

Presbyterian Cancer Center in Charlotte, N.C.

Uses Strategic Planning and Business Development to Make Decisions About New Technology

by Barbara A. LiPira, RN, MSN, OCN®

At Presbyterian Cancer Center in Charlotte, N.C., the strategic planning process continues to evolve and become more responsive. Because Presbyterian is a center that very firmly believes in multidisciplinary care, multiple specialties are involved in treatment planning and diagnostics. This philosophy of care and collaboration across service lines is emerging and quickly becoming the standard of care at Presbyterian Hospital. So, for example, while technologies that impact cancer, such as advances in radiology and diagnostic imaging, do not necessarily fall under the cancer program, the oncology service line would actively participate in obtaining the new piece of equipment.

At Presbyterian Hospital strategic planning and evaluation of new technologies are a constant process, and ad hoc committees are formed as needed. Typically, new technology acquisition occurs in the following way. Someone from the oncology service line, for example, an involved physician or administrator, might suggest a new technology or some type of program advancement. At this point, an ad hoc committee is formed based on what the new technology is and what component of the oncology service line and other departments will be affected. Committee members would include the executive director for Oncology Services, the medical director for the Cancer Center, representatives from Strategic Planning and Business Development, Finance, senior administration at the hospital, key physicians and staff, and other key administrators from departments that would be

affected by the new technology. Then, the Strategic Planning and Business Development Department and the service line develop a business plan that is presented to senior administration at Presbyterian Hospital. Proposals that require more than \$500,000 in financing are also reviewed by the executive team at Novant Health. For proposals under the \$500,000 threshold, senior administration at Presbyterian Hospital reviews the plan.

In January 2003, Presbyterian Hospital acquired IMRT, a capital acquisition for the hospital. The business plan approval process took about three months with final approval coming from senior administration at Novant.

Another new technology in the process of being integrated at Presbyterian Hospital is a PET/CT Scan Unit. Although the Radiology/Imaging Department proposed adding this technology, a representative from the cancer program sat on the ad hoc committee that considered the business plan for this new technology because of its expected impact on the cancer program. Before the hospital could add a PET/CT Scan Unit, certificate-of-need (CON) approval was required from the state. At press time, preliminary approval has been received and project implementation is expected in spring 2004.

Equipment that requires CON approval can add a hurdle to the acquisition process. In Presbyterian Hospital's case, the first CON for a PET/CT Scan Unit was attempted in 2002, but the hospital was turned down due to marketplace competition. The hospital had to wait a year and reapply. If IMRT equipment is replaced and upgraded, no CON is required in North Carolina. However, if a hospital seeks to add a new linear accelerator—which Presbyterian may do in the next few years—CON approval is required.

Presbyterian Hospital management recognizes the importance of evaluating the success of the new technology after implementation. As part of the strategic planning process, departments need to provide evaluation reports at set intervals to senior administration on the new technology.



Presbyterian Hospital's Process for Acquiring New Technology

As a part of the strategic planning process and annual goal setting, a physician or administrator suggests a new technology or program advancement.

An ad hoc committee is formed based on what the new technology is and which hospital departments will be affected.

The ad hoc committee develops a business plan in conjunction with the Strategic Planning and Business Development Department and presents it to senior hospital administration. The process identifies such planning factors as whether a certificate of need (CON) is required. If the proposal requires more than \$500,000, it is also reviewed by the executive team at Novant Health.

Business plans proposing the acquisition of a new technology that requires more than \$500,000 are reviewed by the executive team at Novant Health. A multi-tiered review process is triggered, including Business Plan Workgroup meetings; input from IT and other relevant departments; approval of Business Plan Summary by Novant Health Executive Team; and finally approval by Novant Health Board.

If a CON is *not* necessary, new technology is purchased. The department that uses the new technology must present evaluation reports to senior hospital leadership.

If a CON is necessary, new technology cannot be purchased until CON is approved by state. If the CON is denied, the hospital must wait a certain length of time and reapply. When CON is approved, new technology can be purchased.

This evaluation process has served the cancer program well. Integrating new technologies into the cancer program has given Presbyterian Hospital the ability to offer state-of-the-art therapies and maintain a competitive edge within the community. In fact, the cancer center actually exceeded its expectations in the number of IMRT treatments it anticipated doing in the first year.

The strategic planning process at Presbyterian Hospital has been rather fluid, due to the available resources and expertise of the Strategic Planning and Business Development Department. A business planner has been assigned to the cancer program and meetings are held on a regular basis. A full strategic planning process has been underway since January 2004.

In evaluating whether to acquire new technology, a careful calculation of the financial impact and projected gains in revenue needs to be done. Understanding how

changes in reimbursement may affect the business plan is also imperative. For example, IMRT reimbursement decreased in 2004 in the final OPPS rule released by the Centers for Medicare & Medicaid Services (CMS), so the revenue projections for IMRT in the original business plan may not hold true.

Presbyterian Hospital believes that involving physicians in the strategic planning process for new technologies is extremely important. Physicians need to understand what goes into a request for new equipment. Additionally, physicians have to be involved not only in the suggestions and feedback but also in the decision-making and evaluation processes as well. 🗣️

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