Solo Practitioner

With much drama behind and much work still ahead, hospital preps to go it alone

Business Courier of Cincinnati - by James Ritchie, Staff Reporter

Christ Hospital CEO Susan Croushore knew immediately what the hospital's leaving the Health Alliance meant for her: She would have to stand against her employer, and specifically the man who hired her, Health Alliance CEO Ken Hanover.

"It was a very easy decision for me," Croushore said. "I was hired to be the executive for the Christ Hospital, and that opportunity was the reason I moved to Cincinnati. I always made it clear that I needed to look out for the best interest of the hospital."

The easy decision didn't mean easy days ahead, however. With a vastly expanded job description, Croushore is now leading a transition to independence that will remake Christ Hospital - and the Greater Cincinnati hospital market.

But the challenges she faces as she tries to rebuild the hospital's technology, back-office functions and management team are unprecedented and pose a constant threat to the progress she's made.

The hospital and the Health Alliance continue to fight in court over terms of the split, including division of assets and debt. The Health Alliance is proceeding with an appeal. And a separate federal whistle-blower lawsuit unsealed in April could mean as much as $123 million in liability for Christ.

"Big picture, in our minds, it's obviously a significant waste of charitable assets to rebuild all of the essential infrastructure," said Tony Condia, spokesman for the Health Alliance.

But when a 555-bed hospital like Christ forges ahead, especially one with a $700 million foundation to back it up, it generates momentum.

Goal: finish transition by July

Croushore, who came to the Health Alliance in 2003 from Philadelphia, knew for about a year before the Christ board's early 2006 withdrawal notice that the board was unhappy with the amount of investment it was getting from the system. But board confidentiality meant she didn't know it planned to leave the Alliance.

"I always viewed the situation as fixable," she said, "by getting the right people around the table and seeing what could be done."

It didn't work out that way. She's now resolved to get the transition done by July.

"It would usually be a two- to three-year process," she said. "What we've tried to do is make the changes very quickly, in about a year's time. I think the major challenge for us has been the pace of what we're trying to do
With strong profits and its foundation, Christ came to see its membership in the Alliance as more a liability than a benefit.

"Hospitals don't merge because they want to get all warm and cozy," said James Unland, president of the Chicago-based Health Capital Group consulting firm. "They merge because they have to, because they can't get capital on their own - that's the biggest reason - and so they can go toe-to-toe with major insurers in reimbursement negotiations.

"I don't think a hospital this big has to merge with anybody. The medical staff and the facility are key. If they can get the capital to keep their facilities in top-notch condition, and maintain a good medical staff, they'll be fine."

Indeed, an insurer has to take Christ Hospital seriously, health system or no health system, said Tim Cappel, Ohio market president for Humana Inc., which counts 500,000 members in the Tri-State.

"Let's face it, size does have something to do with it," he said. "They're a valuable asset and a valuable entity that any health plan would want to have in their network, if they can get the right price."

Recreating all the infrastructure

Major areas being developed are patient access and revenue, human resources and information technology, all functions that had been handled by the Health Alliance, which Christ helped found in 1995.

"This project is unique in that it's recreating all of the infrastructure at once," said Jim Pizzo, a partner in Accenture, the Bermuda-based consulting firm guiding Christ Hospital through its transition. "Normally we would have more time. It's similar to starting a new hospital. The only difference is that it's sort of like building a car while it's moving. The existing care of patients has to take priority over the duties we're doing. There's no relief for management - everyone is doing two jobs."

The hospital has made key hires recently, including a chief information officer, directors of patient financial services and supply chain, an executive director for its new primary care physician group, vice presidents of human resources and medical affairs and a controller. They have come from the Health Alliance and other groups inside and outside Greater Cincinnati; several director-level positions remain.

"We've thought a lot about the type of person who is successful at Christ Hospital and what their key attributes are," Croushore said. "It's really a matter of finding people who believe passionately in what we're trying to do and are risk-takers and believe anything is possible. Because at Christ, we have a strong culture, we do a lot of peer interviewing and we're quick to pick up when people don't have the right perspective."

Christ also has brought on more than 100 workers and plans to add 100 more by the end of the year for business operations it's now running separately from the Health Alliance, including finance, accounting, information technology, revenue cycle and supply chain. Most are working in 30,000 square feet that the hospital has leased in the Grand Baldwin Building on Eden Park Drive near downtown.

Awkward days for croushore

Christ and the Health Alliance battled for more than a year before a judge in April 2007 ruled that the hospital could withdraw from the group. The litigation caused awkward days for Croushore, including when she was deposed and when she had to testify at the trial in Hamilton County Common Pleas Court.

But the worst was when she wrote a letter, for inclusion in court documents, outlining her concerns about the Alliance. She claimed the system was working to hamper patient referrals to the hospital and that some
of its actions could "compromise the future of the hospital and its mission."

"I didn't get any sleep that night," Croushore said. "I had always worked well with the Health Alliance leadership team, and I knew my actions would be viewed negatively by the Health Alliance team.

"But I've had a few situations throughout my career where I've had to do what in my own mind was the right thing. I've got to be able to look myself in the mirror and say, 'I did everything possible, I did what was right.'"

Croushore's integrity and communication skills made her the perfect choice to guide an independent Christ, said Dr. Alfred Kahn, a board member for the hospital.

"She is absolutely instrumental in what we're doing," he said. "She has provided incredible leadership during this incredible time. She's able to relate well to the board, to associates and to physicians, and that's not always easy to do."

Despite public acrimony, Croushore said, meetings between Christ and Alliance officials are still businesslike. That goes for the system's top executive, Hanover, who chose Croushore for her job after she was identified by a search committee.

"I have not seen Ken recently," she said, "but when I do, we have a cordial relationship, and we always greet each other."

Technical sophistication

Croushore's letter highlighted issues, particularly that of a referral network, that will remain crucial to the hospital's success.

The hospital's new wholly owned physician group, Christ Hospital Medical Associates, has hired five doctors and hopes to have 30 in place in the next 12 months. About 300 doctors regularly practice at Christ but are not employed by the hospital.

Christ also is spending tens of millions of dollars to rebuild its information technology systems. When it's finished in July, it hopes to be among the top 5 percent of hospitals in the country for technological sophistication.

"On the IT piece, we're actually designing many of the systems for them," said Condia, the Health Alliance spokesman, "and they're replicating many of the systems we already have in place. ... They're just reinventing the wheel in many key areas."

Christ officials said the Health Alliance was cooperating but called Condia's comments an exaggeration. Even as Christ and the Alliance work together on the transition, they continue to wrangle in court.

The Health Alliance is appealing Judge Fred Nelson's ruling that Christ and the St. Luke Hospitals in Northern Kentucky could withdraw from the system; a panel of three judges has been assigned in Ohio's First District Court of Appeals; and a first court date has been set for June.

It's unlikely a court decision could put the Health Alliance back together again, but it could affect Christ's takeaway of the Alliance's assets. A court-appointed consulting firm, VMG Health, put Christ's "termination value" at $185 million.

And Christ Hospital can look forward to years of court dates, and legal fees, even apart from the appeal. The federal government is pursuing a whistle-blower suit against Christ, the Health Alliance and the Ohio
Heart Health Center, accusing them of defrauding federal health care programs.

VMG reported the Health Alliance's potential liability at $424 million, if it loses, with $123 million belonging to Christ Hospital.

"I am terribly saddened by the waste of money at having to fight another lawsuit," Croushore said. "I would much rather use those funds on investing in our programs and facilities. But because Christ Hospital is strong financially and operates very efficiently, this is not a significant setback for us."

Upgrades in the pipeline

In fact, by the end of 2009, the hospital plans to complete $30 million in renovations or expansions at its Mount Auburn location, where it's been since 1898.

Among the larger renovation projects: outpatient nuclear medicine, at a cost of $8 million; medical intensive care on the hospital's seventh floor, $5 million; women's surgery on the eighth floor, $6.4 million; and radiology and catheterization, $4.6 million.

All of the work, Croushore said, is being funded with operating income - as is the entire transition. She also said that in the next 10 years, Christ officials hope to build a new patient tower to accommodate expected demand as baby boomers age.

Some of the ongoing projects have their origins in the Health Alliance days. But the Christ board cited the need to keep more up-to-date as a key reason for leaving the group.

"We had been making requests for years to upgrade our facilities, and we were consistently bumped to the bottom of the list," said Dr. James Wendel, an obstetrician who serves on the hospital's board. "We have recognized the need to upgrade and update the facilities, and we were never really able to realize that before. The building is not falling apart, but I would anticipate that we'll invest the appropriate amount of resources. We're not going to be hoarding cash like the Alliance did."

Christ's physical plant is, on average, 10.7 years old, according to the board. It would exceed 13 years if Christ's $77 million heart care tower, funded through its foundation, the Elizabeth Gamble Deaconess Home Association, were excluded. The national average, according to the American Hospital Association, is 9.8 years.

As they make their transition, Christ's leaders have few if any examples to follow.

The trend in recent years has been toward hospital consolidation. And even when systems have split, those typically have been without the protracted legal wrangling that has marked this breakup.

From 2000 to 2006, the number of hospitals belonging to health systems increased to 2,755 from about 2,540, according to the American Hospital Association, as the total of number of hospitals - about 5,700 in 2006 - stayed relatively flat. Roughly 2,000 hospitals belonged to groups in 1994.

"For a hospital this big to disengage from a system, I've never heard of it happening in recent times," said Unland, of consulting firm Health Capital Group. "Most activity is going the other way, and hospital mergers and consolidations are expected to continue to take place."

Christ board members say they're not particularly interested in acquiring or merging with other hospitals, though Wendel would not rule it out.

"We're always willing to look for ways to do things that make sense for the community," he said.
The hospital does show interest in a presence outside Cincinnati’s core.

It started an affiliation in November with Brown County Regional HealthCare in Georgetown and has a similar agreement with Adams County Regional Medical Center. Those areas, however, are far from the main action in the Greater Cincinnati health care. Some observers see Christ eventually jumping into the fray in Butler and Warren counties.

"Christ is seen as a very viable stand-alone if they choose to be that way," said Terry Horan, president of benefits consulting firm Horan Associates. "I can't imagine they wouldn't want a suburban campus at some time. And all the movement is up north."

Wendel outlined more modest plans. "With our patient satisfaction high, I don't know that there's a need to be everywhere," he said. "The thought is to have ambulatory positions out in the community. Before we joined the Alliance we had them in Delhi, Madeira, Mason and Blue Ash.

"We'd like to have settings that encompass testing, office space, the ability to have some things done remotely. And when you do need ... complicated procedures, you go to the hospital. But we're not talking about building a multimillion-dollar, multistory structure."

No matter what the hospital does, it will do those things while simultaneously facing legal challenges, at least for the foreseeable future. That means workdays won't get any shorter, or simpler, for Croushore.

She stays positive anyway.

"I try not to look backward, because it doesn't serve any process," Croushore said. "This is my first opportunity to lead a hospital (that's not part of a system). I am just really excited about the challenge."

The Croushore file

Name: Susan Croushore
Title: CEO, Christ Hospital
Age: 54
Career: Before coming to Christ Hospital in 2003, Croushore was CEO at Jeanes Hospital in the Temple University Health System in Philadelphia. Prior to that, she served as president of St. Joseph Hospital in Lancaster, Pa., and vice president of operations for Allegheny University Hospital in Philadelphia.
Education: Croushore holds a bachelor's degree in medical technology from Penn State University, a master's degree in microbiology from Thomas Jefferson University in Philadelphia and an MBA from LaSalle University in Philadelphia.

Timeline: March to Independence

- November 2005. Christ Hospital board engages a consultant "to assess the hospital's future."
- January 2006. Christ gives notice of termination to the Health Alliance.
- March 2006. The Health Alliance sues to keep Christ in the group.
- April 2006. Christ countersues, alleging "events of default."
- June 2006. The St. Luke Hospitals announce their termination from the group and join the litigation.
- December 2007. Christ moves some support functions from Health Alliance offices to space it has leased on Eden Park Drive near downtown.
- June 2008. First court date in the Health Alliance's appeal of judge's ruling that Christ and St. Luke could withdraw.
- July 2008. All Christ systems to be transitioned away from the Health Alliance.