

Going Beyond the Four Hospital Walls – HCA Healthcare’s Sam Hazen Discusses Future of Patient Care – Hospitals In Focus Transcript

Chip Khan: [00:11] Hello and welcome to another episode of Hospitals In Focus. I'm your host, Chip Khan. Today we're back in Nashville at the offices of HCA Healthcare to talk about the evolving role of hospitals in the continuum of care and the concept of bringing the right setting of care to the patient.

Our guest today is HCA's new CEO, Sam Hazen. Sam, thanks for joining us today.

Sam Hazen: [00:36] Thanks for having me, Chip.

Chip Khan: [00:37] Let's get started. Sam. As I said, you took the helm of HCA Healthcare in January. To set the context for today's conversation, would you tell us about the company and your career, much of which has been spent at HCA?

Sam Hazen: [00:51] I'll be glad to. I've been with the company 36 years, actually. January 3rd this past year, so right about the transition that we just went through. I've worked in six different markets in HCA over my career. I moved here to Nashville in 1997 and had been in a corporate role with the company since 1997, so it's a great time to be in healthcare. I tell people this all the time.

I think the industry has a lot of things going on, but I think it's an even better time to be a part of HCA Healthcare, because we have some unique opportunities in our company that I think we are executing on in a way that is allowing us to be successful. Be successful in achieving our mission, be successful in responding to market dynamics, being successful with respect to responding to our different constituents, our employees, our physicians, community, and so forth.

The company is investing fundamentally at levels it's never invested in achieving its mission ship, and we are seeing benefits from that. Our quality metrics continue to improve, our patient experience metrics continue to improve, our growth and market share performance in the company is really at an all-time high. Our financial success is evident. We believe in the results that we're able to show there given the scale of the company and the efficiency that we bring.

We're pleased with where the organization is and we're looking forward to the future as we continue to respond to our patients and doctors in a way that I think is unique.

Chip Khan: [02:25] Sam, over the last 50 years of the company's history, HCA Healthcare has been known for its inpatient services. But hospitals are increasingly looking to ensure patient care outside the four walls of the overnight stay and focusing on the continuum of care across outpatient settings, from the doctor's office, to urgent care, to freestanding hospital owned emergency rooms, to the hospital itself. Would you talk about your efforts to bring the right care in the right setting to your patients?

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Sam Hazen: [03:03] HCA is known as a hospital company. We have roughly 185 hospitals across 43 domestic markets and one international market, London. What people don't fully realize is we have another 1,800 to 2,000 ambulatory facilities that service our patients. Our patient mix is less than 10% inpatient and 90% outpatient. Our revenue distribution's a little bit differently because an inpatient is a more revenue intensive environment. So our revenue is 60% inpatient and 40% outpatient roughly.

But the company has been very intentional over the last six or seven years in adding more to our ambulatory setting so that we can take the care, if you will, to the patient. We've done that by investing in different kind of facilities that we think are appropriate for the community and really appropriate for our patients so that they get the kind of access that they want.

Today, HCA has 145 or so ambulatory surgery centers. We have 1,200 physician clinics. We have roughly 130 urgent care clinics. And we have a 85 free standing emergency rooms in our compliment today. Those components of our company are growing faster, as one would expect, as we continue to build out our networks.

Our goal of fundamentally, Chip, is to ensure that our patients have a care close to home and to have the right care close to home, whether that's an urgent care need, which is different than a freestanding emergency room, which is different than an ambulatory surgery center, whatever the case may be. That's part of our strategy is building out those components in a way that creates an easy to access environment at the right price point, at the right care setting, and so forth. That will continue to be a growth area for us.

Chip Khan: [05:07] One setting that is beginning to receive a lot of attention in Washington, that you mentioned in terms of this continuum ,is the freestanding emergency room. Sam, could you give us a picture of what these hospital affiliated freestanding ERs that you have are like? When someone walks into one, what would be their expectation as a patient of what would be available to them in terms of services, in terms of care, regardless of whether they have a chest pain or they broke a leg? What can they expect?

Sam Hazen: [05:46] They can expect the same thing that they get when they walk into a hospital emergency room. They're going to see the same kind of setup. It will be smaller, yes, but they're going to see the same setup, the same imaging capabilities, lab capabilities, pharmacy capabilities, and so forth. Most of our free standing emergency rooms are independent buildings that are set up where it's convenient for the patients to drive up, walk in. It's convenient for the ambulances to drop off if they need to be delivered by an ambulance.

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You will see, again, a smaller environment than what you would see in a hospital based emergency room. Typically we may have 12th treatment rooms, we'll have our CT imaging capabilities and other radiology capabilities embedded in the center. We'll have those kinds of protocols in place and so forth. Typically it's 10 to 15,000 square feet, but all in all it is constructed in the same manner as our hospital based emergency rooms. It tends to have the same flow, the same technology and imaging capabilities as I mentioned, and it's equip to do exactly what our hospital based emergency rooms can do in a very efficient and satisfying way.

Chip Khan: [07:05] HCA Healthcare is obviously one of the pioneers in free standing units. Would you talk about the community need for these free standing units, these ERs, the role they play? Let's just do a little bit deeper dive in terms of their role in the systems that you have across the country.

Sam Hazen: [07:26] Sure. What's interesting is just last week I was in Denver, and the first freestanding emergency room in HCA was out of Denver. It's a facility that's ... What, 1995 to now, what is that? 25 years practically, that has been an operation. That was the first one. We actually studied that particular center back in the mid '90s, I think it was, to get a better understanding of what role it played and what significance it could have in taking care of patients, and taking care of patients well we believe.

Through that study we felt that there was an opportunity in other communities for that particular solution and model. We have expanded it over the years to, like I said, where we have roughly 85 operational freestanding emergency rooms today. What we have used that model to accomplish is really three things. One is we have taken emergency room care to communities that are in a growing environment, but may not necessarily need a hospital. That has allowed us to bring emergent care, connect them to a larger system, and have integrated care offerings for certain communities and certain patients as as a starting point. In a couple of instances, actually five, we have expanded a freestanding emergency room, that was the initial offering that we developed, into a full service hospital.

The second thing that we've done is we've used our freestanding emergency rooms to reopen certain rural hospitals that had closed. We have, I think, five or six of our 85 today that are former rural hospitals that closed and we reopened them as a freestanding emergency room, allowing a community to again have emergent care capabilities so that the community could at least start with that. And then if they needed a more acute care requirements, they would be connected to a larger system as well.

Then I think the third thing is again, we've taken care to the patient. In many instances emergency rooms are very crowded already in hospital based emergency rooms. We've used our free standing emergency room platform to offload capacity. By that I mean

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create an expansion of a hospital based emergency room proximal to our hospital in a way that relieved congestion and capacity constraints that existed at our hospital based emergency rooms. In many instances it was a more cost effective solution. It was more patient friendly, if you will, in a sense of efficiency, and service, and so forth.

Those three approaches is how we've evolved our freestanding emergency room over the years.

Chip Khan: [10:26] It's interesting how you fit these emergency rooms in a sense with your system and approach it in a systematic way. There are other freestanding ERs that are not affiliated with hospitals that have owner and operations separate from hospitals, they're independent. How would I differentiate between the services you provide in your ERs and the requirements and what these other ERs do that are not necessarily fit into sort of a system of care?

Sam Hazen: [11:00] Well, I can't speak entirely to what they do, I don't get full visibility into their operations. But I will say this, for our free standing emergency rooms, they are all connected to one of our hospitals. They're connected to one of our hospitals through the same standards that our hospital emergency room would have to have. They're joint commission certified. They're constructed in the same code and standards that our hospital based emergency rooms are constructed. They are staffed with board certified emergency room physicians as well as as emergency trained nurses. They have the same disaster management protocols that our hospital emergency rooms have. So they're fully integrated into the system.

They participate in the same contracts that our hospitals participate in. They take the same patient mix and payer mix in general that our hospitals do. So they are just a component of our hospital in the same way other components exist. We think that integration into the network, or the system of the hospital is important for care continuity, for patient transfers if ever needed, and for the kind of staffing and clinical protocols that we want to exist in our emergency rooms.

We score them the same way. We score them with respect to patient satisfaction, quality, throughput, all of those measures that are important to our patients in a way that is 100% consistent with what we do inside of our hospitals.

Most people don't realize this, Chip, but in our freestanding emergency rooms, we actually see more, as a percentage of the total visits, more Medicaid and uninsured patients than we do in our hospital ERs. Not by a lot, but almost 50% of our patients in our freestanding emergency rooms are either Medicaid or uninsured. Some of the freestanding emergency rooms that aren't connected to a hospital system most likely don't have that same payer mix.

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I think from that standpoint, that may be one of the differences that exists. The reasoning and rationale, maybe for location and for the three reasons I said that we put a freestanding emergency room as part of our network, may be slightly different. But I don't have great visibility into them. There's not a public reporting per se on those type of freestanding emergency rooms.

But we think ours are different. We're doing it for the right reasons, we believe. It shows in patient satisfaction. Our patient satisfaction in our freestanding emergency rooms is over 80%. It's 82 or 83%, which is incredibly good. Our hospital based emergency rooms, patient satisfaction is around 70%, so you can see how much our patients benefit from the service and the efficiency that exists within these freestanding emergency rooms. I think from that standpoint, that's an important metric to us that indicates that they value what we're bringing to them with this particular approach.

Chip Khan: [14:16] Let's dig a little deeper too in terms of those patients. In terms of acuity level, in terms of level of illness or condition, how do your hospital affiliated ERs compare to the traditional campus based ERs that you have?

Sam Hazen: [14:35] Well, clearly our campus based ERs are a little bit more acute, about 10 to 12% more acute than our freestanding emergency rooms, which is not really as much as people think. That 10 to 12% is driven really by two factors, I think. One is more Medicare patients tend to go to our hospital based emergency rooms because they're delivered more frequently by EMS and ambulances. Then secondly, our hospital based ERs may be in a position to offer, in some instances, services that we don't fully offer inside of a freestanding emergency room, for example, trauma. Or they may need to be a cardiac chest pain center. We wouldn't necessarily offer those kinds of services in the freestanding ER, so the patient gets delivered to the hospital base.

But I think the acuity levels are generally more acute than one would think. That's again evidenced by the fact that we take any emergency case that shows itself to one of our freestanding emergency rooms. We're equipped with imaging, we're equipped with our personnel, as I mentioned, to take care of them. Then if they do need additional care, we have the system, like I said, to take care of them.

But all in all, the acuity is slightly less, it's about 90% of what the acuity is in our hospital based, which I think is indicative of the system. It's indicative of the type of a payer mix that we get. And it's indicative of the services that we're trying to offer here.

Chip Khan: [16:12] I was very interested in one of the points you made, Sam, about the uninsured. Nationwide, the average uncompensated care at an acute care hospital, as a percentage of operating costs, is 4.4%. But at your facilities it is much higher actually, 7.5%. Much of the care likely comes from the emergency room. Could we talk a little bit more about

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the amount of cost and commitment that you make to the uninsured in your free standing ERs as well as as the ERs that are part of the hospital?

Sam Hazen: [16:50] Roughly 20, 22%, something like that of our patients in both our hospital based emergency rooms and our free standing emergency rooms are uninsured patients. Like I said, roughly 30% is Medicaid. The combination of those equate to the 50% that I gave you a minute ago. You're right, the emergency room is a destination site in many instances for uninsured patients because it's their only access in many communities to patient care. We're there for them as evidenced by the numbers that I just gave you, and then we integrate them into our system.

For HCA as a whole, roughly 10% of our patients are uninsured, this is for all patient volumes. And roughly 20% of our patients are Medicaid. Almost a third of our total patient load across our whole system, and we see over 32 million patients a year, are either uninsured or Medicaid, most of whom will come through our emergency rooms. We provide a high level of care to those patients, again, as indicated in these numbers.

That's part of, I think the difference between some of our freestanding emergency rooms and maybe some of the ones you referenced earlier. Again, I don't have all the data on them, but my instincts are that that's a higher number than probably what is seen in some of the freestanding ones.

Chip Khan: [18:19] I think we've done a great job in covering the role of this aspect of your outpatient services and giving our listeners a real flavor. Let me go a little bit broader and ask a big picture question that I'm sure is on your mind in your new position. Obviously HCA Healthcare is the largest private hospital system in the United States, and maybe even in the world. What do you see as looking into the next five, seven years, even further into the future, what the role of the hospital system will be in terms of care and what can patients sort of expect from at least your vision of the future and the role that organizations like HCA Healthcare will play?

Sam Hazen: [19:16] Well, that's a great question. We get asked that question quite a bit as we think about our strategy, how we allocate capital, how we develop programs, and so forth. It's our belief that the need for inpatient healthcare services is going to grow. We think it's going to grow somewhat consistent with what it's done in the past and that's been supported, if you will, by CBO and their estimates of inpatient services and the next decade is spinning around that.

We think population growth, we think aging of the baby boomers, we think chronic conditions, and we think even technology at times can create a need for healthcare services. By healthcare services I'm talking about inpatient healthcare services today. I think what you will see in the future is that the hospitals will continue to play a centerpiece role in sort of the network bill that we've talked about.

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There will clearly be more outpatient facilities supporting the hospitals and the patient population that resides in a hospital will be one in which it's more acute. By that I mean you're going to see more complex services offered. The patient population will tend to be sicker because there is a natural migration that's been going on of certain procedures moving from inpatient to outpatient, thus the need for more outpatient facilities. There's technology that migrates certain patients from inpatient to outpatient. There's different clinical protocols and techniques now that allow patients to recover more quickly, and therefore not need the recovery process that exists within the hospital.

Having said all that, we think, again, there's going to be a growing need for more complex care and that hospitals will be the centerpiece for delivering that. We are building out our networks to be, again, hospital-centric, yes, but to have as many offerings in the outpatient environment that we need in order to meet the patient's needs and provide the value that they're looking for.

All of that works together as a system. As information flows, as transfer protocols exist, as our physicians support both our outpatient and our inpatient facilities, we think it's critical, telemedicine being a piece of that, that we have an integrated approach to our system. If we do that, it's going to ultimately benefit the patient so that their care is continuous and coordinated in a way that delivers an outcome that is right for them and delivers the ultimate value that they're looking for, and that's to go home better than they were when they came into our facility.

We believe, and we're investing in this, that our hospitals will continue to play a very central role in the communities they serve. If we can leverage what's unique about HCA to support our systems, support our hospitals, then we can deliver care at a very high level.

Chip Khan: [22:17] Sam, you talked about the number of uninsured that come into your emergency rooms. I think it's important that we get a full picture here that this freestanding affiliated ER really is equivalent to, in terms of requirements, to those ERs inside of a hospital campus, right? Can you explain that a bit?

Sam Hazen: [22:40] Again, as part of a hospital emergency room, our freestanding emergency rooms are constructed with the same standards, the same flow. They're staffed with the same physicians and the same nurses. They have the same imaging equipment as our hospital emergency rooms. They're accredited by the joint commission in the same fashion. We're obligated under the same federal laws whether it's EMTALA, or what have you, to ensure that we are compliant with those aspects of the regulatory environment, whether it's hospital emergency room or our freestanding emergency rooms.

I think the combination of all of those factors lead to our hospital based emergency rooms and free standing emergency rooms looking very similar with respect to payer

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mix, patient mix as far as acuity, and generally the overall sort of operation being somewhat identical. It just happens to be off the campus, which is a very satisfying experience for our patients. Again, as evidenced by the fact that patient satisfaction in our freestanding emergency rooms is north of 80% and it's around 70% in our hospital emergency rooms.

Chip Khan: [23:58] Because you're really taking the care to the patient.

Sam Hazen: [23:59] We are.

Chip Khan: [24:00] Well, so much to take in. Thank you so much, Sam. That was really helpful and I'm sure our audience will appreciate the insights that you've offered today.

Sam Hazen: [24:10] Thank you, Chip.

Chip Khan: [24:12] Thanks so much for listening and be sure to subscribe to Hospitals In Focus on Apple Podcasts or Google Play, or visit our website, fah.org. It is so important that we get your feedback on our show. Please rate us and give us a review, and if you like what you hear, tell a friend.

Until next time, this is Chip Kahn with Hospitals In Focus.