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NAVIGATING THE CHALLENGES OF REGULATORY CHANGE AND RAPID GROWTH

An Interview with Neil Meltzer, President and CEO of LifeBridge Health

Today's healthcare environment is quickly evolving, driven by sweeping regulatory changes, shifting patient demands, advancing technology, and growing competition. How companies adapt to these shifts can mean the difference between success and failure.

Such is the case with LifeBridge Health, a leading provider of healthcare-related services throughout the Baltimore region. LifeBridge consists of Sinai Hospital of Baltimore, Northwest Hospital, Carroll Hospital, Levindale Hebrew Geriatric Center and Hospital, LifeBridge Health & Fitness, hundreds of primary care and specialty physicians, and various affiliated health-related partners.

The following is an exclusive Q&A with Neil Meltzer, President and CEO of LifeBridge Health, who shares insights on how the organization has successfully adapted to regulatory changes and rapid growth to become one of the most profitable healthcare providers in Maryland. The interview was conducted by Chris Helmrath, Managing Director of SC&H Capital.

Q: *In recent years, many industries have faced ongoing uncertainty and regulatory changes, and healthcare is no exception. Considering this environment, how has the LifeBridge executive team prepared for the future?*

A: One of the things we have continually focused on is the relationship between our goals, our strategy, and the needs of our patients—not just following the example of other organizations. For instance, when the ACA passed back in 2010, rather than collecting and stringing together hospitals like many health systems did, we began to flesh out a continuum of care. We recognized that healthcare needed to remain local.

To be successful in this this kind of model, you need to control many aspects of the care continuum. We conducted a gap analysis of our care continuum and discovered that although we were sufficient in ambulatory services, we weren't sufficient in urgent care or post-acute care.

Q: *What steps did you take as a result of the gap analysis?*

A: We focused on hiring primary care physicians. In fact, approximately 25 to 30 percent of our 550 employed physicians are now primary care physicians. We also partnered with companies in radiology, physical therapy, and laboratory medicine, as well as two surgery centers.

For instance, we partnered with ExpressCare to provide urgent care and Pulse Transport to create our transport service. Now we deliver long-term care in five facilities and focus on housing and assisted living.

Q: *What are some scenarios of what the ACA requires in relation to the delivery of quality care, as well as setting, time, and cost?*

A: When we talk about ambulatory care, we talk about providing the best value care to the patient, which means the highest quality at the lowest cost in the right setting. Historically, achieving this goal has entailed providing most care in a hospital setting.

However, in Maryland the industry is regulated, and hospitals are expensive. They are treated much like public utilities, with rates set by a commission. Further, if a patient is readmitted to a hospital in the emergency department or an inpatient setting within 30 days, the hospital doesn't get paid. So, Maryland has an incentive to reduce readmissions.

When you provide community care, the rate-setting commission doesn't have authority over pricing at those sites. Therefore, you can provide a lower cost treatment. For example, if a patient requires cataract surgery or screening

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services for gastroenterology or a colonoscopy, it is much less expensive and disruptive for the patient to receive those services at an ambulatory surgery center, which is a freestanding facility usually located in a suburban area.

Q: *In addition to identifying the right setting and cost for the best healthcare value, how has LifeBridge addressed other challenges of community care?*

A: A big part of it is prevention and screening, which is a key component of the ACA. We now need to deal with many social determinants of health, and if you generally look at healthcare, only about 30 percent is related to services provided in a hospital setting. Much of the impact on an individual's health is based on where they live, how they live, and how they function

Our incentive is to keep those patients healthy and at home. It's better for the patient and reduces the total cost of care. Unfortunately, there is no one-size-fits-all solution for preventing patients from returning to the hospital or providing the right kind of care. Every community has unique issues, and you need to identify the best approach to have a positive impact on patient care.

For example, our team found a woman who had returned to the hospital 100 times! We went to her home and discovered she was a single mother of four with no stove or knowledge of basic nutrition. So, we purchased a stove, filled her fridge with healthy food, sent her to three nutrition classes, and continue to conduct weekly home visits. She hasn't been back to the hospital once.

Q: *The big challenge seems to be affordably delivering this type of quality care on a nationwide level. What lessons have you learned to show others it can be done?*

A: One thing we've learned is that you must make it a priority to set the right culture. We found that providing high-quality care in the long term is less expensive than fixing an immediate problem. We also recognized that to make this work and be cost effective, we need community partnerships.

Also, while there's a wealth of community knowledge and services out there, they must be effectively coordinated. By focusing on a model that allows patients to remain at home and form relationships with community-based services, we have become the center for coordinating care. Meanwhile, we can tap into available community resources to provide the right kind of services to patients, keeping them out of the hospital and lowering the total cost of care.

Q: *Another issue businesses have been grappling with is how to address population changes, such as the aging Baby Boomer generation. What is LifeBridge doing to address this challenge?*

A: Many things, but chief among them has been improving the continuum of care between hospitals, long-term care facilities, and home care to decrease hospital readmissions from nursing homes.

For instance, there are patients in our three acute care hospitals that require long-term care. Some would typically not be accepted at other long-term care facilities. However, because we own these facilities, we can move patients between sites, allowing us to increase bed capacity at the hospital, provide the appropriate level of treatment at the long-term care facility, and worry less about the reimbursement issues surrounding it.

Other steps we've taken include creating a company to provide home care for patients transitioning between the hospital and long-term care facilities, as well as developing a quality forum to advise other long-term care facilities

Q: *This is a great segue. In 2015, you announced the acquisition of Carroll Hospital Center, a hospital that has served the Carroll County community since the 1960s. The acquisition was even named "Deal of the Year" by ACG Maryland. Please talk about your accomplishments from this deal, including how it has helped LifeBridge to achieve its goal of improving the continuum of care.*

A: The acquisition has been great for LifeBridge and Carroll Hospital, allowing both organizations to execute on far more initiatives than we would have as standalone entities.

For example, while Carroll Hospital had already created their strategic plan for the next five years, much of what they set out to do would have been more expensive as a free-standing entity. We identified significant cost savings by consolidating certain core, back-of-the-house services. Further, we invested $250 million for facility construction and the expansion of medical services, allowing them to receive a state of Maryland grant for the first time in over a decade.

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We also provided clinical expertise, which Carroll Hospital had been purchasing due to its location and relatively small size and demand for certain key services. And, we made a $50 million contribution to the endowment fund of the Carroll Hospital Center Foundation, which funds patient care and community education programs.

As a result, the deal has better positioned Carroll Hospital and helped us to improve the continuum of care. Also, since the communities that LifeBridge and Carroll Hospital served overlapped to a large extent, we were able to integrate our medical staff in only a year and a half

Q: *If you look back over the last seven years, LifeBridge has grown, transformed operationally and clinically, and continued to invest in the community. What are some of the greatest lessons you've learned in addressing changes?*

A: No matter what happens or where you are in the country, folks relate to their local organization. Also, there is no substitute for high-quality, cost-effective services and a dedicated and energized staff. Without either, you can't move forward as an organization. Employee and physician engagement is key.

Finally, unless you continue to grow, you end up fading away. The market is moving fast, and healthcare is changing in many ways. We still have board members, physicians, and staff who have trouble wrapping their heads around healthcare changes. It's difficult to go from the mindset of "volume is everything" to value becoming the driving force. But, we are finding that when everyone focuses in the same direction, you can achieve great things.

Q: *Any final advice you'd like to share for other businesses experiencing rapid growth or facing significant regulatory change?*

A: Explore and embrace partnerships with organizations that can provide different perspectives. With the right partners and expertise, you can more effectively navigate industry changes and identify potential transactions. In the end, they can be the difference in finding the right time and right opportunity to successfully transform your business.

To learn more about how to address regulatory change and most effectively capitalize on strategic growth opportunities, click here for insights and best practices from the SC&H Capital team.

About Neil Meltzer

Neil started at LifeBridge Health nearly 20 years ago as the Vice President of Operations for Sinai Hospital. Since then, he has become President and CEO, helping to grow LifeBridge as Maryland's fourth largest health system. Neil has also been a community leader, appointed by the President of the United States as a member of the National Health Care Workforce Commission and serving as the national chairman of the American Heart Association. Learn more about LifeBridge Health at www.lifebridgehealth.org.

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