



PHILIPS

Healthcare

Transformation Services

Strategy and governance

Philips Healthcare Transformation Service helps private healthcare group develop innovative business model

Who/where

A large private healthcare group with 28 clinics, 3 inpatient hospitals, an emergency medical system with 8 ambulances, 6 health resorts and fitness centers and several other health institutes in the region. Facilities include diagnostic centers, hospitals, ambulatory clinics, as well as a network of fitness and wellness clubs.

Challenge

This healthcare group was looking for an experienced advisor to help them develop a turnkey healthcare solution with a European style of patient-centric care and level of quality. The challenge is to turn existing outdated facilities into profitable, state-of-the-art healthcare and wellness facilities in a manner that is compatible with the expectations of the population and medical capabilities of the region.

Solution

Philips consultants helped the group develop a concrete vision, assessed the current facilities and market situation, and developed and adapted various clinical and financial scenarios to guide strategic discussions. Concrete recommendations and estimates were created for services, staffing needs, educational requirements, medical equipment, conceptual design of the building and campus, and financial planning.

Results

Philips and the group are working toward a long-term partnership for a variety of large-scale projects including projects that involve healthcare consulting, education and technology. The new vision included short- and long-term initiatives based on the market and operational insights provided by Philips. A detailed service model tied to financial parameters assisted the group in identifying challenges in delivering the standard of care they aspired to. It also helped them frame their ongoing financial commitment.

The investment group had an ambitious goal. They wanted to turn a number of existing, but outdated facilities into profitable, state-of-the-art healthcare and wellness centers, including building new facilities. To help them make feasible and financially sound plans, the investment group realized they needed an experienced advisor.

They looked to Philips for its broad clinical and technology expertise in improving the clinical, operational, technical (e.g. information technology) and financial performance of healthcare organizations. They also drew upon our ability to apply our knowledge to healthcare markets in transition. The collaboration has provided the group with access to Philips strategic consultancy services that could deliver all the components needed to help them formulate a business model that is comprehensive and innovative – and most important realistic to achieve.

Making the vision tangible

Philips consultants started the project by teaming up with the client's stakeholders and experts to clarify and align the vision. During the initial work sessions, the teams elaborated questions like "what do we want to be known for?" and "what services do we want to provide?" and "what will it take to get the volume of patients we would need to be profitable?" This helped create consensus on the goals and direction that are essential for succeeding in such a long and complex project.

Based on these sessions, the group formulated their visions. The short-term vision is to renovate and/or replace the older facilities to deliver higher quality, up-to-date services that will attract more patients. The group also aims to support medical and other staff in performing at an increased level of competence. The long-term vision is to create innovative diagnostic centers, ambulatory clinics, and a Medical Park (including research centers, clinical centers of excellence, education facilities, state of the art laboratory, wellness- and sport facilities) that provide a healthy return on investment.

"When the group started there were many directions they could go. Philips consultants helped them reformulate their vision so they were all working towards the same goal. Philips experience and guidance helped the group agree on the starting points for such a complex project."

Philips consultants carried out on-site research of typical day-in-the-life scenarios. They gathered insights via interviews with clinical and non-clinical staff, senior managers, and the leadership team. Based on the results of a comprehensive data request, the consultants analyzed data on types and number of procedures, diagnostic tests and average lengths of stay as well as occupancy rates and staffing ratios from the facilities' utilization statistics.

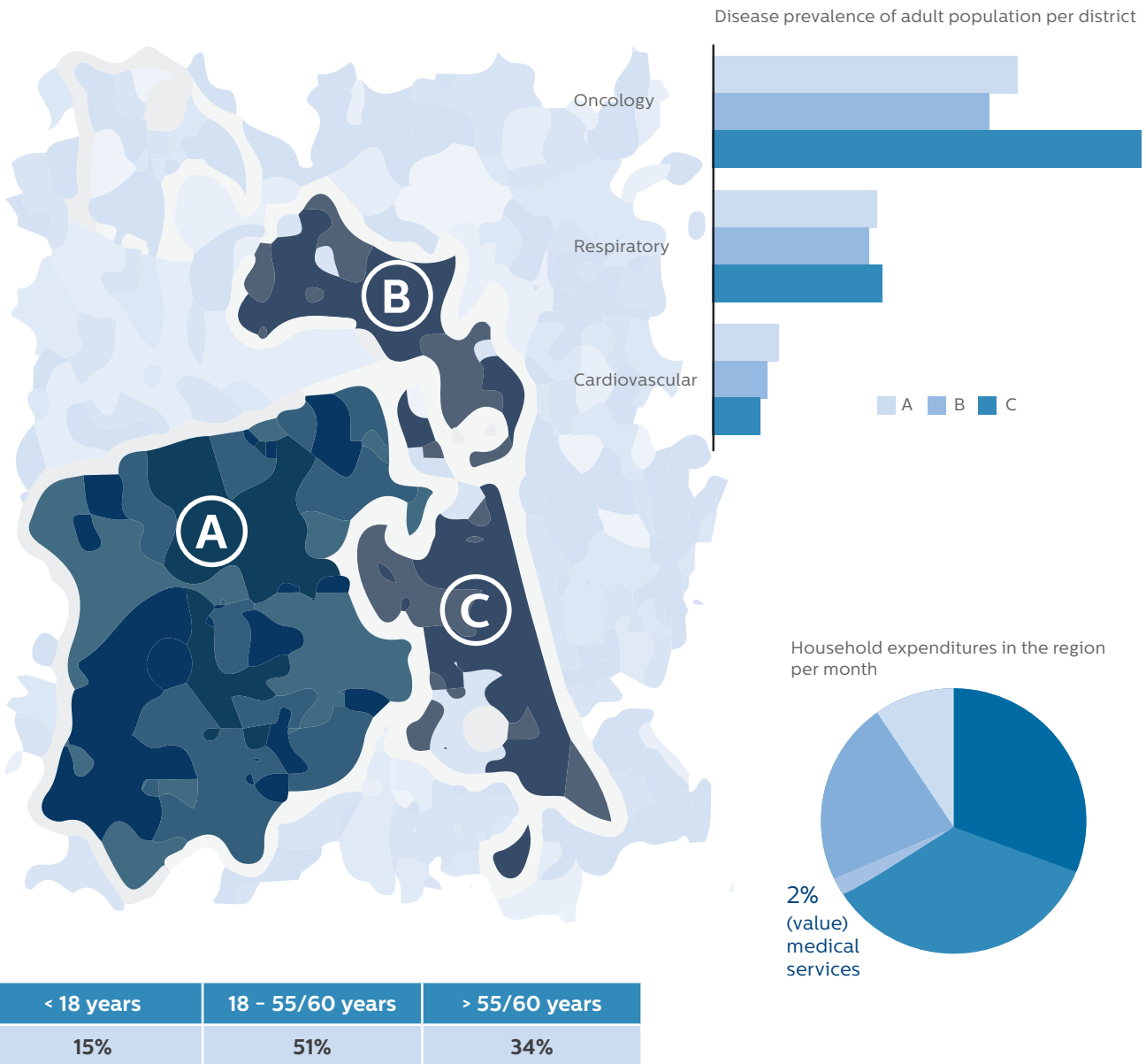
The consultants benchmarked the facilities under study against other organizations within their region (both inside and outside of the group) as well as from similar organizations in Western Europe to identify key gaps and opportunities for improvement and growth. Resources for this benchmarking exercise included: data from similar organizations in our customer base, publically available data, market data, experience with capital asset planning and technology assessments, and best practices from healthcare facilities worldwide.

Market analysis

Philips consultants conducted a thorough market analysis of the anticipated healthcare needed by the population near the group's facilities, to help the group gain insight into the opportunities for delivering profitable private healthcare services in their regions.

To overcome the challenge that comparative data is not always readily available in the public domain, the consultants teamed up with local experts and leadership of other facilities within the group. They assessed the prevalence of diseases and competitive situation, as well as an appraisal of the typical resident's willingness to pay for private healthcare in these target regions as input for the next step of scenario modeling over a projected five-year period. Philips analyzed demographic and healthcare data to compile a detailed overview of the situation, including the level of service expected by the population and the potential revenues that could be realistically received through private healthcare.

Assessment of “as is” situation to identify key issues



In-Patient profile of regional hospitals

Availability of competent medical staff

Consumer studies were conducted as part of the engagement. These studies revealed that consumer studies revealed that the physician’s reputation for delivering quality care and their accessibility to patients (that is, short waiting time) were important factors in a

patients’ decision to go to a certain healthcare facility. This underlined the importance of attracting and maintaining the right staff for the project to succeed. Therefore, Philips consultants also focused attention in the market analysis on assessing the availability of qualified staff in the region.

Consumer research and **personas**

To gain insight into future customers and better define the opportunity for private healthcare services, Philips focused on gaining more information about the behaviors of consumers seeking private healthcare. Philips consumer research experts carried out an ethnographic study that included in-depth contextual sessions with citizens, observations, and ad-hoc patient interviews at the medical centers.

Fictional personas were developed for several types of potential patients in the region as a way of gaining a better understanding of their drivers for choosing private healthcare. What would make a patient make a change in where they seek care? Under what circumstances would they perhaps travel further or pay more for healthcare services?



Helen (59), Married for 36 years.
Manager of the Client Department on a furniture factory.
Medical issues: hypertension, angina

“I worry that the problems with my health will hinder my personal activities, and try to prevent them as much as I can”

Helen is a very active woman, she has always been a hard worker, and is the ‘social glue’, because of her communicative skills. Helen is very conscious about her own healthcare, and the health of her family and relatives. She saves a considerable amount of money, assuming she will it for medical treatment and a possible surgery in the future. She regularly visits various doctors and obtains multiple checks in a private clinic.

Michael (44), director of import at trading company.
Medical issues: knee problems, initial stage of angina
Iris (39), financial consultant/freelancer.
Medical issues: gynecological problems

“I only trust someone I know personally, or to whom I was personally recommended. I can only trust to someone whom I know personally, or who was personally recommended.”

The children are the center of attention of the couple, and they also maintain a close relationship with their elderly parents. If all goes well, they wouldn't look for medical check-up. Recently Iris and Michael started to pay more attention to their own health, and they have to deal with the increasing health problems of their parents. Stressful life and the need to stay in the area leaves little time to take care of their health properly.



Service model

The core of the work provided by Philips consultants focused on developing a service model for the group. The service model described the specialties, procedures, and treatments that the organization would perform, based on the potential patient disease populations which the group could serve. Information from the market analysis and population trends (in the regional and adjacent populations) that the group could draw upon were used to select the key specialties and diseases.

This information was used to estimate both the potential number of patient visits to the diagnostic and outpatient facilities, as well as the expected admissions at the inpatient facilities. The expected patient volume was used to calculate the number of physical locations required, including rooms, beds, operating theaters, day treatment areas, and consulting offices. It also provided the input for a capacity plan, detailing the number of specialists, nurses, clinical support personnel, and other employees needed for the organization over a graduated annual growth path of five years. The service model provided the input for the conceptual design of the ambulatory and inpatient facilities and was the main source for developing the financial model.

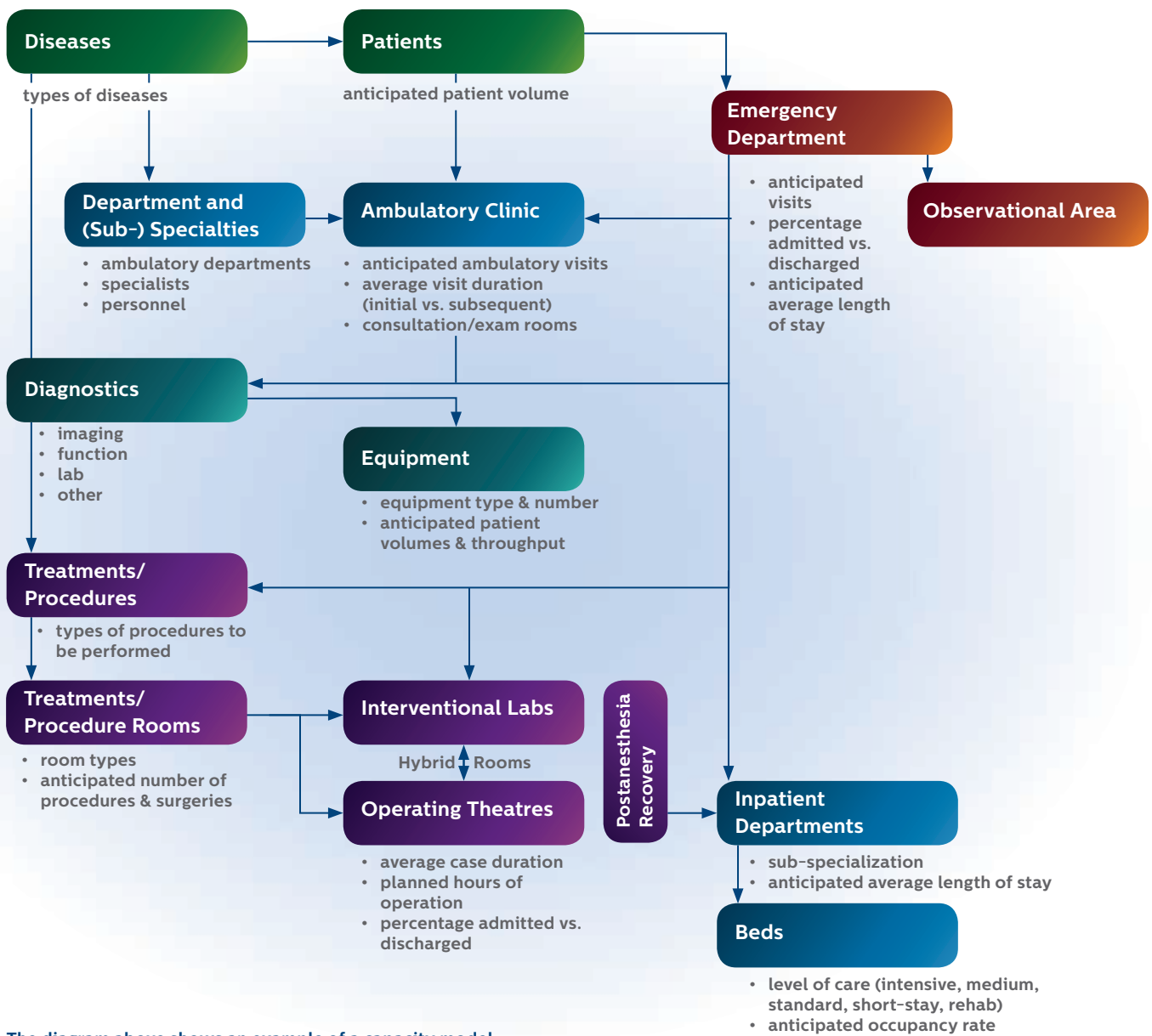
Scenarios produce thorough, financially sound plans

To help the group assess and refine the service model, the Philips team worked with the group's clinical leadership to visualize and calculate a number of different what-if scenarios for clinical services to be delivered, including various medical specialties, types of procedures to be performed, the requisite diagnostic and treatment facilities and the associated staffing requirements. Using a scenario planning tool developed from our experience with other healthcare organizations worldwide, the future impact of each variable within each scenario was carefully adapted to come to a balanced solution.

By feeding this tool with detailed information from the assessment, such as patient mix and anticipated treatments, the team calculates the required number of clinical and non-clinical staff, inpatient beds, ambulatory treatment areas, surgical suites, consulting offices, diagnostic areas, supportive departments, equipment, and so on. Each scenario projects utilization growth, revenue, secondary financial benefits, capital costs, and operating expenses over time.

The tool can be easily adjusted to respond to various questions: What if a new specialty was introduced? What if the volume of patients for a particular specialty was expected to increase dramatically over time, for example, as a result of introducing a new technique? What if the lengths of stay were steadily decreased? What if a new area was added for more sub-acute care to relieve the burden of the more acute inpatient departments?

By developing different what-if scenarios, we can help organizations visualize the future impact of each variable within a service model.



The diagram above shows an example of a capacity model.

During an intense period of discussions and debates with the customer, the consulting team used this dynamic modeling system to quickly adapt the scenarios and communicate the pros and cons of proposed changes to meet the client's goal of increased clinical quality and accessibility balanced with financial profitability and sustainability. It was crucial to obtain agreement from all stakeholders in this phase before making detailed plans to underpin the required investments. Thanks to the high level of realism and specificity of the scenarios, the group concluded this phase with a detailed description of the scenario selected which became the foundation for subsequent project phases.

The clinical and financial scenarios are critical for decision making. Our scenario model is flexible and can be rapidly adapted to a change in parameters. This allows us to visualize the impact of different choices and tailor the business plan to balance forecasted needs with financial capabilities.

Bringing together all the pieces

Knowing what services will be delivered is one aspect, but supporting the healthcare organization in building the foundation to effectively realize them is a completely different piece of work. Philips consultants drew upon their extensive experience and network in designing efficient healthcare workflows and operations to assist the group's project team in this task. They helped draft detailed plans for the overall program and the following work streams within it:

- Service model: an overview of the clinical specialties to be offered including all the associated volumes and resources (people, equipment, building) to support those care areas
- Capacity model: anticipated patient volumes for inpatient and ambulatory care including volumes for surgical procedures and diagnostic tests
- Human resource model: high-level organogram with roles and functions and workforce capacity planning
- Capital asset plan: for new medical equipment
- Building and design: floor optimization, 3D renderings and 3D models
- Financial model: a realistic financial forecasting tool based on the service model and anticipated volumes that includes a consolidated profit and loss report and cash flow. This information can be used to make realistic investment decisions.

This was all put together and guided using Philips structured program management method.



The elevated three-dimensional scale model was created for the next steps in the development of the Medical Park.



The collaboration continues

Plans for this complex, multi-year project are currently underway between the healthcare group and Philips. Several important milestones have already been accomplished. The short-term and long-term visions for the organization and individual facilities have been defined. The project is being guided by a financial model that meets the customer's requirements. Work on estimating the demands for a pediatric center is progressing. Philips is providing guidance to the IT program augmentation. Plans for an educational center are underway. The development of clinical pathways and associated processes and systems for documentation are being proposed.

Philips consultants advised the group to start with modernizing their IT infrastructure, and Philips will be performing the quality assurance of the ERP implementation.

To help the group bring its vision of a state-of-the-art health and wellness center to life, Philips also collaborated with architectural partners to implement the building plans and designs that were created during several workshops with stakeholders.

Learn more

Through collaborative and patient-focused engagements, Philips Healthcare Transformation Services can help you unlock insights and opportunities to solve your most complex challenges of care delivery. We can help you achieve meaningful and sustainable improvements in clinical excellence, operational efficiency, care delivery, and financial performance to improve value to your patients. For more information, please visit www.philips.com/healthcareconsulting.

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