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## Surging Demand for Outpatient Services: Finding the Space to Meet Growing Need

The rise in the demand for health care services, poor configuration of existing patient care facilities, and increased focus on patient satisfaction are several of the factors leading many health care organizations to reexamine how ambulatory services are delivered. With the aging baby boomer population, demand for inpatient services is growing after years of flat or declining utilization in many markets. Outpatient services continue to grow at even faster rates as advances in technology and patient treatments have resulted in more minimally invasive procedures and treatment and management of some diseases on an ambulatory basis.



Even academic medical centers, which typically specialize in high-end tertiary services, are experiencing pressure to expand clinic and outpatient services. Some medical schools are developing new areas of clinical research and activity involving chronic conditions typically treated on an ambulatory basis such as diabetes, asthma, sports injuries, and other fast-growing specialties. Meanwhile, the rise in the uninsured population and shortage of primary care physicians has contributed to growing primary care clinic visit volumes at many teaching hospitals.

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Existing ambulatory facilities for many hospitals and health systems are becoming increasingly overcrowded and space constrained. Typically located deep within the medical campus, ambulatory services are often fragmented, poorly configured, and hard for outpatients to find, especially when they are operating in space originally designed for inpatient services. As hospitals scramble to expand inpatient services, outpatient services and clinics located in prime hospital space frequently become targets for relocation.

### Is a New Facility the Answer?

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One potential solution to the outpatient space crunch is to create new dedicated ambulatory care facilities for services either on campus or off site. Relocating ambulatory services and clinics to more accessible and patient-friendly outpatient settings will improve access, enhance patient satisfaction, maximize functional adjacencies, accommodate future growth, and free up space at the hospital for expansion of other services. It is also frequently easier, less expensive, and more effective to develop new dedicated ambulatory facilities than rework aging hospital space poorly suited to outpatient care.

When evaluating the possible development of an outpatient facility, consider these questions:

1. Which ambulatory services and clinics need to stay within the main hospital complex and which ones are good candidates for relocation to another setting?
2. What services should be co-located to promote interdisciplinary patient care or clinical centers of excellence?
3. Should new ambulatory space be created on the main campus or in community settings off site? Which option will have the most beneficial financial impact?
4. What benchmarks should be used to size ambulatory diagnostic and treatment services and clinics?

## **The Upside of Relocating Outpatient Services**

When deciding which ambulatory services or clinics to move out of the hospital, many factors need must be assessed. A medical center in the Midwest is using several criteria to evaluate the desirability of relocating some ambulatory clinics and services to a new ambulatory care center on the campus. These criteria include:

1. Level of interest among physician groups for the proposed ambulatory care center
2. Inadequacy of existing space
3. Potential for volume/revenue growth
4. Opportunity to decompress/backfill existing space
5. Need for proximity to hospital services or facilities
6. Enhancement of functional adjacencies

Several clinics at this medical center operate in inadequately sized and configured space that has limited growth and operational efficiencies. Being able to expand into more efficiently configured space allows some of these clinics to recruit more physicians and see more patients. The relocation of some primary care clinics out of the hospital enables expansion of other specialty clinics that need to remain in the hospital but are space constrained as well. Opportunities also exist to bring together in one area clinically related ambulatory specialties and services to realize synergistic benefits from integrating multispecialty programs and better coordinating research and patient care.

For a community hospital located in Florida, the proposed development of an ambulatory care center on the campus not only provides a more accessible and patient-friendly setting for several ambulatory services, but allows for better functional adjacencies and decompression of space within the hospital. Relocating ambulatory surgery intake, prep, and recovery functions to the new ambulatory care center adjacent to the hospital on the same level as the operating room suite eliminates the necessity of transferring same day surgery patients to and from the existing day surgery area located several floors away from the OR. It also frees up space within the hospital to accommodate expansion of other inpatient services.

Developing new ambulatory care facilities offers the opportunity to rethink how care is

delivered and how to provide it more efficiently. Hospital managers are beginning to scrutinize the efficiency of ambulatory operations in order to either maximize existing capacity or ensure that new capacity is utilized. Higher productivity means better use of existing capacity and space, and significantly fewer capital dollars needed to invest in facility expansion.

## Using Ambulatory Care Centers as a Branding Strategy

Many health care organizations are evaluating opportunities to increase geographic penetration and market share through the expansion of one or more branded ambulatory care centers located in the periphery of the service area. This strategy can also provide a way for hospitals located in stagnating markets to reach growing population centers where residents are unlikely to travel to the hospital for outpatient care.

These ambulatory care centers usually include physician offices and offer a range of diagnostic and treatment services that complement the specialty physician services. If located far enough away from the main campus, potential erosion of hospital diagnostic and treatment volumes, usually a concern of hospital management, is minimized while incremental new volumes (and revenues) are maximized.

An academic medical center in the Midwest operates a number of ambulatory care centers throughout its service area. In these ambulatory care centers, university-affiliated physicians provide a wide range of primary and specialty care to patients who would find it difficult to travel downtown for ambulatory care; however, when inpatient or more specialized outpatient care is needed, it is easier to refer patients to the downtown campus once a relationship is established with a university physician in an outlying area.

Outpatient services will continue to be a major focus of future planning for hospitals and health systems. Optimizing the current use and deployment of ambulatory facilities enhances the overall effectiveness and success of the organization, and should be a top priority for health care executives in the new year.

For more information on ambulatory care facilities, contact [Tracy Johnson](#), or call 215-636-3500.



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8 Penn Center

1628 John F. Kennedy Boulevard, Suite 200

Philadelphia, PA 19103

(215) 636-3500

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