

Managing Infrastructure Expenses

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Cary A. Fox, FACHE

Vice President/Chief Administrative Officer
CHRISTUS Santa Rosa Health System
San Antonio

Only a few years ago, the trend toward new construction was gaining momentum across the healthcare field. Although weak economic conditions have slowed that movement, many hospitals are still making significant investments in upgrading their existing facilities. In fact, a recent survey by the American Society for Healthcare Engineering found that 73 percent of hospital construction projects involve renovations or expansion. Given the current climate, strategically budgeting for infrastructure needs is critical to helping hospitals maximize their investment, prioritize projects, improve outcomes and mitigate risk.

Creating a Five-Year Infrastructure Plan

Established in 1869 in San Antonio as the city’s first private hospital, CHRISTUS Santa Rosa Health System employs nearly 4,000 people, is affiliated with 1,800 physicians and serves more than 250,000 patients annually. More than a decade ago, CHRISTUS Santa Rosa expanded its main hospital with a new surgical tower. Physicians, patients and staff alike quickly realized that the existing heating and cooling

systems were underbuilt to accommodate the addition. “We could not rapidly heat or cool our operating suites, which impacted our ability to perform the high-intensity services our community depended on,” says Cary A. Fox, FACHE, vice president and chief administrative officer at CHRISTUS Santa Rosa.

At that time, CHRISTUS Santa Rosa turned to ARAMARK Healthcare for help. First, ARAMARK analyzed the HVAC systems in the surgical tower and concluded that to continue offering critical surgical services, CHRISTUS Santa Rosa would need to make substantial changes to its systems. “ARAMARK helped us develop budgets as well as an approach to implementation because we had to continue performing surgeries,” says Fox. “It was an incredibly complex project. Yet, we were able to improve our systems without compromising patient care, jeopardizing infection control or disrupting revenue flow.”

Success with the surgical tower project compelled CHRISTUS Santa Rosa to ask ARAMARK to thoroughly evaluate the infrastructure of all its campuses. With the information obtained from this in-depth analysis, ARAMARK prepared a five-year plan for improvement activities and system replacement initiatives. This approach helped CHRISTUS Santa Rosa prioritize its infrastructure costs over a longer timeline.

“ARAMARK put together a very detailed plan that allowed us to comprehensively understand our capital needs,” says Fox. “The long-term infrastructure plan fit in with the system’s strategic plan because it helped us to identify what work had to be done to upgrade our systems in areas such as plumbing and chilling systems on each campus so that we could support our changing programs and services in the future.”

The five-year infrastructure management plan outlines a repair and replacement forecast and offers research-based rationale to prioritize investment—all in the context of the hospital’s mission and goals.

Mitigating Future Risk

In addition to planning for foreseeable issues, a comprehensive infrastructure plan allows healthcare organizations to mitigate risk in areas that may not have been perceived as problems because they had never been examined in detail.

“A hospital, for example, may have done due diligence in determining that a younger community demographic necessitates expanding its obstetrics services,” says Mike Sherman, vice president of Asset Solutions at ARAMARK Healthcare. As a result, it plans to add a new wing. “However, few organizations make an in-depth analysis of how their mechanical and electrical assets will handle that

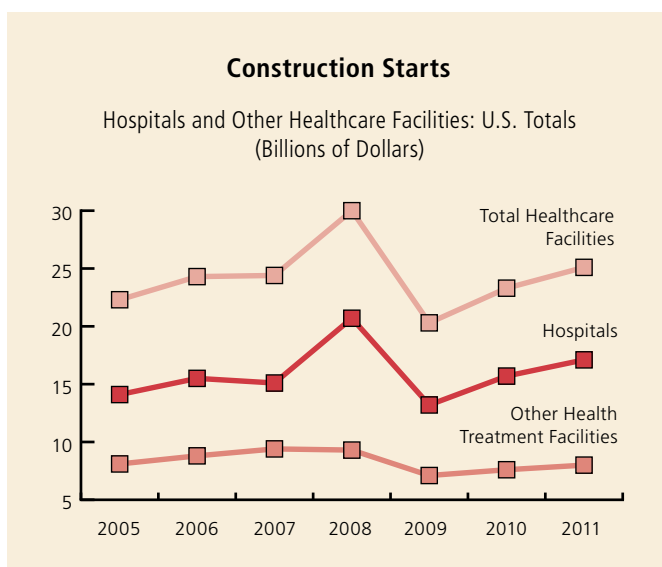
change,” he says. “A lot of that comes after the fact.” At that point, a hospital may be faced with an emergency, in which case decisions are often made in response to an immediate necessity rather than being based on an understanding of long-term needs and goals. And many times, the organization will overpay to correct the problem.

ARAMARK also offers an advantage that traditional approaches to infrastructure management do not. Typically, a hospital hires an estimator, an architect and other professionals to address facility-improvement needs. However, ARAMARK offers a turnkey or design-build approach. A turnkey partner contracts out any needed outside support, and hires and pays any subcontractors. The advantage is that from beginning to end, the turnkey partner is responsible to the hospital for managing the project from a single source.

Accessing capital is more difficult than ever. But having the ability to understand when expenditures will need to be made—and what can be postponed with the assurance that the organization can continue to operate effectively—has huge implications for hospitals as they look for new ways to generate revenue.

“ARAMARK was critical in helping us move forward,” says Fox. “Whatever work it does with us is always in the best interest of our patients, physicians and the organization. Our collaboration is a partnership in the highest sense of the word and of great value to CHRISTUS Santa Rosa.”

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Source: McGraw-Hill Construction