



Westchester
— MEDICAL CENTER —

Strategic Plan
2011-2014

July 20, 2011



This document presents an update of the 2007 Strategic Plan for Westchester Medical Center. Beginning in 2009, the 2007 Plan was put through a review process by the Strategic Planning Committee of the Board to evaluate its continued soundness, and to develop any needed changes.

The Strategic Planning Committee reviewed and discussed the progress of service line leadership development and program expansion, clinical and academic relationships, and renovation/building projects and IT initiatives. The strategic position of the Medical Center was reviewed in light of the changing health care environment and a set of assumptions about how key health care delivery system reforms will likely impact the structure of health care in the Hudson Valley Region as provider organizations move towards more accountable care.

The results of this review were presented to the Board of Directors at a Strategic Planning Retreat held in March, 2011. The Strategic Plan document was developed following that meeting and approved by the Board at its meeting on July 20, 2011.



Planning Process

The Strategic Planning Committee is a Board committee that includes members of the Board, executive management and medical staff leadership. During the planning period it conducted the following activities:

- Reviewed major changes in the environment, including the Federal Health Reform legislation and changes to the New York State Medicaid system.
- Analyzed market trends with a particular focus on service lines such as cardiovascular services and children's' services.
- Oversaw the development of a strategic plan for the Maria Fareri Children's Hospital that identified the need to expand the Children's Hospital to at least 150 beds and eventually to 200 beds.
- Oversaw the development of a medical staff plan that identified the need to add at least 70 physicians to the active faculty within the next five years.
- Oversaw the development of a long term facility plan to address physical plant needs for the coming decade.

The results of these activities are the basis of the Strategic Plan.



The Mission Statement of the Westchester Medical Center was reviewed and reaffirmed during the Strategic Planning Process:

The primary mission of Westchester Medical Center is to serve as the regional healthcare referral center providing high-quality advanced health services to the residents of Hudson Valley and the surrounding area, regardless of their ability to pay. In support of this primary mission, the Medical Center also serves as an academic medical center committed to education and research that enables advanced care and prepares future generations of care-givers.



The Vision Statement for the Medical Center was reviewed and expanded to incorporate relationships with a broader range of community providers:

The Medical Center's strategic positioning is based on its unique national model as a true regional resource with a focus on tertiary and quaternary care. With the highest case mix in the United States, The Medical Center's technological capabilities and professional strengths naturally allow for a strong long-term competitive position.

The market share data suggest that the Medical Center has significant growth opportunities in tertiary and quaternary services by capturing regional residents who are patients now being discharged from New York City hospitals. Developing better systems of care between the Medical Center and the community providers will provide residents of the Hudson Valley and adjacent areas with more accessible high-quality high-intensity services.

By drawing patients in need of specialized care from a broad geographic area, the Medical Center does not compete with hospitals and physicians in the region but instead relies on and partners with them. It is critical that the Medical Center resources be focused and directed toward the services that are most needed and have the highest potential for success.



Organizational Values

The Organizational Values of the Westchester Medical Center represent the foundation for all strategic initiatives incorporated in the Strategic Plan. Every program and service offered by the Medical Center will be based on:

SERVICE – Serving the community regardless of ability to pay.
Patient-centered, family-oriented, employee-nurturing

QUALITY – Providing high quality health services.

- *technical: advanced facilities, technology & processes, successful clinical outcomes*
- *culture: caring, competent, courteous, compassionate*
- *environment: patient/visitor-friendly, accessible, clean*
- *promotion of patient safety at all levels of care*

KNOWLEDGE – Commitment to education and research

EFFICIENCY – Financial/economic viability



External Environment - Driver of Change

The primary driver of change in the external environment is the national consensus that health care costs are growing at an unsustainable rate and need to be controlled. Both the State and Federal governments have initiated efforts to reduce spending on health care generally and hospitals specifically:

- Westchester Medical Center has lost over \$100 million in funding annually from State and County sources since 2007.
- The Federal Affordable Care Act (Health Care Reform) includes significant reductions in Medicare and Disproportionate Share Hospital (DSH) payments.
- New York State Medicaid Redesign initiatives adopted as part of the 2011-2012 State budget are designed to reduce the growth in expenditures.

Both Federal and State legislation focus on achievement of cost reductions through initiatives to make providers of care more accountable for costs and use of clinical resources. New payment models attempt to accomplish these objectives by:

- Tying payment to performance as measured by clinical outcomes.
- Moving away from fee-for-service structures that incentivize high utilization of services towards bundled payments for episodes of care that reward efficient use of resources.
- Focusing on population-based approaches to care management rather than treatment of acute episodes through creation of Accountable Care Organizations that share the financial risk of providing care to a defined population.



External Environment - Major Implications

- Downward pressure on payment rates will continue into the foreseeable future even as the general economy improves.
- The forces driving clinical integration will continue, regardless of how Health Care Reform is modified, given that it may be the only realistic way to coordinate care and therefore drive down costs without compromising quality of care.
- Financial incentives to provide care in the least resource intensive setting will continue to put pressure on the system:
 - Further reduction in length of stay
 - Decreased hospitalization and reduced readmission rates
 - Increased clinical acuity of those patients who do get hospitalized
- As inpatient hospitalizations decline, New York City academic medical centers will continue aggressively buying practices and seeding physicians in Westchester, and forging relationships with Hudson Valley providers in an effort to increase their market share in the region.



Financial Situation

- The Medical Center has established a solid financial track record with five consecutive years of profitable operations and a successful debt offering in 2010 that refinanced existing debt and raised \$125 million of new money, all on the Medical Center's own credit.
- Continued downward payment trends will set the stage for difficult choices in the future. Each hospital program must be evaluated based upon both its consistency with the mission, and the ability to operate at a level of quality in line with the required investment and/or operating revenue.
- A critical factor in evaluating programs and services is the high fixed cost structure of the Medical Center. These high fixed costs are driven by:
 - The staffing levels required to care for complex patients
 - The relative inflexibility of staffing given union contracts and civil service rules
 - The high cost of fringe benefits, especially those of the NYS pension system, as a public hospital compared to the costs at competing voluntary hospitals
- The ability to fund significant capital programs in the future will depend on improving the operating margin of the Medical Center, which will require growing the volume of high contribution services.



Market Position

- The Medical Center’s strength is the provision of high-complexity tertiary and quaternary inpatient care.
- While the Medical Center has a high market share of complex cases, there is substantial volume going to competitors in New York City.
- Growth can be achieved by targeting patients who now leave the community for tertiary and quaternary care.

Service Line	WMC Discharges 2009	Competitor Discharges 2009*	WMC Market Share
Children	4,635	2,376	66.1%
Behavioral Health	1,998	1,041	65.7%
Trauma	959	733	56.7%
Neonatal	684	1,029	39.9%
Cardiovascular	3,714	5,868	38.8%
Transplant	47	80	37.0%
Neuro/Ortho	1,986	4,570	30.3%
Women	1,228	3,178	27.9%
Oncology	1,349	4,544	22.9%
Other Med	3,082	3,950	43.8%
Other Surg	1,589	2,475	39.1%
Total	21,271	29,844	41.6%

Includes Hudson Valley discharges only.
*Competitors are New York City hospitals.



Medical Staff

- The Medical Center developed a Strategic Plan for the Children’s Hospital in 2009 which addressed Medical Staff recruitment needs.
- The Medical Center developed a Medical Staff Plan during 2010 led by a Steering Committee comprised of medical staff and executive leadership to address current and future medical staff needs by specialty.
- The Plan identified priority recruitment areas including medical and surgical oncology, general surgery, critical care/pulmonary, and general medicine.
- The Plan also identified the need to improve physician-hospital alignment to meet the needs of the changing environment.

Clinical Category for Recruitment	Current Staff	Incremental Projected Minimum Need	Incremental Projected Long Term Maximum Need
Oncology	6	8	15
General Surgery	8	2	8
Critical Care/Pulmonary	5	1	7
General Medicine	23	4	12
Med. Specialties	117	9	29
Surg. Specialties	65	13	25
Pediatric Med. Specialty	56	6	11
Pediatric Surgery	18	5	8
Pediatric Oncology	5	3	7
Pediatric Critical Care	7	1	5
Neonatology	27	0	3
Ancillary (Adult and Peds)	57	8	21
Total	394	50	151



Strategic Overview

Westchester Medical Center will be the preferred destination for tertiary and quaternary health care services in the Hudson Valley.

- **Values** – The Medical Center will provide the highest quality patient-centered care in a cost-effective manner.
- **Relationships** – The Medical Center will form partnerships with those who share its values to provide a full continuum of care to the residents of the Hudson Valley and surrounding areas.
- **Coordination** – The Medical Center will exchange clinical data with its partners to insure smooth care transitions and to support clinical integration for the people of the Hudson Valley.
- **Facilities** – The Medical Center will continue to invest in its facilities and equipment to insure that its physicians, nurses and other clinical staff have the tools they need to care for its patients in the best possible manner.
- **Finances** – The Medical Center will continue to operate in a fiscally-sound manner and will develop the capital resources necessary to support its clinical operations.



Values

- The Medical Center communicates its values within the hospital and to the community.
- The Medical Center recruits and develops employees who share our values, and seeks out partnership opportunities with organizations with aligned values.



Westchester Medical Center will insure that it has the full depth and breadth of faculty needed to deliver the highest quality advanced care to its patients.

- The Medical Center will work with Medical Staff leadership to develop goals and objectives for physician recruitment and clinical care delivery, and establish accountability for meeting those goals and objectives.
- The Medical Center will develop recruitment strategies that recognize the diversity of existing practice arrangements while assuring that recruitment goals and objectives are met.

Westchester Medical Center and its faculty will work together to address the need for clinical integration and participation in accountable care programs

- The Medical Center will work with its medical staff to create alignment structures that allow physicians and the hospital to work together on clinical integration, to speak with one voice in the marketplace, and to respond nimbly to changes in the environment.
- The Medical Center will work with its medical staff to develop efficient patient-centered clinical care systems that will make the Medical Center the preferred choice for advanced care services in the Hudson Valley and neighboring areas.



Relationships Community Providers

Westchester Medical Center will leverage its relationship with the faculty to support other providers within the community to make high quality care accessible to more people throughout the region.

- The Medical Center will support its faculty in growing regional relationships that provide care close to home and in the most clinically appropriate, least resource intensive setting.
- The Medical Center will leverage relationships with community providers to build clinically aligned networks of services. The focus will be to partner with multispecialty group practices, community hospitals and their medical staffs, and other providers who deliver high quality primary and secondary care to patients in the Hudson Valley and adjacent areas.



Relationships Academic and Research

- The Medical Center will maintain an alliance with a strong academic partner in order to attract the best doctors, provide high quality advanced care, and train the caregivers of tomorrow.
- The Medical Center will continue to work closely with its academic partner and others to continue its participation in clinical and programmatic research in order to provide cutting edge care.



Coordination

- Westchester Medical Center will focus on transitions of care as a key element of its clinical strategy to insure that patients receive timely and appropriate care both on admission to and following discharge from the Medical Center.
- The Medical Center will develop an Electronic Medical Record (EMR) to meet American Recovery and Reinvestment Act (ARRA) requirements, and implement a Health Information Exchange to link faculty offices and community providers.
- The Medical Center will work closely with community providers to develop information exchange capabilities to strengthen their ability to care for patients and to avoid duplication of services.
- The Medical Center will participate in and contribute to local initiatives such as THINC RHIO to build a community wide information exchange.



Westchester Medical Center is committed to investing in up-to-date facilities and equipment to support the delivery of tertiary and quaternary care services. The Master Facility Plan identified the strategic projects to be:

- Renovate the Main Hospital to bring the facility up to current standards, and to expand the operating room suite to accommodate the necessary growth in surgical volume.
- Construct a new Trauma Center and ICU building between the Children's Hospital and the Macy Pavilion to expand the adult emergency department, to relocate and expand the TICU, SICU, CCU and CTICU, and to expand the Children's Hospital by twenty (20) beds.
- Construct a Medical Office Building connected to the Main Hospital to develop a comprehensive cancer center, add physician office space and relocate ambulatory services from the Main Hospital.

These projects will be developed within the context of a broader Campus Plan.



Finances

- Westchester Medical Center will continuously analyze all of its programs and services to insure that:
 - They operate efficiently and effectively
 - The Medical Center can meet its overall budgetary targets on an annual basis
- Westchester Medical Center will expand its fund-raising capabilities to support its capital needs, including:
 - Philanthropic support through its two foundations
 - Government support