

Vision 2020 And Beyond

Sonoma Valley Hospital

Three-Year Rolling Strategic Plan | 2020-2022



Introduction

Sonoma Valley Hospital is undergoing a period of reinvention, moving from a traditional small community hospital model toward a more sustainable role within a rapidly changing healthcare system. This is necessary to respond to the new realities in healthcare, one of which is that fewer and fewer patients will stay overnight in a hospital, and that most care today is being provided on an outpatient basis and will, in the future, increasingly be provided outside of a hospital

We have learned that you cannot simply revise the traditional hospital model through cost-cutting and greater efficiencies to maintain competitiveness. While these will help, they do not address the challenges posed by the fundamental shift now underway in how healthcare is delivered. What is required is rethinking the role of a small hospital and how it serves its community while maintaining the essential emergency services the community expects. This thinking is what drives this strategic plan.

Regional Healthcare Center Vision

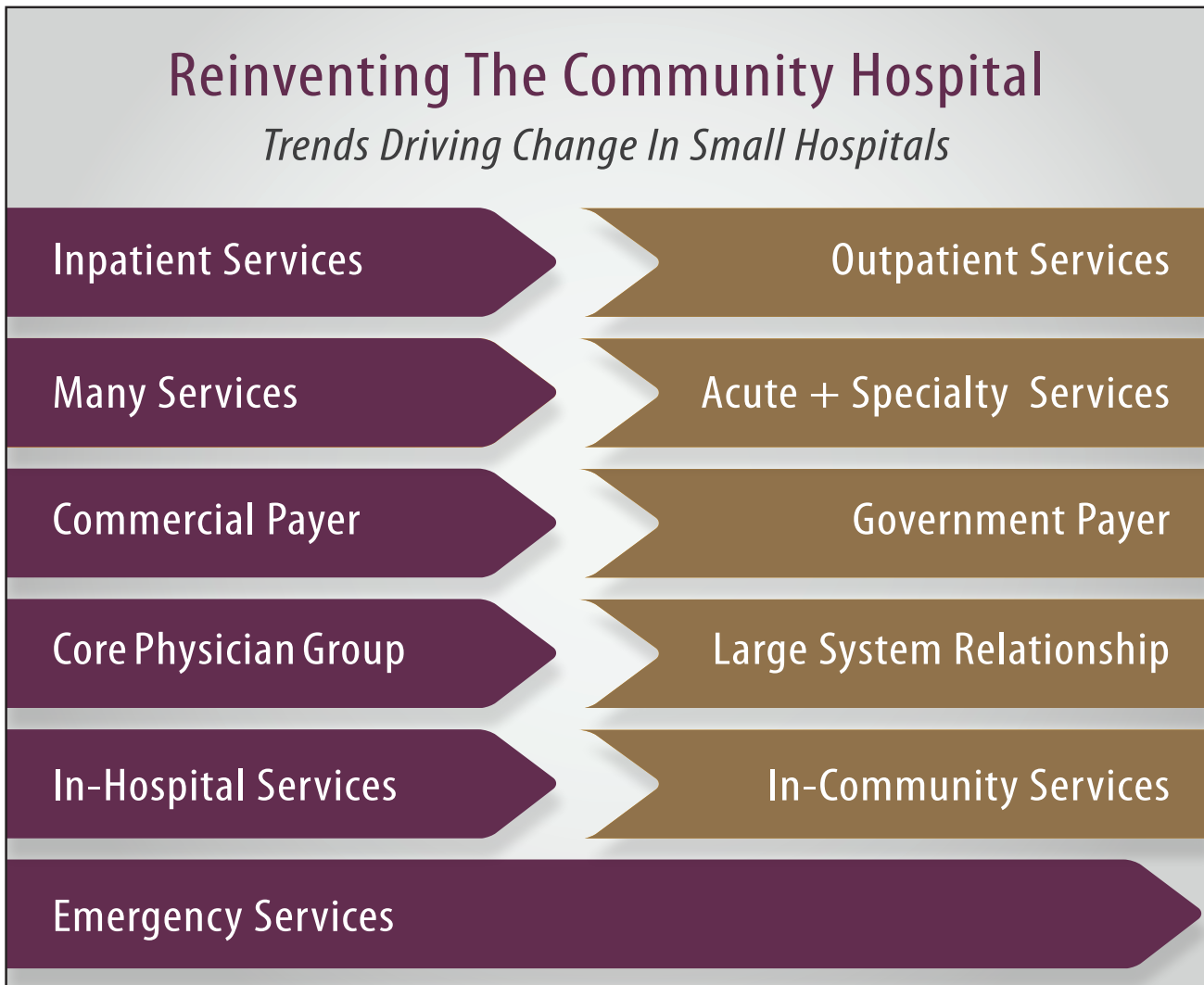
Our vision for 2020 and beyond is to become an Outstanding Regional Center for Healthcare. We must look beyond our immediate market to survive, first because the Sonoma Valley is a small market and, second, because competition in the form of large healthcare systems continues to gain market share in our service area. Our affiliation with UCSF Health and participation in Canopy Health are two steps we have taken recently to address these challenges.

This strategic plan calls for a broader vision, but it also requires imagination. We must envision a new role for our hospital if it is to be financially viable. Fortunately, some changes in healthcare that are disrupting the traditional hospital model also provide growth opportunities, especially for small, nimble and creative hospitals like ours. In responding quickly, we stay ahead of the rapid change.

Our new vision emphasizes partnership with larger providers, continued emphasis on quality service, and diversification in outpatient services, while maintaining a focus on providing excellent emergency services.

In developing this strategic plan, we gathered perspectives from internal and external interviews, including meetings with leaders at a number of larger hospitals in our region. The process was led by a steering committee that included two board members and the CEO of the hospital. We also studied industry-wide trends and those emerging in our immediate market.

This plan identifies the strategic initiatives that, over the next three years, will strengthen the hospital financially, improve us competitively, and enable us to better serve our community.



Situation Analysis

While there are many factors driving our thinking on how to best prepare SVH for the future, the following are some of the more influential we must address.

Emergency Care – Emergency Care remains the foundation of our community mission. Since opening the new Emergency Department in 2014, use has grown, although it has settled lately at around 10,000 visits per year. There are a number of reasons for this, including growing competition, the drop in covered patients and the rise of high deductibles. Patient satisfaction with our ED, according to surveys, is very high.

Community Served – Our immediate market area is small with a population of around 42,000. Of this, nearly 25 percent are age 65 and older, a group largely dependent on Medicare. We also serve a large and growing Latino population.

Payer Mix – We continue to experience a growing dependence on lower-paying Medicare and Medi-Cal payments. These two government payers now represent 76 percent of hospital gross revenue, up from 67 percent just five years ago. Learning to live on these levels of payment is essential to our survival.

Services Realignment – Decreasing revenues from inpatient services have required us to review service lines and identify those that are not financially sustainable or widely used. This has led us to create initiatives to right-size services. We recently closed one service line (Obstetrics) because of low use and outsourced two others (Home Health Care and Skilled Nursing) so they remain available to our community. We also have responded to the dramatic decrease in inpatient care by developing new opportunities and capacities in outpatient care, such as surgery, imaging and wound care.

Competition – SVH is one of the smaller hospitals in our region and we face competition from several large and growing competitors. This includes Kaiser and several hospital systems, including Sutter Health and St. Joseph's/Providence. Kaiser is our biggest competition and controls nearly half of our marketplace. Kaiser patients can and do use the SVH Emergency Department, and Kaiser represents 46 percent of our ED revenue. Most Kaiser emergency patients needing acute care are treated and, if they require inpatient care, quickly transferred from SVH to a Kaiser facility. Other potential threats include free-standing urgent care or imaging centers and the many disrupters that are entering the health-care market with retail and online services.

Quality and Patient Experience – There are several factors that create patient loyalty, but the most important is patient experience with the staff and physicians. SVH ranks above the national average in patient satisfaction and has set a goal of being in the top 25th percentile. Our differentiator is that we treat patients like family. As a 4 Star hospital, SVH provides excellent and efficient care that is increasingly recognized by our community. UCSF affiliation has elevated the awareness among local residents of the high quality healthcare options here at home that are more efficient, accessible and convenient.

SVH Changing Payer Mix*

Growing Dependence on Government Payments

2018		2013
58%	Medicare	53%
18%	Medi-Cal	14%
76%	Government Total	67%
19%	Commercial	26%
2%	Worker's Comp	3%
3%	Other	4%

*Percentage of gross revenues



Technology and Equipment Cost – SVH continues to invest in improved technology and equipment and yet has added very little debt over the years. The physical plant is well maintained and most of the infrastructure has been improved. The hospital has successfully relied on philanthropy for replacement of major equipment. We plan to replace the two largest pieces of imaging equipment and all the cardiology equipment by 2020. Information System costs continue to rise and it has been difficult for SVH to meet this never-ending need.

Financial Stability – Like most hospitals, SVH has seen a dramatic shift from inpatient to outpatient care and our outpatient volume has grown. The emphasis on outpatient care brings several challenges, such as increased competition and pressure on prices. There are several services that produce positive direct margins: Imaging, Surgery, Outpatient Rehabilitation, Cardiology, Wound Care and Special Procedures. SVH continues to respond to the financial challenges of running a small hospital. The major financial concern is cash on hand which results from a high proportion of payments from government programs and lack of leverage with commercial payers. The hospital relies on a parcel tax to maintain Emergency Services.

Physician Access – That so many physicians and specialists are available in this small market is largely due to the presence of the hospital. Many physicians who work in the community or at the hospital do not generate sufficient revenue to cover expenses. The hospital in recent years has brought in over 20 specialists and maintained our primary care base by financially supporting physician practices. We would not succeed without physician partners, but it is a major expense each year.

Consumerism – As patients become more knowledgeable in purchasing and using the services they receive, they expect healthcare to be more transparent, efficient and cost-effective. SVH continues to expand the cash-paying options and is a growing alternative to high-cost facilities. We are now working with organizations that send us patients directly because of our cost efficiency. As one of the very few hospitals in the Bay Area that can survive on Medicare payments, we are primed to be a leader in providing information, financial incentives and decision-making tools that appeal to the healthcare consumer.

Core Strategic Initiatives

SVH has identified four core strategic initiatives that will support our goal of achieving financial sustainability.

1. Exceed Community Expectations in Emergency Services

Our Emergency Department is our core service to the community and we will continue to improve this service so it is viewed as vital and necessary for a healthy, prosperous community.

2. Create UCSF Health Outpatient Center

We will use our accessibility and efficiency to create a seamless patient experience with our partner, UCSF Health, and be considered their outpatient center.

3. Become a 5 Star Hospital

As a CMS 4 Star hospital, which places us among the top hospitals nationally for quality and safety, we are committed to continued improvements to earn the highest ranking and become a 5 Star hospital.

4. Provide Access to Excellent Physicians

SVH will continue to ensure our community has access to physicians locally and continue to bring specialists to the community so residents can find the care they need close to home, including offering UCSF Health specialty services to the region.

Vision 2020 And Beyond – Becoming An Outstanding Regional Center For Healthcare

Following are initiatives either under way or in the planning stages that support the core strategic initiatives and will help us realize our vision of Becoming An Outstanding Regional Center For Healthcare.

Outpatient Diagnostic Center – This facility will bring 21st century diagnostic services to Sonoma Valley and serve as a diagnostic center for UCSF Health patients throughout the North Bay. It will create operational efficiencies, increase revenue and meet the needs of our community and region for years to come. In 2020, we will have the best diagnostic imaging technology in the North Bay at an accessible, convenient and desirable location.

telemedicine or a satellite clinic in the hospital. We will be seen as an extension of UCSF Health and this will draw patients to Sonoma Valley from throughout the North Bay.

Emergency Services – We offer excellent, compassionate emergency services which we continue to improve, such as recently with Acute Stroke Ready Certification and access to UCSF Health physicians through telemedicine. We will continue to reduce wait times and improve the efficiency of the patient visit with access to state-of-the-art diagnostic technology. We will expand our commitment to emergency services by educating our community so they understand how vital the hospital is in saving lives and its preparations to help with natural disasters.



Outpatient Diagnostic Center – CT Scan Room

UCSF Health Affiliation – This connection will continue to grow over the next few years as we jointly develop strategies that will offer easier, more efficient and lower cost access to healthcare for our patients. Several UCSF Health physicians will offer

High Quality, Efficient Care – We continue to implement hospital-wide initiatives to improve quality and safety of care. Several new initiatives are under way within the hospital to position us to achieve 5 Star status with the Centers For Medicare and

Medicaid Services. The consolidation of Inpatient Services to the third floor and a new Hospitalist program will increase accountability and efficiency for an enhanced patient experience. We also will restructure and expand surgical services and special procedures, such as Wound Care, for greater efficiency and increased revenue.

Centralized Patient Access – We will create a centralized patient access center that will manage patients across the continuum of care using streamlined, cohesive, consistent technology and efficient workflow processes. This will lead to improved patient satisfaction, reduced wait times, improved collaboration with stakeholders and physicians, increased productivity and increased point-of-service collections.

Master Facility Planning – We have met the 2020 seismic standards for safety set by the California legislature which require that hospitals be able to remain standing in the event of a major earthquake, ensuring patient, employee and visitor safety, and our Emergency Department has met the 2030 requirements. We will continue to monitor the 2030 legislation and make decisions about the future of the facilities by 2022.

Community Engagement – While the community supports SVH, there is still a need for greater engagement and understanding of the importance of the hospital. We will continue efforts to increase community support and use of the hospital. Looking to the future, we will work to get the parcel tax approved again to help maintain emergency services.

Employee Engagement – Our core values create a healthy hospital. We will continue steps to recruit, competitively compensate and maintain excellent staff. The values of Compassion, Respect, Excellence, Accountability, Teamwork, Innovation, Nurturing and Guidance (CREATING) will be emphasized and embraced by all staff and leaders. As the hospital continues to experience significant change, we will honor and support our staff and ensure they are recognized for their service and commitment.

Physician Services – Our physicians are key to our future and success. We will continue to ensure we have enough primary care physicians for our community and, as community needs arise, such as for a geriatrician, we will lead the recruitment and help maintain these physicians in our community. We will continue to offer timeshare access to attract specialists. As digital care and telehealth gain in popularity, we will work with our physicians and the Sonoma Valley Community Health Center to improve access to care.

Canopy Health – We will expand our relationship with this dynamic Bay Area-wide health network which serves as an alternative for patients and employers to Kaiser and other large local healthcare systems. We are one of 18 hospitals in this system, which includes nearly 5,000 physicians.

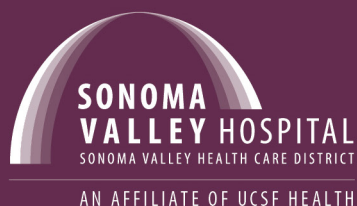
Sonoma Valley Hospital

OUR MISSION:

To restore, maintain and improve the health of everyone in our community.

OUR VISION:

A trusted resource in providing exceptional, compassionate healthcare.



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