

September 08, 2019 12:04 AM

## How a rural hospital became a neurology hub — and stayed independent

JAY GREENE

- Rural hospital in Owosso decides to remain independent, steadily turns around operations
- Keys to success includes hiring 62 doctors, expanding market reach, improving clinical care, quality
- Focus on multi-disciplinary approach co-locating neurology, orthopedics and wellness starting to pay off



Memorial Healthcare  
Neurology, orthopedics and wellness multi-specialty building under construction at Memorial Healthcare in Owosso

Memorial Healthcare, a 161-bed rural hospital in Owosso, faced a critical decision several years ago.

The Affordable Care Act was kicking in and other small hospitals were being advised to join larger health systems for survival.

The board of trustees of nonprofit Memorial was warned by its former CEO and a consultant that its future was either to financially struggle and potentially face bankruptcy, or link up with one of a number of larger health systems in Michigan vying for the hospital's acquisition or affiliation.

CEO Brian Long, who was brought in as CFO in 2011 and became CEO in early 2013, said Memorial and its board, which heatedly debated the issue for nearly five years, eventually chose door No. 3: Stay independent and expand its reach beyond Shiawassee County in central Michigan with its population of 68,000 to neighboring counties of Saginaw, Clinton, Bay Ingham and Genesee.

Besides covering more territory, the evolving plan, described by board Chair Greg Bontrager and vice chair Tony Young, was that Memorial should also hire more staff doctors, recruit other specialists, add satellite clinic offices and focus on improving quality of care across its 34 specialties and service lines.

But the key component of the survival strategy — and now a major area of investment — was to focus heavily on neurology as a profitable clinical area and integrate neurologic specialties with orthopedics and an expanded community wellness program. Long said the three service lines complement each other for patient benefits and improved outcomes.

"What we chose to do was to pick a service line or two that we could be world-class in and provide services not only to our community" but to a larger market that could attract patients from hundreds of miles away, Long said.

"Not every hospital can be excellent in everything," he said. "Even the larger organizations, like the Cleveland Clinic, they've got comprehensive services but they're known for heart. ... Memorial Hermann Cancer Center in Texas, a very large facility, they're known for cancer."

Young, who is president of Young Chevrolet Cadillac in Owosso, said when he joined the board in 2013 the debate to sell or affiliate with a larger health system had split the board with several resigning. He favored the hospital remaining independent, building up existing services, improving quality and patient and employee satisfaction.

"I started pushing the (question), what would the community gain from a merger?" Young said. "The hospital was losing a little money, but had money in the bank."

Bontrager, the former president and COO of the American Cancer Society, joined the board in 2015 when members were still considering offers to sell. One was an equity sale of Memorial to a partnership between the University of Michigan and Sparrow Health System. He said all major health systems offered to buy or affiliate, including McLaren Health Care and Ascension Health.

"(Sale) didn't make sense to us business leaders on the board," Bontrager said. "Every community is challenged financially. Our balance sheet was strong. Some of the offers were for less money that we had in the bank. Under Brian's leadership, we thought we could make a profit on our core business and also build up two or three clinical services."

Besides building up neurology and orthopedics, Long said over a 10-year period Memorial increased the number of its employed doctors to 80 from about 18 in a range of primary care and specialties, including internal medicine, pediatrics, obstetrics and gynecology, general surgery, gastroenterology and endocrinology.

Memorial, with its 1,200 employees and 200 physicians on its medical staff, also expanded outward into at least 25 satellite clinics that includes nearby Chesaning, Durand, Perry, Laingsburg, Ovid, Elsie, Corunna and Auburn. "We needed to expand our market" share to increase patient volume and revenue, Long said.

But Young said the board knew patients wouldn't come or tell their friends about their experiences if quality wasn't as good or better than the larger hospitals, so at every meeting trustees asked questions how the quality improvement program was going.

"The quality of services that we offer, based on all those indicators, have seen significant increases from prior years" in all areas, Long said. "We are focused on providing the very best care that we can to the community that we're charged to serve."

As a result, Memorial scored a B grade this year in The Leapfrog Group patient safety scores, three stars (of five) in patient satisfaction as measured by the Hospital Consumer Assessment of Healthcare Providers and Systems, and three stars (of five) in the Medicare Hospital Compare quality ratings. It also rates above average in employee satisfaction, and care of patients for sepsis care, colonoscopy and preventive measures, Medicare data shows.

### **Positive financial trend**

From 2013 through 2018, Memorial's total revenue grew 70 percent from \$104 million to \$177 million. During that same period, net income also grew 25 percent from \$4.4 million in 2013 to \$5.5 million in 2018, totaling \$18.1 million over that six-year period, according to Memorial's audited financial statements.

In 2018, operating income grew to \$8.4 million, a 394 percent increase from \$1.7 million in 2017, which was the first year in at least six years the hospital turned an operating profit. After posting an operating loss of \$2.8 million in 2013, operating losses declined to \$976,000 in 2016.

During the first six months of 2019, Memorial has continued to grow with \$115.6 million in net operating revenue, \$5.3 million in operating income with total net income of \$14.4 million. Those six month numbers are up 17 percent, 84 percent and 193 percent, respectively, than the same period in 2018.

In 2008, 2009 and 2010, Long said the hospital lost money on operations. "We had a financial turnaround in 2011, but primarily the debate (on the board of trustees) was whether that would continue," he said.

After the board decided to stay independent and come up with a new strategic plan to grow the hospital business, Long said the next three years from 2013 through 2015 brought revenue growth, but the hospital continued to experience operating losses.

"We introduced investment back into the organization, income went down, but from 2016 to 2019 that investment came to fruition" and operating income steadily went into the black, Long said.

Expanding neurology as a center of excellence was a risky proposition for a small hospital with \$104 million in annual revenue in 2013, but one Memorial's board, management and staff readily accepted, Long said.

"It was very risky, but let's look at the other side of that risk and what's happened to independent hospitals that are rural referral centers in the past," Long said. "They've either gone one of two directions. They've significantly downsize and reduce the services to community you've been part of or they've been forced to, if you will, collaborate or affiliate with larger organizations."

Bo Snyder, a health care performance excellence consultant in Kalamazoo, said Memorial has been growing its neurology and other clinical programs in slow, incremental ways to minimize risks.

"They take a step, check it, if going well, then continue. If not, stop," said Snyder, who has consulted with Memorial. "If you have a grandiose plan and you are staffing up (as Memorial is), you need to see the volumes grow. It is highly risky, but they are doing in incrementally and they are comfortable" with the results.

Snyder said one of Memorial's advantages is that some patients in other markets may not have access to a neurology program that is as integrated with other specialties and offer one-day testing as Memorial.

"There could be an upper bound to" their growth," he said. "The long-term risk is that Memorial builds a better mousetrap for neurology care but the other hospitals copy that and build one, too." But Young and Bontrager said they don't have major concerns that competing hospitals will catch on to Memorial's innovative approach to neurology care.

"It is always a concern. We need to stay one or two steps ahead of other competitors," Young said. "We plan on being five to six years ahead of everybody."

Bontrager said the key is maintaining high patient and employee satisfaction along with being nimble and on the cutting edge in MS and other neurology research.

"There is a huge buzz around Memorial. We have added more than 300 jobs and we will add more doctors, but we want to get everything in place first and stay with our core services," Young said.

"We strongly believe in world class care with small town values," Bontrager said. "We have doctors attracting doctors here. They are interested in patients and relationships."

### **Critical hire, neurology expansion decision**

While the hospital's long-term strategic growth plan evolved over a five-year period, Long said one of the best decisions Memorial made was in 2010 when executives hired a young neurologist named Rany Aburashed, D.O., and began to build the hospital's neurology department.

In 2011, Long said he discussed with Aburashed what was needed to expand neurology as a center of excellence. They shared similar visions and agreed on a plan to create a destination neurology program that would continue general neurology but also specialize in muscular sclerosis. Later the plan evolved into specializing in muscular dystrophy, Alzheimer's disease, dementia and head and facial pain.

"What I was able to do at the time (was to) sell him (Long) that neurology is very important in the future of health care," Aburashed said. "I still truly believe neurology is the one field in medicine that is being actively conquered as we speak."

Aburashed said medical specialties such as cardiology have taken massive strides the past 30 years in improving heart care, but much remains unknown about the brain.

"Dementia, Alzheimer's, MS, these tough diseases are the ones that remain the final frontier. This is the future in health care with the number of baby boomers aging and the number of neurologists and needed," he said.

Aburashed said he became interested in MS as a resident at Sparrow Hospital in Lansing about 10 years ago because it is a disease of young people. He wanted to work at a hospital where he could put into practice his ideas about MS care.

"It hits people 20 to 40. As I was training, I would see basically my peers, people exactly like me in the same stage of life as me develop this potentially debilitating disease. So there was an emotional connection immediately," he said.

Long said he also felt neurology was a gem of a clinical service that the hospital could create into a highly successful niche program. But he didn't expect it to grow to become what it is now.

"Had either one of us sat down nine years ago and said to the board, or to probably anyone else that at some point .... We're gonna have, nine neurologist or a dozen neurologists. They would have probably asked us to see a neurologist," Long said.

"The reality is neither one of us had any preconceived glass ceilings of where this could go. Instead what we did is we had a vision and that vision included the, the pragmatism that it needed to be self-supporting and self-sustaining," he said.

### **Neurology focus**

Since 2010 when Aburashed was hired, Memorial Healthcare's neurology inpatient market share has grown, increasing to 20 percent in 2018 from 15 percent in its primary Shiawassee County market.

Outpatient neurology has held steady at 49 percent, but that doesn't account for a large increase of patients coming in from outside of the hospital's immediate markets, Long said. Other competing systems in neurology include hospitals part of McLaren Health Care, Sparrow Health System, Genesys and Covenant HealthCare.

"We are seeing the piece of the (market share) pie grow in MS and as it grows we are drawing a lot more numbers outside of our primary and secondary markets. Overseas, Alaska, the Deep South, the Southwest, Mid-Michigan and Indiana," said Long.

Since 2011, neurology visits have increased 729 percent at Memorial from 1,738 to 14,424 in 2019.

In the U.S., some 1 million people are affected by MS, including about 20,000 in Michigan. Patients come to Memorial from all over, officials said, some traveling more than 15 hours to receive specialized care.

"We started out with a single neurology practice and we now have eight neurologists that are employed and providing services," Long said. "We've had revenue growth in many areas, mostly attributed to the (80) employed doctors, but neurology is a big service segment and it's responsible for a good deal of this growth."

After hiring Aburashed, who is chief of neurology and also heads up Memorial's Institute for Neurosciences and Multiple Sclerosis, Margaret Frey, D.O., was recruited to become director of the hospital's muscular dystrophy, neuromuscular and epilepsy program.

To make the neurology investments, Long said the agreement he struck with Aburashed was that the doctors would be able to specialize in certain areas, but they also must agree to focus on the hospital's general neurology population.

"We brought on Dr. Frey and her interest in muscular dystrophy. That also meant we had two individuals that could provide general neurology services for our patients," Long said.

But to build out the neurosciences institute for the regional expansion and research projects envisioned by Aburashed, Memorial needed more neurologists interested in MS.

Neurologists Robert Pace, M.D., and Jeanie Cote, M.D., both of whom specialize in MS, were hired to help Aburashed with patients and research.

Through the first six months of this year, Memorial has treated 1,700 multiple sclerosis patients of a total of 3,390 patients with complex neurological conditions.

Most recently, Anthony Brune III, D.O., joined Memorial's MS program. Like Aburashed and Frey, Brune graduated from Michigan State University's College of Osteopathic Medicine. He has completed two specialized fellowships at the University of Michigan and Johns Hopkins University.

Three other neurologists were recruited to broaden the neurology department's specialties. They include Cara Leahy, D.O., director of cognitive disorders, focusing on Alzheimer's disease and memory care; Ali Saeed, M.D., specializes in stroke; and Gregory Dardas, M.D., a board-certified general neurologist who practices in Auburn, is the former chair of neurosciences at Mid-Michigan Regional Medical Center.

In December, a ninth neurologist, Amit Masih, M.D., an assistant professor at Michigan State University, will join the team and head up the division of headache and facial pain. The hospital also will replace next July a neurology fellow who left for another position.

Because of the increase in neurologists and expanded specialties, Memorial has reversed its patient mix. From 2010 to 2015, Memorial treated 80 percent general neurology patients and 20 percent MS and specialty neurology patients. Now, those numbers have flipped with 85 percent specialty neurology and 15 percent general neurology patients.

"I had my MS patients who came into the general clinic and I would diagnose them and take care of them. It grew organically, patient to patient. Then I started to get a bunch of MS patients because they're a very tight knit community online," Aburashed said.

When Cote joined Memorial from the University of Michigan, "She had a belief like I did that the way we were approached the disease was wrong," Aburashed said.

"MS is a disease that, dogmatically, we would say, look, you're going to get worse. You may end up in a wheelchair. This may be devastating for your family," Aburashed said. "We said, 'Why are we watching people get worse when we have options that may help them, and why aren't we at least presenting them with options and letting them decide if they are interested in a risk or not.'"

Aburashed said a growing number of neurologists like his peers at Memorial are treating people earlier with MS, using newer drugs and seeing positive results.

"As long as patients are willing to take those risks what we're seeing is a fairly robust improvement of quality of life and decrease in disability," he said.

One of the misunderstood aspects of MS is that it is a disease that does not change life expectancy. But it does alter life and it is a progressive disease that may cause patients to end up in a wheelchair.

"That has changed and the newer treatments are showing that we are able to stabilize patients for long periods of time," he said. "We have something called disability improvement. We're able to improve patients, which we never would have thought of before."

Aburashed said Memorial's neurologists believe using advanced diagnosis and treatment they can slow down MS progression.

### **Infusion center growth**

One effect of hiring more neurologists and specializing in MS, MD and other neurological disorders has been the rapid increase in patients at Memorial's on-campus infusion center.

"We've seen a lot of growth in our infusion treatment areas" that has helped boost hospital revenue, Long said.

Since 2015, Memorial's infusion center has increased MS treatments by 75 percent, said Jaime Ritter, director the hospital's cancer and infusion center.

Memorial is one of only a few hospitals in Michigan that administers Lemtrada and Ocrevus drug therapy treatments for MS patients. It also administers Radicava for amyotrophic lateral sclerosis patients and Spinraza for spinal muscular atrophy, she said.

"One patient who I treated with Lemtrada we have a video of her walking up stairs, for the first time in years," Aburashed said. She just walked 300 stairs last week up north."

The hospital also treats patients requiring chemotherapy, gastrointestinal disorders, antibiotics and blood transfusions, Ritter said.

"We have a busy clinic with about 35 patients per day" in an open floor plan with five private rooms for longer stay patients who may be infused for eight hours, said Ritter. The center has large windows that overlook trees and vegetation for a calming effect.

"We are seeing more MS patients as (the hospital conducts more) research," she said.

Ritter said the hospital plans to build a bridge connector between the infusion center and the neurology department that will increase patient and doctor convenience.

For patients coming in from long distances, Ritter said the hospital has arrangements with a long-term care facility for overnight stays. "The majority of MS patients coming in are from outside our region," she said.

### **NOW Center**

But because of the neurology growth, Memorial's board last year approved a plan to spend \$30 million on the tentatively called the NOW Center: Neurology, Orthopedics and Wellness, a 104,000 sq.-ft. building on its campus that is expected to open in mid-2020.

"We had a groundbreaking in May and will locate all neurology, orthopedics and wellness into a patient-focused center," said Long, adding that Memorial plans to give the center another name before it opens. Memorial plans to use cash, tax-exempt bonds and donations to pay for the new center.

Aburashed said many MS patients and others with neurologic symptoms often have difficulty moving around and struggle to receive full lab, radiology testing and treatment for their conditions because many hospitals and clinics require multiple visits.

All neurology services will be integrated with Memorial's orthopedic practice, rehabilitation services and a new community wellness center that will offer massage, yoga and other alternative medicine treatments.

The new outpatient center is designed to include offices for more than nine neurologists and expanded treatment rooms. Services for patients with disabilities will be provided on the same day and in the same room.

One of the advantages in having all neurology specialists nearby is each one can see a patient and walk down the hall to discuss the case with another.

"(A patient) comes in and we just have a collaborative discussion about how we're gonna approach it or so on and so forth," he said. "So whatever your ailment is — complex headache, facial pain, anything — we have the ability to meet real quick. It's been a kind of synergy that makes for great patient care."

While Memorial's neurologists have same-day diagnosis available now, the new center will enhance care.

"Instead of patients going to the lab, imaging, physical therapy, bracing, ambulation clinic, social worker and so on, these services will be brought to the patient in the same room on the same day," Aburashed said. "We have designed the facility around at least the neurology space to provide a more holistic approach of care in one area."



Aburashed said the idea behind the new neurology center is to enable the best patient care.

"When somebody drives an hour or two to come and see us, and we have people who drive 10 hours, 12 hours, we want to provide the most cost effective health care for that patient," he said.

Aburashed said doctors want patients to leave the hospital with answers on their condition and best treatment.

"When they take one day off work, they're leaving with some reassurance they are at least a massive step closer to where the diagnosis may be," he said.