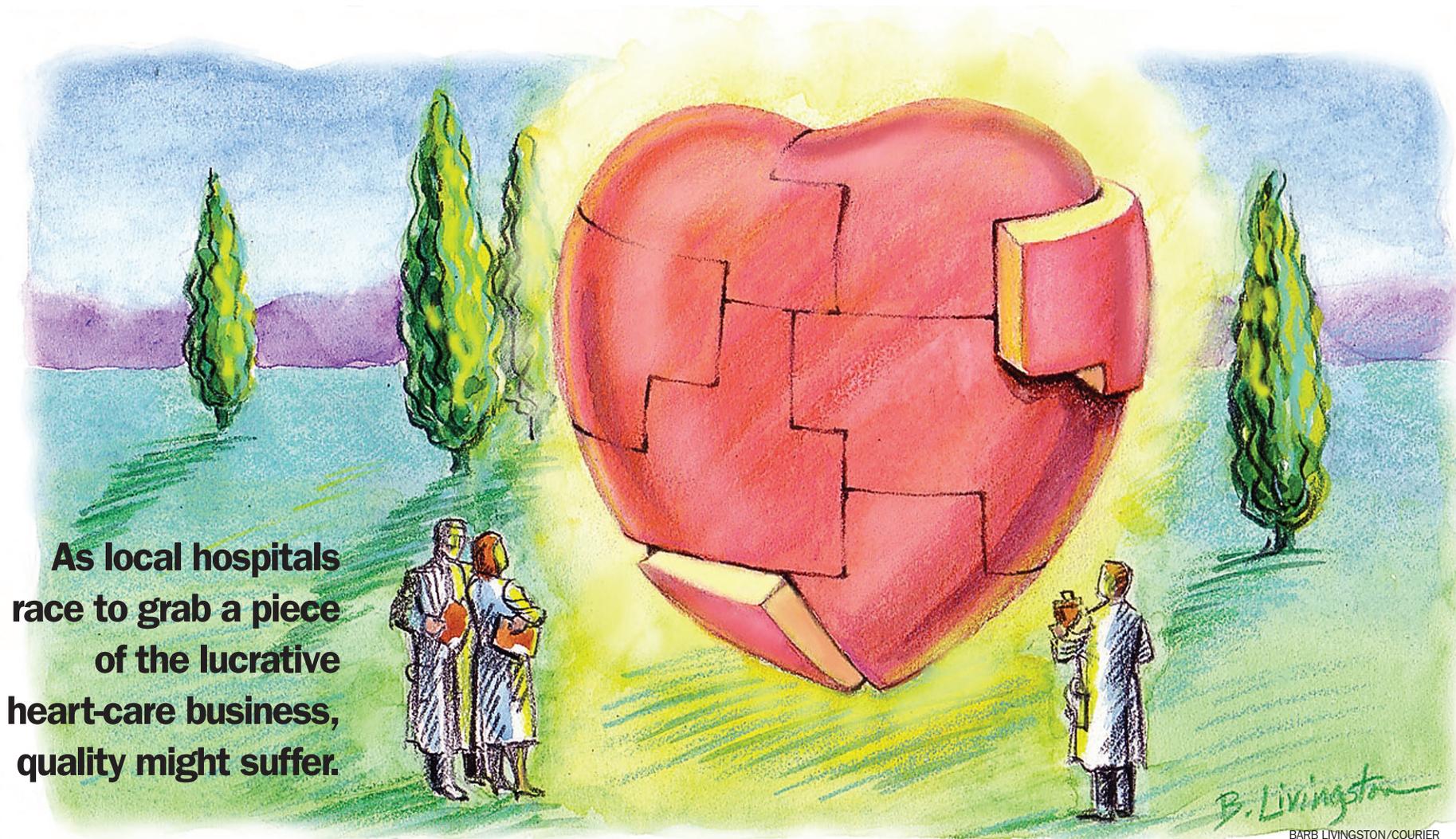


BUSINESS COURIER

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As local hospitals race to grab a piece of the lucrative heart-care business, quality might suffer.

BARB LIVINGSTON/COURIER

HEART DIVIDED

By Andrea Tortora
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As Mike Snyder readied to leave his Fairfield home last January for a concert at Cincinnati's Music Hall, he felt his heart beginning to beat off tempo. His left arm then went numb, and he felt nauseated, lightheaded and wobbly in the knees.

Snyder figured it was just the flu, but he took a minute to sit down at his computer and type "heart attack" into an Internet search engine. The symptoms that popped up described exactly what he was feeling.

"So I thought I'd stop in at a hospital on my way downtown," said Snyder, a Fairfield city councilman and account manager at Convergys Corp.

He drove to the emergency room at Mercy Fairfield Hospital, just one mile from his home, and after a trip to Mercy's catheterization lab for an angiogram the problem was found: The 58-year-old Snyder had four blocked coronary arteries, one of them completely closed off.

"I was stunned," Snyder said. "I was right on the edge of a major heart attack."

A quadruple bypass was ordered that day. And while Snyder believes having a heart center just down the road might have saved his life, his experience also brings to light a dilemma that promises to only get worse: There are too many local heart centers.

Hospitals across the Tri-State are racing to open or expand



MARK BOWEN/COURIER

Mike Snyder, now in rehab after bypass surgery, "was right on the edge of a major heart attack."

heart centers to capitalize on what is one of the most lucrative of all medical procedures.

"Cincinnati is in a free-for-all," said Rich Niemeyer, health care consultant with the Scheller Bradford Group and a former benefits manager at Procter & Gamble Co. "Each hospital system is trying to get more and more of their hospitals to perform the highly profitable (bypass) procedures."

The Tri-State's hospitals are wasting financial resources on unneeded facilities, Niemeyer said, driving up the overhead of the hospital systems and diluting the already thin supply of local nurses and anesthesiologists.

But the scariest part of the boom is that the quality of care at all of Greater Cincinnati's heart centers will likely suffer as a result.

There are eight heart surgery programs in the Tri-State: at Mercy, University, Bethesda North, Good Samaritan, Christ, Jewish, St. Elizabeth and Deaconess hospitals. And expansions are already in the works, with Christ, Mercy Fairfield and St. Elizabeth adding space and operating rooms to handle more cardiac cases.

Mercy Fairfield opened a new catheterization lab Jan. 6. And Mercy Franciscan Hospital Mount Airy was granted a waiver from the Ohio Department of Health to begin angioplasties this summer without open heart surgery backup, as part of a Johns Hopkins University Medical Center research study.

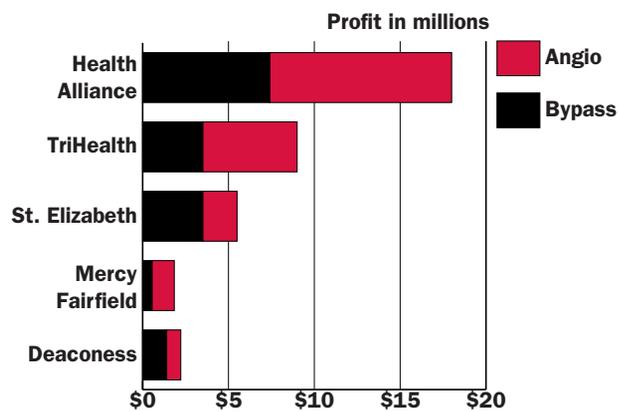
Too many centers

And that's too many, compared to accepted minimum guidelines recommended by the federal government. The Tri-State has one heart center for every 237,500 people. By comparison, there are five heart centers serving the 2.7 million people in the Cleveland area, or one for every 540,000 residents. And the

See **HEART**, page 8

Hearty Profits

Cincinnati's heart centers earned a combined \$16 million in bypasses and \$20 million for angioplasty.



Source: Courier research

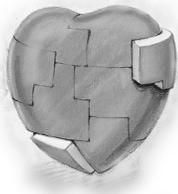
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Why this hospital continually scores high

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The for-profit center is creating controversy

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Suburban unit ranked No. 1 by Anthem



Business Courier Analysis HEART DIVIDED

HEART: Greater Cincinnati has eight heart centers, with more services on the way

FROM PAGE 1

14 heart centers in New York City serve 8 million people — or one heart hospital for every 571,000 residents.

The heart hospital building boom hit Cincinnati hard for a few reasons. The region is experiencing tremendous population growth in the suburbs, and hospitals are looking for long-term cash infusions.

But there are risks with the building boom. "Volume still is a determinant of a patient's chances of dying after surgery," said Dr. John Birkmeyer, assistant professor of surgery and community and family medicine at Dartmouth Medical School.

Birkmeyer published a study last year in the *New England Journal of Medicine* that found mortality rates decreased by 21 percent for bypass surgery when a patient had surgery in a hospital that performs more than 550 procedures annually, compared to a facility that performed less than 348.

There is no similar study of Tri-State mortality rates for bypass surgery, but according to data from the Ohio Hospital Association, Hamilton County hospitals had a mortality rate of 1.5 percent of bypasses performed from 2000 to 2001, lower than predicted by data.

Practice makes perfect

In heart care, consistent repetition performed by the same team is what leads to the best outcomes. Problems arise when hospitals and doctors follow different treatment methods or when physicians perform surgeries with many teams of operating room personnel.

This lack of continuity can be dangerous, said Dr. Walter Merrill, chief of cardiothoracic surgery at the University of Cincinnati. That's because there is no standard way to treat certain heart conditions that guarantees the best results. There are guidelines, but not every hospital follows them.

And as more hospitals are added into the mix, the more those deviations from recommended treatments are exacerbated.

If there was a perfect, proven way to treat heart patients "we'd all have the same results," Merrill said.

Merrill is one of the new hot-shot recruits at UC, coming from Vanderbilt University in Nashville, where he was chief of surgical services. He's already planning several studies to determine the best ways to provide heart care within the Health Alliance, which alone

has three local heart centers.

That way, if bypass patients at Jewish Hospital, for example, are recovering faster than patients at University, doctors will be able to start applying the same techniques across the board.

"But no one is sure exactly how to measure quality," Merrill said. "And there is little if any information about the quality of care at any of these places."

Studies confirm that hospitals — and surgeons — should perform a minimum number of heart surgeries each year in order to excel. But the Tri-State's 19 heart surgeons each completed an average 123 bypass surgeries in 2001 — far below the recommended 200-procedure threshold.

Of Greater Cincinnati's eight heart hospitals, only four performed more than the minimum recommended number of 250 bypass surgeries in 2001. And the number of bypass surgeries performed here overall dropped by 11 percent between 1998 and 2001, despite a growth in hospitals.

That decline could indicate less demand for the services these heart centers are designed to provide. And it could also mean that with more hospitals vying for fewer surgeries, quality will suffer.

"You can't take an unusual car with funky brakes to just any mechanic," said Dr. R. Adams Dudley, who has done extensive studies on quality care for heart patients and is assistant professor of adult pulmonary and critical care at the University of California-San Francisco. "Every patient who has a bypass needs special services. There is reason to believe that practice makes you better."

'A mile from my house'

But try telling that to Mike Snyder. Before doctors took out the scalpel, his sister, a health care worker in Detroit, discouraged him from going under the knife at Mercy Fairfield, Cincinnati's newest adult open heart center.

She feared the hospital had not yet proved its worth. And she worried that the surgeons and nurses at Fairfield would not work as a well-oiled machine.

"I turned her down cold," said Snyder,

who at the time didn't know Mercy's program was just a month old. He became its 30th open-heart patient. "This was a mile from my house. I think of it quite often, of what might have happened if it wasn't there and I drove (the longer distance) to Christ or Good Samaritan. I might not have made it."

Despite increasing concerns over quality, the number of heart centers will continue to grow, again driven largely by money. How? Bypass surgeries and services such as angioplasty can easily translate into half of a hospital's total profits. The eight local heart hospitals combined to earn \$16 million for bypass surgeries and \$20 million for angioplasties in 2001. This at a time when hospitals are barely breaking even.

But hospitals don't want to miss out on the potential financial rewards. Heart services are lucrative because insurance companies pay well for the service, through a complicated process tied to the high volume of operations performed.

Insurers pay \$29,300 for a typical coronary bypass operation, and out of that, \$6,800 is profit for the hospitals, experts said. Profits from angioplasty average \$1,500.

W.C. Benton Jr., an Ohio State University professor who researches the economics of cardiovascular surgery, said the race to open heart centers, and reap the financial rewards, will eventually cause problems for the hospitals.

"(Hospitals) are all killing each other," Benton said. "They don't have the patients. Eventually those who are not efficient will have to leave the market."

In markets with multiple heart centers, one usually ends up failing. It's happened in Dayton, Columbus, Cleveland, Pittsburgh, Philadelphia and Phoenix. And it could happen here, exposing entire hospitals to financial danger, especially if they rely too heavily on heart services for profits, said Jeff Frazier, principal at HealthGroup West, a Las Vegas consulting firm.

Staffing problems

The quick expansion of heart centers comes at a time when there is a shortage of nurses and anesthesiologists. Sometimes there are not enough medical teams to fully staff every program at every hospital.

With some of Cincinnati's 19 heart surgeons covering shifts at more than one hospital, there are times when surgeons are not where patients need them to be — increasing a patient's risk for death.

And that should never happen, said Jim Tomaszewski, executive director for business development at the Ohio Heart Health Center in Mount Auburn, the region's largest group of cardiologists and cardiac surgeons.

"Some hospitals feel very confident this is a service thing," Tomaszewski said. "But can we really get to the level of quality the community deserves?"

Ohio Heart refuses to help staff every heart center in Cincinnati, deciding instead to focus on those with the best outcomes.

Mark McDonald, Ohio Heart's chief operating officer, said the group's surgeons — Tom Ivey and Donald Mitts — only work at Christ Hospital. Plans call for hiring a third surgeon to help staff Bethesda North, but not until "we can ensure responsiveness."

"Unless we can maintain the same level of quality we have at Christ, we won't do it," McDonald said.

DOCS IN LIMITED SUPPLY

There are 19 surgeons in Greater Cincinnati who perform heart operations.

Cardiac Surgery Institute/Ohio Heart

Tom Ivey

Donald Mitts

Cardiovascular & Thoracic Surgeons Inc.

Donald Buckley

William Cook

Loren Hiratzka

Steven Park

Manisha Patel

Ranjit Rath

J. Michael Smith

S. Russell Vester

James Wilson

Creighton Wright

Northern Kentucky Cardiac Surgery

Michael Gibson

Victor Schmelzer

Karl Ulicny

Raymond Will

University Surgical Group

Shabab Akhter

John Flege

Walter Merrill

Source: Courier research

Christ Hospital remains the market leader in heart care, but its market share is eroding as new centers open. Christ saw a 20 percent decline in bypass surgeries between 1998 and 2001, at a time when the newer Bethesda North program experienced a 42 percent jump.

Christ Hospital's parent, the Health Alliance, bitterly fought to prevent Bethesda North from starting a heart program, claiming it would dilute the quality of care and harm existing programs.

Those battles centered around certificate of need (CON) — a state program that existed until 1996 that allowed construction of new medical facilities only if there was a proven need.

Facing down competition

In the battle for Tri-State's hearts, the Health Alliance is leading the charge.

A multimillion-dollar effort is under way to rebrand Christ Hospital as the "Heart Center of Greater Cincinnati." More than \$67 million is being spent on a four-story tower that will house new space for heart services. The new floors will put catheterization labs, operating rooms and step-down units close to each other and in many cases on the same floor, to provide quicker, more efficient care to patients.

Increased competition also forced Christ to begin staunchly defending its market share with a yearlong advertising blitz. Launched in November, the campaign will "deal with the competitive threats in the marketplace," spokeswoman Gail Myers said. The ads use the theme "For you. For them. For life."

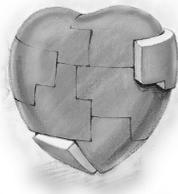
Ad agency BVK McDonald of Milwaukee

Continued on page 9



MARK BOWEN/COURIER

Mike Snyder chose Mercy Fairfield when his heart problems started because it was only a mile from his home. Snyder, a Fairfield City councilman, credits that proximity for possibly saving his life.



Business Courier Analysis
HEART DIVIDED



MARK BOWEN/COURIER

Ohio Heart surgeons Tom Ivey (right) and Donald Mitts work only at Christ Hospital. The group of cardiologists and surgeons is trying to find a third surgeon to work out of Bethesda North.

Continued from page 8

designed the ads that show a diverse array of people interacting with family members. One ad includes this voice-over: "It's not just your heart. It's everything you've ever loved."

Through ads on TV, radio, billboards, buses and in newspapers, Christ will be touted as the preferred heart hospital in the area.

"The goal is not to compete with ourselves but to pull business from our competition," Myers said.

In 2001, the Health Alliance pulled in \$18 million in profit from bypasses and angioplasties at Christ, Jewish and University hospitals. This, from a hospital system that had a \$2 million surplus in fiscal 2001.

Dr. Creighton Wright, head of cardiovascular services for the Health Alliance, said existing heart centers are already seeing the impact of increased competition.



Wright

Wright said the Health Alliance's heart programs at Jewish and University hospitals are only now beginning to regain the volume they lost to the 1998 opening of Bethesda North, while Christ is still taking a hit. To him, starting new heart services in Cincinnati at a time when existing programs are already losing numbers doesn't make sense.

"It becomes a case of who can financially support a program?" Wright said. "At what point does bypass surgery become a commodity?"

Physicians start their own

Mercy Fairfield is adding a \$45 million wing to house an 18-bed, two-operating-room heart hospital that will be the first in the Tri-State to be governed by doctors.

Fairfield Physicians Cardiovascular

Venture, which includes physicians from the Greater Cincinnati Cardiovascular Consultants group and surgeon Dr. James Wilson, will put up 10 percent of the cost and will get controlling interest in the heart hospital's board of directors. Wilson is medical director of the hospital's open heart program.

The doctors will benefit based on the financial success of the program. Those incentives helped heart business transfer rapidly to Fairfield. In 2002, Mercy Fairfield performed 234 open heart surgeries, including bypass operations and heart valve repair.

Mark Hood, CEO of Mercy Fairfield, said the population in Butler County justifies the need for the heart program.

"There is enough demand for us to be viable," he said. "Our projection is as we continue to develop the heart hospital, we feel that 500 cases (annually) is attainable over the next few years."

The joint venture idea is already in use at Mercy Fairfield's two new cardiac catheterization labs. The physicians' venture put up \$740,000 to purchase a 49 percent interest in the cath lab, according to documents filed with the Ohio Division of Securities.

Dr. Byron Gustin, one of the physicians involved in the venture, said "we feel you can't have a bean counter deciding how patients are cared for. In a nutshell, we had a bunch of doctors with the concern that patient care issues were less important to people making the decisions than they were to us."

But what's not happening are discussions among hospitals and those who pay the bills to determine how many heart centers are needed to best serve a region, said Kelly McGivern, CEO of the Ohio Association of Health Plans in Columbus, a trade association that represents the interests of health

Continued on page 10

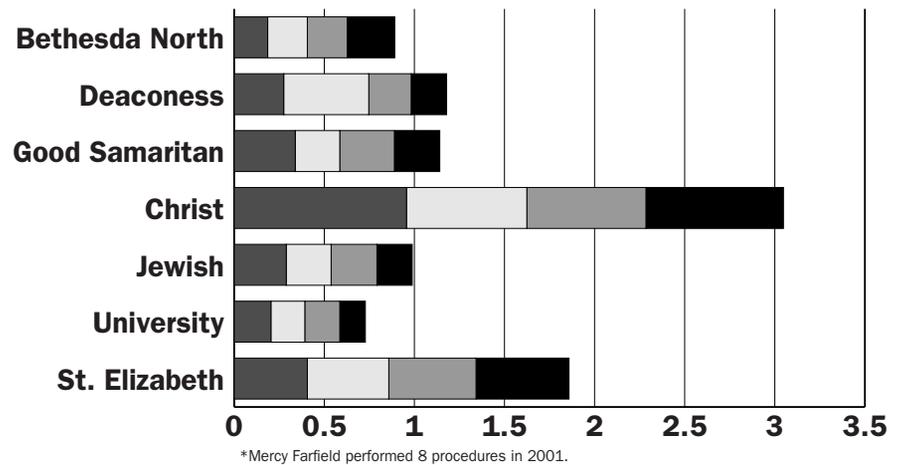
SPREADING THE WEALTH

Of Greater Cincinnati's eight heart hospitals, only half performed more than the minimum recommended number of 250 bypass surgeries in 2001.

Number of procedures in thousands

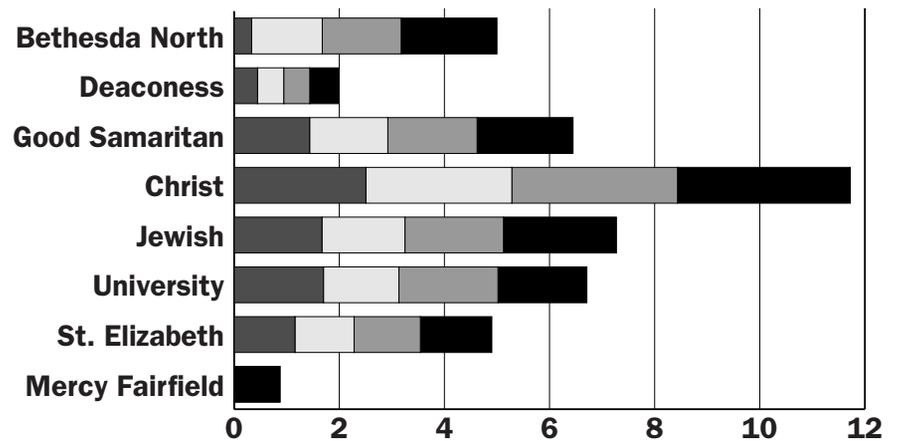
1998 1999 2000 2001

Coronary artery bypass graft*

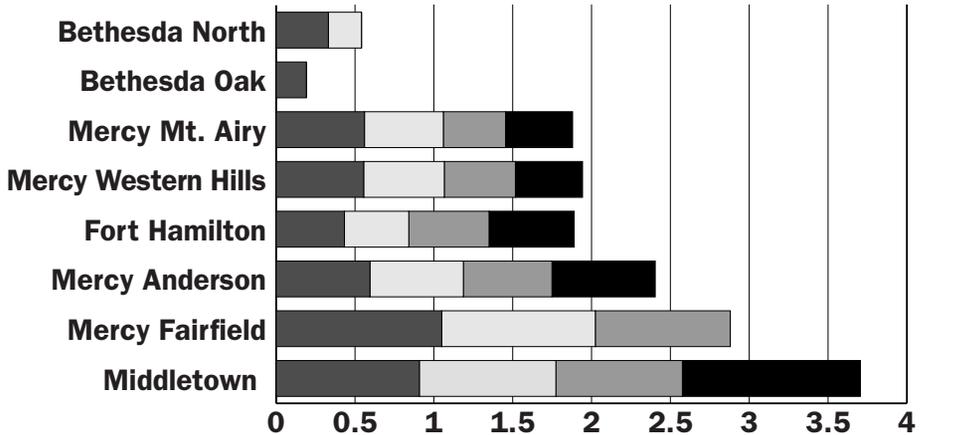


*Mercy Fairfield performed 8 procedures in 2001.

Angioplasty



Angiogram



Source: Ohio Dept. of Health and St. Elizabeth Medical Center

A HEART PRIMER

angiogram

A test that shows the degree of arterial blockage by allowing observation of the blood flow to the heart through the arteries. A flexible catheter is inserted into an artery and guided into the heart and coronary arteries. A dye is injected into the bloodstream and X-rays of the heart and coronary arteries are taken.

angioplasty

A procedure used to open blocked arteries. A catheter with a tiny balloon attached is inserted into the coronary artery. The balloon is slowly inflated, opening the blockage and restoring blood flow to the heart. This is now the primary treat-

ment for patients in the midst of a heart attack. More than 2 million angioplasties are performed worldwide each year, making it more common than bypass surgery.

cardiologist

A physician certified to treat problems of the cardiovascular system — the heart, arteries and veins.

cardiac catheterization

A procedure that involves inserting a fine, hollow tube (catheter) into an artery, usually in the groin area, and passing it into the heart. Often used in conjunction with angiography and other procedures, cardiac catheterization has become a

prime tool for visualizing the heart and blood vessels and diagnosing and treating heart disease.

cardiothoracic surgeon

A physician devoted to the surgical management of diseases and abnormalities in the chest. The cardiothoracic surgeon may perform surgical procedures that involve the lung, heart and/or the great vessels.

cardiovascular surgeon

A physician who specializes in surgery involving the heart and blood vessels.

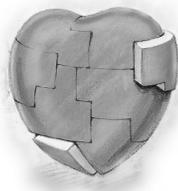
coronary artery bypass graft

An open heart surgery performed to restore blood flow to the heart. The chest is opened, and blood is

rerouted through a lung-heart machine. The heart is stopped during the procedure. Large blood vessels supply the grafts, which are used to reroute the blood. The grafts are transplanted in front of and beyond the blocked arteries, so the blood flows through the new paths around the blockage. Most people are hospitalized for at least a week and do not return to full activity for at least two months.

stent

A device made of expandable, metal mesh that is placed (during an angioplasty by using a balloon catheter) at the site of a narrowing artery. The stent is expanded and left in place to keep the artery open.



Business Courier Analysis HEART DIVIDED

HEART: *Physician-owned cardiac centers seen as threat by community hospitals*

FROM PAGE 9

plans licensed in the state.

"There are only so many health care dollars to be spent," McGivern said. "There needs to be a discussion about the best way to do this."

While McGivern doesn't advocate government intervention, she sees the current situation as a double-edged sword.

"Greater competition could reduce costs, but the loser hospitals will be screaming and yelling to elected officials to step in and solve the problem," McGivern said. "And yet, as soon as a for-profit center tries to open next to them, they are screaming about losing profits."

The fighting has already started at the state level.

Legislative consideration

To combat growth of for-profit hospitals such as the Dayton Heart Hospital, the Ohio House and Senate are considering bills to bar investor-physicians from referring patients to those for-profits.

Heart-only hospitals often perform well financially because their profits are not being used to subsidize losing services. The 250 employees at the Dayton Heart Hospital received a total of \$100,000 in annual bonuses in mid-November, and a study by the Lewin Group, a consulting firm, showed that Medcath heart hospitals (Dayton Heart's parent company) have better outcomes than many community hospitals.

John Prout, CEO of TriHealth Inc., parent of Bethesda, said in testimony to the Ohio Senate Health, Human Services and Aging Committee that full-service community hospitals have "come to understand how a trend toward development of physician-owned, limited-service specialty hospitals threatens our ability to continue serving our communities' needs and threatens to put physicians' financial interests before patients' needs."



Prout

New York state has certificate of need, and there are 34 centers in the state. Bypasses statewide grew from 16,000 in 1991 to 20,000 and then dropped to 18,000 in 2002.

Angioplasties performed in the entire state grew 233 percent between 1991 and 2002, to 50,000 procedures — slightly above the 44,916 angioplasties for Cincinnati. Angioplasties grew 47 percent in Cincinnati between 1998 and 2001.

The number of cardiovascular physicians in the market has jumped 25 percent since 1991 to 114, keeping in line with the baby boomer generation entering its 50s, when many people begin to develop heart problems.

And that could explain the growth in angioplasties, according to a study published in the *Journal of Health Services Research & Policy*, which found a direct relationship between the number of cardiologists and cath labs in a market and the number of invasive cardiac procedures performed — a situation that can increase costs and compromise safety.

In New York, that's too much to take.

"Given the climate, we can't say we will let hospitals determine what we need," said Edward Hannan, chair of the Department of Health Policy, Management, and Behavior and professor of biometry and statistics at the State University of New York at Albany.

To control quality, New York instituted a

"cardiac surgery system" where hospital data is released to the public. The system has improved some surgical procedures, Hannan said. The idea is to publish outcome data that would encourage doctors to refer patients to the hospitals with better results.

In other words, hospitals that prove their quality and cost effectiveness through data should be rewarded with business.

In New York, New Jersey and Pennsylvania, public reporting of volume, mortality and other outcomes makes hospitals strive for better quality. In Kentucky, a certificate of need program holds back overbuilding. And two separate national efforts — from the Leapfrog Group and the Society of Thoracic Surgeons — attempt to get hospitals to self-report data that can then be shared with consumers. There are no such programs in Cincinnati.

Instead, consumers here get quality information from independent ratings groups such as HealthGrades, which ranks hospitals on the number of bypasses performed and resulting deaths.

Anthem Blue Cross Blue Shield releases some information for hospitals included in its cardiac services network, which includes top hospitals based on volume and outcomes for bypass and angioplasty.

Bethesda North, Christ, Good Samaritan and St. Elizabeth hospitals are on the list of 19 Ohio hospitals that as a group from 1996 to 2000 achieved a 23 percent decrease in mortality and a 20 percent decline in bypass complication rates. For angioplasty, complication rates dropped 55 percent.

Among the 19 hospitals, Bethesda North ranked No. 1 and Good Samaritan No. 3.

Tri-State hospitals do not release data specific to their institutions. The Greater Cincinnati Health Council, which represents the hospitals, also will not release hospital-specific data.

Ultimately, employers would prefer that physicians and hospitals develop universal quality performance measures, said Niemeyer, the Scheller Bradford Group consultant.

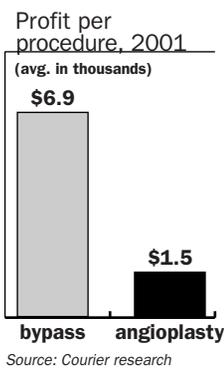
"Employers would like the health care system to provide measures of 'quality of care' performed 'by physician by hospital' and make the data available to consumers," Niemeyer said. "Employers believe that this information would drive overall quality up and eliminate those physicians and hospital units that cannot deliver appropriate care for the citizens of Cincinnati."

No incentive to consolidate

Physicians and surgeons suggest the answer to Cincinnati's heartache is a community-wide effort to improve quality. If hospital groups and doctors would agree to develop three or four high-tech heart centers, outcomes could improve and money could be saved, Ohio Heart's Tomaszewski said. Incentives to participate would be access to technology and better experienced staff.

The problem, said Jeffrey Morneault, vice president of cardiovascular services at the Health Alliance, is that there is no incentive for hospitals to agree to consolidate.

"We make decisions based on demographics and patient needs," Morneault said. "We do what's best for our system and what's



Number crunching helps turn St. Elizabeth into top hospital

The heart center at St. Elizabeth Medical Center in Edgewood is the second-largest in the Tri-State and one of the most recognized for its quality.

The hospital is considered a model for its special cardiac units and its focus on quality data collection. The hospital has repeatedly received a five-star rating for heart care from HealthGrades, a firm that rates hospitals on how long patients are in the hospital and how many die after bypass surgery.

St. Elizabeth's cardiac surgical recovery unit gives patients the attention of one full-time nurse and often two. It's the same staff all the time, so these nurses are experts in after-surgery complications.

St. Elizabeth also created a post-intervention care unit (PICU), which is where all patients who undergo angioplasties recover, said Ruth Henthorn, assistant vice president of nursing for critical care.

"We found we could improve complication rates by having them all in one unit," she said.

Four heart surgeons are on staff and work only at the Edgewood hospital. This ensures there is always a surgeon on hand. Surgeons also work and meet continually with nurses, technicians and

other team members.

A rapid cardiac evaluation unit developed by the hospital also provides better care to emergency patients and saves money, Henthorn said.

This unit does complete evaluations of heart patients in the emergency room before admitting them for observation.

The final piece of St. Elizabeth's heart puzzle is cardiac rehabilitation. Though cardiac rehab is offered by nearly every hospital in the Tri-State, the cardiac rehab staff at St. Elizabeth are considered part of the "cardiac team" and participate in all quality and care meetings.

Many people are involved in collecting quality data for St. Elizabeth's heart program, a fact that helps point out problems quickly.

The numbers are crunched and analyzed in the white-walled hospital basement, where Bobbie Lehmkuhl, vice president for medical management, creates reams of numbers that she uses to help show doctors and nurses how to improve care.

"We collect it, we graph it, we implement it in all different ways, and we apply controls," Lehmkuhl said.

— Andrea Tortora

5
stars have been repeatedly awarded to St. E.

How Many Is Enough?

Greater Cincinnati's eight heart centers mean the city has more cardiac hospitals per capita than cities like Cleveland, Columbus and even New York.

City	No. heart centers	Population	Ratio
Cincinnati	8	1.9 million	237,500:1
Cleveland	5	2.7 million	540,000:1
Columbus	5	1.5 million	300,000:1

Source: Courier research

best for our community."

What's needed, physicians said, is leadership from doctors and hospitals, and perhaps a task force headed by the Greater Cincinnati Health Council, which represents and lobbies for the region's hospitals.

One way to reduce the number of heart centers and improve quality would be to focus on "evidence-based referral," or the practice of using hospitals with proven better outcomes. This practice can reduce the unit costs of certain operations, including bypasses and angioplasties.

Birkmeyer and Jonathan Skinner, an economics professor at Dartmouth, found that evidence-based referral can reduce mortality and improve quality of care.

But the theory requires some hospitals to give up volume to their competitors. A hospital losing 100 bypasses a year could see a reduction in net income of \$684,000.

On the other hand, if only high-volume hospitals with proven outcomes performed bypasses and angioplasties, the country could see an economic gain of \$805 million because of fewer medical complications and

greater efficiency, Birkmeyer said.

For patients like Snyder, quick access to care was more important than knowing the hospital's outcomes.

"I had no idea heart surgery was so common," Snyder said. "Knowing what's out there has no impact on me except when I need it."

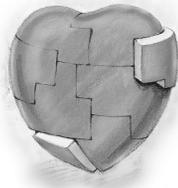
Snyder said he doesn't spend time thinking about all of that because he feels great and has made a full recovery.

"I shudder to think what would have happened if Mercy wasn't right here," Snyder said. "At some point, it makes sense to go up I-75 instead of trying to go downtown."

At the same time, the community must remember what heart programs are all about, said Dr. Loren Hiratzka, Bethesda North's chief of cardiology.

"Suburban programs grow because that's where people live and want to have their care," he said. "And that's OK as long as the care preserves quality."

"When we start to see a decline in quality, that's when it gets back to a community issue. We have to decide, 'Where does the best heart care lie?'"



Business Courier Analysis
HEART DIVIDED

For-profit Dayton unit starts controversy

Hospital accused of 'cherry picking'

A new prescription for cardiac care is developing in the form of for-profit specialty heart hospitals.

The Dayton Heart Hospital, owned by North Carolina-based MedCath, is a for-profit center recognized for its financial and clinical success.

Designed in partnership with physicians, the 47-bed, 300-employee Dayton Heart Hospital treats only heart patients in a pristine, cheerfully colored facility west of the city.

President Ken Howell said his hospital's success comes from its strong business model, good patient outcomes and high rates of patient satisfaction.

"We have a very different approach to staffing and patient flow," Howell said. "And our value is being recognized."

Patients are not transported around the hospital for tests. Instead, the equipment comes to them. Family members are encouraged to stay with patients in their room and are not asked to leave.

And because the facility is a "focused factory," the same nurses and medical technicians treat patients throughout their stay.

But the heart-only model is not without controversy.

The trend of private hospitals, designed to make money for shareholders, has community-based nonprofit hospitals fighting to keep their market share.

Members of the Ohio Hospital Association accuse physicians and their partners in such specialty ventures of "cherry picking" the most lucrative procedures, leaving the more complicated and expensive cases — or those involving patients without insurance — for nonprofits to handle.

As a result, the Ohio House and Senate are considering bills to curb for-profit hospitals by barring physicians who are investors from referring patients to them.

Executives at the Dayton Heart Hospital said their facility and staff are proving how successful the model can be. Howell said that while heart-only hospitals are new, specialty hospitals are not.

"It is the future of health care, but as with any innovation, there is some push back," he said.

The hospital's mortality rate is 2 percent, beating the national average of 4 percent.

Of the 26,000 patients treated since 1999, 8 percent are uninsured or on Medicaid and 70 percent of patients are on Medicare.

And heart-only hospitals can achieve better financial status because their profits are not being used to subsidize losing services. Employees at the Dayton Heart Hospital received a total of \$100,000 in annual bonuses in November.

A study by the Lewin Group, a Falls Church, Va.-based consulting firm, which

compared eight MedCath heart hospitals to 946 community hospitals, showed that MedCath facilities:

- Treated more serious patients than community hospitals.
- Showed a 12 percent lower in-hospital mortality rate for Medicare cases.
- Have a 17 percent shorter length of stay for cardiac patients, after adjusting for severity.
- Discharge a greater number of patients to their homes and transfer a lower number of patients to nursing homes or home health agencies.

Some critics, such as Howard Berliner, professor at the New School's Milano Graduate School of Management and Urban Policy, do not put stock in the single-service model.

"I think (the focused-factory) is total garbage, but this is an important argument made by people," Berliner said. "Health care has never responded to consumers before. These decisions are based on what makes money rather than community demand."

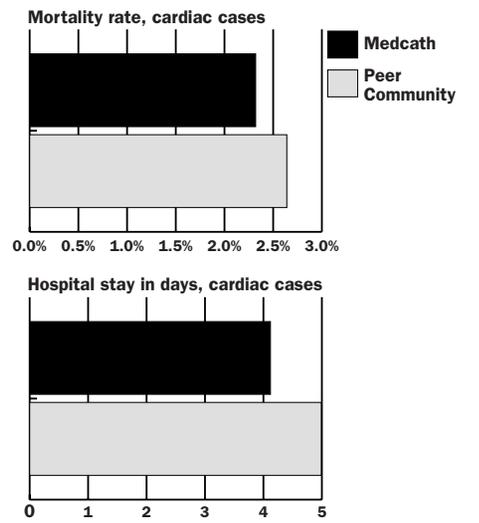
While the Dayton hospital does not release financial figures, its parent, MedCath, earned a net income of \$24.3 billion on \$110 billion in revenue in fiscal 2002.

Howell said his hospital is not financially harming its competitors as Premier Health Partners — Dayton's largest hospital system — posted \$29.5 million in profits in fiscal 2002.

The newer specialty programs are seeing good results because they are employing better management skills to meet needs and

HEALTHY OUTCOMES

MedCath, which owns Dayton Heart Hospital, has better results than a peer group of 946 community hospitals.



Source: The Lewin Group, April 2002

deliver service, said Jackie Johnson, CEO of Pittsburgh-based Corazon Consulting.

And heart-only hospitals are getting business because "people endure things like travel and paying for parking and meals and living in another city if they have a loved one who needs open heart surgery. They are on the alert for the best program," Johnson said.

—Andrea Tortora

Bethesda works smarter to handle shortages

Recovery unit leads to better outcomes

Bethesda North's 5-year-old heart center is ranked No. 1 in the Anthem Cardiac Care Network of 19 Ohio hospitals.

It got there by constantly monitoring response times for surgeons and other medical staff, said Nancy Dallas, the hospital's director of cardiology programs.

This effort is important given the shortage of nurses and the fact that the region's 19 heart surgeons are covering eight heart centers.

The hospital also started an eight-bed cardiovascular recovery unit so patients can stay in it until they return home.

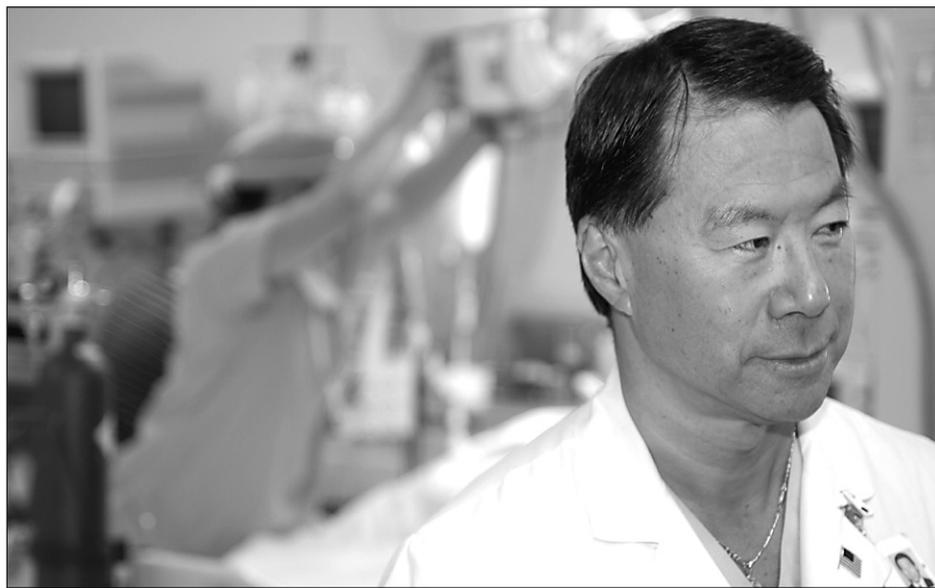
This setup provides better outcomes, said Dr. Loren Hiratzka, the hospital's chief of cardiology.

And with the same nurses staffing the cardiovascular recovery unit, they are better equipped to spot small changes in a patient's condition that could be signs of complications.

Nurses make follow-up calls to ensure patients are taking their medications and making required doctor visits and to reinforce the education they receive before their surgery.



Dallas



MARK BOWEN/COURIER

"With hearts we know, based on an ever-growing amount of information, what needs to be done," said Dr. Loren Hiratzka, Bethesda North Hospital's chief of cardiology.

Hiratzka's white lab coat pockets are stuffed with small books detailing the best care procedures for different heart conditions, and he shares that information with patients.

"With hearts we know, based on an ever-growing amount of information, what needs to be done," Hiratzka said.

That list includes: encouraging patients to stop smoking, prescribing aspirin after a heart event and ensuring that patients are

taking beta blockers as another precautionary measure.

Hiratzka, who spends more than 90 percent of his surgical time at Bethesda, worked with Dallas to develop the center in 1996.

Physicians, nurses and other cardiology staff were trained at Good Samaritan. And those planning the new unit adopted an "if you build it, they will come," attitude, Hiratzka said.

—Andrea Tortora

ANTHEM'S LIST

Hospitals participating in Anthem's cardiac care network met criteria for care, and underwent a rigorous evaluation that included on-site visits by Anthem's staff and an analysis of hospital data.

- Akron General Medical Center
- Bethesda North Hospital, Cincinnati**
- The Christ Hospital, Cincinnati**
- The Cleveland Clinic Foundation
- Cleveland Clinic Health System Fairview
- Elyria Memorial Hospital (EMH)
- Forum Health Northside Medical Center, Youngstown
- Good Samaritan Hospital, Cincinnati**
- Good Samaritan Hospital, Dayton
- Grandview Hospital, Dayton
- Grant Medical Center, Columbus
- Humility of Mary Health Service — St. Elizabeth Hospital, Youngstown
- Kettering Medical Center, Dayton
- Mercy Medical Center, Canton
- Miami Valley Hospital, Dayton
- Riverside Methodist Hospital, Columbus
- St. Elizabeth Medical Center, Edgewood**
- Toledo Hospital
- University Hospitals of Cleveland