



Putting the patient first

Hospital renovations
as an opportunity

The best possible outcome-to-cost ratios are the core concern of value-centered health policies, as pursued and already partially implemented in Germany, Austria, Switzerland and many other countries. In this context, patient-oriented care is playing an increasingly pivotal role for hospitals. In order to remain economically viable and competitive, they have to strike a balance between cost optimization, functionality and patient orientation. Hospitals should use new construction and renovation projects as an opportunity to fully align their concept with the needs of their patients.

Germany's hospital landscape will change dramatically according to the key points of the largest hospital reform for decades agreed on by the German federal government and the federal states. The reform aims to eliminate costly excess capacities, preserving clinics that offer a high-quality service only. It is the first stepping stone in the needs-based reorganization of hospital care - a reorganization focusing on patient treatment as a major step towards higher quality and patient safety.

The Swiss healthcare system is also seeing a major transformation: Swiss hospitals have upped their emphasis on economic considerations following the introduction of the nationwide single financing system (fee-for-service/SwissDRG) by the cantons and insurers in 2012. There is a higher concentration of services, and hospitals and clinics are merging or forming collaborations. Hospitals are to help guide patients through the labyrinth of the healthcare system and play a major role in disease management.

“Hospitals should use new construction and renovation projects as an opportunity to fully align their concept with the needs of their patients.” Gerd W. Stürz



Cost pressure dictates change

Increasingly fierce competition is prompting healthcare institutions to remodel themselves as service providers and focus more keenly than ever on patients' needs. Patient orientation has become a salient quality feature. Critical, responsible patients demand detailed information about a hospital's facilities, treatment options and other features and they want to have their say. They make informed decisions about how and where they receive treatment. And they choose quality.

Many healthcare institutions embark on new construction or renovation projects to allow them to better manage growing numbers of patients, heavier workloads and ongoing cost pressure. About a thousand hospital construction projects are currently underway in Germany. In Switzerland, nearly every university hospital is undergoing major construction work.

Changing requirements

A value-driven approach is crucial for success, with the property playing a decisive role. Clinic buildings must facilitate efficient processes to ensure short hospitalization times and optimal care - at the same time, investment costs must be kept as low as possible and the design-to-value principle adhered to. Patient orientation means that structures and procedures have to be aligned with

individual needs and preferences; and when planning buildings, solutions have to be found that fit the budgets. In this context, patient-centered clinic new builds and renovation projects must take into account a whole slew of requirements from the onset.

Interdisciplinary competence centers

The planning of interdisciplinary treatment revolves exclusively around patients. Rooms and work processes are designed with their needs in mind. True to the motto "The doctor must come to the patient," experts from various fields and institutions make their medical competence available at a single location. Multidisciplinary consultation allows decisions to be made quickly and patients receive comprehensive care with the shortest possible length of stay and as few transfers as possible.

Healing environment

A relatively recent architectural approach for hospital construction and renovation is the healing environment. It harmonizes functional architectural design with the physical and psychological condition of the patient as well as the costs of running a healthcare operation. The healing environment concept focuses on eliminating stress factors, such as noise pollution or unpleasant odors, and safeguarding privacy. The aim is to provide patients and their families with as much emotional and social support as possible.

The green hospital

The term "green hospital" has become increasingly widespread in Germany in recent years. For clinic managements, it tends to comprise saving costs for heating, air conditioning and lighting given the drastic increase in energy prices. However, it is also about sustainability in a wider sense, encompassing environmentally friendly construction materials, use of resources, waste prevention, exemplary hygiene standards and good working conditions for staff.

Challenge accepted: Stuttgart Clinic

The ideal hospital is planned from the inside out and has a flexible and modular structure. Operated in a sustainable manner, it offers patients an environment that aids recovery in every sense. At Stuttgart Clinic, this ideal has become reality following a reorganization process that began in 2005.

With three locations, approximately 2,100 beds for inpatients and day care, and 7,000 employees, the municipal hospital is one of Germany's largest health centers. Around 90,000 patients receive in-hospital treatment there every year. In the future, it will have two locations at which investments of several hundred million euros will create the conditions for outstanding medical care that also satisfies economic requirements. The infrastructure will be renovated or rebuilt, and there will be new

“In the long run, only those hospitals that embrace patient-oriented approaches will hold their own in the market and operate profitably.”

Fabian Schuster

interdisciplinary centers and innovative specialist departments. Patients will enjoy the highest standards of comfort. Attractively designed patient rooms, glass-covered courtyards and extensive roof greening are just a few examples of how you can implement the healing environment and green hospital concepts.

At present, the complex “new central site” construction program is underway at the clinic’s city-center location, which includes the radiation therapy and eye clinics. At the same time, the interdisciplinary center for geriatric medicine is being established at the Cannstatt site. However, the costs of the long-term reorganization need to be kept under control: In 2010, the estimated cost of this large project was EUR 818 million. By 2012, this figure had risen to EUR 941 million, and forecasts now predict an outflow in the vicinity of EUR 1 billion. EY advisors have now been

engaged to review the building plans and cost estimates and calculate possible alternatives. In the process, the advisors will especially consider the existing maintenance backlog compared with the opportunities offered by a new building that makes efficient use of space and has optimized facilities; they will also identify options for optimizing the space allocation plan.

This example also demonstrates that large, complex and lengthy real estate projects in particular require especially thorough and above all flexible support to be successful. The related management involvement is often underestimated.

Optimizing project management

The development and management of medical, economic and patient-oriented concepts need to be aligned more and more keenly with the optimization of the

real estate situation, requiring special experience and resources. Hospital construction projects currently underway show that a conventional requirements-driven project management approach cannot bring about a comprehensive change in the processes. New project management methods, such as Building Information Modeling (BIM) or Lean Construction Management (LCM), are proven solutions in meeting these increased demands. Thanks to such methods, construction projects can be planned end to end from the early development phase up to commissioning of the building - with patients, employees and all other participants involved early on in the overall process. In all project phases, integrated planning teams provide transparency, which stabilizes processes and helps to make them tangible for those involved.

Conclusion

In the long run, only those hospitals that embrace patient-oriented approaches will hold their own in the market and operate profitably. This must also be reflected in the spatial environment created by new buildings or renovations. Optimization of real estate as a production factor is key to the economic survival of every healthcare institution.

Increased patient orientation means reinventing the hospital concept. This requires a willingness to break new ground and cast a critical eye on established standards. Clients, planners and project managers must shoulder the responsibility of finding the way forward for a new generation of patient-oriented hospitals.



Your contacts



Gerd W. Stürz

GSA Market Segment Leader Life Sciences,
Healthcare & Chemicals
+49 221 2779 25622
gerd.w.stuerz@de.ey.com



Fabian Schuster

Partner | Transaction Real Estate
+49 711 9881 21975
fabian.schuster@de.ey.com

EY | Assurance | Tax | Transactions | Advisory

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

© 2015 EYGM Limited.
All Rights Reserved.

EYG no. FN0213
BKR 1507-388
ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

ey.com