

A STRATEGIC FOCUS ON EXPANSION INCREASES REFERRALS

Case Study

Strategic Planning and Marketing

HealthEast Care System

A few years ago, the financial losses of their community-based clinics were of great concern to the leadership of HealthEast Care System.



Common wisdom recommended cost-cutting, but the director of business development advocated an uncommon approach. She intuitively knew that the health system's competitive advantage depended on expansion.

Further investment in clinic development would expand the health system's network of loyal physicians, who in turn would refer patients to system hospitals. The challenge was to convince senior management of the wisdom of investing in clinic development by quantifying the downstream value of loyal primary care physicians.

COURSE OF ACTION

The business development team built a custom patient database using a "fuzzy logic" method to track patient referrals from primary care to specialist to hospital services. Using the **Market Expert® Strategic Planning Solution** from the Healthcare business of Thomson Reuters, the team gained access to detailed market analyses and projections and profiled local areas by population growth and lifestyle segment. Targeting these groups helped ensure that the health system was recruiting the right types of physicians to appeal to the needs and wants of the local population and selecting the best sites for clinic expansion.

Using Market Expert, the team was able to quantify the value of primary care physicians, proving that one loyal physician makes 150 hospital referrals a year—a \$500,000 contribution to margin. Convinced of the value of the clinics, health system leadership changed its strategy from cost-cutting to one of expansion.

RESULTS

HealthEast Care System learned that its upfront investment in database technology and process and analysis paid off. That investment allowed the business development team to test the validity of an intuition, and also present the case for clinic expansion to senior management using clear, graphic representations and accessible terms. By looking at profitability and opportunity from a system-wide perspective, system leadership shifted its mind-set from cutting costs to clinic development.

HealthEast Care System's investment in a custom database and Market Expert continues to pay off. The business development team was also able to cost-justify their senior care program by quantifying increased use of HealthEast Care System by program members.



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HEALTHEAST CARE SYSTEM

Location:
St. Paul, MN

Size:
663 acute care beds
264 rehabilitation beds
10 community-based clinics

Scope and services:
HealthEast Care System is a community-focused, non-profit healthcare system that provides innovative technology, compassionate care, and a full spectrum of family health services. HealthEast includes Bethesda Hospital, St. John's Hospital, St. Joseph's Hospital, and Woodwinds Health Campus as well as outpatient services, clinics, pharmacies, home care, and transportation services. HealthEast is the largest, locally-owned healthcare organization in the Twin Cities' east metro with 6,700 employees and 1,400 physicians on staff.

Solutions:
Market Expert®



In 2007, HealthEast Care System was acknowledged for its accomplishments in the pursuit of excellence in performance improvement with a Thomson Reuters Insight Award. The Insight Award was established in 2005 to honor and recognize customers who have used Thomson Reuters Solutions and tools to achieve outstanding success at their organizations.

“Upfront investment in CRM technology and process can be effective and much more than worth the effort.”

Carolyn Koch
System Director, Business Development
HealthEast Care System

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