

# A Successful Reconfiguration

**In Washington State, an Acute Care Facility Begins a New Life as a "Critical Access Hospital"**

**W**hen a hospital is foundering financially, when its current service offerings seem to no longer be meeting the needs of the community, its leaders must respond. But there are never easy answers for Catholic health care providers when a hospital faces seemingly insurmountable challenges and obstacles that threaten its ongoing sustainability. Catholic institutions and their sponsors—although always responsible stewards of limited resources—recognize both the important legacy of our faith-based holistic care and the continuing mission of service that is so important for our communities.

For Ascension Health, there is no "cookie cutter" solution, no "off-the-shelf" plan that fits all challenging situations. Our calling and mission are critical factors in our health ministry configuration discussions, even if continuing certain operations in a given community is no longer feasible. Indeed, being open to a variety of unique local opportunities—and helping to test and discern their viability with an eye toward encouraging their success—is one of the hall-

marks of our system's health ministry configuration efforts.

## VITAL PRESENCE

Through Ascension Health's Strategic Direction, we have committed to fulfill our promise to those we serve by delivering what we describe as "Healthcare That Works, Healthcare That Is Safe, and Healthcare That Leaves No One Behind, for Life." This is being made possible by our development of four enabling strengths: inspired people, trusted partnerships, empowering knowledge, and vital presence in the communities we serve.

"Vital presence" means simply this: Ascension Health wants to be where we are needed in a configuration that meets that need. We strive for presence as needed at full potential, engaging communities to assess what is needed and then collaboratively determining the most appropriate presence for Ascension Health. We seek to develop new ways of working with others in the community, including our partners in Catholic health care, to improve access to care and strengthen the Catholic health ministry. In our strategic ethics discernment efforts, we use a set of criteria that appropriately balances the need to sustain and strengthen Ascension Health with the need to strengthen the broader Catholic health ministry.

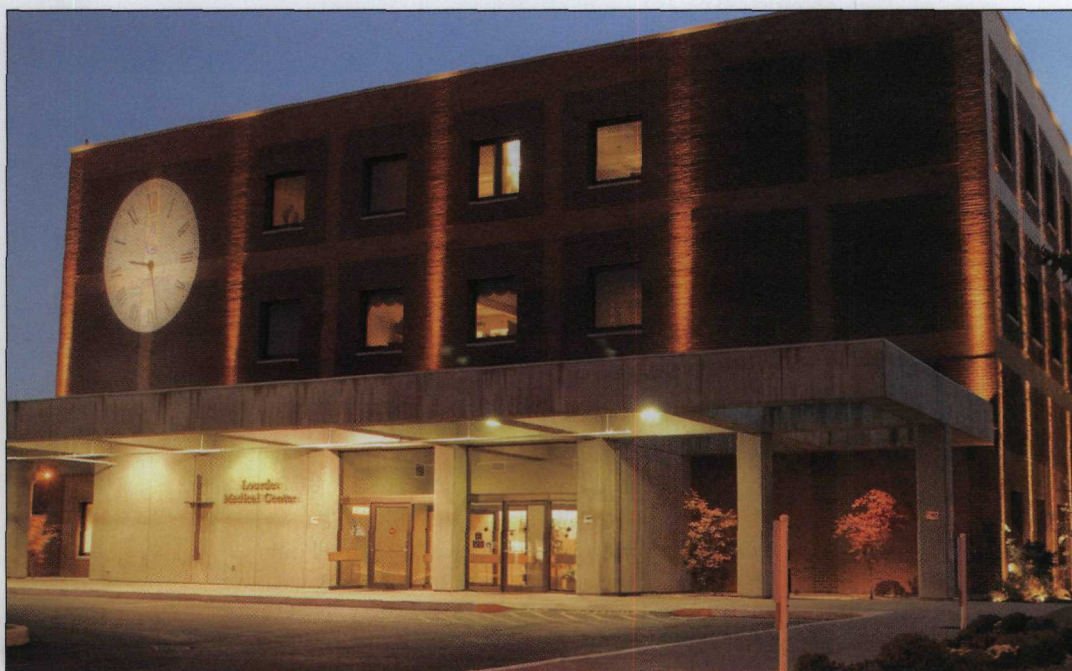
For more than three years, Ascension Health has been involved in health ministry configuration strategy work for each of its health ministries. In February 2006, Ascension Health's Lourdes Health Network in Pasco, WA, completed its health ministry configuration by converting its medical center from a facility licensed at 132 beds into a 25-bed Critical Access Hospital with a 10-bed PPS rehabilitation unit and 13 observation beds. This outcome has been extremely successful, in large measure because of the strategic process undertaken by local sponsor, board, medical staff, and administrative leadership.

**BY LAURA S. KAISER; ANTHONY R. TERSIGNI, EdD, FACHE; JOHN SERLE; & JAMES DOVER**



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Kim Ferrow, Imageworks Digital Media

## **Pasco, WA**

Pasco, located south of Spokane in the southeastern corner of the state, is one of three Washington communities (along with Richland and Kennewick) that comprise what is known locally as the “Tri-Cities” area. Pasco is separated from Richland and Kennewick by the Columbia River, which borders the south side of the city. The Tri-Cities metropolitan area has a population of approximately 200,000 people. Pasco itself—with a population estimated to be just under 47,000—is the fastest-growing city in the state.

The Sisters of St. Joseph of Carondelet came to Pasco in 1916, founding the first hospital in the mid-Columbia region. Those sisters responded to great needs with meager financial resources. Over the years, many dedicated people helped transform their hospital into a local system called Lourdes Health Network. In 2002, Lourdes joined Ascension Health.

## **MARKET CHALLENGES**

By 2002, however, Lourdes had the smallest market share of the three health care providers in the Tri-Cities region. Between 1999 and 2002, Lourdes lost 7 percent of its market share to competitor hospitals in Richland and Kennewick, primarily in the service lines of obstetrics, cardiology, orthopedics, and neurology. Pasco has experienced tremendous growth, especially on its west side, but Lourdes Medical Center is located on the east side of the city, an area that is economi-

cally challenged.

As one of three hospitals in a relatively small community, Lourdes Medical Center struggled for two decades to financially sustain its health ministry. By 2002, it had the highest local percentage of combined Medicare and Medicaid charges (68 percent) compared to its hospital competitors, and had just 25 percent of its payments coming from commercial payers. Commercial discharges were steadily decreasing at a rate of 10 percent per year. Over the years, the facility had difficulty investing an adequate amount of capital to respond to competitive changes in the local market. Lourdes’ competitors, on the other hand, invested heavily in enhanced programs, expanded their facilities, and made major capital investments in their acute care hospitals. Lourdes leaders realized that they had reached a critical juncture in the life of the ministry; mounting financial pressures demanded that they take significant action or consider shutting Lourdes down.

## **STRATEGIC PLANNING PROCESS/MINISTRY CONFIGURATION**

Lourdes began a strategic planning process in early 2003. Initial findings indicated that, because the system had already undertaken a number of cost-saving initiatives in the past, it would be difficult to achieve future operational savings on the cost side. An early report suggested that it would be imperative for Lourdes to improve its efforts



to drive volume and scale.

A steering committee was formed, with members selected by Lourdes' then-CEO James Dover and the health ministry's board chair. The committee comprised members of Lourdes' administrative team, physicians, and members of the board. Two board members—one sponsor and one lay person—acted as the committee's chair and co-chair. The steering committee reviewed information, offered feedback to consultants hired by Lourdes to help guide the process, and made the final recommendation to the board.

Lourdes' mission served as a guiding principle as alternative proposals were discussed and decisions were made. The mission impels Lourdes "to serve our community, our patients, their loved ones, and our co-workers with respect, compassion, and care, and to respond to the healthcare needs of the community in a Christian spirit." A "Discernment Day"—a concept introduced to Lourdes by Ascension Health—encouraged a "spirit-led process." One conclusion uncovered by the discernment process held constant as the strategic planning process progressed: Catholic health care needed to continue in some form in the Tri-Cities. What form that would take still was to be determined, but Lourdes' mission would remain a key element regardless of any operational changes. Lourdes would do whatever was necessary to configure its health ministry to become sustainable.

At the system level, Ascension Health's executive leadership was involved throughout the process. In accordance with Ascension Health's model of distributed leadership, discussions progressed collaboratively between the local and system leadership. As options were considered, Lourdes' strategic plan came to fruition.

### **CRITICAL ACCESS HOSPITAL**

Ultimately, Lourdes' decision was to reconfigure its health ministry to become a Critical Access Hospital, and this occurred in February 2005. The process was difficult and involved a staff reduction to correspond more appropriately to the reduced number of inpatient beds. Since the

transition, Lourdes has significantly improved its long-term viability and is best described as a thriving multifaceted health ministry.

This year, Lourdes has experienced dramatic growth in patient volumes, which has prompted the health ministry to begin a few large-scale construction projects that will continue to bring the people of the Tri-Cities the high-quality care (with the latest technology) that they have come to expect.

Under the leadership of its current president, John Serle, the medical center is renovating its emergency department, admitting area, main lobby, and chapel. At Lourdes Counseling Center in Richland, a \$1.5 million addition and renovation is nearing completion. The counseling center is a regional market leader in behavioral health programs and services. The construction project is creating all-private rooms on the adult unit (an amenity that Lourdes Medical Center has for several years offered to its medical/surgical patients). In addition, the counseling center is launching a clinical research program that will allow the facility to perform research studies for behavioral-health pharmaceuticals. Lourdes Counseling Center will be one of three behavioral health centers in eastern Washington to have this capability.

Lourdes Health Network also is in the final stages of planning for a freestanding Lourdes Women's and Children's Center. The center, which will be located in Pasco, will house physicians and providers specializing in family practice, obstetrics and gynecology, pediatrics, and surgery, and will have space for other specialists. It also will include a diagnostic imaging center and an on-site laboratory.

Ascension Health and Lourdes Health Network remain committed to serving the Tri-Cities area in the state of Washington. This has been possible only after a thoughtful process of prayerful discernment involving many stakeholders and leading to Lourdes' decision to become a Critical Access Hospital. Ultimately, this transformation of Lourdes will position the health ministry to better serve its patients, grow its market share, and, most importantly, ensure ongoing access to Catholic health care in the Tri-Cities. ■

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