

HS&S Strategy OUTLOOK

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Centers of Excellence: Marketing Hype or Premier Programs?

Centers of excellence (COE), a term and concept that dates back to the 1980s, have been used to describe focused attention on particular clinical services lines. This focus is expected to yield big dividends—more patients, higher margins, funds to support continued growth, and improved patient experiences and outcomes as a result of receiving care in an environment that concentrates on a specific service line. The COE concept is used for a varied array of programs and services from the more typical cardiac, cancer and women's COE to others such as diabetes, peripheral vascular, transplant, neurosciences, behavioral medicine, and bloodless medicine and surgery.

Focus—a key term for organizations seeking competitive advantage—is strategically appropriate and beneficial in one or more service lines at most organizations. But the last 20 years of COE development have provided mixed results. While there have been many notable successes, there have also been many disappointing results, due to a general lack of business discipline, business savvy, and clarity about COE approaches and expected results.

For example, the term COE has often been applied to clinical programs that have little internal synergy or common business development, resource allocation, or management structures. The term COE has also been exploited for use in marketing and



image campaigns. At times, there is general disenchantment with the COE concept because of cumbersome and expensive management structures and an inability to demonstrate improved levels of care and outcomes. And outright resentment may occur among clinical programs that receive significantly fewer resources than programs given a COE designation.

Common COE Terms

- Premier program
- Institute
- Center
- Signature program
- Regional programs of excellence
- Clinical strategic initiative

Deciding What Should Be a COE?

The process for deciding what clinical programs should be designated as COE typically occur in one of two forums—as part of the organization's strategic planning process or when a new marketing plan is being crafted. Problems occur when organizations designate clinical programs as COE primarily for marketing purposes. The following examples show how the COE concept has been inappropriately used in practice.

"Me-too Claims." Four hospitals in a six-hospital market claim a cancer center of excellence, but none really differentiates itself as the clear market leader on the basis of market share,

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broader regional draw, more expansive scope of services, and demonstrably superior quality.

“Everything is a COE.” A system lists a dozen COE that cover 75+ percent of the clinical services it offers.

“Overinflated Self-Image.” A small community hospital aggressively promotes its cardiovascular center of excellence even though it offers basic cardiology services and a diagnostic catheterization lab, but no other cardiac interventions (e.g., catheterization lab).

“Facility Development Out of Line with Stated Priorities.” An organization identifies women’s services as one of its COE, but the facility master plan fails to address the obviously aging maternity unit until Phase III—at least five years out.

“Near-Term Operational Efficiency Trumps COE Strategy.” A cardiac service line failed to achieve regional growth targets because it did not approve hiring a cardiac outreach coordinator.

So how should health care organizations decide what should be a COE? The following six criteria, in their general order of importance, should be considered:

- Differentiation Potential
- Strength and Robustness
- Clinical and Administrative Leadership
- Readiness
- Estimated ROI
- Potential for Halo Effects

In any organization, the priorities may be somewhat different, and additional or slightly different criteria may be used. But, establishing COE is fundamentally about distinguishing an organization in select clinical areas to raise the organization’s overall stature in its market.

COE strategies can offer many valuable benefits to an organization’s image and financial strength, and can help attract top-notch physicians and staff. It is a strategy that requires discipline to pursue in a way that yields those benefits. If your organization is developing or reevaluating a COE strategy, the criteria and questions presented here can help you synchronize COE marketing efforts with truly distinctive programmatic capabilities.

Facing the Difficult Questions

Organizations that are serious about using COE as a competitive strategy designed to provide demonstrable benefits should be prepared to answer some difficult questions.

Self-Examination Questions

- Will we use a systematic, transparent process to select the COE or will we allow our emotions or politics to override the facts?
- Will we have the discipline to focus on only a few clinical lines? Will we be tempted to dilute the impact of the selected lines by allowing others to creep in over time?
- Will our culture be able to survive having some programs that receive more attention and resources than others?
- Will we put our money where our mouth is? Will the COE get a disproportionate share of our capital dollars? Will we allow service line leaders preferential treatment in budgeting to allow the service line to leap forward instead of developing incrementally?
- Will we do the difficult program development work to get our product market-ready before we market it (refer to figure)?
- Will we put the systems in place to measure results and monitor our progress so that we can prove that our program is truly excellent?

Key Program Development Questions

- Why XYZ program?
- Who will be served?
- Is there really a market opportunity for these services?
- What services will be provided?
- How will services be organized?
- Who will services be coordinated with?
- What will drive financial viability?
- How will the program achieve incremental business?
- What will distinguish the services to physician customers?
- What will distinguish the services to people in the community?
- What will distinguish the services to payors?

Christie Hartwell, FACHE, vice president, leads the firm’s clinical program planning practice and is a principal with the strategic planning team. She is highly skilled at visioning, strategy development, and competitive positioning of health care programs and services. Christie is an accomplished author and has presented regionally and nationally on strategic and clinical program planning. In 2005, she received the American College of Healthcare Executives Early Career Award in recognition of her efforts to advance health care management excellence. She can be reached at 215-399-1860 or chartwell@hss-inc.com



Client Spotlight:



The Project

National Jewish Medical and Research Center, located in Denver, engaged Health Strategies & Solutions to facilitate development of a 10-year strategic plan. National Jewish is devoted entirely to respiratory, allergic, and immune-system diseases. The quaternary referral center for adult and pediatric patients has been named the number one respiratory hospital by *U.S. News & World Report* in each of the last 10 years.

National Jewish's scope of services emphasizes research and non-procedural ambulatory care. Its sizable NIH funding for research makes the organization extremely vulnerable to the budget plateaus and shifting priorities at NIH. In addition, its private industry research funding is limited in comparison to its NIH funding and to other major research centers.

In recent years, investments in programs and faculty recruitments have been modest. With many of the top investigators at National Jewish nearing retirement age over the next decade,

expanding and supporting the next generation of internationally recognized physicians is critical to future success. There are also opportunities to capitalize on patentable discoveries, pursue new entrepreneurial ventures, and increase philanthropy, particularly major gifts.

The planning process was comprehensive and inclusive. Major industry trends, critical issues, and opportunities for National Jewish were identified through more than 250 interviews with faculty and staff, board members, and national trustees, as well as national and international leaders in medicine and science and local community leaders and physicians. Task forces involving more than 100 faculty, board members, and staff conducted in-depth assessments of five key planning topics and began to articulate essential components of a bright line vision for the future.

Early in the process, National Jewish leadership identified three strategic imperatives for the organization: innovation as a medical center, maintaining its culture and preeminence, and investing in programs to reduce reliance on donations to fund operating deficits. These issues provided the framework for the task force discussions and the recommendations.

Initially, varying perspectives existed about which areas should be emphasized to achieve future growth

and development and how to continue to be an international leader in research. The vision was also unclear. As part of the planning process, HS&S helped National Jewish evaluate a range of academic and clinical growth strategies and facilitated discussion about future resource allocation priorities.

The Outcome

The 10-year plan, dubbed Decade of Innovation: Strategic Plan 2017, was unanimously approved by the National Jewish Board of Directors earlier this year. Achieving the goals established in the strategic plan will increase funding of basic, translational, and clinical research by more than 50 percent and the size of the faculty commensurately. Six individualized medicine programs are under development, codirected by a physician scientist and a basic scientist, and new clinical relationships have been established with a nearby hospital. In late 2007, National Jewish was awarded a significant new grant to lead a comprehensive national study on chronic obstructive pulmonary disease with Brigham & Women's Hospital.

"Our new strategic plan will guide us as we pioneer individualized medicine programs towards a vision of personalized health care," said Michael Salem, M.D., President and CEO of National Jewish. "The essence of the plan is the true integration of our research, clinical, and educational efforts at the point of the patient."

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Jupiter, Florida

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Lancaster, Pennsylvania

Miami Children's Hospital
Miami, Florida

Nevada Cancer Institute
Las Vegas, Nevada

**Nicklaus Children's Health Care
Foundation**
West Palm Beach, Florida

Oswego Health System, Inc.
Oswego, New York

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Potomac Hospital

Woodbridge, Virginia

Saint Raphael Healthcare System

New Haven, Connecticut

Shasta Regional Medical Center

Redding, California

South Jersey Healthcare

Vineland, New Jersey

Spectrum Health

Grand Rapids, Michigan

St. John's Health System

Springfield, Missouri

St. Peter's Hospital

Albany, New York

Susquehanna Health

Williamsport, Pennsylvania

Tower Hematology Oncology

Beverly Hills, California

University of California

Davis Health System

Sacramento, California

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8 Penn Center
1628 John F. Kennedy Boulevard
Suite 500
Philadelphia, PA 19103