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by Julie Guthmann



Area hospitals and wellness centers usher in a changing health care landscape.

South Jersey's health care industry is undergoing significant change as hospitals and physicians navigate the complex maze of conducting business during times of federal reform, advances in health information technology, and rising costs coupled with declining revenues.

"We have to adjust to the new health care world," says longtime pediatrician John M. Tedeschi, MD, CEO and chairman of the board of Marlton-based Continuum Health Alliance, LLC, a health care management company, and Advocare, LLC, a physician-owned medical group.

Buying medical practices, entering into joint ventures, and opening ambulatory centers have become more commonplace for health systems throughout the region as hospitals strive to encourage loyalty and control skyrocketing costs.

While federal reform mandates quality health care that is also cost-effective, Tedeschi says doctors and hospitals have to balance these objectives and explore alternatives, such as outpatient facilities and health care coaches. With hospitalizations expected to decline, the shift is toward ambulatory settings that decrease expenses while improving patient satisfaction.

New Technology

Advances in health information technology are pushing doctors toward alliances with hospitals or physician-owned ventures, Tedeschi says. Although the technology enhances patient care while improving processing and payment, it requires substantial investments in time, training and resources that could be cost-prohibitive for an individual practice.

Converting from traditional paper records to electronic health records (EHR) averages \$54,000 per physician, plus \$10,000 for annual maintenance, according to the American Medical Association, citing estimates by the Centers for Medicare and Medicaid Services. Medicare and Medicaid reimbursements could decrease if certified EHR technology is not fully utilized. Facilitating EHR transition is the adoption of new medical diagnosis and procedure codes, which the AMA says require expenditures of \$83,290 for a three-physician practice.

Doctors seeking to devote themselves to the practice of medicine rather than be consumed with the business side have availed themselves of services provided by Continuum Health Alliance, including information technology, revenue cycle management, administration and finance/accounting. Tedeschi says Continuum has experienced recent growth in helping to efficiently manage hospital-acquired physician practices.

Working Together

As the survivability of the small medical practice becomes more difficult, physicians are joining partnerships such as Advocare, Continuum's largest client. "More doctors are contacting us than ever before," says Howard Orel, MD, Continuum's executive vice president and Advocare's vice president of finance. Offering operational oversight and practice management systems, Advocare has grown from 10 pediatric practices in 1998 to more than 60 practices throughout New Jersey and Pennsylvania, including primary care and specialists. Physicians benefit from decreased costs, as well as the camaraderie among colleagues who share common concerns.

A survey of more than 1,000 physicians conducted by PwC Health Research Institute revealed the trend in South Jersey is occurring nationwide, with nearly three-fourths aligned financially with hospitals through employment, joint ventures or directorships.

Lourdes Medical Associates, Lourdes Health System's network of primary and specialty care physicians with 37 offices in South Jersey, has been growing by the week, says LMA President Reginald J. Blaber, MD. "Health care reform and payer changes put a lot of pressure on physician incomes," explains Blaber, noting doctors find their income falling, despite working harder, due to Medicare and Medicaid cuts, red tape and denials.

Hospital networks are attractive to practitioners seeking to stabilize their income, improve work/life balance, or find an exit strategy when they retire. Blaber says buying medical practices is a reaction to health care reform that compels hospitals to look at things differently. "We need quality family doctors in the community that will drive value—high quality care at the lowest possible cost," he remarks.

Lourdes solidified its niche in cardiovascular disease by recently acquiring two of the region's largest cardiology practices, Associated Cardiovascular Consultants and South Jersey Heart Group. As a provider of cardiac services in the Delaware Valley, the acquisitions are a natural fit, says Alexander J. Hatala, Lourdes president and CEO.

Blaber adds that administrators and physicians work together as partners with the goal of improving cardiovascular care and efficiency. The clinical co-management model, in which cardiologists and the health system jointly manage cardiac services, will be expanded to other service lines, as well.

"The reaction to health care reform is driving management of care outside the walls of hospitals," says Hatala, adding Lourdes will aggressively expand ambulatory sites throughout the region. As health care becomes more consumer-driven, health systems are restructuring care delivery to improve quality while reducing costs.

Such is the case with South Jersey Healthcare, which opened its first major facility in Gloucester County this year in an effort to provide a wide array of services to patients in one convenient location, reducing their drive time to other facilities as well as the need to visit an emergency room for a non-life-threatening condition. The 16,000-square-foot SJH Tomlin

Station Park, located in Harrison Township, offers the area its first urgent care facility for anything from allergy attacks to broken bones, plus primary/family care, imaging, sports rehabilitation and orthopedics in the fastest-growing area of the county.

The \$3 million center, which opened this fall, expands SJH's Physicians of Southern New Jersey Family Practice network, as well as the offices of Premier Orthopaedic Associates. By combining experienced physicians with outpatient services, SJH's newest facility makes it easy to schedule multiple appointments at one time, which saves patients time, according to Jim Boote, vice president of Ambulatory Services.

"We have provided care to the residents of southern Gloucester County for decades, primarily through Elmer Hospital, which is just a few miles from the Gloucester County border," says Chet Kaletkowski, president and CEO of South Jersey Healthcare. "We view the county as an important growth area for us, and we believe that Harrison Township is the perfect location. The demand for quality health care is quite high and the location is convenient to a large population center."

It was also recently announced that SJH is in talks with Underwood Memorial Hospital, in Woodbury, about the possibility of a merger, which would drastically expand the health care system's service in the county. Talks are preliminary at this time, as the two entities discuss what the benefits for patients would be if a merger were to occur.

In another move to provide integrated and coordinated care, this past spring, Kennedy Health System launched the Kennedy Health Alliance, a network of primary care physicians, specialists and medical support staff. "Kennedy is making a substantial investment in raising the bar for the quality of care delivery," says Martin A. Bieber, Kennedy's president and CEO.

With seven offices in Burlington, Camden and Gloucester counties open daily, including weekends and evenings, Bieber says the goal is to increase access to physicians and avoid non-urgent emergency room visits. Registered nurses, trained as patient navigators, are available after hours. Carman Ciervo, DO, Kennedy's senior vice president for clinical integration, says nonaffiliated doctors can refer patients to Alliance practices, thus avoiding unnecessary visits to the emergency room. With more than 100 new jobs already created in the tri-county area, more locations will be added based on needs of the community and physicians. Under a new alliance with the Jefferson Neuroscience Network, Bieber says neurosurgical services will be provided by Jefferson physicians at Kennedy locations, including a \$5.7 million Interventional Neurosurgery Suite at its Washington Township hospital that was unveiled in November.

What's Next

A goal of many area health care facilities is to keep residents from crossing the bridge to Pennsylvania for quality care that can be found right here in South Jersey.

According to George E. Norcross III, chairman of the board of trustees of the Cooper Health System, South Jersey's health care industry loses \$1 to \$3 billion annually to Philadelphia hospitals. "In order for residents to utilize South Jersey services, we need centers of excellence in cancer and neurology," says Norcross. The Cooper Cancer Institute, expected to help fill this void, will open in Camden during the fall of 2013. Costing \$80 to \$100 million, the state-of-the-art center will create 100 to 150 new, permanent jobs.

“Cancer is a growing burden for our population,” says Generosa Grana, MD, the institute’s director. She says a multidisciplinary team approach will improve clinical outcomes, foster collaboration between medical staff, and enhance research. The facility will house cutting-edge technology and radiation therapy, as well as ancillary services, such as genetic counseling and nutrition support.

The Cooper Medical School of Rowan University in Camden, one of the nation’s newest medical schools, will also change the region’s health care landscape. Opening to students in August 2012, Norcross says the \$139 million facility will be a platform for research and will help fill the shortage of doctors by encouraging them to stay and practice in New Jersey. As competition intensifies, Norcross says Cooper will expand its presence in Gloucester Township with construction beginning next year of a \$25 to \$30 million regional outpatient facility.

“Hospitals are a bright spot in an otherwise dismal jobs landscape,” says Kerry McKean Kelly, spokeswoman for the New Jersey Hospital Association (NJHA). Health care ranks as New Jersey’s second largest employer and the state’s largest industry for job growth, according to NJHA’s 2011 Economic Impact Report. Kelly says health care continues to add jobs nationwide, particularly in outpatient facilities, which causes a ripple effect in other sectors.

Virtua is employing nearly 2,000 construction workers to build a health and wellness center in Moorestown and an ambulatory care center in Voorhees. Approximately 300 new jobs will be created as programs and services evolve. “Virtua is at the frontier and breaking ground in health and wellness,” says CEO Richard P. Miller, noting the focus is on managing chronic conditions, nutrition and exercise to keep people out of the hospital. The \$96 million, 200,000-square-foot Moorestown location, opening in the fall of 2012, is part of Virtua’s strategy to offer complete patient care from wellness through post-hospital services. The facilities will include fitness, spa, rehabilitation, nutrition and diabetes counseling, imaging and physicians’ offices.

The emphasis on health and wellness fits in with Virtua’s move to combat rising insurance premiums by becoming self-insured. As a critical piece to this endeavor, Virtua bought a 10 percent stake in QualCare, a managed care company that will handle claims. Since keeping workers healthy is the key to reducing expenses, Miller says employees will not have co-pays for chronic disease medication to eliminate having to choose between medicine and other household expenses.

Opening next spring, the \$195 million Voorhees center will house outpatient services such as surgery, joint replacement, and doctors’ offices. Miller says the facility will meet the growing demand for outpatient surgery due to advancements in technology and medicine. Smaller outpatient sites are likely for Virtua in the future. Miller also expects to see growth of hospital alliances, such as Virtua’s partnership with The Children’s Hospital of Philadelphia.

“We’re excited about the future. It’s challenging, but we’re prepared to take charge to keep people well,” says Miller.