

Case Study

Hospital Redevelopment: Crisis, Challenge or Opportunity! One Rural Hospital's Success Story

Margrét Comack

Hospital professionals all over Ontario find themselves facing the same problem: their hospital facility is aging and space-challenged and the list of things needing repair, upgrading or expansion is constantly growing, but capital money is in short supply. As the Chief Executive Officer of the Listowel Memorial Hospital, I have experienced the challenge of redevelopment first-hand. Listowel Memorial, a 50-bed acute care facility located in southwestern Ontario, serves a rural population of close to 30,000 across a broad geographical area. The hospital is typical of many rural facilities, with structures that date back 40 to 60 years. Part of the building still sits on the original foundation of the house in which the hospital was founded in 1919. Our hospital is currently in the midst of a \$15 million phased redevelopment and renewal. Short-term work in pursuit of the most urgent priority areas (emergency, ambulatory care, surgical services and diagnostic imaging) in Phase One is now well under way, with government approval and funding support as well as a major financial commitment from the community.

When I arrived at Listowel Memorial Hospital in 1999, I quickly realized that something had to be done to ease the space crunch and update the facility to meet changing community needs and emerging technology. The most pressing issue was the practice of scheduling all of the ambulatory care in the emergency department. A later analysis demonstrated that the space requirement for the current volume of patients was about three times greater than what was available.

When we started planning, five years ago, our staff and physician team did so with simple sketches and not-to-scale diagrams. However, it became quickly apparent that design and planning expertise would be required if we were going to be successful. At that point Agnew Peckham was brought on board to assist with master programming and initial planning, and during a two-year process, our group produced what we thought was a viable plan for relocation and expansion of the facility to accommodate projected growth in the core services of emergency, ambulatory care and surgical services. The project was submitted in 2001 and approved and funded by the provincial government in the summer of 2003.

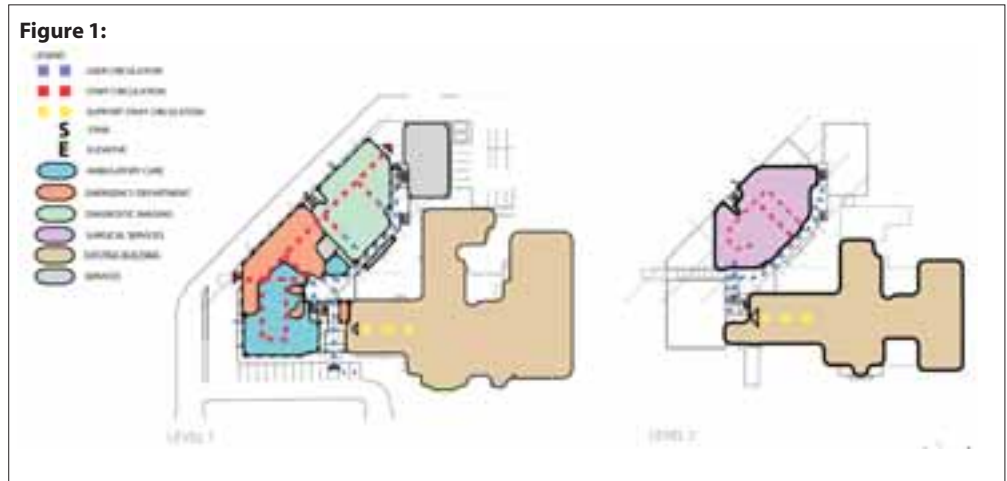
However, after approval of our initial redevelopment plans had been confirmed by the Ontario Ministry of Health and Long-Term Care, the leadership team came to realize in the fall of 2003 that a longer-term redevelopment master plan would have to be developed in order to meet the new MOHLTC master programming and master planning guidelines. To facilitate this next stage of our master planning process, we engaged Cohos Evamy to provide project management services and to assist our leadership team in developing a master planning strategy for a multi-phase, long-term redevelopment of our facilities. This process involved a closer examination of all of the programs and services offered to the community and required projections for volumes and scope of service 15 years into the future. A detailed analysis of benefits and risks to the redevelopment on the existing site versus a new hospital on a “green-

field" site was undertaken, and indicated that the hospital should pursue a phased redevelopment of its existing site, rather than a new facility on a green-field site.

The hospital board was very involved in this process with the leadership team. We studied the feasibility of three options: the redevelopment of the hospital on the existing site, including construction over a river at the north end of the hospital; the development of a new facility on a brown-field site within the town; and the design of a new building on a new site just outside of town. After extensive review and discussion, it was decided that the hospital would proceed with a redevelopment of its existing facilities. Factors that influenced the decision included the probable lack of provincial government support for investing in a new green-field facility; the suitability of the current location of the hospital (which is adjacent to the physician group practice clinic); community concern about the relocation of the hospital; and the possibility of losing the already approved MOHLTC 50% funding for redevelopment.

Cohos Evamy was tasked with facilitating the coordination of this master planning process, which included charette sessions examining the option of a hospital on a new site as well as the option of a complete rebuild of the hospital on the existing site. My team and I also had many consultations with experts and stakeholders in the local community. We actively engaged our recently elected MPP by creating a site visit opportunity to highlight some of the best practices under way at the site and to demonstrate the commitment of the community for the hospital. This led to a later site visit from the Minister of Health, who was very supportive of the detailed planning process that we had developed. We also worked with our regional Ministry of Health team to have members see and understand the local issues and innovation as well as the inadequacies of the existing facility, and we were politically active through written and verbal correspondence with the Minister of Health and the staff in the capital planning and strategies branch of government.

Listowel Memorial Hospital now has a detailed implementation plan, a Master Program and Master Plan that will serve



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the community well into the future. In addition, the documents that have been submitted to the provincial government have been very favourably received, the Master Plan being cited by the Ministry as a model for others to follow.

LESSONS LEARNED

While our leadership team was originally discouraged by the additional efforts that would be required to undertake a long-range master program and master plan to meet the new MOHLTC master planning requirements, the process had the positive result of forcing us to go back to the drawing board to reexamine every aspect of the hospital's scope of service, and then to project clinical service and facility needs well into the future. As a result, we ended up with a 15-year, multi-phase plan that lays the groundwork to fulfil the hospital's vision of being a centre of excellence for rural healthcare – rather than simply providing a short-term fix to our current ambulatory, surgical and emergency space needs, while ignoring the impending space needs for the diagnostic imaging service.

We also learned that one of the most important aspects of the initial stage of strategic planning requires an effective background analysis of the political, economic, social and technological context (PEST). As David Cerny of Cohos Evamy noted: "An effective PEST analysis allows the hospital leadership to become aware of the key factors that could significantly impact the success of the planning and implementation of a master planning strategy." Another tool that we thought was very effective in helping us formulate a redevelopment strategy was a SWOT analysis: What were our hospital's Strengths? Weaknesses? What Opportunities existed? What were the

Threats to delivering effective clinical care?

The resulting strategic plan evaluated areas of medical specialization, human resources, technology and communication. In addition, it emphasized the building blocks that are necessary to secure new and future funding for potential service areas – such as a dialysis program or diagnostic imaging equipment.

All these factors led the team to a vision of the future of Listowel Memorial Hospital as a full-service community hospital serving a growing, aging population, with special strengths in technology and information management. The tool used to make this vision a reality was the Implementation Plan, consisting of an operational plan, financial plan, work plan and communications plan. In Listowel's case, it also included a community relations plan and a government relations plan. Craig Applegath of Cohos Evamy noted the importance of effectively integrating the separate parts of the planning process: "One of the first steps in any redevelopment must be to understand how each step of the entire process will be woven together to form a vision of the greater whole. The goal, after all, is always to plan and design a facility that best meets and serves the healthcare needs of the surrounding community in the most efficient and effective manner possible, and to do so requires a crystal-clear vision of where you are going and how you are going to get there."

We learned that the importance of the operational plan cannot be overstated, since all aspects of the hospital's programs and services being delivered must be maintained throughout the various phases of the redevelopment. Also, since healthcare professionals of all types are in high demand and supply is limited, it is always hoped that a thorough analysis at this stage of the redevelopment planning process will reveal potential efficiencies. The operational plan also supports the development of the master plan, by confirming those functions which must be in specific adjacent locations to maximize efficiencies and avoid needless delays in service.

The financial or business plan in the healthcare setting must enable you to evaluate alternative capital expenditures. For example, a greater capital investment in equipment may yield savings in operational costs over many years. Is it worth it? Calculating the net present value (NPV) of those savings over the service life of the hospital allows you to integrate capital expenditures and operational expenditures, too often treated as separate elements in financial planning. This approach improves the quality of the evaluation of different options being considered in the operational and strategic plans.

The government relations plan includes all aspects of contact with provincial government officials, while the work plan allows the CEO to plan changes in the workflow during the various phases of the actual renovation.

The cost of effective strategic and implementation planning is not insignificant, and is a crucial component of any redevelopment budget. Our project manager David

Cerny continually stressed the importance of effective strategic and implementation planning to the success of any redevelopment project and noted that "The importance and value of good up-front planning is best illustrated by its impact on both capital and operating costs over the lifetime of the facility: by the time you have spent 1% of your capital planning dollars on implementation planning and facility design, you will have committed the spending of 78% of all building and operational costs over the life of the building!"

CONCLUSION

The final master plan proposes a four-phase renewal of the current facility over 15 to 20 years, costing an estimated \$15.4 million for Phase One. The hospital has already successfully raised \$4.5 million in the community to support the project, and Listowel Memorial is now one of the few projects approved by the Ministry in recent months to receive project funding through to construction. Tendering for construction bids is expected to commence in the spring of 2005.

Although our redevelopment planning process started with sketching simple diagrams, as our team learned more about the process we realized that the success of our future redevelopment project would be determined by the quality of our master planning process, and more importantly by the thoroughness of our implementation planning process. Both our master plan and our implementation plan will now be put to the test as we move forward into the design and construction stages of the first phase of redevelopment.

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About the Author

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