

PORTAL TO THE COMMUNITY

Dedicating a Facility to Ambulatory and Long-Term Care Completes the Continuum for a New Jersey System

In communities across the United States, demographic and structural changes within healthcare, as well as government reform initiatives, are forcing providers to rethink their models of healthcare delivery. To serve the growing population of chronically ill elderly and persons without access to primary care, hospitals and healthcare systems must shift their focus from inpatient acute care to ambulatory care, from a sickness to a wellness model, from a higher-cost to a lower-cost mode, and from a single-site model to a multisite system providing a continuum of care. This will entail a major shift in emphasis for hospitals, physicians, and consumers, whose experience has been with an acute care, inpatient, hospital-focused model of healthcare.

In 1988 Cathedral Healthcare System, Orange, NJ, embarked on a major restructuring of its delivery system. The healthcare system's first step was to convert one of its three hospitals—Saint Mary's in Orange—from an acute care to an ambulatory care facility. As New Jersey's first ambulatory care hospital, Saint Mary's has begun to redefine urban healthcare to make it more responsive to the long-term healthcare needs of the community.

Summary In 1989 Cathedral Healthcare System, Orange, NJ, began a strategic planning process that culminated in a decision to create a continuum of care. Converting one of its three hospitals from an acute care to an ambulatory care facility gave Cathedral an opportunity to address fiscal realities and at the same time further develop its continuum of care. The converted hospital (Saint Mary's in Orange) would be a key component of a full continuum of care for area residents. Saint Mary's would also serve as a portal of entry

NEED FOR AMBULATORY CARE

The overall goal of the restructuring process was to enable the system to provide a continuum of care with services or affiliations that would address area residents' healthcare needs over their entire life span and in a variety of settings. Planners agreed that a successful approach would require reducing the number of acute care beds in the system and, ultimately, increasing the system's long-term care capabilities.

Through the continuum of care prism, Cathedral Healthcare System's board and management analyzed the environment, community needs, and strengths and weaknesses of its three hospitals. When identifying the components of the continuum, system leaders realized that one facility should become the portal of entry into the system, focusing on preventive, primary, and ambulatory care, as well as on community education.

The conversion of Saint Mary's—the first major step in Cathedral's restructuring—began in October 1989. In addition to providing ambulatory care services to local residents, Saint Mary's care givers would refer patients who needed acute care to the appropriate facility within the system. The other Cathedral Healthcare System hospitals are Saint Michael's Medical Center and Saint

to the system's services.

The community's need for affordable, accessible healthcare has been well documented. Converting Saint Mary's to alternative uses was one approach the system could take to better meet the needs of this underserved population.

In addition to providing ambulatory care, Cathedral will be transforming the acute care beds into much-needed long-term care beds. The conversion will enable Saint Mary's to meet the needs of a growing aging population.

BY JEFFREY A.
WARREN & JULIA A.
WALSH, MD



Mr. Warren is executive vice president, corporate development, Cathedral Healthcare System, Orange, NJ; Dr. Walsh is lecturer, Department of Population and International Health, Harvard School of Public Health, Boston. This article is adapted from a presentation to a subcommittee of the World Health Organization, Geneva, December 1991.

James Hospital, both located in Newark. Saint Michael's is a 411-bed tertiary teaching hospital, with centers of excellence in cardiology, infectious diseases, medicine, hematology, and vascular surgery. Saint James is a 189-bed community hospital with an active emergency room and a broad array of secondary services, including laser surgery, pediatrics, and orthopedics.

Economic Distress The Orange community's need for affordable, accessible healthcare has been well documented. Like other urban areas, the city has experienced setbacks to its economic base as a result of factory relocations, elimination of jobs, and suburban migration. Children in Orange are at greater than average risk for lead poisoning, and the city has high rates of infant mortality, neonatal mortality, fetal mortality, and perinatal mortality. Because of the predominance of low-income individuals and families without the means to purchase or participate in preventive care, there is an increased risk of heart disease, cancer, hypertension, glaucoma, and other diseases.

In addition, the surrounding urban area has one of the highest unemployment rates in the state, as well as a significant population with AIDS, tuberculosis, and drug-related problems. These groups include considerable numbers of underinsured people with higher than average utilization of healthcare services.

Barriers to Access At the same time, barriers to access, including the cost of healthcare, keep many of these people from seeking care. As a result, they are often sicker when they arrive at either a physician's office or—more likely—a hospital emergency room. And although their immediate health problems may be addressed, they are unlikely to receive the kind of care that will lead to long-term improvement of their health status.

Excess Bed Capacity Converting an acute care hospital such as Saint Mary's to alternative uses was one approach Cathedral Healthcare System could take to better meet the needs of this underserved population. It was also consistent with the priorities set forth in the 1987 *New Jersey State Health*

An education process explained the benefits of ambulatory care services.

Plan. The plan noted that excess bed capacity and lack of alternatives to inpatient acute care was making healthcare expensive and inefficient.

Fiscal Constraints The conversion also made sense from a fiscal perspective. Like other small community hospitals across the United States, through the 1980s Saint Mary's experienced a steady decline in inpatient admissions, increased

costs, and a shift from inpatient to outpatient care, brought about largely by a revolution in technology and treatment. The economic pressures on Saint Mary's became so great that it was no longer economically feasible for the hospital to continue as an acute care facility.

GAINING COMMUNITY AND PHYSICIAN ACCEPTANCE

Despite the compelling need for ambulatory care services, the conversion of Saint Mary's was fraught with obstacles. Those included resistance by physicians and individuals in the community who opposed the closure of the acute care facility, as well as the financial risks of maintaining a large physical plant during the transition. To address the concerns of those who opposed the transition, Saint Mary's embarked on an ongoing education process about the benefits of providing ambulatory care services within a continuum. This was essential to gain support of physicians, consumers, and business and community leaders.

The challenges we faced in convincing doctors and consumers to fully utilize Saint Mary's immediately following the conversion was a reflection of the difficulty in changing public habits and norms associated with traditional acute care. The commitment of the system's president and chief executive officer (CEO), as well as that of the board of governors, has been essential. It has taken the full financial and organizational strength of Cathedral Healthcare System to support Saint Mary's through this transition.

However, the difficulties faced during this time did not prevent Saint Mary's from expanding its primary care, diagnostic, pain management, same-day surgery, and other ambulatory care services. The following are among the programs and

services Saint Mary's offers:

- No-appointment urgent care
- Same day surgery
- Specialized wound care
- Pain management
- Foot care
- Eye care
- Dental care for the disabled
- Patient transportation
- Senior membership program
- Mammography
- Physical therapy
- Vascular diagnostic laboratory
- Radiology, laboratory, and other diagnostic

services

- Home care

LONG-TERM CARE

The conversion of Saint Mary's into an ambulatory care hospital has had the added benefit of freeing up 190 beds for long-term care. Once the long-term care facility is operational, it will alleviate the chronic shortage of home beds in the service area, especially for patients whose care is paid for by the government (a major concern identified by the New Jersey Department of Health).

The oversupply of acute care beds in Essex County has long been a concern to public policymakers. In 1991 the county had 6.4 acute care beds per 1,000 population, which was 60 percent above the national standard. Projections through the year 2000 reveal a potential for 2,381 excess acute care beds.

As of 1992, Essex County was the second-most populated county in New Jersey. With 100,000 residents over the age of 65, it also had the third-largest elderly population in the state. And although a 1989 New Jersey Department of Health survey revealed the county appears to have an adequate supply of long-term beds, a projected shortfall of 400 Medicaid long-term care beds in three neighboring municipalities points to a clear need for more beds. Moreover, this projected shortfall may be understated due to the counting of "paper beds" (beds that have been approved but not constructed).

Other figures underscore the need for more widely available long-term care services. State Department of Health statistics reveal that more than 40 percent of patients in acute care facilities awaiting long-term care placement are on Medicaid or a combination of Medicare and Medicaid. The average wait for placement has been up to two months for patients in some acute care facilities and from three months to a year for

individuals at home or in a psychiatric facility.

At the time of the Saint Mary's conversion, a review of nursing homes in the immediate service area found "Medicaid Waiting Lists" at 87 percent of the facilities surveyed. Within Cathedral Healthcare System's facilities, an average of 20 patients, a majority of whom are Medicaid-eligible, were awaiting long-term care placement per month. The data clearly demonstrated a strong demand for long-term care beds and also verified the ability of Saint Mary's long-term care facility to maintain a high occupancy rate, even if admissions were limited to Cathedral Healthcare System patients awaiting placement.

COMMUNITY OUTREACH

Saint Mary's conversion to an ambulatory care facility has also allowed the hospital to strengthen and enhance its community outreach programs. The healthcare facility is currently seeking to formally establish direct linkages with local community agencies, as well as the city of Orange and neighboring towns, to pursue joint service arrangements.

The success of a senior membership program focusing on health screenings and educational programs attested to the community's need for preventive and wellness programs provided in a convenient setting.

A NEW MODEL OF CARE

As New Jersey's first ambulatory care hospital, Saint Mary's is an experiment with a new model of care. Today, the hospital is focused on becoming a leading provider of primary care within a managed care system that also offers comprehensive long-term care services. This new model of care is driven, in part, by a stated priority of the system's president to make wellness and health education essential elements of service. Cathedral Healthcare System continues to move toward a healthcare model that is more outpatient oriented, focusing on predictable chronic diseases among the growing elderly population and on necessary primary care for all.

Converting an acute care hospital into an ambulatory care facility has its risks. But the first generation of ambulatory care centers must succeed if they are to convince payers, politicians, and the public of their value in providing a new paradigm in healthcare delivery, one that recognizes the significant value of preventive and primary care, health maintenance, wellness, and community outreach as part of a well-structured continuum of care. □