

FREE-STANDING OUTPATIENT FACILITIES INCREASE MARKET SHARE

Case Study

Strategic Planning and Marketing

PinnacleHealth System

PinnacleHealth, a leading hospital and healthcare system serving central Pennsylvania, faced stiff competition in the profitable outpatient imaging arena. The health system was losing market share and referrals to a strong local competitor.



Doctors from its own primary care network referred patients to competitors, although Pinnacle's advanced-modality imaging was conveniently located on its inpatient campus in the heart of its primary service area. Or perhaps they lost market share because imaging was limited to the core service area.

COURSE OF ACTION

Leveraging **Strategic Planning Solutions** from the Healthcare business of Thomson Reuters, PinnacleHealth developed an imaging strategy that called for establishing free-standing or primary-care, physician-integrated imaging facilities in high-growth, peripheral submarkets surrounding the core service area. The health system used our Strategic Planning Solutions to forecast population and growth, project population over the age of 55, report inpatient market share, estimate imaging market share, and project imaging growth and volume by modality, and then identified six markets that exhibited positive characteristics according to the data. The data showed that the most desirable submarkets had no existing competitor facilities that were conveniently located to the population and a critical mass population of 20,000 or more.

"We plotted the information we gathered on each of the submarkets and prioritized them using Strategic Planning Solutions from the Healthcare business of Thomson Reuters," said Jeff Wiles,

director of planning at PinnacleHealth. "The prioritization criteria offered a sound indication of current and future submarket potential. We also did a thorough analysis of physician proximity and organizational alignment, and of competitor locations and capabilities. Using this information, we planned three gateway imaging centers."

OUTCOMES

Opened in the Spring of 2006, Pinnacle's first free-standing imaging center, which includes MRI and CT, exceeded budgeted total volume by 9.6 percent. In its second year, the center is on pace to exceed year-one total volume by 53.7 percent and MRI volume by almost 91 percent. A second imaging center is proposed for 2009 and a third center is planned for 2010.

"By using Strategic Planning Solutions from Thomson Reuters, we were able to address the immediate issue of lost outpatient volume and revenue, as well as dig into the deeper, more complex issue of the physician-referral patterns behind the lost outpatient services," said Bill Wilkison, vice president of ambulatory care and ancillary services. "Understanding the complex environment empowered us to change our practices and position our facility for future outpatient growth."

An additional benefit to the first free-standing imaging center was the creation of a PinnacleHealth-owned



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PINNACLEHEALTH SYSTEM

Location:
Harrisburg, PA

Size:
628 beds

Scope and services:
PinnacleHealth is the leading hospital and healthcare system in Central Pennsylvania, offering services from prenatal to geriatrics. As a nonprofit organization, PinnacleHealth is dedicated to the health and wellness of the people it serves and has a long tradition of caring, dating back more than 130 years.

Solutions:
The Market Planner® Plus



family practice center at the same location. It not only provides additional services to the local population in a convenient location, but it also acts as a built-in referral base and potential downstream revenue-creation source for the new imaging center. The second free-standing imaging center will open in a location that already housed a PinnacleHealth-owned family practice center.

Outpatient imaging is a high-growth, high-profit market, and PinnacleHealth is now able to compete and succeed in this arena.

PinnacleHealth's innovative use of Thomson Reuters Strategic Planning Solutions to redirect imaging referrals through free-standing imaging centers is indicative of the organization's innovation and creative planning. In 2008, PinnacleHealth was acknowledged for its accomplishments 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.

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Jeff Wiles
Director of Planning
PinnacleHealth

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