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AMFP-Chicago Chapter was the co-host for this summit. Learn more about the opportunities they provide to their Chicago area members: www.amfp.info

Attendee Comments

- *Networking; learning new ideas*
- *Energy, pace and completeness of the information*
- *The segment on Advocate Community Health project was very interesting. Would love to hear more*
- *What I liked best was the overall content that was presented, but the best speaker was Timothy Swanson*
- *Networking*

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Chicago 2019 Summit Recap



Takeaway Messages

April 25, 2019 - Chicago, IL

Reported by **Paula Widholm** (pawidholm@gmail.com), a freelance writer in the Chicago area. Widholm is a veteran real estate reporter who has been published in *National Real Estate Investor*, *Engineering-News Record*, *Midwest Real Estate News*, *Illinois Real Estate Journal*, *Midwest Real Estate News* and *Chicago Industrial Properties*

Photos by **Diamond O'Connor**, a Chicago area freelance photographer, diamondoconnor@gmail.com

Healthcare Innovation in Face of Uncertainty

Jimmy Lee, CEO, *SimpLee Healthcare*,
and Member of Multiple Boards of Healthcare Advisory Firms

- The uninsured rate has gone down. Since the Affordable Care Act went into effect in 2014, Medicaid has expanded 130 percent, allowing 12 million new people to be covered in 31 states.
- The first 48 months of the Affordable Care Act resulted in a \$20 billion loss to insurance companies as 90 percent of participants received premium subsidies to pay for health insurance and are immune to rate increases. However, 10 percent of middle-income earners receive no subsidies, and the numbers insured in this category slid from 7.5 million to 4.9 million as many dropped out of the program because they couldn't afford the premiums.
- Many uncertainties remain under the Affordable Care Act. For example, on March 25, a Texas District court struck down ACA, and President Trump is seeking invalidation of ACA. However, with no replacement, there will be no GOP regulations until after 2020.
- Attempts to allow for more choice may cause ACA rates to go up because programs such as association health plans, self-funded small employer MEWAs and ministry plans will strip healthy people out from ACA coverage.



- Other healthcare proposals are under consideration:
 - Medicare for All would result in a \$150 billion hospital revenue loss, according to JAMA, because the government reimburses 87 cents for every \$1 of cost whereas the private sector pays out \$1.45 for every dollar of cost.

- *Being informed of trends in health care*
- *The lean and collaborative discussion that started during the Advocate presentation and continued with Tim Swanson from Skender*
- *Great content and presenters*
- *Small format, rich topics*
- *Great Summit*
- *What would improve the Summit? Nothing. It was perfect!*

- Medicare for America keeps the employer plan with the option of Medicare.
- Medicare-x choice is the current system, with the public option for individual/small group and premium subsidies based on income.
- Medicare at 50: People become eligible at age 50 with subsidies based on income.
- Reintroduce reinsurance – government funding results in lower premiums for individual plans.
- Bi-partisan prescription drug pressures include rebate dynamics, price transparency, more negotiation leverage and international reference pricing.
- The site-neutral payment policy cuts Medicare outpatient rates to match physician office payments, which would result in a \$610 million per year hospital reduction.
- A move toward more home healthcare, including remote patient monitoring, non-skilled nursing, home infusion and home dialysis has resulted in improved reimbursement levels for care delivered in the home via technology. Health outcomes have also gotten better as patients have lower anxiety levels, get better sleep and are not exposed to infection by getting treatment at home instead of in a hospital.
- With fewer limitations, it's not necessary to always go to an emergency room or urgent care center, resulting in lower costs. More mobile solutions and face-to-face community programs are helping prevent serious problems such as hypertension, back pain, depression and anxiety.
- CMS continues to find preventative programs that have a high return on capital, from adult daycare to carpet cleaning and installation of air conditioners to prevent asthma or respiratory issues.
- Other trends include bundled payments where healthcare providers get paid based on health outcomes; centers of excellence where a specialist performs the same procedure daily; and ambulatory/hospital care delivered in patients' homes.

Demystifying Population Health Management and Its Impact on Facilities



Left to Right:

Bonnie Condon, Vice President of Community Health and Vice President of Faith Outreach, Advocate Aurora Health

Douglas King, Principal Architect, Stantec Architecture Inc.

Dr. Kim M. Miller, Director of Trauma Recovery Center, Advocate Aurora Health

Victoria Navarro, MBA-HCM, Regional Director of Planning, Design & Construction, Advocate Aurora Health

- Population health management is about preventing disease by keeping people healthy. "Eighty percent of what affects us is outside our body, and is determined by our zip code and education," King said. Currently, 97 percent of healthcare dollars are spent on care after an illness diagnosis.
- Many low-income patients must overcome obstacles to receive adequate healthcare, such as an inability to take time off work to go to the doctor or a limited ability to get exercise or buy healthy food because they live in dangerous areas or food deserts. "Education and zip code are as important as genetic code," Condon said.
- Advocate Health Care has also launched the Advocate Workforce Initiative. The program aligns individuals with entry middle-skill healthcare jobs and serves as a stepping stone to advance in the workforce.
- Stantec Architecture has developed 16 strategies to implement in its healthcare design with the goal of keeping people healthy and out of chronically ill conditions. Those include solving the housing problem, as 50 percent of chronically ill patients are homeless. Other strategies focus on securing healthy food options for patients; providing transportation to the hospital; and ensuring access to affordable healthcare, mental health and dental, among others.
- In fall 2018, Advocate opened its Trauma Recovery Center to help victims of domestic violence, hate crime and sexual and physical assault. It aids people who have experienced trauma in rebuilding, restoring, and strengthening their sense of safety by ending the cycle of violence through providing access to trauma-informed care.
- "For victims of violence, we had a golden hour when they came into the emergency room where we could ask 'what do you want to do now?'" said Miller. Now, with the new center, Advocate has more opportunity to help victims take care of essentials like securing a safe place to live and having food to eat and a place for their children. Then, victims can work toward overall wellbeing.
- Advocate Aurora Health uses the Integrated Lean Project Delivery process to drive down construction costs of outpatient facilities. Unlike traditional project delivery methods, ILPD provides an incentive for the project team to reduce scope and cost. Partner profit margins increase as costs are driven down, and the owner's overall capital expenditure goes down as well.
- Recent examples include the adaptive reuse of former retail spaces—including a former Sports Authority and a former Borders Bookstore—into clinics. Modular and prefabricated spaces are also considered.
- Advocate Aurora Health initiated the country's first master agreement incentivizes a higher level of team member integration and collaboration, design innovation between all team members, a higher

level of cost transparency and increased frequency of reporting and trust amongst the team. The agreement currently includes 39 partners.

Healthcare Security – Guns, Guards, Gates & Technology



(Left to Right)

Moe Salahuddin, Regional Manager, Physical Security Technology and Strategic Security Programs, Northwestern Memorial HealthCare, president of Chicago Chapter of IAHS. (Effective May 20, Salahuddin becomes Global Director of Asset Protection and Emergency Management for Anixter)

Barney McGrane, System Director of Public Safety, Edward Elmhurst Health, Vice Chair of Chicago Chapter of IAHS

Steve Nibelink, Healthcare Segment Director, Vector Security Networks, IAHS Foundation Board of Directors and Past President

- According to the ASHE 2018 Hospital Security Survey, patient/family violence against staff in the emergency department has increased 57 percent in the past year, and attacks/assaults rose 50 percent during that time.
- Identifying security needs upfront in construction saves money later in change orders. For instance, a decision must be made on the level of public access, from an open campus to a tight control of entrants that must sign in at a security desk.
- Facility Guidelines documents the need to address safety, security and access to data early in the design process. "Reducing the number of nooks and crannies provides more sight lines so that security cameras can pick up all activity," Salahuddin said.
- Other panelists offered tips to reduce crime, including keeping the outside of the building clean and providing clear signage. "Dirty places attract more crime," Salahuddin said. Good lighting and a big monitor where people can see that they're on camera also help reduce crime.
- Training programs for security officers can increase confidence. This is especially true of de-escalation programs, which help guards learn how to deal with people with dementia or gang ties.
- Top security tips:
 - Select and recruit quality security personnel.
 - Implement security education and training for all employees. Employees need to be trained to not be casual with passwords.
 - Establish policies and procedures so security personnel know how to work on a daily basis.
 - Make full use of technology and have cybersecurity protocols in place.

Pictured Below: Networking at the Chicago Summit



Internet of Things: Maximizing Benefits while Reducing the Risks to Patients & Healthcare Facilities

Jesse Wiegand, Cybersecurity Program Manager, Schneider Electric

- The internet of things (IoT) translates data into actionable intelligence and better business decisions. IoT connects computers; captures critical data at every level, from sensor to cloud; converts data into meaningful analytics; and drives action through real-time information and business logic.
- The latest technology advancements support the increased focus on proactive healthcare and prevention. Healthcare systems can now monitor patients remotely and gain greater insight into a patient's full health history.
- The primary concerns for healthcare providers include securing operational efficiency at lower costs, decreasing the chance of adverse events that would impact patient safety and improving the patient experience.
- Schneider Electric manages cybersecurity risk, for example, by making sure data is collected through secured gateways, establishing a secured data transport to prevent data access or manipulation, hosting client data in its Electric Data Center, displaying results (reports, diagnostics, etc.) on a secured dashboard, and maintaining the client as owner of their own data.



Tips, Tricks of the Trade, and Traps to Avoid

Door Security – Tom Morgan, Assa Abloy

- Look for Wi-Fi lock opportunities to provide access control in locations where it would be difficult or cost-prohibitive to install a wired lock. With no wires to run, installation time is significantly reduced—simply install the device on the door and configure it to communicate with the wireless network.
- Door security specialists need to work upfront with architects to provide the best possible products and solutions. “We help review all specification documents, ensuring that we’re providing the right applications and products that are safe, secure and well-designed,” Morgan said.



Air Filtration – Kyle Petersen, Camfil

- Be careful when specifying filters' MERV (Minimum Efficiency Reporting Value). Don't go by the ASHRAE 52.2 standard Appendix J test, because it could recommend lower filtration performance. Instead, use the MERV A test, which provides an actual value.
- Replace air filters at 2½ times the initial pressure drop to maximize profitability and filter life.



Flooring – Julie Stegeman, nora systems, inc.

- Subfloor prep needs to be accounted for during the design process, with specifications for the quantity of the compound material and required subfloor temperatures to maximize longevity of the floor and eliminate problems from too much moisture.
- Set benchmarks to ensure quality in the construction process and hold flooring contractors accountable to the initial plan.



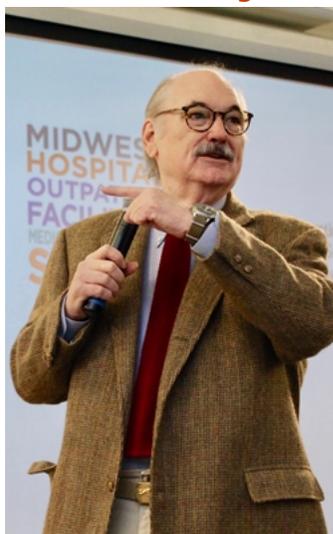
Large Scale, Real Time Savings with Technology Breakthroughs via Modular and Prefab Models

Timothy Swanson, Chief Design Officer, Skender

- Swanson mentioned the construction industry's documented productivity problem, cited in the McKinsey report [Reinventing Construction Through a Productivity Revolution](#). The report notes that in the U.S., construction ranks second to last in productivity gains. One solution: manufacturing-inspired mass-production, in which the bulk of a construction project is built from prefabricated standardized components off-site in a factory. Firms moving in this direction suggest that a productivity boost of five to ten times is possible.
- Skender is one of those firms. It has developed a modular factory on the Southwest Side of Chicago to produce steel multi-story buildings for urban multifamily, hospitality and healthcare projects.
- Modular construction can save money, time, energy and materials by combining the most cutting-edge manufacturing practices with data-driven technology. Swanson noted that modular manufacturing processes can speed up construction by 40% and cut project costs by as much as 15%.



What's Really Driving Demand for More Medical Facilities in the U.S., Illinois and Chicago



B. Alan Whitson, RPA President, Corporate Realty, Design & Management Institute

- From 1999 to 2016, emergency room visits have increased 26.4 percent and inpatient admissions declined 17.7 percent. Most dramatic has been the huge increase in outpatient visits—up 91.4 percent in this time period.
- Since 1990, there are 500 fewer hospitals and 100,000 fewer beds.
- With the shift toward outpatient settings, the average length of stays in the hospital has also declined from an average of 7.3 days in 1990 versus 5.5 days in 2016.
- With the aging of the Baby Boomers, U.S. doctor visits are slated to increase by 20 percent by 2030.
- There aren't enough doctors for the growing and aging population. It is projected that by 2020, the doctor deficit will be 65,500 and will double to 121,300 by 2030.

Healthcare Real Estate Market – Who's Buying, Selling and Why



(Left) **Michael Carney**, Assistant Vice President/Research, Heitman

(Right) **Alexander Vasileff**, Assistant Vice President/Acquisitions, Heitman



- The healthcare real estate sector is valued at \$1 trillion, with 5,522 hospital/inpatient facilities and 32,158 medical office buildings.
- Carney and Vasileff are bullish on medical office building investments because of the "silver tsunami" and the shift to outpatient care and value-based reimbursements.
 - The U.S. population age 65+ is projected to double from 2010 to 2040, according to the U.S. Census Bureau.
 - The average 65+ person visits a physician 6.6 times annually compared with 3.7 times for 45- to 64-year-olds.

- Per capita outpatient visits are up 25% since 2000, while inpatient visits are down 12%.
- Medical office buildings face significant supply constraints—deliveries are more deliberate than commercial office and are system-driven rather than developer-driven. Health systems are slow-moving, bureaucratic decision makers. New deliveries are trending off-campus.

Creating a Winning Diversity Strategy and Avoiding the Recent Struggles



(Left) **Gary Collins**, Senior Director/Healthcare, Virtual Energy Solutions
(Right) **Brian Radakovitz**, Regional Director, Medxcel Facilities Management

- Keep communication open on how the health care industry can do a better job of increasing its use of minority-, women- and veteran-owned firms in the development process.
- Established minority AEC firms can be partnered with start-up minority firms to quickly increase the pool of qualified firms that can bid on jobs.
- The diversity department of big firms can build a list of new firms and get to know them early so they'll have qualified firms to call upon for the next project.
- Make sure to include minorities in the RFP process.

Recent Mergers and Acquisitions Guide

The [AMFP Chicago 1st Quarter 2019 Mergers & Acquisitions Guide](#) provides a summary of some of the movement happening in the Chicagoland area. [Subscribe here](#) for quarterly updates.

Pictured Below: AMFP staff at the Chicago Summit

