Some areas have no sites, others are thickets of potential duplication and geographic overlap. Services at a site often represent the legacy of the site, not so much a modern reconsideration of how the site's location and capacity may best contribute to the overall network and system. And as consumers take control of their healthcare choices, poor experiences at an out-of-date ambulatory site will not be forgotten when they're next faced with a choice for services in the market.

Strategic assessment involves judging your ambulatory network against expectations and targeting how far to advance your position in the market. In terms of expectations that stand to influence provider healthcare for a generation, the strategic guidance is clear: Differences may exist between systems and geographies, but the overall strategic mandate revolves around Quality, Access, Cost¹.

Measure and target your position in those terms; where does your ambulatory network stand today and where do you want to get it? There are many resources available to help you gauge your position and potential for advancement in these terms. An example table of network assessment is below.

Where does each ambulatory site stand compared to others across these strategic dimensions?

| QUALITY | ACCESS | COST |
|---|--|--|
| <ul style="list-style-type: none"> • Patient/Provider Experience • Outcomes • Variations in care | <ul style="list-style-type: none"> • Service availability • Uptime hours • Distance to care | <ul style="list-style-type: none"> • Flexibility in use • Optimized utilization • Reduced variation |



1. Examples of convergence around these strategic priorities - Quality, Access, Cost:

- Centers for Medicare and Medicaid Services (CMS): "Better Care, Smarter Spending, Healthier People"
- Institute for Healthcare Improvement (IHI) Triple Aim: "Integrate to simultaneously improve care, improve population health, and reduce costs per capita"
- Pacific Business Group on Health (PBGH): "Improvement in affordability, quality and service"

Challenge status quo operational models

As you plan to drive your ambulatory network to strategic success, re-think existing operational models. Think about how your ambulatory network's operational model can align with these trends:

- **Patient Engagement:** With increasing availability of direct-to-consumer information on healthcare providers, today's patients are savvier than ever. Embrace this trend and engage your patients so they prefer your brand for all aspects of their health. Set and promote service standards that speak to the concerns of time-constrained and well-informed buyers and that can help to shift your organization to a more customer-centric culture. Introduce patients to disease-specific self-management tools and remote monitoring programs. Offer many different approaches to appointment scheduling, including on-line and mobile phone-friendly options. Understand micro-segmentation of your community's populations and design personalized approaches to address their needs. Give the community reasons to come to your ambulatory site even when they are feeling healthy, by offering space for meetings and educational sessions.
- **One-Stop Sites.** Profit margins for outpatient centers are thin and getting thinner. Maximizing the use of facility and equipment assets is essential. Use emerging standards for combining services, such as the Patient-Centered Medical Home (PCMH), to re-think how to use existing ambulatory sites or how to develop new sites. Develop site services with an eye to the population health era and team-based care instead of specialty-by-specialty thinking.
- **Partnering.** New and innovative partnerships are being formed everyday among traditional providers and new industry entrants. As you plan which services will be offered in your network consider involving partners that could be important to achieving your goals. For example, partnering with a trusted fitness and therapy provider could be significant in influencing healthy lifestyles or managing that total joint replacement patient under a bundled payment model. Or, partnering with a seasoned telehealth provider to embed virtual care offerings.

Deploy facility resources sparingly

In order to achieve strategic goals – Quality, Access, Cost – more is not always better when it comes to bricks and mortar.

If you conclude that a facility investment is the right approach for a market and your network, consider these guidelines when planning the facility:

- **Be Mindful of Scale.** A facility that is too limited in size will not allow you to achieve financial and clinical service performance goals. Old models such as the two-provider practice site are obsolete for most markets. At the same time, sites that are too broad in scope or too large in scale can be risky as well. Today an ambulatory site should meet not only demands for outpatient care but fold in wellness services and partnerships with others in the community. Consider, for example, how you will incorporate wellness programs, community education, retail services, complementary medicine, psycho-social support, and clinical research. Perform a make-versus-buy assessment to determine what role partners can play in providing these sorts of services. The appropriate facility size should represent the right mix of services for the market, modern operating assumptions, and relevant space planning metrics.
- **Plan for Your Brand.** Sophisticated health systems are thinking ahead about how services, operations, and facilities reflect and shape their brand in the market. In an increasingly consumer-driven world, these are crucial opportunities to create a distinctive brand that is exciting, transformational and clearly differentiates you from others. The look and feel of the facility, operational flow, and customer service, for example, are chief in reinforcing your brand promise (or, done poorly, in undercutting it).
- **Labor about Location.** Across the geography you serve, identify which sub-market is a top priority for the organization vis-à-vis clinical and business goals and/or market risks. Where exactly in this sub-market should you seek to build a presence? Modern GIS tools that incorporate of robust data sets allow organizations to get more precise about location. Understanding demographics, disease prevalence, underserved markets, transit routes, and travel times are critical to ensuring success.

- **Spend Wisely.** In the face of shrinking reimbursement and risk-based contracting, first cost is a bigger risk than ever. To maximize your 'return on facility investment', plan the initial build of the facility for the near-term and provide master-planned paths for site expansion over time. Build from a template or prototype that has been scrutinized by key stakeholders to minimize architectural design one-offs and long construction timelines. Early on, evaluate the tradeoffs between cost and quality for building infrastructure systems such as exterior walls, HVAC and roofing, among other decisions that can define a site's long-term capacity. As important as quality and access are to your long-term success, a low-cost operating structure will be critical to generating necessary system profitability to sustain a site's success for the life of the facility.

This is an extraordinary and exciting time in healthcare. The ability to provide care that is personalized and improves community health relies on a strong ambulatory care network. Thoughtful, strategic and innovative ambulatory network development can be the catalyst that helps your organization make a lasting impact.



ABOUT NAVIGANT

Navigant Consulting, Inc. (NYSE: NCI) is a specialized, global professional services firm that helps clients take control of their future. Navigant's professionals apply deep industry knowledge, substantive technical expertise, and an enterprising approach to help clients build, manage and/or protect their business interests. With a focus on markets and clients facing transformational change and significant regulatory or legal pressures, the Firm primarily serves clients in the healthcare, energy and financial services industries. Across a range of advisory, consulting, outsourcing, and technology/analytics services, Navigant's practitioners bring sharp insight that pinpoints opportunities and delivers powerful results. More information about Navigant can be found at navigant.com.