MED
Midwest Medical Edition
SEPTEMBER OCTOBER 2014
Vol. 5 No. 6

Independent But Not Alone

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SOUTH DAKOTA AND THE UPPER MIDWEST'S MAGAZINE
FOR PHYSICIANS & HEALTHCARE PROFESSIONALS

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By Alex Strauss

DO A QUICK GOOGLE search of 'Independent Community Hospitals' and you'll find two types of articles – those devoted to ways to "save" community hospitals, and those that say it can't be done.

Several long-standing independent rural hospitals in the South Dakota region are banking on the fact that the naysayers are wrong. Leaders at these hospitals maintain that, with good planning, supportive communities, strong finances, competitive pricing, and collaboration with other healthcare entities, they can continue to "do their own thing" for years into the future.

CASE STUDY #1:

PRAIRIE LAKES HEALTHCARE SYSTEM

One of those hospitals is Prairie Lakes Healthcare System in Watertown, South Dakota. The product of a 1986 merger of two Watertown hospitals, the 85-bed facility serves a patient base of about 85,000 from 9 counties in northeast South Dakota and western Minnesota. Too big to be categorized as a "critical access hospital", but too small to have the advantages of a big system, Prairie Lakes is what CEO Jill Fuller calls a "tweener hospital".

"Independence is a special challenge for a hospital like ours, which typically takes care of a lot of Medicare patients," says Fuller, who has been at the helm since 2009. "Many of our patients are in rural counties."

As part of its strategy to stay strong in changing times, Prairie Lakes opened a cancer center in 1999 and began offering high tech tertiary cancer services such as tomotherapy. The hospital also began expanding its medical and surgical specialties and stepped up physician recruiting efforts.

"We are 100 miles from Sioux Falls so people had to travel long distances for specialty care," says Fuller. "So there was definitely a need in this area."

In 2007, Prairie Lakes opened the state's first interventional cardiology program without cardiac surgery on site. They now offer high tech services like placement of drug-eluting stents and have demonstrated good ER

Photo courtesy Prairie Lakes.

Prairie Lakes Healthcare System is an independent, not-for-profit, healthcare system based in Watertown, SD. Photo courtesy Prairie Lakes.

Photo courtesy Prairie Lakes.

Dr. Jeffrey Brindle, radiation oncologist, and Kim Michalski, RN, prepare a patient for TomoTherapy at the Prairie Lakes Cancer Center in Watertown. Investment in advanced technology like TomoTherapy is one of the ways Prairie Lakes hopes to shore up its independence in a changing healthcare environment.

Photo Courtesy Madison Community Hosp.

The 25-bed **Madison Community Hospital** in Madison, South Dakota has been recognized as one of the Top 20 Critical Access Hospitals in the country by the National Rural Health Association.

Photo courtesy Prairie Lakes.

Dr. Salem Maaliki, interventional cardiologist, assisted by a cardiovascular tech, performs a procedure on a patient in the cardiac catheterization lab at Prairie Lakes Hospital. Recognizing the need for interventional heart care in the northeast region of South Dakota, Prairie Lakes started a cardiology program and opened a cardiac catheterization lab in 2007

> "Independent hospitals will survive as long as they are in the right market and have the right customer focus." —*Jill Fuller*

outcomes for cardiac patients. In recent years, the hospital has added specialty services in other areas including nephrology, neurology, and most recently, pulmonology – services not often found in smaller critical access facilities.

With a record 9 new physicians recruited in 2013 for a total of 21 employed doctors and a medical staff of 75, Prairie Lakes is clearly doing something right.

STRATEGIC COLLABORATION

The environment for community hospitals is challenging, to say the least. The push for expensive high-tech services and the rising expense of facility upgrades, the cost of attracting and retaining physicians, reimbursement reductions, the increasing role of managed care companies, and the move from fee-for-service to value-based healthcare all hit inordinately hard for facilities with smaller budgets and less-affluent patient populations.

While a growing number of facilities have managed many of these difficulties by aligning with large health systems, some of the region's strongest independents have found other, creative options such as partnerships, joint ventures, joint operating agreements, telehealth, and clinical and management service arrangements. In the case of Prairie Lakes, Fuller says diversification of services, controlling costs, and collaboration have been key.

"We have attempted to regionalize and form partnerships with other rural providers," says Fuller. For example, Prairie Lakes operates dialysis units in Ortonville, Minnesota and Sisseton, South Dakota. In all, they operate 11 different outreach clinics in 8 communities. They also bring in specialists, such as Sioux Falls vascular surgeon Greg Schultz, MD, who operates at Prairie Lakes two days a week.

By putting together what Fuller calls a "mixed medical staff" including Prairie Lakes doctors as well as those from Watertown's Brown Clinic or Sanford in Sioux Falls, the hospital is able to stay vital and meet the needs of more patients without overextending its resources.

"Going from competition to collaboration is the way to regionalize health services and that has been our approach," says Fuller.

CASE STUDY #2: MADISON COMMUNITY HOSPITAL

But can independence still work for even smaller hospitals? Tammy Miller, CEO of the 25-bed Madison Community Hospital in Madison, South Dakota says yes – with the right structure.

"Talking about 'independence' is really talking about your financial and operational status," says Miller, who has served as hospital CEO in the community of 6,500 for 17 years. "It does not really refer to how you deliver care because I don't think it is even possible to deliver care in a vacuum."

The non-profit community hospital, which has a service area of about 16,000 people, has operated independently in Madison for nearly a century. From its modest beginnings in a local physician's house, to its fifth home in a building still under construction, community support has been the linchpin to financial and operational independence for Madison Community Hospital.

"I believe that the number one thing for independence is community support," says Miller. "Our present hospital was built by a group of citizens that collected funds from everyone and if you put in a certain amount of money, you had a vote. We certainly looked for that kind of support when we looked to build a new facility."

Miller says a stable workforce and stable physician base are also critical to success as an independent. Seven independent doctors work at the hospital. And while the goal is to offer as many services as is practical close to home, like other small hospitals, Madison Community must concentrate its efforts on services likely to generate sufficient volume. It's a balancing act between offering enough to keep the community and new and existing physicians happy – but not so much that the costs are prohibitive.

With that in mind, the new Madison Community Hospital, set to open next

summer, will have fewer inpatient beds and more square footage devoted to the OR, the ER, and outpatient services. Thanks to its partnerships, the hospital also has tenants, including Avera, Sanford and Lewis Drug, all of whom plan to also make the move to the new facility.

ADVANTAGES AND COSTS

In national surveys, community hospital leaders consistently say that the biggest advantage of independence is the ability to make decisions quickly, with less red tape. They say this lets them be more adaptable to the changing needs of their communities, often with nothing more than a board vote.

But experts caution that management teams need to make careful examinations of where the business stands, taking into account the implications of healthcare reform, changing patient trends, and the need for continual capital reinvestment, to decide if independence is still workable. The organizations corporate culture and how it would be affected by a partnership should also be considered. Tammy Miller says Madison is continually making these kinds of evaluations and remains open to all possibilities.

"I believe that presently it works for us to be independent in our community," she says. "But we always want to make sure that we are open to what is the most appropriate way to deliver care."

After all, remaining independent can come with a hefty price tag. Madison is investing heavily in its new facility. And since 2002, Prairie Lakes has invested $60 million to build a new cath lab, double the size of the emergency department, expand radiology, build a new medical office building, and do extensive remodeling. "It was almost like building a new hospital onsite," Fuller says.

The next investment will be to install more analytic capabilities that will allow the hospital to pull data from various sources and prove outcomes, as Medicare requires. As healthcare transitions toward a value-based system, that kind of data will become increasingly critical for all hospitals, but even more so for those that wish to remain independent.

When it is compiled, Fuller expects that data will provide further evidence of the value of care at Prairie Lakes Healthcare System, which has some of the lowest rates in South Dakota for 100 common treatments. Value is just one of the reasons that Fuller and Miller are convinced there is still a place – and a need – for independent hospitals like theirs.

"Independent hospitals will survive as long as they are in the right market and have the right customer focus," she says. "We still have independent banks in our community and small, independent airlines. With a good business model and a strong financial base, I think we can thrive going forward. But I do think that we all need to collaborate." ■

Photo courtesy Prairie Lakes.

Oncology certified nurse Lisa Campbell helps a patient get settled in the infusion center at the Prairie Lakes Cancer Center. Fifteen years ago the Cancer Center opened its doors. In 2008, the Cancer Center was expanded and remodeled to increase the number of chemotherapy chairs from 7 to 12 to accommodate growth of services.

Photo courtesy Madison Community.

Madison Community Hospital CEO Tammy Miller started work at the facility 34 years ago as a part time secretary while a student at Dakota State University. She has been CEO for 17 years.

Photo courtesy Prairie Lakes.

Jill Fuller has been the President and CEO at Prairie Lakes Healthcare System since 2009. Prior to being named CEO, Fuller served as Prairie Lakes Vice President of Patient Care and Chief Nursing Officer since 2000. Photo courtesy Prairie Lakes.

"I believe that the number one thing for independence is community support." —*Tammy Miller*