

TMC Turnaround

From Turmoil to Profit and Innovation

By Mary Minor Davis

In 2007, Tucson Medical Center was in turmoil.

TMC was under investigation for nearly 40 complaints where 22 violations were found – nearly seven times the amount of complaints filed against any other Tucson-area hospital at the time. It faced an \$18 million loss and much of the organization's leadership had left, including the CEO and CFO. The board had a plan to put the troubled hospital on the market.

To help with the transition, the board called back Judy Rich, the former COO of TMC who had left two years earlier.

"I came back not knowing for how long," Rich said. "I just knew that I now had the opportunity to lead a community hospital through exciting, wonderful, turbulent times."

And lead she did. Within a year, TMC was back in the black to the tune of almost \$2 million. In 2009 Rich was named CEO. By 2010, TMC's profits were up nearly \$20 million.

Rather than sell the hospital, the board voted to invest more than \$120 million over five years in new technology, facility expansion and campus improvements to bring the highest level of care to the community.

The board also implemented ground-breaking processes that involved physicians as well as nursing and administrative staff in a comprehensive overhaul of how things were done when it came to treating, educating and caring for patients.

"In 2007, the board made the conscious decision to stay independent and invest in the future," Rich said.

"By early 2009 we realized TMC had a real future – but only if we made the investments needed to change the way we do business."

What followed is pretty heady stuff for the medical community. The charge was: "Create a new patient experience that is the best that we can offer," Rich explained.

Working throughout the organization, TMC focused on three major initiatives:

- Implementation of a comprehensive electronic medical records system
- Expansion of the campus and facilities improvements
- Establishing the region's first Accountable Care Organization, a new model designed to transform care delivery and improve community health

In 2010, TMC implemented OneChart, the first comprehensive electronic medical records system in Southern Arizona. A \$20-million investment, the EMR allows for medical records to be maintained and viewed from anywhere on the campus, providing access to physicians, technicians, nursing staff and other care providers who need to access patient information in a timely fashion. It reduces errors and provides better communication for the care team.

There are eight stages of an EMR system, with stage seven the highest and most comprehensive level. Most of the 5,000 hospitals around the nation are at stage three. TMC is among only about 1 percent of hospitals nationally who have achieved stage seven, and the only independent hospital in Arizona to do so.

Frank Marini, TMC's vice president and chief information officer, led the EMR project. "We really transformed the organization both from the inside out, but also from the outside in," he said. "We ended up with a very sophisticated system that we're very proud of – but we also ended up with more efficient work flows that provide better care for our patients."

In 2009 TMC announced plans for a \$120-million expansion to take place over five years. This ambitious redevelopment plan included infrastructure improvements in roadway

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Tucson Medical Center

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access, walking trails and a new entrance to the inpatient pediatric unit. It also involved renovations to the children and maternity units that provide private rooms for better experiences for moms and families. Those renovations have been completed.

Ground was recently broken on the largest component of the expansion – construction of a four-story wing that will house TMC’s surgical services and its orthopedic program that is co-managed with Tucson Orthopaedic Institute.

“TMC is one of the most progressive hospitals in the community,” said Greg Waters, CEO of Tucson Orthopaedic Institute. “In asking ourselves if we could build the best world-class center for orthopedics, what would that look like? I think we found it.”

The new 200,000-square-foot facility will accommodate the Tucson Orthopaedic Institute, general and orthopedic surgical suites and private orthopedic patient rooms. There will also be a 600-car garage. The total cost is \$100 million, and TMC plans full occupancy by 2013.

While the expansion represents the crown jewel of TMC’s physical growth, implementing the region’s first fully operational Accountable Care Organization represents the heart of TMC’s overhaul.

The concept of accountable care was included in the Obama administration health-care reform package passed by Congress in 2010 and scheduled to go into effect in January 2012. In 2009, TMC became one of three original pilot programs initiated by the Brookings-Dartmouth ACO Collaborative. The overarching goal of ACO is to create the first sustainable health-care community by improving primary-care health outcomes and preventing people from requiring as

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much hospitalization.

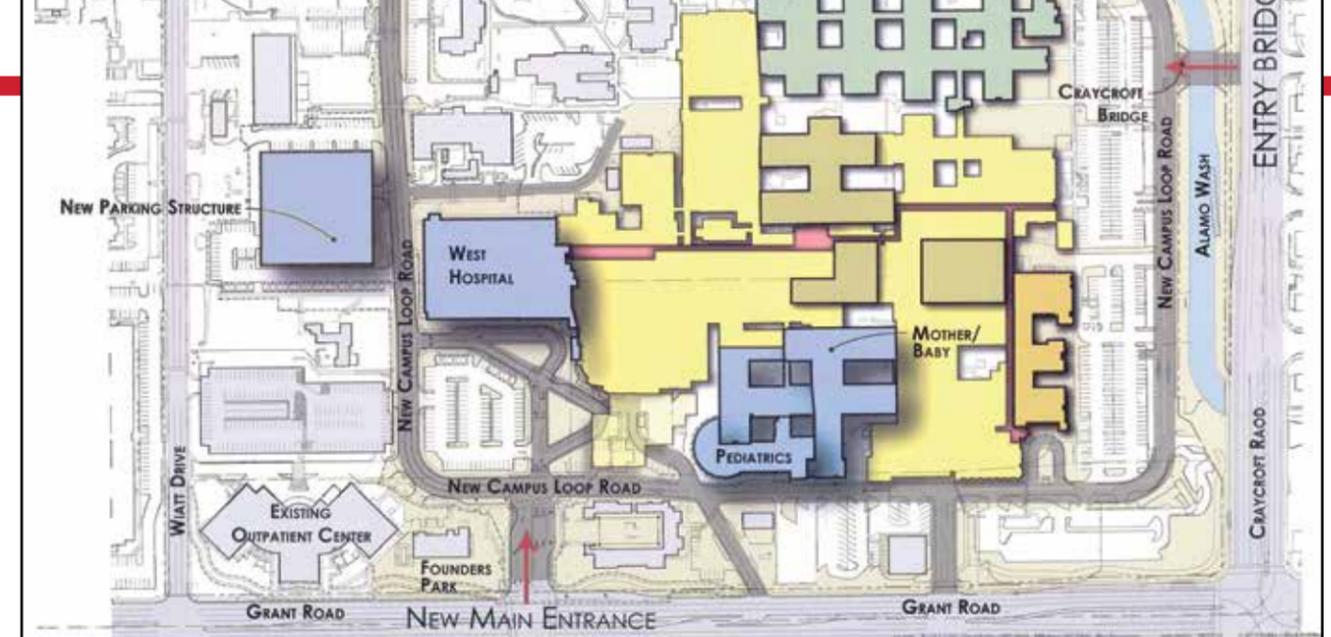
“This may seem like an odd principle for a hospital to embrace, given that we exist to care for people in the hospital,” Rich said.

The reality, she explained, is that the population is aging, and for the average 75-year-old, the biggest health-care expense is hospitalization. This is also the biggest reimbursement expense for Medicaid and Medicare. So the ACO principle is based on improving health care and lowering one of the biggest costs by keeping people healthier and out of hospitals. The bottom line is: Improve care outside and inside hospitals to slow the growth of health-care costs and share the savings with all who help coordinate and improve the care.

“It’s reinventing the way we deliver health care in this country,” Rich said.

TMC announced the new program in June. Working with local physicians and with the help of health technology and services company Optum, the new model will allow the hospital, physicians and health plans to collaborate to better coordinate care, improve quality and ultimately increase consumer satisfaction with the health system.

The model works on a complex system of quality, efficiency, experience and collaboration metrics that the ACO will be



New developments at TMC, shown in blue, include the recently completed expansions of Pediatrics and Mother/Baby units. West campus improvements, as shown in the concept illustration at bottom of page, should be complete in 2013.

measured on in order to receive payments, based on savings. Physicians, accustomed to the traditional hospital arrangement, were concerned about their financial futures. How would they make money under this new model?

“There was a lot of back and forth but in the end we all agreed that the systems we wanted in place made good business sense for both sides,” Rich said. “We were trying to look at what the future holds – which is the hardest thing to do in the health-care industry – and we determined that we could do better meeting these challenges together than we would on our own.”

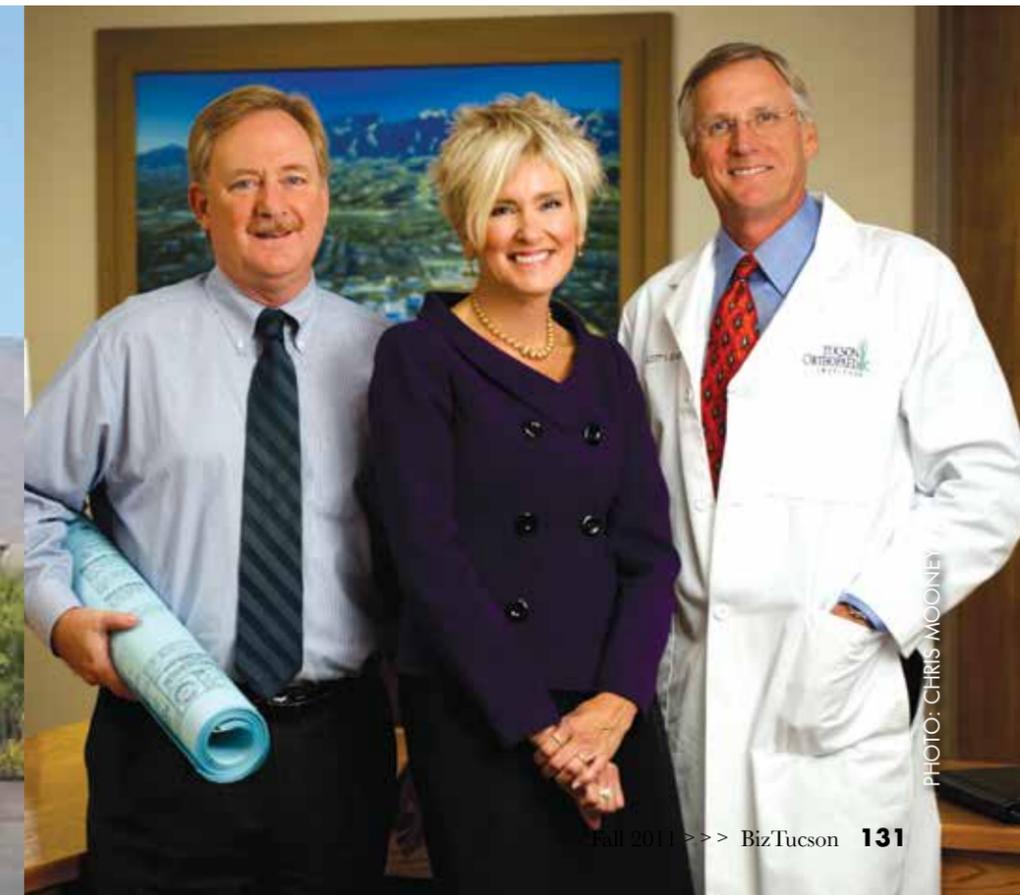
“This is one of the most ambitious partnerships of its kind,” she added.

TMC has been Tucson’s locally governed nonprofit regional hospital for more than 65 years. Though not without its challenges in the past, it now stands poised to take one of the region’s largest hospitals into a new era of patient care, honoring its traditions while moving into the future.

“The quality imperative has always been the highest priority at TMC,” Rich said. “We are very serious about doing something revolutionary. Health care is a local issue and we believe this is critical for the overall health of our community.”

Biz

L to R – Richard Prevallet, Vice-President, Facilities and Construction, Tucson Medical Center; Linda L. Wojtowicz, Senior Vice-President, Chief Operations Officer, Tucson Medical Center; Dr. Scott Slagis, Medical Director of Tucson Orthopaedic Institute – TMC Orthopedic Service Line



CONCEPT ILLUSTRATION

PHOTO: CHRIS MOONEY