

# MILLENNIUM GROWTH STRATEGIES

## for Health Care

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### The Growing Ambulatory Care Market

Ambulatory care services continue to be a major growth opportunity for hospitals or systems seeking to strengthen finances by enhancing revenue instead of relying on another round of cost-cutting. Demand for outpatient services is projected to increase at least 5% annually for the foreseeable future due to population growth and aging, technological advances, reimbursement incentives, and purchaser expectations. But to capture this growing market, health care organizations must be aggressive in capitalizing on outpatient opportunities or risk losing market share to entrepreneurial competitors.

## Growth and Revenue Opportunities: Outpatient Satellite Centers

Developing satellite ambulatory care centers is a strategy that is enabling many health care organizations to increase their service populations, tap new markets, and overcome space constraints, parking problems, and inaccessibility of on-campus services.

Ambulatory care satellites provide a number of benefits for health care organizations, physicians, and patients:

- Expand capacity to meet increased outpatient demand
- Create state-of-the-art, convenient facilities
- Provide access for new patients
- Create opportunities to partner with physicians
- Fend off competitor initiatives

For health care organizations that are ready to evaluate the market and financial feasibility of ambulatory care satellites, the first step is to assess the capabilities of existing providers in the target service area. Population-based models should be used to project the demand for outpatient services. If current and future demand demonstrates the need for additional providers, business plans for potential services should be developed and possible service partners identified.

There are several service configuration options for satellite centers. Small-scale diagnostic and treatment facilities and primary care physician offices are among the most

common satellites. Medical office buildings with complementary ancillary services are also appropriate for a number of markets. The most recent wave of satellites has taken the form of

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### FIVE CHARACTERISTICS OF NATIONAL LEADERS IN AMBULATORY CARE



large-scale ambulatory care centers with physician offices, other diagnostic and treatment services, and health-related or other retail components in community-based settings.

For providers seeking to minimize the outmigration of patients and revenue, diversify revenue sources, develop new and distinctive clinical services, and preserve or improve financial viability, developing ambulatory care satellites can be an attractive strategy that strengthens the organization's financial health, physician relationships, and community presence.



## Keys to Success

- Match the service mix with the needs of the population
- Collaborate with physicians
- Ensure high standards of customer service
- Focus marketing strategies
- Develop a competitive cost structure based on efficient operations

For more information on ambulatory care satellites and other growth and revenue enhancement opportunities, please contact one of our directors:

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Health Strategies & Solutions, Inc., is a national management consulting firm dedicated to helping organizations discover innovative strategies and solutions for today's complex health care challenges. Our staff has enabled hundreds of health care organizations across the country to address complex issues, make decisions that achieve lasting results, and set courses for success in the new millennium.

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