

## Elevated Status

As once-bigger Alliance regroups,  
TriHealth keeps adding strength

BY JAMES TRENT

For years the Health Alliance was the giant of the Greater Cincinnati hospital market.

But that status no longer looks assured. While the system has endured a two-year civil war that has reduced its size, rival TriHealth Inc. has grown relentlessly.

Today, TriHealth's revenue, at about \$1 billion, is roughly the same as the Health Alliance's if the Alliance's three departing hospitals — Christ Hospital and the two St. Luke hospitals — are factored out.

Since 2004, TriHealth has added new patient towers at its Bethesda North and Good Samaritan hospitals, built an outpatient facility in Lebanon and acquired the Group Health Associates physician practice.

Employment has grown from 7,200 to 9,500 in that time, and revenue has increased nearly \$300 million. The system just hired 500 nurses to meet its needs after adding the facility and practice.

And as the Alliance loses three hospitals, TriHealth is ready to take on more, if it sees the right deal.

"We're open if somebody wants to come and talk to us," CEO John Prout said.

### TIMES HAVE CHANGED

The health care market has changed considerably in the last few years. The Health Alliance, formed in 1995, has long been dominant, at least in terms of revenue.

The system had a fiscal 2008 budget of about \$1.7 billion, said Heather Adkins, spokeswoman for Christ Hospital.

But Christ and the St. Lukes, she said, count for about \$700 million of that number. Christ's board plans to complete its transition out of the group in the summer, and the Health Alliance wants the St. Luke hospitals, which plan to merge with St. Elizabeth Medical Center, to be out by Jan. 1.

The 13-year-old TriHealth has the leading

**TriHealth CEO John Prout said the organization is ready to take on more hospitals if the right situation presents itself.**

market share of 24 percent in the four-county area including Hamilton, Butler, Warren and Clermont, system officials said, based on inpatient discharges.

But Health Alliance spokesman Tony Condia said his group is still the market leader. He would not release a specific projection but said the system would have revenue of more than \$1 billion.

Condia noted that the Alliance will complete a \$220 million hospital in West Chester in 2009 and is working with the Lindner Family Foundation to build the Lindner Center of Hope, a \$28 million mental health center to open in August in Mason.

"Even with the departure of the Christ and St. Luke hospitals, the Alliance will remain an enterprise whose annual revenues will continue to outpace the revenues of TriHealth and any other health system in the Cincinnati area," he said. "We simply offer a broader range of services, have access to a larger network of primary care physicians and have been far more aggressive and stra-

tegic in our acquisitions and expansions."

The Health Alliance, which includes Jewish, University and Fort Hamilton hospitals as well as the Drake Center, employs 9,475 people, excluding Christ and St. Luke, about the same as TriHealth. It will add 900 to West Chester Medical Center.

Adding to uncertainty in the hospital market, the Health Alliance is appealing an April 2007 court decision allowing Christ and the St. Luke hospitals to withdraw.

And the group's leadership is in question; Alliance CEO Ken Hanover recently was a finalist for a job in Pennsylvania, which he did not get, and two other high-level Health Alliance executives recently have left.

For TriHealth, a "tipping point" came about three years ago when it started to func-

**'You've got to be big enough to be efficient.'**

**John Prout**  
TriHealth CEO



MARK BOWEN | COURIER

tion less as a couple of hospitals and more as a mature system — and needed to adjust its management approaches accordingly, said Steve Schwalbe, the organization’s vice president of strategic planning.

“We had more employees. We weren’t worried about survival. We weren’t worried about huge financial losses,” he said.

Two years ago TriHealth adopted what has become a hot trend in health care, a scorecard management system where managers in various areas of the system are accountable for certain clinical quality and financial measures. Measures ranging from infection rates to staff turnover are being examined at the hospital level and in particular departments.

“I really felt in talking to some of our directors and employees that we did a good job of telling them things, but they didn’t know it fit together,” Prout said. “They didn’t know if we were building a two-seater sports car or a four-wheel-drive SUV. We weren’t providing enough context for board members, physicians and managers.”

The scorecard system was ideal for a hospital group looking to merge cultures, said Jeff Bunting, president of the Philadelphia firm **ActiveStrategy**, which is providing the

## CARE PROVIDERS

Greater Cincinnati’s largest adult acute-care hospitals  
(by adjusted patient days, 2006)

<b>University</b>	212,400
<b>Good Samaritan</b>	206,000
<b>St. Elizabeth South</b>	188,600
<b>Christ</b>	173,500
<b>Bethesda North</b>	167,400
<b>Jewish</b>	99,300
<b>Atrium</b>	96,600
<b>St. Luke West</b>	78,300
<b>Mercy Anderson</b>	77,100
<b>St. Luke East</b>	76,200
<b>Veterans Affairs</b>	75,500
<b>Fort Hamilton</b>	73,800
<b>Mercy Fairfield</b>	72,600
<b>Mercy Mount Airy</b>	71,900
<b>Margaret Mary Community</b>	68,200
<b>Mercy Western Hills</b>	63,400
<b>Mercy Clermont</b>	53,400

Adjusted patient days reflects the number of days of inpatient care plus an estimate of outpatient services volume.

software for TriHealth’s effort.

“TriHealth is a really good example of how it’s helped to really knit several different organizations together around the same strategy,” he said, “to make them more effective than the sum of the parts.”

## STILL A YEAR BEHIND

Regardless of who’s bigger, the recent construction trend is probably what the area needs, said Colleen O’Toole, president of the Greater Cincinnati Health Council.

“Our hospitals’ expansion is based in part on catching up from a period of not investing in renovation, expansion and technology because of the constrained reimbursement levels we were experiencing in the mid- to late-’90s,” she said. “If you look at the age of our plants, we’re still about a year behind the rest of the country.”

Prout said he doesn’t focus on whether TriHealth is the biggest health system.

“There’s a benefit to sharing some fixed costs ... but it’s not exponential,” he said. “You’ve got to be big enough to be efficient, and we’re in that position. We are friendly competitors, and we’re focused on what we can do to serve the community.”

Reprinted with permission from the *Business Courier*. ©2008, all rights reserved. Reprinted by Scoop ReprintSource 1-800-767-3263.

Reprint provided by ActiveStrategy, Inc.  
Learn more and download a TriHealth Case Study at [www.activestrategy.com](http://www.activestrategy.com)