

MILLENNIUM GROWTH STRATEGIES

for Health Care

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Treating One of Americans' Most Common Physical Complaints

Over 70% of adults will experience neck or back pain in their lifetime and 20% experience neck and back pain every year according to the National Spine Network. The Texas Back Institute reports that back pain is second only to the common cold as the reason for a visit to the doctor and second only to childbirth as the reason for hospitalization. Back problems also account for roughly one-third of all workers' compensation claims in the United States. Despite its status as one of the most common physical complaints among American adults, individuals suffering from neck or back pain often encounter an array of providers that exhibit little coordination and continuity of care in the diagnosis and treatment of these conditions.

Growth and Revenue Opportunities: Spine Centers

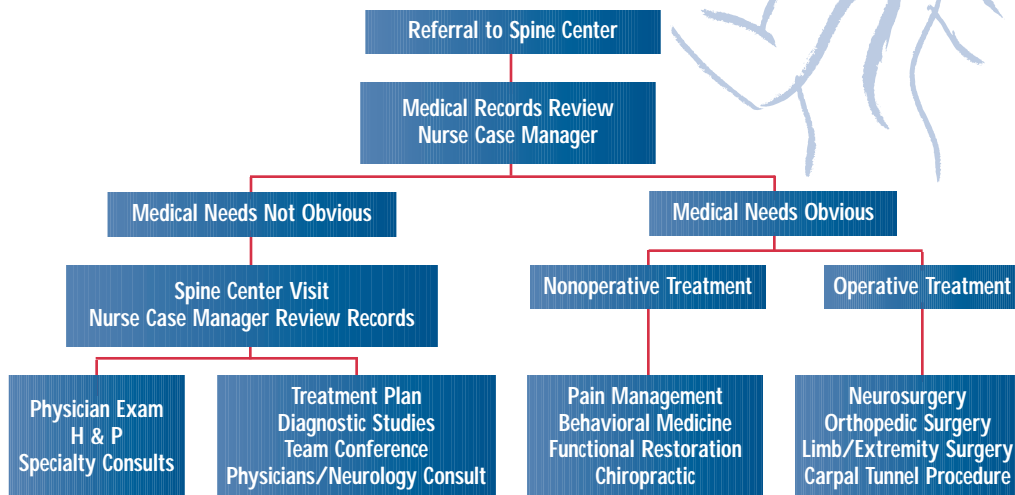
Back pain is clearly big business in health care, yet few providers have organized their services in a way that truly distinguishes them in a crowded, fragmented, and confused health care marketplace. Spine centers have the potential to begin to provide real differentiation and competitive advantage for foresighted providers and, at the same time, vastly improve patient care management.

Numerous benefits may be realized by health care organizations that develop spine centers:

- Expanded market share and market visibility
- Ability to capture additional ancillary, inpatient, and outpatient services such as diagnostic testing, pain management, neurosurgery, and mental health services
- More effective patient care, including more rapid return to full functional status

By bringing together the multiple disciplines required to care for patients with back and neck pain, spine centers improve quality, increase patient satisfaction, and reduce overall costs of care. Spine center components and a typical patient care protocol involving the relevant medical and nonmedical providers are illustrated above.

Example Spine Center Care Model



Source: Management Technology Resources

The design and scope of spine centers vary according to the market needs of a health care organization's service area. Some centers are "virtual," with one main location for the spine center and much of the care provided at multiple sites through well-coordinated pathways and centralized scheduling.

A major academic medical center in the Northeast has developed a multidisciplinary spine program using a "virtual" organization model. The program has grown in revenue by 5% to 10% in each of the past three years by providing comprehensive services. Spine services now account for almost

\$18 million in net revenue, or 8% of total revenue, and an estimated contribution margin of \$9 million. Revenue is principally from 900 admissions, in addition to surgical procedures, and ancillary services provided at the hospital.

With the total medical costs for back pain exceeding \$20 billion each year in the United States, spine centers can prove to be sound strategies for improving financial viability, enhancing patient care, and facilitating greater coordination of care among subspecialty disciplines.

Keys to Success

- Use a multidisciplinary approach to ensure that patients have access to a variety of providers for more comprehensive and effective treatment
- Use marketing and advertising efforts to target existing and potential new referral sources, employers, managed care organizations, and worker's compensation organizations
- Develop clinical pathways and protocols to foster collaboration rather than competition among medical specialists
- Implement centralized scheduling to ensure convenience for patients, and designate a "spine line" to give patients, physicians, and insurance companies a single phone number to contact to coordinate care
- Appoint a triage coordinator, such as a physiatrist, to determine the most appropriate care and help fast-track treatment programs
- Mediate turf battles between neurosurgeons and orthopedists by designating joint leadership or facilitating shared responsibility



For more information on spine centers and other growth and revenue enhancement opportunities, please contact one of our directors:

Hugo J. Finarelli, Ph.D., CHC
hfinarelli@hss-inc.com

Alan M. Zuckerman, FACHE, FAAHC
azuckerman@hss-inc.com

Craig E. Holm, CHE, CHC
cholm@hss-inc.com

HEALTH STRATEGIES & SOLUTIONS, INC.

1429 Walnut Street, Suite 200
Philadelphia, Pennsylvania 19102
(215) 636-3500
hss-inc.com

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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1429 Walnut Street, Suite 200
Philadelphia, Pennsylvania 19102



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