

# SONOMA VALLEY HOSPITAL



## 2013 Three-Year Rolling Strategic Plan

Family Centered  
Integrative Birth Place  
Excellent Physicians  
Dedicated to Sonoma

Modern, State-of-the-Art  
Emergency  
Department

New Patient Centered  
Surgery Center

Electronic Records  
for High Quality  
and Safety

Restoring Health through  
Intensive and  
Acute Inpatient Care

High Level  
Specialty Care  
through Telemedicine

Environmentally  
Conscious

Extended Care  
with Skilled Nursing  
and Home Care

Affiliation with  
Marin General Hospital  
and Other Hospitals

Health Maintenance  
through Occupational Health  
and Outreach

Outpatient  
Rehabilitation  
Therapies

Diagnostics  
and Screening  
for Health Awareness

Healing with  
Integrative Health  
Practitioner Partners

Partnering to Create  
a Healthier  
Community by 2020

Improving Health  
via Women's  
and Senior Wellness

Improving Lifestyles  
with Weight Loss and  
Orthopedic Surgery

## Executive Summary

Sonoma Valley Hospital ("SVH") is poised to enter a new era of service to the community. The hospital has made tremendous strides in stabilizing its financial performance, dramatically improving patient service levels and is in the process of upgrading its physical plant. At the same time, the institution has had, and will continue to have to make critical choices about services it should, and should not, offer.

*Beginning with this plan and this year, SVH needs to redefine itself for the future in order to remain healthy and provide much-needed community services.*



**OUR VALUES: C.R.E.A.T.I.N.G** **Compassion:** We show consideration of the feelings of others at all times. **Respect:** We honor and acknowledge the value of the people, places and resources in providing care. **Excellence:** We strive to exceed the expectations of the people we serve. **Accountability:** We are reliable, self-responsible owners of the outcomes of our organization. **Teamwork:** We are productive and participative staff members who energize others. **Innovation:** We seek new and creative solutions to deliver quality healthcare. **Nurturing:** We cultivate, develop and educate those with whom we work to achieve their highest potential. **Guidance:** We direct and lead our community members through their healthcare journey and in health improvement.





## Strategic Priorities 2013 - 2014

### 1) REINTRODUCE THE HOSPITAL TO THE COMMUNITY AS A QUALITY CHOICE FOR A LIFETIME

Attract district residents to Sonoma Valley Hospital as a Healing Center committed to high quality of medical services and patient care with a state-of-the-art Emergency and Surgery Center and Active Aging Programs, including the provision of services and procedures supporting lifestyle improvement, such as Bariatrics, Orthopedics, and Women's Health.

### 2) INSPIRE SONOMA EMPLOYERS TO OFFER HEALTH PLANS THAT USE SVH AND PHYSICIANS IN MERITAGE MEDICAL NETWORK

Increase revenues by promoting health plan partners (e.g., Western Health Network) as an alternative to Kaiser for Sonoma Valley residents and enhance referrals from non-acute care health providers.

### 3) PROVIDE SPECIALTY CARE WITH TELEMEDICINE AND HOSPITAL PARTNERS

Continue to implement the regional service model to provide specialty care through telemedicine, partnering sub-specialty physicians and Marin General Hospital to attract and serve district residents here at home.

### 4) WORK WITH PHYSICIAN AND HEALTH PLAN PARTNERS TO POSITION SVH FOR HEALTHCARE REFORM

Aggressively continue to improve financial health through quality and efficiency initiatives to achieve the triple aim of higher quality, lower healthcare costs and increased access to care.

### 5) IMPROVE THE HEALTH OF SONOMA VALLEY RESIDENTS

Lead Sonoma Valley in becoming a healthier community through outreach, health screenings and health risk assessments in addition to partnering with other health providers, non-profits, government agencies and schools.



**NEW HOSPITAL SYSTEM**



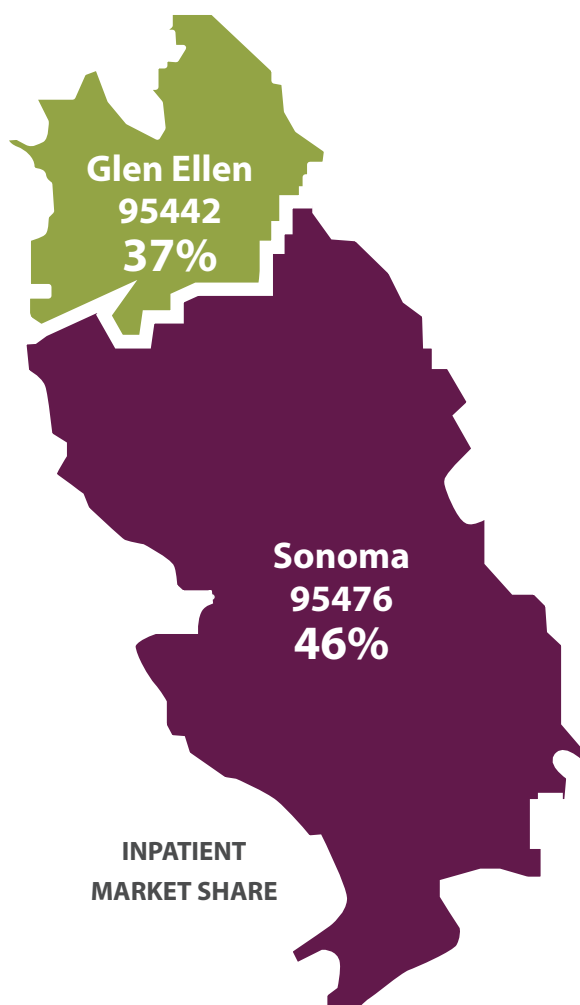
## Environment Assessment

The hospital, like many others, faces numerous challenges and rapid changes to the environment and market in which it operates.

- Advances in medical treatment and practices are rapidly changing the types of services regional hospitals must offer. Emphasis is shifting from hospitals as inpatient facilities to that of providing outpatient services and procedures.
- Improvements to technology, increased competition, and growing oversight by insurance companies and government are all driving hospitals to lower costs, or face extinction.
- Specialized providers are cherry picking clients and services and diminishing a hospital's ability to cross-subsidize unprofitable or "necessary to provide" services.
- Tight integration of physicians and networks of hospitals are lowering the costs of providing service and protecting market share for those affiliated.
- Advances in the use of information technology open the door for hospitals and physicians to provide integrated care, thereby lowering costs, improving outcomes and advancing to best practices.



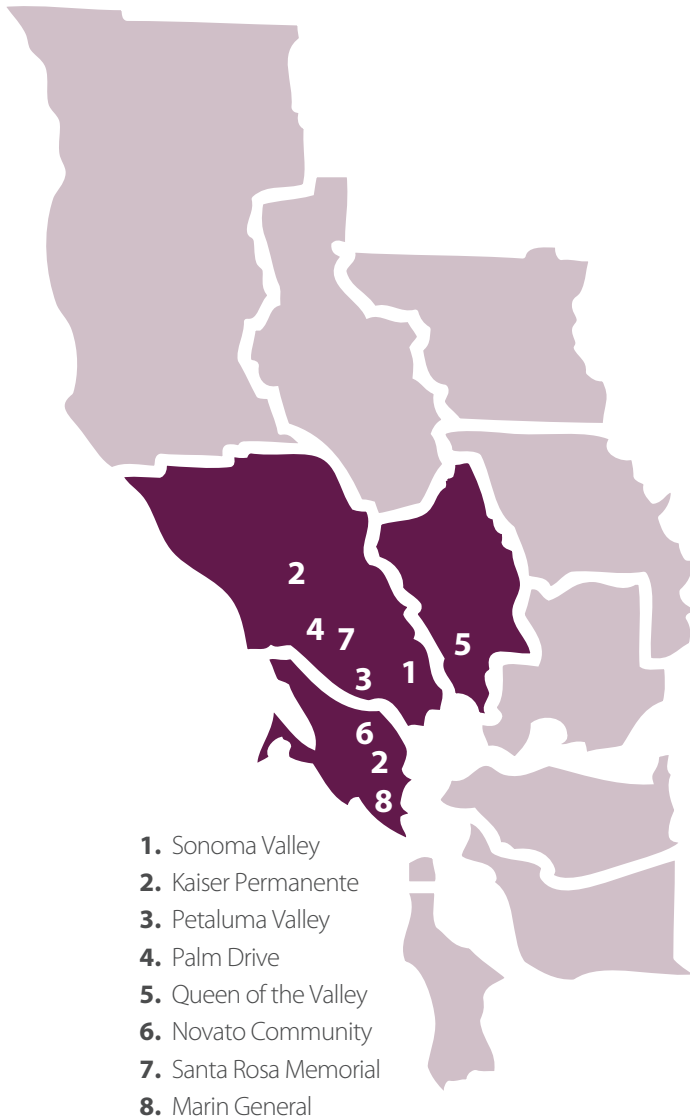
## Situation Analysis



- SVH serves a very small community making it difficult for the hospital to ever be fully compensatory (i.e., it may always have a need for both community and philanthropic support at some level).
- SVH's service area has a disproportionate share of 50+ residents, and is under-represented in younger age categories. Seniors make up a significant portion of the SVH market with 19.5% of the combined service area being over 65 years of age. This is significantly higher than the 13.2% average in the United States.
- SVH's service area has a large and fast growing Latino population. By 2016 more than 32% of the service area population will be Hispanic. Latinos are expected to make up over 50% of California population by 2050, and that benchmark could be reached in the SVH service area before that time.
- SVH has dramatically improved its service delivery over the past few years and now ranks above the national average for customer satisfaction.
- Consistent with other institutions, the hospital has experienced significant declines in inpatient volumes.
- However, outpatient revenue is increasing dramatically, up by ~50% between 2010 and 2013 (on a "Gross" basis).
- Hospital margins are extremely low with some services breaking even. Lifestyle procedures (e.g., Joint Replacements, Bariatric and Lap Band Surgeries) are both profitable and potential areas of growth.
- The hospital is known and valued by the community for its emergency care services.
- SVH has a good share of the market for Medicine, Gynecology, Inpatient Rehab/Skilled Nursing, Outpatient Rehabilitation, Home Care and Diagnostics. SVH is showing positive growth and recovery in General Surgery and Orthopedics.
- Demand for new/additional physicians in the SVH service area should be relatively low during the planning period. Expected growth varies by sub-specialty, but is generally under 5% between now and 2016.

## Competitive Assessment

- SVH is one of eight hospitals in a 25-mile radius from Sonoma, and is significantly smaller than all but one of these facilities.
- Outpatient surgical market share for the primary service area went up significantly from 27% in 2010 to 34.7% in 2012. However, SVH still experiences significant outmigration for surgeries, which can easily be done locally.
- Kaiser Permanente is by far the most important competitor to SVH. Between 19% and 24% of SVH's high priority outpatient procedures performed for residents in the combined service area are handled by Kaiser's hospitals. Patients are attracted to Kaiser due to its attractive pricing for its HMO offering despite experiencing considerable inconvenience in traveling to facilities in neighboring communities.
- Queen of the Valley in Napa and Petaluma Valley Hospital are secondary competitors for outpatient surgeries. Queen of the Valley handles about 19% of Sonoma Valley residents' outpatient surgeries and Petaluma handles about 9%.
- Marin General Hospital now has 6% inpatient market share up from 3% in 2010, which shows the regional partnership is effective.
- Emergency market share continues to be high at 70% for the combined service area and the number of emergency visits is increasing each year.





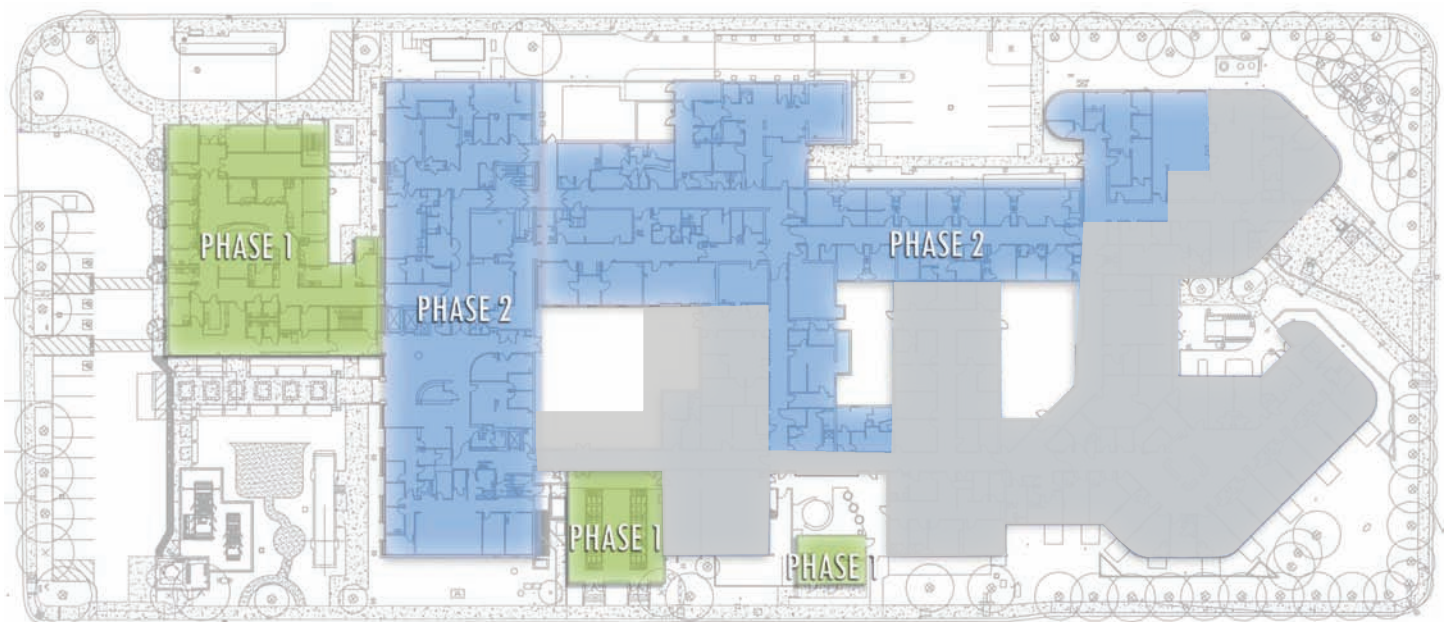
## The Future

SVH has emerged from a period of turmoil and uncertainty and has made significant progress in stabilizing the organization and dramatically improving service delivery and quality. With generous support from the community the hospital has almost completed construction of a new emergency center and surgical wing, expected to open in November 2013. The hospital has also been able to address long-standing deferred maintenance issues to bring older facilities up to seismic requirements, which will allow these areas to function effectively for another 20 years.

While this plan focuses on significant new initiatives that respond to anticipated changes in the environment over the next 1-3 years, there are always on-going initiatives that must be continued. Without enumerating all of the continuing work, a few examples include: continue to invest and improve quality and informatics, stay open to the opportunity of a new Medical Office Building, recruit physicians with Prima Medical Foundation to replace retiring physicians and plan for phase 2 upgrades of the current hospital.

However, significant challenges remain for SVH. Reimbursement from Medicare and Medi-Cal is significantly lower than costs and the hospital still relies on the support of a temporary parcel tax to achieve financial stability. The future is likely to see continuing declines in inpatient volumes, enhanced competition for outpatient services, and tremendous pressure on margins as insurance companies and government policies work to reduce reimbursement for care. The community has been very generous in recent years through the approval of two General Obligation Bonds, the parcel tax and significant philanthropic contributions. The hospital must work to reduce its dependence on community support and to become as financially stable and successful as possible over time.

Therefore, in order to continue to be a healthy institution with the wherewithal to provide the emergency, hospital care and community oriented services required by residents of the Valley, the hospital will focus on the 5 strategic priorities for the next 3 years.



# Implementation Plan for the Strategic Priorities

STRATEGIC OBJECTIVES	Qtr 1	Qtr 2	Qtr 3	Qtr 4	FY 2015	FY 2016
<b>Reintroduce SVH To Community</b>						
Focused marketing of Orthopedic and Bariatric Surgery	X					
Promote Women's Health loyalty program to increase diagnostics, therapies and screenings	X					
Open state-of-the-art Emergency Department		X				
Open and market state of the art Surgery Center		X				
Increase messaging to community to improve the hospital's reputation through sharing quality and financial results			X			
Begin national recognition as a Healing Hospital			X			
Open Joint, Knee and Spine Pain Center at outpatient rehab				X		
Implement Fast Track emergency service					X	
Implement Phase 2 upgrades on 1st floor					X	
Create Integrative Women's inpatient unit on 3rd floor						X
<b>Increase Revenues Through Health Plan Growth And Health Partner Referrals</b>						
Promote Western Health Advantage to local employers	X					
Expand Telemed 4 U program to increase surgeries		X				
Increase Napa State Hospital referrals		X				
Consider partnering with Medicare Advantage plan			X			
Work with Palm Drive Hospital on cross referrals			X			
Expand home care agency to Marin County			X			
<b>Regional North Bay Health System Guiding Patients To Needed Level Of Care</b>						
Complete physician sub-specialty clinics	X					
Promote Hospice and Palliative Care partnership	X					
Community availability of high quality care and access through telemedicine		X				
Grow practices with Prima Medical Foundation			X			
Enhance awareness of tertiary hospital partnerships				X		
Start regional consolidations with Marin General Hospital					X	
Implement and promote Patient Portal			X			
<b>Position SVH For Healthcare Reform</b>						
Implement a cost accounting system	X					
Restructure inpatient and observation care for efficiency		X				
Complete overhead consolidations with Palm Drive			X			
Complete Sevenex waste reduction practices			X			
Work with Meritage Medical Network on ACO				X		
Explore Community Care Network				X		
<b>Improve The Health Of Sonoma Valley Residents</b>						
Market the Integrative Health Network	X					
Promote and expand Senior Wellness program	X					
Continue Sonoma Valley Health Roundtable actions to increase prevention and improve resident health status	X					
Reduce re-admissions with County coalition		X				
Implement bi-lingual signage and communications		X			X	
Add a patient navigator			X			
Open Health Assessment Center with Parkpoint			X			
Show improvement toward Healthy Sonoma 2020					X	