



A SYSTEM FOR THE FUTURE

In the late 1970s and early 1980s Genesee County, MI, had some of the highest health-care costs and utilization rates in the United States. In a place where workers once enjoyed some of the best healthcare benefits in the nation, supporting seven hospitals and more than 2,200 beds, the economy deteriorated as Flint, MI-based General Motors (GM)—the area's major employer—began layoffs. In addition, the Michigan legislature passed a hospital bed-reduction measure.

Despite some resistance from the Flint health-care community, the board of trustees and administrators of St. Joseph Hospital responded assertively by forming one of the nation's first healthcare systems—Genesys Healthcare System, (formerly St. Joseph Health Systems), sponsored by the Sisters of St. Joseph of Nazareth, MI.

When I was named president of St. Joseph Health Systems in 1980, I believed the system needed to diversify, provide a complete continuum of care, and find a more efficient way to do business. I envisioned an integrated delivery network dedicated to keeping area residents healthy and increasing the efficiency of healthcare delivery by reducing excess hospital beds and adopting a new patient care delivery model.

THE SYSTEM'S BEGINNING

St. Joseph Hospital formed Genesys Health System in 1981, and during the past 12 years it



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*Genesys
Health
System*

*Designs and
Builds a
Patient-
focused
Care
Delivery
Network*

BY YOUNG S. SUH

has affiliated with five area hospitals and a number of other healthcare organizations. One 116-bed hospital was closed in 1983. The four remaining hospitals—St. Joseph, Flint Osteopathic, Genesee Memorial, and Wheelock Memorial—have been consolidated into one legal

Summary St. Joseph Hospital, Flint, MI, formed Genesys Health System in 1981, affiliating with five area hospitals and a number of other healthcare organizations. In 1983 the system closed one of the hospitals.

Genesys Health System's vision is described as a three-legged stool, with the integrated delivery system as the seat. That system balances on three legs: a strong primary and specialty care physician network; a financing, or insuring, mechanism; and a revolutionary hospital and delivery system with a full continuum of services across a range of institutional and home settings.

Genesys has two physician joint ventures that will eventually become one as Genesys member hospitals' medical staffs merge. Member physicians are already linked by a common computer system and risk-sharing mechanisms.

The physician-Genesys joint ventures have contractual arrangements with various managed care organizations. The system serves more than 50,000 persons enrolled with HealthPlus of Michigan and virtually all the 10,000 enrolled patients of Blue Care Network, the Blue Cross health maintenance organization.

After evaluating the community's needs, Genesys Health System decided to build a new hospital; 439-bed Genesys Regional Medical Center at Health Park is scheduled to open in 1997. The new hospital will be the first in the United States to be designed and built using patient-focused care concepts.



corporation, Genesys Regional Medical Center, which operates the four campuses.

Currently, area hospitals' occupancy rates range from 50 percent to 70 percent, leaving hundreds of unoccupied beds each day. Studies by consulting firm Deloitte & Touche have shown that if nothing is done, the Flint area will have twice the hospital beds it needs by the year 2000. Patients, their employers, and the community as a whole will bear the cost of maintaining these excess beds.

In response to this projection, Genesys Health System's board of trustees and administrators initiated a strategic planning process. The **Box** relates their findings. On the basis of these findings, Genesys developed a new strategy to meet the following objectives:

- Provide high-quality patient care, with measurable outcomes
- Improve access to healthcare
- Promote cost efficiency

To meet these objectives, Genesys Health System has decided to create a healthcare delivery system that:

- Serves an enrolled population of 300,000 to 350,000 persons living within the defined service area
- Is integrated in terms of how patients are enrolled, registered, cared for, and followed by the member institutions and physicians
- Emphasizes healthcare education and disease prevention as the essence of high-quality care and the ultimate form of cost containment

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- Links providers, institutions, and the community with mutual objectives and incentives

THE GENESYS VISION

The system's vision is described as a three-legged stool, with the integrated delivery system as the seat. That system balances on three legs:

- A strong primary and specialty care physician network
- A financing, or insuring, mechanism
- A revolutionary hospital and delivery system with a full continuum of services across a range of institutional and home settings

Physician Network To meet the needs of its enrolled population, the system must have enough primary care physicians and a sufficient number of specialty physicians to support the primary care network.

Primary care physicians at Genesys's St. Joseph and Flint Osteopathic campuses are organized into "groups without walls"—joint ventures in the form of loose agreements with primary practice groups in which physician groups contract with health maintenance organizations (HMOs) and preferred provider organizations (PPOs). These joint ventures will eventually become one as the hospitals' medical staffs merge. Member physicians are already linked by a common computer system and risk-sharing mechanisms. Based on the population's projected needs, the network will require 120 to 150 primary care physicians.

Financing Mechanism The physician-Genesys joint ventures have contractual arrangements with vari-

YEAR 2000 PROJECTIONS

Four years ago the board of trustees and administrators of Genesys Health System, Flint, MI, began a strategic planning process with the help of consultants from Deloitte & Touche. Their discussions revealed the following:

- The population Genesys Health System serves (persons in Genesee, Lapeer, and Shiawassee counties) will not change substantially through the year 2000.

- Hospital inpatient admission rates and inpatient days will continue to decline.

- On the basis of usage rates, the Genesee County area will require only

800 hospital beds by the year 2000, requiring existing hospitals to consolidate acute inpatient beds to help reduce costs associated with excess capacity.

- Providers must focus on illness prevention and health education as the ultimate form of quality care and cost containment.

- The need for outpatient, home, and ambulatory care will continue to increase, as will the need for chronic and intensive long-term care in both inpatient and outpatient settings.

- To keep costs down, patient care must be delivered in a managed care

environment. Providers who combine high-quality care at a low cost will survive.

- Primary care physicians will continue to be the "gatekeepers" and will coordinate and manage patient care. Specialist physicians will be primarily hospital based.

- Genesys Health System must do what it can to ensure General Motors's (GM's) continued viability as the area's major employer. GM will continue to be the dominant employer, and healthcare cost containment will be a key to its continued ability to compete in a global market.



ous managed care organizations. The system serves more than 50,000 persons enrolled with HealthPlus of Michigan—a local HMO and independent physician association model—and virtually all the 10,000 enrolled patients of Blue Care Network, the Blue Cross HMO.

To develop an integrated delivery network and effectively manage risk for the population it serves, Genesys and its primary care physicians must accomplish one or more of the following:

- Acquire or develop an HMO
- Obtain direct contracting arrangements with GM and other major area employers

Genesys Health System is currently negotiating possible acquisitions or partnerships with various managed care plans.

Futuristic Hospital and Delivery System After evaluating the community's needs, Genesys Health System leaders decided to build a new hospital. The physical plants of the four existing hospitals are old, inefficient, and in need of renovation. The system decided to consolidate all inpatients at one location and to build a new facility to maximize efficiency and contain costs. Another reason for building the new medical center is to successfully merge the system's employees and physicians, who would be more likely to support the consolidation if they are merged into one new facility, built in a neutral location. Adoption of patient-focused care will promote efficiency, improve patient care, and create a new common culture built on Genesys's values.

Genesys leaders determined that the new facility would be jointly accredited by the American Osteopathic Association and the Joint Commission on Accreditation of Healthcare Organizations, retaining allopathic and osteopathic medical education programs.

In 1992 Michigan approved Genesys Health System's request to consolidate the 908 beds in its four hospitals into one new hospital. Earlier this year Genesys began site development on its new hospital and health park, located in Grand Blanc, just south of Flint. The 500-acre healthcare campus—Genesys Regional Medical Center at Health Park—will be based on the patient-focused care concept developed by Booz-Allen & Hamilton. In addition to the new hospital, the campus will include a medical office building, fitness center, pharmacies, ambulatory care facilities, and medical retail shops.

GENESYS REGIONAL MEDICAL CENTER AT HEALTH PARK

The 439-bed hospital, scheduled to open in 1997, will be the hub of the healthcare campus.

The system decided to consolidate all inpatients at one location and to build a new facility to maximize efficiency and contain costs.

The new hospital will be the first in the United States to be designed and built using patient-focused care concepts. The goal is to redesign and streamline work around the patient, providing services at the bedside whenever possible.

Booz-Allen & Hamilton studies show that paperwork and coordination of healthcare services cost twice as much as direct patient care. To address these problems, a computer information system will support the patient-focused care approach. Bedside computers connected to physicians' offices and other service locations throughout the system will provide up-to-date test results and patient records. The computer information system's goal is to eliminate all paper records.

The **Box** lists many of the positive changes Genesys leaders expect as a result of the patient-focused care approach at Genesys Regional Medical Center at Health Park. Genesys has the potential to become one of the most cost-efficient healthcare delivery systems in the United States. We expect to reduce costs by more than \$18 million a year. And we hope to keep the 1997 cost per discharge equal to the 1992 cost per discharge, when adjusted for inflation.

More than 600 allopathic and osteopathic physicians from the four member hospitals will have access to state-of-the-art and emerging technology and equipment at the medical

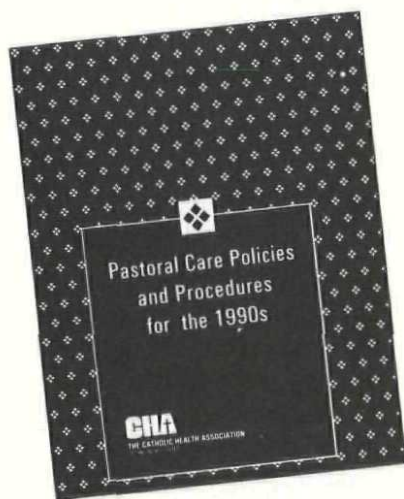
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POSITIVE EFFECTS OF PATIENT-FOCUSED CARE

Flint, MI-based Genesys Health System's patient-focused care approach is expected to have the following positive results:

- Decentralization of ancillary services will accelerate diagnosis and treatment by bringing technology, including bedside computers, to patients.
- The traditional nurses' station will disappear, eliminating wasted time and motion.
- Small teams will assume more responsibility for each patient's well-being.
- Specialist physicians will be integrated into the hospital through the placement of professional offices adjacent to operating rooms and diagnostic and treatment facilities.
- Cross-training of personnel will be integral.
- A paperless medical record system will increase accuracy, timeliness, and transmission speed, in addition to achieving further efficiencies.

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**THE CATHOLIC HEALTH ASSOCIATION
OF THE UNITED STATES**

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center-health park. Physician offices will be integrated into the medical center. Genesys leaders are refining patient-focused care concepts with the help of member physicians to increase physician efficiency and satisfaction, ensuring they have immediate access to their patients and the services they use most often. Services will be more efficient, test results will be more timely, and physician satisfaction should be greater.

THE PATIENT-FOCUSED CARE VISION

Genesys leaders have established employee transition teams to implement the patient-focused care concept in all areas of Genesys Health System before the new hospital opens. Seven distinct patient care areas will be present in the new facility, including: emergency/diagnostic, general medicine, general surgery, cardiovascular/thoracic/vascular, maternal child health, orthopedics/neurology/rehabilitation, and community services.

With patient-focused care, Genesys is effectively creating a new culture, where "care pairs" and self-directed work teams will be empowered to assume more responsibility for each patient's well-being. Cross-training and teaching new skills to personnel are integral to the Genesys care concept and will help promote the self-directed team approach.

Such an approach will help Genesys meet its goals of providing high-quality patient care, improving access to healthcare, and promoting cost efficiency. We believe the changes we are implementing will ultimately lead to higher satisfaction for patients, physicians, and staff. In addition, these changes will improve the business climate in the Flint area. The containment of rising healthcare costs will enable GM (which now spends more than \$1,000 on employee healthcare costs for each vehicle produced) to better compete in the global market and to remain in Flint. □