

Greencastle helps St. Agnes and Methodist join forces for improved services — and healthier bottom lines

For over a century, St. Agnes Medical Center—part of faith-based Mercy Health System and Catholic Health East (CHE)—provided acute care medical services in South Philadelphia. But at the beginning of the twenty-first century, the center was facing an emergency of its own. Changing demographics and significant local competition had resulted in a financial crisis: annual losses of more than \$7 million for several years running. And St. Agnes wasn't the only healthcare center in South Philadelphia that was facing a cash crunch.

Just four blocks away, Methodist Hospital—part of the Jefferson Health System—was also operating with significant losses. Leaders at St. Agnes and Methodist recognized a unique opportunity to join forces. Their concept: to transition all acute care services to Methodist while “reinventing” St. Agnes as a Continuing Care Center that would be anchored by a Long Term Intensive/Acute Care Hospital (LTACH).

The result would transform healthcare in South Philadelphia—providing better services to the community while eliminating a counterproductive competitive environment. However, executing that vision was a massive undertaking for everyone involved.

First, there was the complexity inherent in any organizational change of this size and scope. On top of that, there was the ongoing pressure to quell operating losses at both hospitals. But perhaps most urgently, the team was facing a strict deadline from the Centers for Medicare and Medicaid Services (CMS). The new LTACH would have to be granted operating approval—or pre-accreditation—in just 4 months. If it missed that deadline, the new venture would face a dramatic negative impact as a result of CMS's regulatory reforms.

One senior hospital executive described the transition as the most complex endeavor any of them had experienced in their healthcare careers. And that's why they enlisted the expert project managers of Greencastle Associates Consulting.

Executing the Vision

Greencastle's mission is to help hospitals successfully implement business strategies and change initiatives.

To help St. Agnes and Methodist realize the potential of their shared vision, Greencastle relied on its best practices model—The 5 Rights of Implementation. Using this model, Greencastle helps to ensure that projects deliver the intended results efficiently and effectively.

Greencastle developed a comprehensive action plan that outlined three major milestones for the project. The first included deal agreement, Board and regulatory approval, and a public announcement.

The second was the actual transition of acute care services from St. Agnes to Methodist.

And the third was the formation, occupancy, and operating approval for the LTACH.

Swapping services entailed a wide variety of change including staff, physical plant, regulatory approval, patient transfer and clinical practices.

Maintaining the Right Focus, Greencastle kept the project on track in all key areas. And by engaging the Right Team, Greencastle enabled the highly collaborative effort between the Jefferson and Mercy Health Systems.

Through its systematic approach, Greencastle was able to achieve the project milestones—even with the highly accelerated timeline. From inking the deal and closing St. Agnes to certifying and opening the LTACH, Greencastle helped facilitate a smooth, seamless transition for the two hospitals. In fact, all project goals were achieved on time and on budget—and with no degradation of services.

Even more important than how Greencastle managed this massive project, it had the Right Impact:

- St. Agnes successfully transitioned acute care services to Methodist, eliminating \$500,000 a month in operating losses.
- Over 95% of the 400 impacted employees were successfully transitioned or placed, reducing anticipated severance liability by \$3.5 million.
- St. Agnes Continuing Care Center received regulatory approval as a specialty hospital. That approval granted the center “grandfather” status, shielding it from the impact of potential CMS billing changes.
- The hospitals received a 100% “go” rating on the Hospital Closure Survey and LTACH pre-occupancy inspection.

In addition, Greencastle's proactive approach to communications and community relations helped secure the full support of local, state, and federal regulators—as well as local politicians and patient advocacy groups.

Not only did St. Agnes Medical Center and Methodist Hospital have the vision to jointly overcome their operational challenges, but they also recognized the value of project management services from Greencastle Associates Consulting. The decision to enlist Greencastle's expert support enabled these hospitals to execute a successful transition—despite seemingly insurmountable complexities and time requirements.

The 5 Rights of Implementation

The 5 Rights of Implementation is Greencastle's best practices model. Using this model, Greencastle helps to ensure that projects are efficient and effective—and that they deliver the intended benefits. Components include:

Right Focus. Greencastle helps key stakeholders to focus all actions on the decisive points of the project. That includes properly organizing the project and then directing planned and actual project activity toward achievement of the goals.

Right Team. Any large initiative involves many stakeholders who are affected by and involved in the project. But, to be successful, the project team must include the right combination of people to identify the best alternatives and complete the work. Greencastle helps assess team members' capabilities and aligns them for maximum effectiveness.

Right Energy. Creating innovative solutions and driving them to completion requires strong sponsorship and an enthusiastic team. Greencastle provides the framework and tools to help maintain the message and momentum—from project start to finish.

Right Workflow. In any large project, changes are inevitable. Greencastle helps ensure that such changes ultimately improve—not impede—the progress of the project.

Right Impact. To engage stakeholders, Greencastle helps develop and implement change management and communication plans. Through well-timed, coordinated training, users are more likely to feel capable and comfortable with new processes and technologies. In addition, after a “Go Live” date,



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