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# Ensuring Neuroscience Services Become a Growth Strategy, Not a Migraine

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Once a niche reserved for quaternary-care facilities, neuroscience services are becoming more common in community hospitals. Among the factors supporting this trend are the pressures to improve profitability to support pending capital requirements, as well as the evolution of diagnostic and therapeutic technologies.

While this change provides new opportunities for many hospitals, it simultaneously contributes to an increase in competition. Therefore, before investing in the development or expansion of your facility's neuroscience services, it is important that your hospital answer four critical questions:

1. Does your organization have a clear understanding of the portions of the continuum it could--or should--pursue?
2. Have you identified--and are you prepared to pre-empt--the typical pitfalls?
3. Do you have the tools to expedite analysis, decision-making, and implementation before the window closes?
4. Do you need a strategic partner in pursuing neuroscience services?

**Neuroscience Services: The New Focus**

It used to be that when "neuroscience" was mentioned, most health leaders thought of university medical centers or teaching hospitals. That is not the case today. Other service lines (such as cardiovascular care) that were traditionally considered "specialties"—and, as such, were relegated to quaternary care—have become commonplace in today's community hospitals. There are many factors turning the tide, including:

- Demands to increase profits in order to provide support for pending capital requirements.
- The quest to optimize bed allocation and build volume in "target" clinical services.
- The advancement of technology in the diagnostic and therapeutic arenas.
- An increased adoption of standards of care/certifications.

As hospitals have searched for ways to increase profitability, their attention has been devoted to high-margin services. Since some neuroscience services have traditionally had low contribution margins, the line as a whole has frequently been assigned a lower priority than cardiovascular or orthopedic services. In reality, though, several of the neuroscience services have a strong impact on inpatient profitability. For example, craniotomy is characterized by a very high contribution margin per case but a small number of cases. Therefore, given a large enough potential pool, this service would be a target for growth. Spinal fusion and stroke care have high case volume and a medium level of contribution margin per case. They are services which have the potential for larger total margins.

As the competition for revenue has increased—both among hospitals and between hospitals and physicians' organizations—healthcare leaders have devoted resources to creating institutes and regional centers of excellence. Initially, programs that catered to the largest potential pools of patients, such as women's services and cardiovascular care, were favored. Until recently, hospital executives flagged neuroscience services as "low priority," since procedures like open skull tumor surgery represented a small patient pool. However, as the technological advancements in neuroscience-related diagnostics and therapeutics have accelerated, the number of treatable illnesses and injuries has mushroomed.

The latest generation of medical equipment has enabled organizations to replace highly invasive inpatient care with more recovery-friendly outpatient treatment. This has encouraged a larger number of neuroscience patients to seek care. At the same time, the complexity of those clinical procedures has increased and, as such, the contribution margin of many neuroscience services has followed suit. This has certainly been the case in the expansion of stereotactic radiosurgery (e.g., application of the Cyberknife to cranial, prostate and other extracranial tumors).

As a result, a desire to increase neuroscience volume has become a key initiative for many hospitals. New computerized treatment planning and processes have enabled more clinicians to deliver care, but it also has contributed to an increase in competition. Every hospital must understand its window of opportunity before investing in a particular neuroscience service or device.

**Getting Your Head Around Neuroscience Services**
Although neuroscience services are becoming more popular, getting your head around them can be challenging. There are a host of different subspecialties--including cranial surgery, neuro-oncology, neurodegenerative diseases, trauma, spine, cerebrovascular, and more.

When deciding where to focus, some organizations are looking primarily at distinct clinical-care components. Others are leaning toward creating integrated service lines, including: neuroscience only, neuro-oncology, neuro-ortho, and neuro-ortho-rehab. Some organizations are working to form their own institutes by adding research and teaching to the clinical components, especially since institutes have strong foundations to assist in funding lower margin services, research, and education.

There are no specific guidelines that equate the size of a hospital with the continuum of neuroscience services it should provide. It can be helpful, however, to consider three broad roles or approaches. Those taking a "limited" role, typical of small or rural community hospitals, may focus on primary stroke care, treatment of back pain, sleep services, and may have referral relationships with larger hospitals. Those taking a "broad continuum" role, generally implemented in medium or large community hospitals, may offer a primary stroke center, enhanced interventional radiology, spine surgery, some neurodiagnostics, fellowships, research (phase III only) and potentially have academic hospital affiliations. A "comprehensive program," typically found at quarternary care entities and academic medical centers, includes a comprehensive stroke center, cranial surgery, multiple forms of stereotactic radiosurgery, neurology subspecialists, pediatric neurosciences, trauma, research (phases I-III), teaching (fellowships and residencies).

Some multi-hospital systems are well positioned to assign different neuroscience roles to various members of their network, allowing them to capitalize on the strengths of each organization, build a solid reputation, and craft a full continuum of care.

Where does your organization fit on the continuum of neurosciences? Have you looked at your strategy, internal competencies and market opportunity to determine your organization's fit with neurosciences?

**Expediting Analysis and Decision-making**
Pitfalls abound when expanding any business service and neuroscience is no exception. The most significant is: timing. Over analysis and slow decision-making—typically seen in organizations that require detailed feasibility studies for each potential neuroscience component—can cause an organization to be too late to market. A tiered analytic and decision-making process like the one created by Mark Dubow and Ellen Goldman can help organizations determine whether a neuroscience component fits into their strategy more quickly.

For example, each tier is composed of a set of questions. Symbolically, the tiers may be equated to a funnel with a series of filters. The outermost filter has "high level" qualifications and is the most porous, enabling an almost instantaneous "proceed to the next level of assessment" versus "terminate further analysis decision." Correspondingly, it is designed to weed out those ideas that simply don't make sense without devoting resources and sacrificing some of the window of opportunity. The innermost filter is the most demanding. This is the level at which a feasibility assessment would be appropriate.

Examples of questions associated with each of the three tiers of filters are provided below:

**First Tier:**

- Is the neuroscience service component consistent with our mission and vision? If not, go no further in the analysis of that component.

**Second Tier:**

- Can we get the volume required for optimum quality and service?
- Is the anticipated income (rough range rather than detailed projection) sufficient to warrant pursuit?
- Do we have the key competencies required for success?
- Do we have the major investment requirements?
- Do the key constituents support the initiative given what it will take to be successful?

**Third Tier:**

- To what extent does this initiative contribute to our strategic direction? (High-Medium-Low)
- To what extent does this initiative contribute to our growth target?
- What are the opportunity costs if we do not implement this initiative?

Applying these critical questions can help expedite the decision-making process and ensure that the organization is investing in the right strategy.

**The Make vs. Buy Decision**

Once an organization has decided to focus on neurosciences, the next key consideration is whether the hospital can go it alone or if partners are required. When deciding whether a partner is needed, ask these key questions:

- What is critical to success?
- For each critical success factor, do you have what is needed to succeed?
- How important is timing?
- Do you have the reputation or brand recognition that you need to accomplish your vision for neurosciences?
- Do you have the physicians with the skills and reputation needed?
- Do you need access to capital?
- Do you need access to management expertise?
- Do you have access to the latest research and clinical trials?

This process will make it clear whether or not you need a partner and what you should expect to accomplish by partnering. Should you need a partner, there are many types to consider. For example, if you need a partner in order to quickly gain the reputation as an Institute and establish physician expertise, it may be effective to form a relationship with an academic medical center or a hospital listed in *U.S. News and World Report*'s Top Hospitals. However, if the reason to partner is related to capital or joint venturing with physicians, a management or operating company (e.g., ASC or Cyberknife management company) may be most beneficial.

Neuroscience services offer community hospitals an exciting opportunity to achieve enhanced profitability and competitive position. However, since the window of opportunity is narrow, it is critical that leaders determine the appropriate clinical components to pursue, recognize, and pre-empt the pitfalls, and then expedite the decision process. Achieving success in a proposed neuroscience service program is dependent on knowing when (and for what aspects) to adopt a make vs. buy approach.