

Strategic Planning Scenario

### Background

Stevens District Hospital is a 162-bed acute care hospital that is qualified as a not for profit facility. The hospital was originally a county-owned facility and its status was transferred to an independent facility three years ago. The hospital receives no external funding from government agencies for operations. The hospital is accredited by The Joint Commission and received reaccreditation during their triannual survey last year. The hospital has an aggressive quality management program and a low volume of medical malpractice claims. The hospital is located in Jefferson City, which is a city of 50,000 with 80,000 in the regional market. The hospital provides a general range of acute care services, including medical/surgical, rehab, and emergency care.

### Current Performance Analysis

# Mission and Vision

Our mission: To improve health by providing high-quality care, a comprehensive range of services, and exceptional service.

Our vision: Stevens District Hospital and its affiliates will be the health care provider of choice for physicians and patients. Our five year vision is to create a large, multispecialty physician practice system that would include at least six family practice physicians and specialists in cardiology, oncology, and women’s services. Currently, the hospital employs three family practice physicians, one obstetrician, one medical oncologist, and one non-invasive cardiologist.

# Previous Strategic Plan Review

|  |  |
| --- | --- |
| **Goal** | **Accomplishments** |
| Increase market share by recruiting three family practice physicians. | The hospital was able to recruit only one family practice physician to increase primary care market this past year. The limited number of state medical school graduates makes local recruitment difficult. |
| Improve quality HCAHPS scores in all six criteria to a baseline of the 85th percentile. | The hospital improved HCAHPS scores in four of six criteria. Lagging elements in HCAHPS scores are inpatient patient satisfaction and primary care patient satisfaction. |

### Market Forces Affecting the Hospital

# Volumes

# Patients

The continued growth of chronic disease will require changes to the care management model.

**Percent of Population by Age**

|  |  |  |
| --- | --- | --- |
|  | **Five Years Ago** | **Five Years From Now** |
| Under 18 | 24 | 18 |
| 18 to 44 | 46 | 32 |
| 45 to 65 | 26 | 30 |
| Over 65 | 4 | 20 |

More than 53 percent of residents have at least some college education, with just over 29 percent having an associate, bachelor’s, or graduate degree. More than 90 percent of residents have at least a high school diploma.

The average unemployment rate in the county is 9.9 percent:

**Market Share Distribution Percentage With a Major Competitor**

|  |  |  |
| --- | --- | --- |
|  | **Five Years Ago** | **Last Year** |
| Stevens District Hospital | 48 | 35 |
| Competitor | 30 | 43 |
| Out of County Hospitals | 22 | 22 |

**Patient Origin by Zip Code**

96101 is Stevens District Hospital zip code

94963 is major competitor hospital zip code

Increases in the percent of population with chronic disease and contributing factors will change significantly over the coming five years.

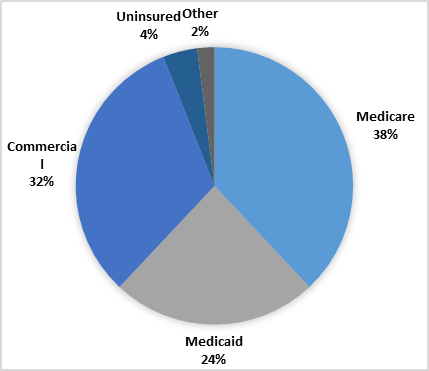
# Payment

There will be continued focus on pay for performance and increased wellness programs. The Affordable Care Act is creating more covered lives; however, there are often high deductibles.

The median household income for county residents is $59,548. On average, households in the county earn more than the state median household income of $44,446 and more than the national average of $53,650. The addition of a new automotive manufacturing plant to the local market this coming year is projected to add 1,500 production line jobs and 300 administrative jobs by year end. Median income for the production positions is estimated at $45,000 and will provide health, vision, and dental insurance benefits.

*Projected Payer Mix 5-years*

*Current Payer Mix*



**Percentage of Population by Insurance**

As part of your review of this data, consider that a portion of the population will become Medicare eligible, the addition of manufacturing positions that include benefits will increase commercial insurance coverage, and changes from the Affordable Care Act will increase the number of patients in the market with insurance coverage.

**Employers**

There is expected growth in large employers with the addition of the automotive factory in the northwest sector of the county.

**Physicians**

The continued shortage of medical staff, especially in orthopedics, oncology, and primary care, will require increased recruitment efforts.

**Competitors**

Hanover County Hospital, which is the other hospital in the county, has an updated facility that has drawn more market share to its facility.

|  |  |  |  |
| --- | --- | --- | --- |
| Competitor | Key Areas of Competition | New Programs and Facilities | Risk to Market Share |
| Primary Competitors | | | |
| Hanover County Hospital | * Facility upgrade * Quality scores | * Significant renovation of core hospital to update aesthetics * Added new wide-bore MRI machine last year * Reaches the 95th percentile in five of six HCAHPS categories | * Drawing patients to newer facility * Accommodates heavier patients * Patient perception of higher quality and patient satisfaction |
| Medical Center in County South of Stevens | * Physician clinics * Financial stability | * E-visits with specialists * Low debt and high cash on hand | * Drawing patients out of primary and specialty care at Stevens * Ability to cash flow projects |
| Secondary Competitors | |  |  |
| Retail Pharmacy Instant Clinic | * Low acuity office visits | * Pharmacy added instant clinic in north end of county 6 months ago | * Loss of patients from primary care physicians’ practices |

**Technology**

A competing hospital has added e-visits for physician practices, which is causing a shift of patients to the competitor hospital's physician practices.

**Regulatory Changes**

Health care reform through the Affordable Care Act has increased the number of patients with some form of insurance payment. These patients are now seeking care in greater numbers from a primary care physician. Stevens District Hospital struggles with accommodating patient scheduling requests to establish care with a primary care physician.

### Plan

|  |  |  |  |
| --- | --- | --- | --- |
| Planning Components Explanation | | | |
|  | Goal | Objective | Actions |
| Definition | Organization goals that cover broad strategic issues, such as quality, finances, growth | Broad action items that address organizational goals, such as increasing market share, increased use of technology, increased physician satisfaction | Action item that meets an objective, such as implementing EMR, renovating physician lounge, increasing marketing for specific products |
| Examples | * Improve HCAHPS scores by 5% * Improve operating margin by 3% * Increase market share in 96103 zip code by 5% | * Improve emergency department patient satisfaction survey by 5% * Grow urgent care visits by 10% | * Implement urgent care center in north zip code * Purchase tablets for physicians for EMR rounding |
| Measurement | * % increase in operating margin * % change in market share | * % change in ED satisfaction survey * % change in urgent care visits | * Number of patient visits at new urgent care center * % increased use of EMR |

### Financial Summary

|  |  |  |
| --- | --- | --- |
|  | This year | Last year |
| **Operating Revenues** |  |  |
| Net revenues from services to patients | 343,737,280 | 344,726,245 |
| Other operating revenues | 16,846,309 | 20,311,534 |
| Total operating revenues | 360,583,589 | 365,037,779 |
|  |  |  |
| **Operating Expenses** |  |  |
| Salaries and benefits | 192,053,379 | 182,853,245 |
| Supplies and other expenses | 130,173,477 | 135,560,131 |
| Depreciation | 18,969,799 | 20,644,157 |
| Interest | 2,695,623 | 2,226,437 |
| Foundation | 628,184 | 1,182,308 |
| Total operating expenses | 344,520,462 | 342,466,278 |
|  |  |  |
| **Income from operations** | 16,063,127 | 22,571,501 |