



Case Study: Completion of \$150 Million Master Facility Plan and Submission of Supporting Certificate of Need





Project Overview

- Norwalk Hospital requested Integrated Healthcare's assistance in developing a Master Facilities Plan (MFP) to enhance the accessibility and delivery of clinical services
- In this engagement, IHC has coordinated the elements of the \$150MM MFP project, including:
 - Articulation of project goals, by major component
 - Analysis to quantify costs and benefits of each component
 - Integration of efforts by numerous internal departments and external consultants
 - Completion and submission of a Certificate of Need (CON) for the \$150MM MFP, including an overall project timeline and financing structure
 - Preliminary operational planning for the MFP implementation



Project Goals

- Norwalk Hospital's Management and Board defined initial goals and then worked with Integrated Healthcare to define the specific MFP project goals to meet the Hospital's mission and advance its strategic market position:
 - Greater emphasis on accessible ambulatory care services
 - Enhanced physician access and operating efficiency
 - Highest quality and effectiveness of clinical services
 - Full incorporation of "best practices" and state-of-the-art models of patient care
 - Utilization of modern space management and planning to build capacity for future energy, expansion and infrastructure demands



Project Components

- A critical component of our effort involved identifying the major components of the project, which include:
 - Ambulatory services reorganization
 - Ambulatory Surgery
 - Oncology (Cancer Center)
 - Gastroenterology
 - Physician Offices (Medical Office Building)
 - Emergency Department renovation and expansion
 - Inpatient services reorganization and improvements
 - Infrastructure upgrades



IHC's Role: Overview

- Integrated Healthcare's team of experienced consultants served as executive project management to coordinate the development and implementation of a \$150MM MFP to construct a new ambulatory pavilion and reorganize ambulatory services
- Development/Compilation and submission of the required CON, which was filed in November of 2008, marked a key component of our assistance to Norwalk Hospital



IHC's Role

- To facilitate MFP development and CON submission, IHC coordinated the many stakeholders in this project, including:
 - Hospital management and Board
 - Department heads – Clinical and Administrative
 - CT Office of Health Care Access
 - Attorneys, outside specialty consulting firms, and architects
- IHC performed key analyses/compilations and synthesized data findings that drove decision-making:
 - Collected and submitted raw and analyzed data from and to disparate sources and various project stakeholders
 - Presented findings to hospital management, Board and attorneys to support the decision-making process
 - Compiled the component elements into a coherent Plan for CON submission and, ultimately, implementation



Financial Projections

IHC collaborated with Norwalk Hospital Finance in developing financial projections.

(Dollars in Millions)							
FY	2009	2010	2011	2012	2013	2014	2015
Beginning Balance, Cash & Investments	\$53.0	\$52.0	\$62.0	\$152.9	\$138.5	\$118.4	\$130.4
Hospital Income	\$12.0	\$15.9	\$18.9	\$20.2	\$15.4	\$14.7	\$18.5
Hospital Depreciation	\$18.4	\$19.1	\$18.9	\$19.1	\$24.3	\$28.3	\$28.7
Capital Expenditures	-\$23.8	-\$13.0	-\$15.0	-\$20.0	-\$23.0	-\$23.0	-\$23.0
Project Expenditures	-\$12.0	-\$17.0	-\$20.0	-\$40.0	-\$40.0	-\$11.0	\$0
Project Financing			\$81.9				
Fund Raising		\$10.0	\$10.0	\$10.0	\$10.0	\$10.0	
Principal Payments	-\$1.6	-\$1.7	-\$1.8	-\$1.8	-\$1.9	-\$2.0	-\$1.8
Other Misc. Cash Transactions	<u>\$6.0</u>	<u>-\$3.3</u>	<u>-\$2.0</u>	<u>-\$1.9</u>	<u>-\$4.9</u>	<u>-\$5.0</u>	<u>-\$3.5</u>
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Service Line Analyses

- Integrated Healthcare conducted in-depth analyses for each out-patient service line under review for inclusion in the MFP, including:
 - Market and volume assessment and projections, based on market growth and utilization rate changes
 - Space need/utilization review (with facility experts)
 - Profitability analysis, given anticipated revenues and building costs (in collaboration with architects and contractors)
- This information enabled Norwalk Hospital to determine the most appropriate services to be housed in the new Ambulatory Pavilion

Space Planning: Reorganization of Ambulatory Services

- IHC proposed space allocation in the context of connectivity and departmental functions between:
 - Current vs. new structures
 - On-campus vs. off-campus locations, to achieve optimal reorganization of comprehensive ambulatory services.

Location	Services
Ambulatory Pavilion	Cancer Center
	Ambulatory Surgery
	Digestive Disease
	Pediatric Subspecialties
	Diabetes
	Lab
Hospital Campus	Medical Office Space
	Cardiac Diagnostics
	Radiology
	Wound/Hyperbaric
	Lab
Off-Campus	Amenities
	Radiology
	Lab
	Women's Health
	Rehab
	Other Service Lines/Clinics
	Amenities



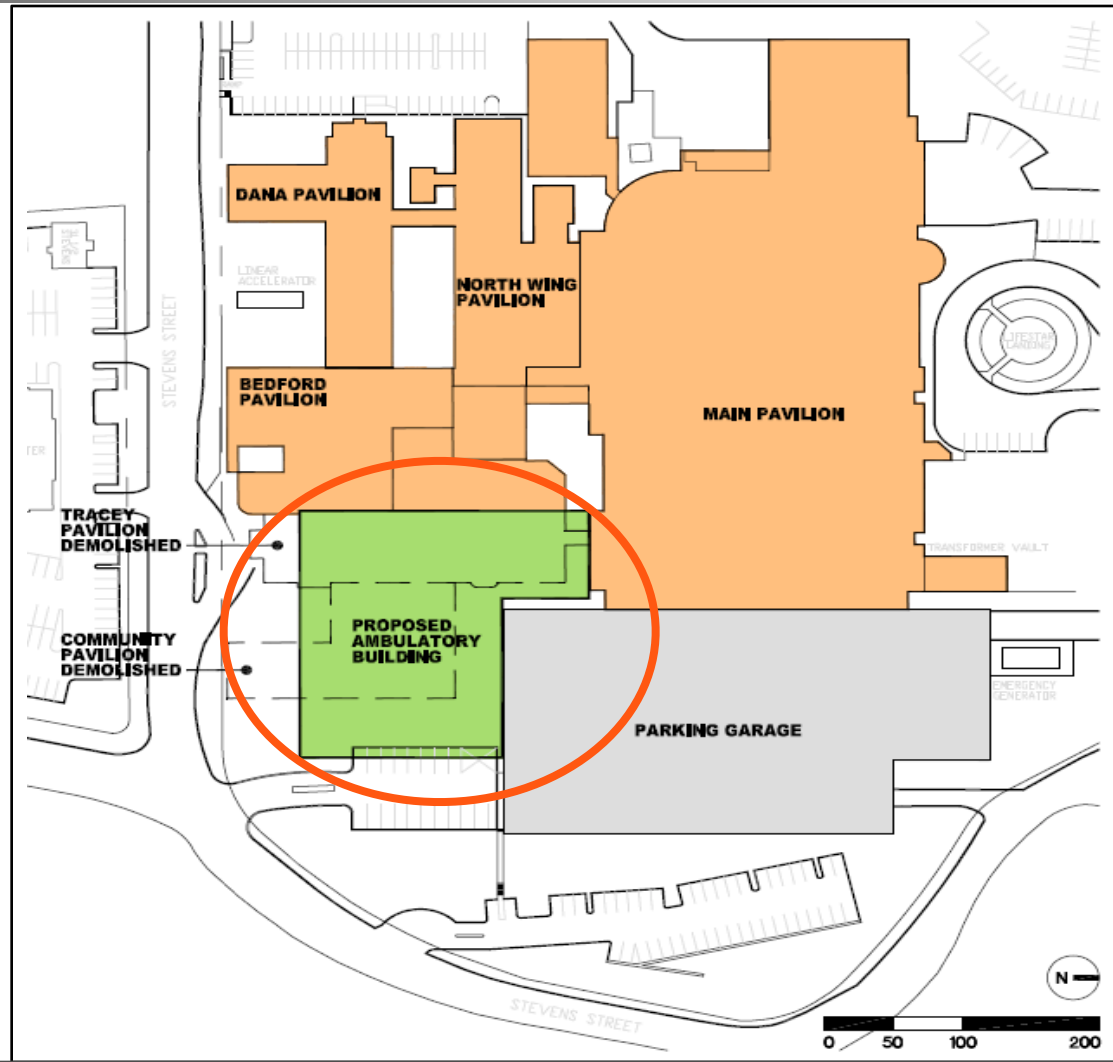
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New Construction – Ambulatory Pavilion

Upon review of site options early on in the process, hospital management and the Board decided to demolish two older pavilions, and replace them with a new Ambulatory Pavilion adjacent to the existing buildings.





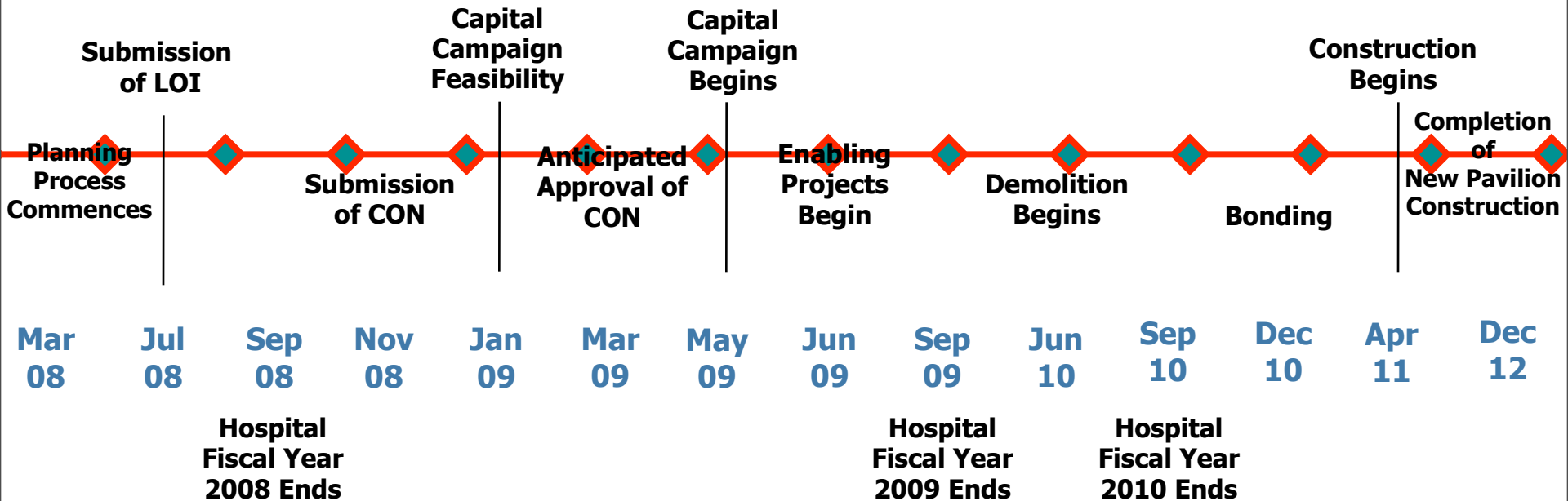
Space Planning

For the transition from the current state to the MFP, Integrated Healthcare collaborated with the hospital to develop space plans (temporary and permanent) involving relocations of approx. 120,000 square feet during demolition and construction, using both on- and off-campus space options.

Proposed	Community Built 1951: 69,000 SF	Tracey Built 1916: 51,000 SF	Bedford Built 1927: 62,000 SF	Dana Built 1962: 57,000 SF	North Wing Built 1943: 64,000 SF
Off-Site Permanent and Temporary	Psych Daycare/ Clinic Dept. of Psych OP Psych IT Community Relations	X-ray Storage Sleep Lab Switchboard Private Physicians IT Training Room IT Adm.	Finance/Business Accounts Payable Purchasing Accounting Private Physicians Trauma Coordinator IT Project Room	Finance/Business Private Physicians	Print Shop X-Ray Storage Neurology/EEG/ Sleep Billing Office HR shared offices HR Offices
On-Site Permanent and Temporary	IP Psych IP Peds HIM Volunteer QA/Risk Mgt Office of design/ const.	Security Physician lounge Medical library Engineering Adm. Dept. of Peds Dept. of Meds HIM	NICU Dept. of OBG Dept. of Anesth. Pathology – Fastrack Women’s Res Ctr OP Cancer Ctr Pathology	Radiation therapy Maternity Pathology	Pharmacy Nursing Adm. Nuclear meds Lab/delivery

Project Timeline

Integrated Healthcare developed the timeline for major project milestones, integrating construction, operations and finances:





On-going Developments

- Integrated Healthcare has continued its efforts to assist our client with modifications to the plan required by on-going developments in the areas of:
 - Finance
 - Architecture
 - Operations
 - Regulatory
 - Marketing