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## Standardizing a healthcare system through a unified brand

It's no secret that healthcare costs are rising. According to the Milliman Medical Index, the typical cost for an American family of four covered by an average employer-sponsored health plan has more than doubled in the last decade. While employers pay the largest portion of healthcare costs, employees' wallets are increasingly taking on a significant portion of the responsibility through higher-deductible health plans and out-of-pocket costs. And those without insurance face full responsibility for their healthcare bills.

As a result of this higher financial obligation, patients are increasingly viewing themselves as consumers of healthcare and, as consumers, patients are placing a greater emphasis on relationship building and loyalty to healthcare providers. In most industries, brands matter — yet in the healthcare industry, brands have seen little emphasis. People get sick, a hospital or doctor gets them better. The emphasis has been on the individual name — not a brand — providing the care. In today's world, however, consumers connect to brands and often equate quality and cost back to the trust they have in the brand, so healthcare systems — not just doctors — must adapt.

### **Creating a unified brand in healthcare**

As a healthcare provider, Novant Health is facing an exciting and challenging time. Government reform, new technology and increased demands for access, quality and affordability are causing the healthcare industry to advance rapidly. Communities expect quality care that is easy to access, convenient, safe and uses the latest technology, while still being affordable.

Since forming in 1997 by joining two prominent systems together (Carolina Medicorp, Inc., the not-for-profit holding company for Forsyth Memorial Hospital in Winston-Salem, NC, and Presbyterian Healthcare in Charlotte), Novant Health has grown to include 15 medical centers, more than 400 physician clinics and hundreds

## Standardizing a healthcare system through a unified brand continued

of outpatient facilities across four states. Each facility, however, retained its locally known name and identity throughout the system's growth. As a result, patients across the system lacked the knowledge that they were being treated by an integrated system of care — with access points across the entire healthcare continuum.

Therefore, in April 2013, Novant Health united its hospitals, outpatient facilities and physician clinics under a single name. While always a part of the umbrella organization — Novant Health — the facilities represented themselves to consumers via hundreds of brand names. The updated look made the organization more recognizable to patients, increasing public awareness by 133 percent; it also made sound business sense.

More than just a logo change, in utilizing the strength of one brand, Novant Health is changing how it works in order to deliver the best care how and when patients want and need it. It has allowed the organization to create system-wide efficiencies in resources, processes and strategic decision-making. For example, by promoting collaboration between facilities, best practices are identified and implemented more quickly.

Similar gains have been made by implementing system-wide marketing efforts. Marketing the system benefits the individual facilities and saves costs, allowing for reduced redundancies. Within the first year, Novant Health was able to reduce the number of individual marketing collateral pieces it produced by 80 percent. Consolidating 15 admissions packets into one simplified version resulted in a \$60,000 cost savings for the organization. Similarly, human resources eliminated 50 facility-specific items, and an audit of patient education materials found that 25 percent could be consolidated.

While rising healthcare costs is a complex issue that will require many solutions, it is clear that the investment Novant Health has made in unifying the system takes a significant step toward reducing overall costs. Through efforts to eliminate redundancy around the organization, Novant Health patients will find a healthcare experience that is simpler, more convenient and more affordable, allowing everyone to focus on what really matters: getting better and staying healthy.

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## The impact of healthcare partnerships and management agreements: a Q&A with Laura Lambeth, CEO, Ashe Memorial Hospital

A native of Asheville, N.C., Laura Lambeth, RN, joined Ashe Memorial Hospital as CEO in June 2014 through a management agreement with Novant Health. Laura started her career as a registered nurse in critical care before turning her talents to hospital administration. She continues to be passionate about patient care and says, "I believe every patient and their family should be treated as you would want your own family treated." We asked her a few questions about the management agreement between Ashe Memorial Hospital and Novant Health and, in a nutshell, she calls the partnership a remarkable case study.

## The impact of healthcare partnerships and management agreements: a Q&A with Laura Lambeth, CEO, Ashe Memorial Hospital continued

### Partnerships, management agreements, and mergers and acquisitions are hot topics throughout the healthcare industry. Why did Ashe Memorial Hospital decide to seek out a partner and why was Novant Health the best choice?

Prior to Novant Health's involvement, the hospital was losing about \$230,000 every month, the average daily patient census had dropped to less than 14 patients per day, and the hospital was in significant financial distress — possibly even facing closure. Faced with few options, the board of directors at Ashe Memorial Hospital wanted to maintain autonomy while benefiting from the resources and services of a larger system — and that's exactly what Novant Health offered. Most importantly, Novant Health's mission, values and their vision to focus on the remarkable patient experience were precisely what Ashe Memorial Hospital wanted for the community of Ashe County and surrounding areas.

### How have Ashe Memorial and Novant Health worked together to-date?

Novant Health began working with Ashe Memorial in August 2013 and has made dramatic improvements at the hospital through a focus on growth and recruitment, cost-containment measures and process changes.

We have focused on growth and recruitment because it adds services in our community that previously were unavailable or in short supply. We have added four hospitalists, three primary care nurse practitioners, an anesthesiologist, ENT physician, cardiologist and orthopedic surgeons.

When thinking about cost-containment measures, we did what was necessary to get ourselves in a position of financial stability. We are proud that the measures did not require downsizing, but allowed us to restructure in responsible ways. We changed our employee benefits and health insurance, and restructured PTO and sick leave policies, as well as our retirement program to be more in line with industry standards. We also reorganized staffing in certain areas to align with volumes by not replacing staff as they left and by moving people to other areas of responsibility. We began partnering with Novant Health for services such as telemedicine, dietary and EVS, clinical equipment maintenance and ITS services. The total savings from these measures equaled \$2.3 million, but it is important to note that for critical access hospitals such as ours, when the costs go down, a percentage of our cost-based reimbursement goes down as well (so we are receiving less money than before).

Additionally, we made a lot of process changes such as moving our behavioral health out of the emergency department, implementing upfront collections in the emergency room and restructuring our heart, wellness and fitness center. We also moved our patient registration and sign in out of the emergency room.

All together, these changes have made significant changes in our ability to care for patients effectively *and* efficiently.

### What results are being seen and how do you see the management agreement continuing in the future?

As of March 2014, our average patient count has increased to just under 19 per day and our "likelihood to recommend" HCAHPS (Hospital Consumer Assessment of Healthcare Providers and Systems) score has increased to the 90th percentile from the 59th percentile in August 2013. We are now looking at new opportunities with the hospital foundation to raise money as well as working with the community to generate more savings through grants and other activities. Our forward focus is on providing a remarkable patient experience, growing medical staff, redefining care delivery and improving access to care. Employees at Ashe Memorial have truly embraced Novant Health's promise of remarkable care.

# Finding efficiency in healthcare through shared services

Across the nation, healthcare providers are searching for better ways to deliver quality care at an affordable cost. As the \$2.8 trillion healthcare sector adapts to continued rapid transformation in the industry, many hospitals have found there is little more cost efficiency to be gained in their existing operations.

Meanwhile, as healthcare coverage expands, cuts sustained by hospitals as a result of the Affordable Care Act have created an even greater urgency to identify additional cost savings. Solutions to the challenge have varied widely — from cutting services and staff to merging with others — and the reality is that there is no one-size-fits-all solution to managing costs. With this in mind, Novant Health designed its own solution to the cost-savings challenge — a solution that retains local ownership and autonomy, yet leverages the strength of a large system to lower costs and improve patient care.

Formed in 2012, Novant Health Shared Services takes the business model most commonly known for consolidating the finance function to support the enterprise organization versus individual business units and applies it to help hospitals retain local ownership and autonomy. The expansion of this business model is done while gaining efficiency and lowering costs. With a menu of services, Novant Health Shared Services offers its partners access to best practices, economies of scale, operational efficiencies and key learnings — all adding to lower costs for the partner while improving patient care.

Facing headwinds, many local hospitals are at a crossroads of continuing their mission and cutting services to lower costs. Through strategic collaboration with partners, Shared Services improves patient care while reducing costs.

With active shared services and management agreements, Novant Health has identified more than \$25 million in annual operational synergies across its partner hospitals. In addition, these partnerships have allowed Novant Health to provide consultation and best practice sharing in corporate and clinical areas such as clinical engineering, supply chain, human resources, regulatory, strategic planning, quality improvement and revenue cycle.

Through Novant Health Shared Services, innovative partnership models are designed to preserve local market ownership and autonomy, provide access to Novant Health corporate resources and expertise, improve operational efficiencies through leveraging the size and scale of Novant Health, and create opportunities for best practice collaboration across a wide network of healthcare providers. The key to Shared Services is the flexibility of the models available — what may work for one community hospital may not work for another. Partnership agreements can include full management, supply chain opportunities, clinical engineering, information technology, clinical excellence and growth opportunities.

In today's dynamic economic climate, partnerships have become more important than ever. The challenges of the healthcare industry will continue to demand that innovative partnership models, such as Shared Services, become an integral part of the ongoing conversation.

# The hospital of the future: patient-focused and caregiver-designed

As the healthcare industry continues its rapid transformation, the focus for many discussions centers on controlling costs, declining reimbursement and effecting operational efficiencies that save money. To achieve true transformation in healthcare, however, the facilities in which care is delivered must transform.

Hospital design has changed little over the years, leading to significant inefficiencies in how care is provided in today's world. Many models of design have been adapted, yet nurses still travel miles every day hunting and gathering supplies. As the industry transforms to meet the needs of the economic climate, Novant Health has recognized the need to adapt to the new care delivery model — gaining operational efficiency and saving costs as a result. Unfortunately, traditional hospital design is not aligned with the new care delivery model.

In 2009, Novant Health gathered together nurses, physicians, architects, IT specialists and other experts to discuss ways the system could transform hospitals and care delivery in its facilities by standardizing hospital design. The team created the Novant Health Prototypical Design Model, a blueprint for designing and building new hospitals, and expanding and upgrading existing facilities. Prototypical design facilities are less expensive to build and are able to provide additional savings once constructed because of built-in efficiencies and present environments centered on highly efficient, highly effective patient care.

“Focusing on our patients and caregivers, and making sure that the space is compatible with how we are caring for our customers is what it's all about,” said Laura MacFadden, vice president of design and construction for Novant Health. “Otherwise, it's just a room.”

Novant Health's first full hospital designed using the prototypical concepts opened in 2014 in northern Virginia. Novant Health Haymarket Medical Center is a 60-bed community hospital with a comprehensive offering of services. Newly designed rooms move away from the traditional rectangle shape to private, square-shaped rooms that allow for greater maneuverability around a patient bed and space for families to stay with their loved ones in the hospital room.

By moving medicines and supplies from central stock rooms to areas near patient rooms where the items are actually used, the facility saves nearly 400 shift minutes per day hunting for supplies, time that can now be spent at the bedside. Greener lighting design and a focus on decreased water usage are helping to keep overhead costs down so those resources can be invested in patient care.

Recent expansion projects at Novant Health Huntersville Medical Center and Novant Health Matthews Medical Center (both located in the greater-Charlotte, N.C. area) incorporated standardized design elements from the Prototypical Design Model. Facilities in Clemmons and soon-to-be Mint Hill will also incorporate the necessary items/modules from the prototypical toolkit, as well as Novant Health design standards.

By creating a menu of design options that are standardized, efficient and patient-centric, Novant Health has committed to making innovative strides toward improving the patient experience in our facilities. The efficiencies created allow Novant Health to reinvest resources in healthcare solutions that bring the best outcomes for the most affordable cost for our patients.

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**Novant Health experts are available for more information on these and other topics.**

**Please contact [Caryn Klebba](#) to arrange a conversation.**

***About Novant Health***

*Novant Health is a four-state integrated network of physician clinics, outpatient centers and hospitals that delivers a seamless and convenient healthcare experience to our communities. The Novant Health network consists of more than 1,200 physicians and 26,000 employees who make healthcare remarkable at nearly 500 locations, including 15 medical centers and hundreds of outpatient facilities and physician clinics. Headquartered in Winston-Salem, N.C., Novant Health is committed to making healthcare remarkable for our patients and our communities, serving more than four million patients annually. In 2013, Novant Health provided more than \$566 million in community benefit including charity care and services. Novant Health is one of the top 25 integrated health systems in the United States and was named a top 50 "Best Places for Diverse & Women Managers to Work" by Diversity MBA Magazine.*

*For more information, please visit our website at **[NovantHealth.org](#)**. You can also follow us on **[Twitter](#)** and **[Facebook](#)**.*