

Adult Congenital Heart Disease Program Downstream Financial Impact



**Nationwide Children's Hospital
Columbus, OH**

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The Heart Center at Nationwide Children's Hospital

ACHA 09 BOSTON



Vision 2020 FORUM



Adult Congenital Heart Disease Program



- Adult Congenital Heart Disease Program (ACHD) is a joint program between Nationwide Children's Hospital and The Ohio State University
- Outpatient Services provided at 3 locations
 - Onsite cardiology clinic within Nationwide Children's Hospital (NCH)
 - Offsite clinic in Dayton Children's Hospital (70 miles away from NCH*) since 2006, 1 clinic/month
 - Cardiology clinic at University Hospital



** Nationwide Children's Hospital*

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ACHD Program Downstream Financial Impact Analysis



Methodology

1. Clinical and financial data for a sample of **“NEW” consults to Nationwide Children’s ACHD Program during fiscal year 2007** were analyzed.
 - Only “NEW” consults were selected for this analysis
 - Excluded
 - Established patients
 - Transitioned from pediatric cardiologists (same practice)
 - University Hospital clinic patients
 - Medical Record Numbers for the new consult patients were verified through TSI database by Finance team



ACHD Program Downstream Financial Impact Analysis (cont'd)



Methodology (cont'd)

2. Among these new patients, **those who received additional services (downstream) at NCH within 12 months after their initial visits to ACHD Program** were identified.
 - Each encounter was pulled by medical record numbers for the new ACHD consult patients for 12 months following their ACHD clinic visits
3. Clinical and financial data for these downstream services were analyzed.
 - By encounter, clinical and financial information was collected from TSI database



ACHD New Consults Outpatient Financial Summary



FY2007 Financials

FY2007 Payer Mix

**Onsite Clinic
New Consult Patients
at Nationwide Children's
(sample 45 Patients)**

- Number of Patients: 45
- Gross Revenues: \$64K
- Deduction Rate: 29%
- Direct Cost: \$15K
- Cont. Income: \$31K
- Cont. Margin: 67%

Outpatient



**Offsite Clinic
New Consult Patients
at Dayton Children's
(23 Patients)**

Financial Data Not Available

- *Offsite clinic patients are registered through Dayton Children's registration system*

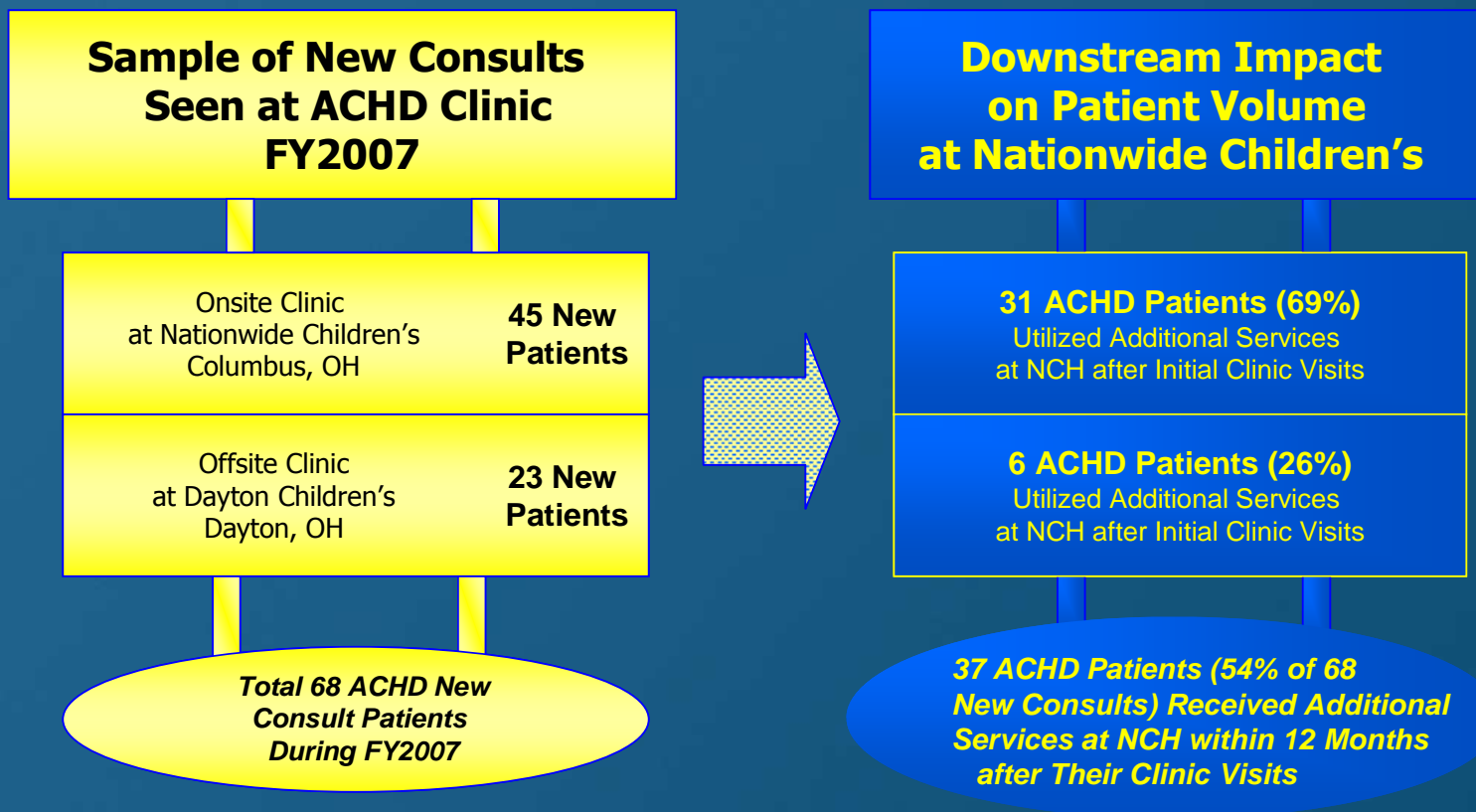
Low Direct Cost; High Contribution Margin; Favorable Payer Mix



Note: Payer Mix % is based on gross revenues



New Consults' Downstream Impact on NCH Volume



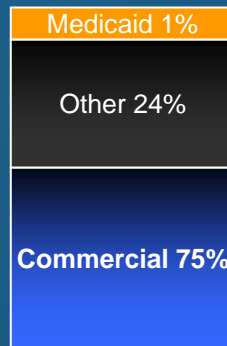
54% of New Consult Patients Likely to Receive Additional Services at Children's Hospital



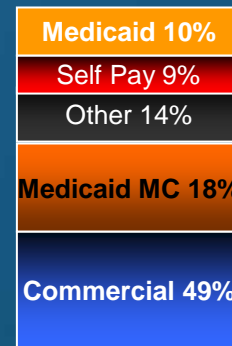
New Consults' Downstream Impact on NCH Financials

12-Month Period Following ACHD Clinic Visits - 37 Patients

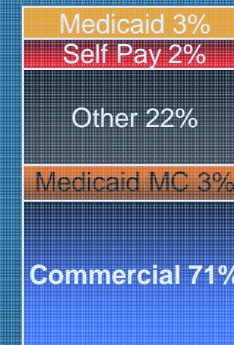
	<u>Inpatient</u>	<u>Outpatient</u>	<u>Total</u>
• Number of Cases:	19	220	239
• Gross Revenues:	\$670K	\$142K	\$812K
• Deduction Rate:	21%	44%	25%
• Direct Cost:	\$220K	\$43K	\$263K
• Cont. Income:	\$311K	\$37K	\$348K
• Cont. Margin:	59%	46%	57%
• Payer Mix			



Inpatient



Outpatient



Total

Note: Payer Mix % is based on gross charges



Downstream Impact to Key Hospital Services



73% of Downstream Revenues Impact Relates to Cardiology Services

Hospital Services	Gross Revenues	I/O
Critical Care	\$36,707	IP
General Medicine	\$36,511	IP
Heart Center	\$576,187	IP
Pulmonary	\$20,402	IP
Specialty Care	\$53,244	OP
Cardiology Diag	\$18,396	OP
Emergency	\$17,316	OP
Outpatient Surgery	\$14,101	OP
Outpatient Lab	\$10,870	OP
Radiology	\$10,069	OP
Pharmacy	\$4,291	OP
All Other	\$13,912	OP
Total	\$812,006	



Downstream Impact from Onsite vs. Offsite

69% of Onsite Clinic New Patients (vs. 26% of Offsite) Received Additional Services at Children's Hospital Incurring \$504K in Downstream Revenues (vs. \$309K from Offsite)



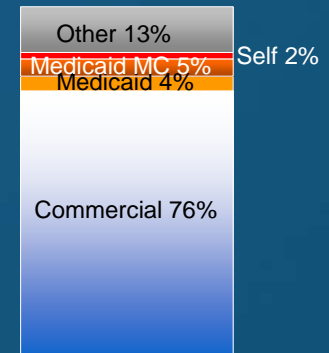
12-Month Period Following ACHD Clinic Visits - 37 Patients

**Onsite Clinic
New Consult Patients
at Nationwide Children's
(31 out of 45: 69%)**

- Number of Patients: 31
- Gross Revenues: \$504K
- Deduction Rate: 26%
- Direct Cost: \$158K
- Cont. Income: \$215K
- Cont. Margin: 58%

IP/OP Combined

Payer Mix

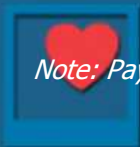
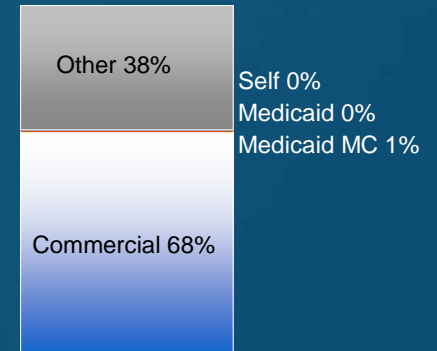


**Offsite Clinic
New Consult Patients
at Dayton Children's
(6 out of 23: 26%)**

- Number of Patients: 6
- Gross Revenues: \$309K
- Deduction Rate: 23%
- Direct Cost: \$105K
- Cont. Income: \$134K
- Cont. Margin: 56%

IP/OP Combined

Payer Mix



Note: Payer Mix % is based on gross charges



Value Proposition of a Satellite Clinic



Separate Downstream Analysis Conducted as of September, 2008

- For the two-year period ended 12/31/2007, 62 new consult patients were seen at offsite ACHD clinic located in Dayton Children's Hospital (70 miles away from NCH)
- Of these 62 new patients, 22 (35% of total) traveled to Nationwide Children's Hospital to receive other services following their ACHD clinic visits
- From these 22 patients, Nationwide Children's generated total of \$1.3M in downstream gross revenues

**Estimated Downstream Revenues Per Offsite Clinic
"New" ACHD Consult Patient: \$21K**



Note: Satellite clinic schedule --- once a month

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Observations



- Sample 68 new consult patients to ACHD Program in 2007
 - 45 onsite clinic new consults incurred \$64K in total revenues (74% commercial payer)
 - 23 offsite clinic new consults --- financial data not available
- Of these 68, 37 patients received additional services at NCH comprising 19 admissions and 220 OP visits for 12 months following their initial ACHD clinic visits*
 - \$812K in gross revenues (IP \$670K & OP \$142K)
 - \$348K in contribution income
 - 31 patients from onsite clinic incurring \$504K in gross revenues
 - 6 patients from offsite clinic incurring \$309K in gross revenues
- 73% of the total downstream gross revenues, or \$595K were related to cardiology services

** Does not include 23 CMRs performed downstream at University Hospital (OSU) following clinic visits.*



Implications



- Profitable & Strategically Valuable Program
 - Relatively low direct cost; High contribution margin %
 - Favorable payer mix
- Favorable Downstream Impact to Children's Hospital on Volume, Revenue, and Service
 - 69% of onsite and 26% of offsite clinics' new consult patients are likely to utilize additional inpatient and/or outpatient services
 - Inpatient account for 82% of total downstream revenues
 - Majority of downstream services driven by ACHD new consult patients are related to cardiology

Estimated Downstream Contribution Margin Per "New" ACHD Consult Patient: \$9.4K

- Downstream Impact from Onsite Clinic: \$7K
- Downstream Impact from Offsite Clinic: \$22K





Questions/Comments

