

8th North Texas Hospital, Outpatient Facilities & Medical Office Buildings Summit May 10, 2023

Healthcare Hits the Reset Button

Planning, Real Estate, Design, Construction, and Operation of
Hospitals | Clinics | ASCs | MOBs | Retail | Tele-Health | Hospital @ Home | Mobil Care | Non-Clinical
Academic & Research Facilities



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Corporate Realty, Design & Management Institute
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Executive Summary

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- What the Patient Experience Will Really Look Like
- Four Money Saving Solutions You Can Use Tomorrow:
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- The Future of Healthcare: Technology's Impact on Patient Care
- Sustainability: Straight Talk on How Health Systems Are Handling It
- Spotting Healthcare & Life Science Real Estate Opportunities in North Texas
- Future Proof: Creating Market Responsive Spaces

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HOW THE FUTURE OF HEALTH CARE DELIVERY IS REWRITING TODAY'S CAPITAL SPENDING PLANS

Rachel Beaton, Senior Health Care Data Analyst, Page

Peter Trice, Partner, the Innova Group

The competition for capital is getting tighter, but market expansion and richness provide a buffer.

FOR MEDICAL FACILITIES, CAPITAL IS COSTLIER TO ACCESS FOR GROWTH. Clients are having to prioritize where they reinvest in their infrastructure. For a \$50 million ask, the hurdle is an 18% internal rate of return at a time when many health systems have a 1% operating margin.

TOUGH TIME FOR PATIENTS, TOO. Patients are bearing more of the costs because of high-deductible insurance plans. Some are deferring care or being more aggressive in shopping for care. Patient acuity is rising as a tsunami of seniors needs care. The 65 and up population will grow for 40 more years.

DISRUPTORS ENTER THE PICTURE: CVS, Walgreens, Amazon and the like are entering the health care provider mix. From a managed care perspective, they can direct care from the pharmaceutical side, a big spend in health care. And they have moved into controlling referrals into hospitals, specialists, and hospital systems.

FEELING INFLATION: Labor costs are up for medical personnel because of a worsening imbalance in supply and demand. Supply chain disruptions still affect the industry and add to inflation. Market volatility is also pressuring philanthropy, putting a squeeze on money for capital projects.

GOOD NEWS FOR TEXAS: A 20-year U.S. trend of people moving from the North and East to the South and West is going to continue. For capital planners and developers in areas gaining population, that means opportunities for growth and expansion.

USE DATA TO FUND PROJECTS: You need to use data to determine if any product or project that you develop is actually an improvement to the health system, whether it be in service lines, market share or margins in the health care system. If you bring data to the table, you can make an informed decision about what you know and what your path forward is. Executives and decision-makers do pay attention to data. Without that, a project likely not to be funded.

WHAT THE PATIENT EXPERIENCE REALLY LOOKS LIKE

Lara Burnside, Executive Coach, CSE Leadership and former Chief Experience Officer, JPS Health Network

In an exercise, Burnside had audience members get inside the mind of Amy, a patient. She had them yell out Amy's various attributes: She has three kids. She's a single mom. She tries to be a superhero at work and at home. She bought a house not that long ago, but she lost it in a poker game!

And, oh yeah, she has cancer and she's scared.

Burnside divided the audience into four groups, each tackling one of four questions: What is Amy thinking, what is Amy saying, what is Amy doing, and what is Amy feeling?

Among the answers: She says she's fine, but she needs to figure out care for both herself and her kids. She's in a hurry to get treated, but she's waiting a lot. She's determined, but fearful and overwhelmed.

Here are Burnside's main points on the patient experience:

“IT’S IMPOSSIBLE TO BREAK HEALTH CARE INTO PIECES because a patient doesn't experience health care in a vacuum. They experience a continuum of care from the time they arrive on campus until they leave and they get their bill.” Each piece contributes to the overall experience.

HOW DOES A PATIENT FEEL WALKING INTO YOUR FACILITY? A patient expects “to see someone who has expertise clinically – that's a given,” Burnside said. But remember that a patient, especially in a medical crisis, is likely dwelling on the emotional side of the brain rather than on the analytical side. Designers need to keep that in mind when laying out rooms, choosing flooring or deciding where a patient can plug in a phone.

GET THE RIGHT PEOPLE AT THE TABLE IN DESIGN: That includes nurses and patients. In one case, nurses were left out of the design process for their units in a hospital. The result: “The nurses were really freaking out because it was so inefficient,” Burnside said. Also, “bringing patients into the conversation is really, really critical,” she said. “They want you to do well. So they will help you with some of those intricacies that are really challenging.”

DON'T FORGET THE ART OF HEALTH CARE: Good design enables your medical staff to deliver compassionate care. “The art of health care is what a patient experiences every single time they walk into one of your facilities.”

FOUR MONEY-SAVING SOLUTIONS YOU CAN USE TOMORROW

TEMPORARY CONSTRUCTION WALLS

Craig Fairbetter, STARC Systems Inc.

When remodeling or doing other construction in medical health care settings, providers need to take care that temporary walls or barriers are sturdy enough not only to redirect people but also keep out dust and other contaminants. Plastic sheeting and tape are too weak, and cutting wallboard can create dust.

STARC, standing for Simple, Telescopic, Airtight, Reusable Containment, has three solutions. Its original system, RealWall, is a premier, durable containment system that established the sound-attenuating containment category. LiteBarrier is engineered to be the most durable lightweight containment wall. FireblockWall is a reusable, 1-hour fire-rated modular containment system that installs four times faster than drywall.

SLIDING DOORS TO SAVE SPACE

Tom Barnard, Allegion AD Systems

Sliding doors have come a long way, with many types and more capabilities, including locking, available. They save space compared with a swing door, increasing workable footage within a room by 10 to 30 square feet and allowing, say, seven exam rooms to fit in a space that could only hold six with swing doors. Allegion AD also offers the industry's first fire-rated sliding door, the Fireslide.

FILTERING AIR EFFICIENTLY

Marc Johnson, Camfil

Camfil, one of the world's largest manufacturers of air filters, is big on research and development. A major consideration in buying filters are the MERV ratings, ranging from 1 through 16. But even if two filters have the same MERV rating, one may not actually maintain that rating over its life. That's because a coarser filter uses a static charge to catch particles; this static charge dissipates quickly, degrading its MERV rating and putting health care facilities out of compliance with ASHRAE. In the long run, a fine fiber filter, like Camfil's, will save money by keeping hospitals in compliance and also helping HVAC systems run more efficiently than coarse fiber filter.

PAINT IT GREEN Reduce Costs, Improve IAQ, and Ease Maintenance Headaches

Jason McLaren of Texas Health Presbyterian Hospital

Patrick Hughes, Pinnacle Coatings Group

In hospital and health care settings, it's important to avoid paints that emit volatile organic compounds and other gasses that can be harmful, especially for the very ill. McLaren turned to Pinnacle Coatings, which specializes in eco-friendly, nontoxic and odorless paints designed to have lower levels of VOCs. "We started getting these more organic paints not only to eliminate the VOC issue, but also to save cost in the long run," McLaren said. Although there is a higher

cost per gallon for the paint, the end result is actually a savings, he said, because the hospital, uses less paint, it goes on quicker, and doesn't have to paint the rooms as frequently. That also translates into serving more patients because beds that otherwise would be out of service for maintenance are open instead.

North Texas' Life Science Ecosystem

Tom Luce, CEO, Biotech Initiatives Lyda Hill Philanthropies; founding and former managing partner Hughes and Luce; former Chief Justice of the Texas Supreme Court pro tempore; and Assistant Secretary of U.S. Department of Education

Pegasus Park, at 3000 Pegasus Park in Dallas, is the place to convene groups from all aspects of health science, says Tom Luce, CEO of biotech initiatives at Lyda Hill Philanthropies. Located on 26 acres, Pegasus Park aims to be the catalyst to grow the medical industry in the Dallas-Fort Worth as well as the base for major medical research ventures and an industry incubator. It's close to UT Southwestern Medical Center – in fact, it houses some of UT Southwestern's enterprises -- and provides a neutral setting for researchers to come together.

Built in 1970 as the headquarters of Zale Jewelers, it next became the home of Mobil Oil Corp. in 1981; Mobil later merged with Exxon. In 2020, Lyda Hill Philanthropies and J. Small Investments teamed up to transform the 18-story tower and other campus buildings into a home for medical incubators, biotech companies and social impact companies/nonprofits.

With a recently announced second phase of development, Luce said, "We have over 1.5 million square feet zoning capability, and we have the ability to let these companies grow here at Pegasus Park and not feel like they have to move to the West Coast or the East Coast to grow their business."

THE FUTURE OF HEALTHCARE: TECHNOLOGY'S IMPACT ON PATIENT CARE

Hubert Zajicek MD, MBA; CEO and Partner, Health Wildcatters

COVID-19 FORCED US TO THINK OUTSIDE THE BOX: COVID-19 opened channels of innovation. "We were able to execute, we did it right because now we're here together, not wearing masks and mortally afraid of dying tomorrow because we shake somebody's hand."

TELEMEDICINE: When Michael Gorton, a Health Wildcatters mentor, co-founded Teladoc 20 years ago, telemedicine raised legal concerns. But today, it is in widespread use. "It saves money for both you on your co-pay and time. And for your insurance providers, it's cheaper for them than it is to have you to go to the doctor in person," with small and simple problems easily addressed.

WEARABLES: Pairing nicely with telemedicine, wearables include the fitness trackers that many wear on their wrists to monitor heart rates, sleep, water intake and steps. For a doctor and patient, a wearable could provide a broader picture of health by tracking, say, blood pressure over time versus a once-a-year measurement during a physical. On the horizon are AI wearables that could measure glucose or even predict strokes.

3-D PRINTING: The technology can be used for printing a cast for a broken arm and, during COVID when swabs were in short supply, people with 3-D printers could make them at home. In time, the printers could make chemotherapy chips to be used at the excision site of a cancerous tumor. There also could be bioprinting of a person's organs, meaning there would be no need for anti-rejection drugs from a transplant.

VIRTUAL REALITY AND ROBOTICS: Virtual reality is already being used in training medical students to do surgery and also being applied in physical therapy. Computer-assisted robotic surgery is also making its way into operating rooms.

SUSTAINABILITY: STRAIGHT TALK ON HOW HEALTH SYSTEMS ARE HANDLING IT

Clark Denson, PE, CEM, BEMP, LEED AP BD+C, Building Performance Engineering Manager, Smith Seckman Reid Inc.

David Evans, Global Healthcare Segment Director, Schneider Electric

Abigail Lipperman, PE, LEED AP, Manager of Engineering Infrastructure, Children's Health in Dallas

Nina Wollman, Vice President, Global Director-Health, Jacobs

Moderated by B. Alan Whitson, RPA, President, Corporate Realty, Design & Management Institute – [Squarefootage.net](http://squarefootage.net)

GET THE BUY-IN: The science and costs of climate change still seem fuzzy to many people. Help employees to understand the “why” behind the need to take steps to lessen the fallout of climate change on people and the planet. Explain the financial benefits and the return on investment from making changes.

FIRST STEPS TO SUSTAINABILITY: Health care employees are often passionate about sustainability. Define a plan and determine the data for measuring progress. Begin with short-term campaigns that you can monitor, establish goals and educate employees on how their efforts count, such as by recycling to reduce waste. “It’s not what you need to do over the next 30 years. That’s the big picture. But what can you do by 9 a.m.?” David Evans said.

TRACK AND TIGHTEN BUILDINGS’ EFFICIENCY: The [Energy Star Portfolio Manager](#), a project of U.S. Environmental Protection Agency, helps companies figure out how efficient their buildings are by benchmarking energy and water usage, waste and greenhouse emissions. Analyze your costs: It may make sense to go ahead and replace a chiller and boiler, put in LED lights, or replace the glazing on a building. If in the design stage, look for steps like avoiding 90-degree turns in piping to reduce energy consumption.

BIG GROUP EFFORT, NOT SILOS: Without a comprehensive plan, separate departments may do their own efforts, such as food service eliminating plastic straws while administrative workers recycle paper. Although those are good, a coordinated effort led by a sustainability team or champions from across departments can be more effective – think a campaign for turning off the lights when leaving a room that leads to a habit. But it starts at the top with the board backing decisions such as a building design that embeds sustainability and energy efficiency despite extra expense.

THE LONG VIEW: The reality is that cheap energy is going away, and the war in Ukraine has only accelerated that. Children’s Health, for one, has set a goal of 2030 to have its vehicles running solely on alternative fuels. Managing energy usage through open protocols and interconnected systems in buildings – such as sensors that turn off lights in unoccupied rooms or that automatically adjust window shades – will drive

What's Driving Healthcare Real Estate in North Texas?

Mervyn Alphonso, Partner and Executive VP of Development and Acquisitions, Anchor Health Properties

Ken Henry, Senior VP of Development, PMB

Joshua Theodore, VP and Global Health Practice Leader, Leo A Daly

Michael Walker, RPA, CHFM, Director of Real Estate Operations North Zone, Texas Health Resources

Moderated by B. Alan Whitson, RPA, President, Corporate Realty, Design & Management Institute – Squarefootage.net

IT STARTS WITH THE CONSUMER: Find where medical consumers are moving, the types of services – or sets of services – they need and the proximity where they want those services. On the supply side, are there physicians and providers, including specialists, to serve these patients? And how far is a consumer willing to travel? Computer programs may do a better job than ZIP code analysis of zeroing in on where the demand is and where gaps, such as too few OB/GYNs, exist.

WHERE IS THE PATH OF GROWTH? Don't focus just on today's booming areas, but where that growth might spill over next or other areas that are beginning to heat up – those are the places to get a jump on development. Also think continuum of care: Outpatient medical, inpatient rehab, inpatient behavioral health, senior housing and life sciences.

A HEALTH DESERT HOLDS OPPORTUNITY: In southwest Dallas – an economically depressed, medically underserved area – the University of Texas Southwestern Medical Center and Parkland Health and Hospital System joined together to open a clinic in a former Sears store at Red Bird Mall. Children's Health also plans a \$22 million clinic at the old mall that will open in 2024. "We had a dilapidated building, we have a lot of land available, you have really good parking for it, and a huge need for a lot of people," Theodore said, "and we keep them from driving 15-20 extra miles up into Dallas to receive that care. So the who and the what and the why were all in one real development right there."

THE IMPACT OF TELEHEALTH: During COVID-19, telehealth visits soared to the point that some predicted the end of brick-and-mortar medical facilities. But as COVID waned, telehealth visits declined. On the positive side, telehealth is bringing access to those who might have otherwise put off doctor visits and provides an incentive to come into the physician's office where the practitioner can set eyes on the patient.

BRICKS AND MORTAR ISN'T DYING: Innovation and reuse are two trends with standing buildings, especially with financing more difficult to get. Empty corporate and government buildings can be turned into a hospital, using the central plant and existing structures but freshened with recladding and a new envelope. An old mall, as in the case of the dilapidated Red Bird Mall in Dallas, can also be converted to medical use, with the advantages of services in a single location, accessible parking and proximity to patients.

FUTUREPROOF: CREATING MARKET RESPONSIVE SPACES

David Cutlip, Senior Preconstruction Director, McCarthy Building Cos.

Gena English MBA, CHID, EDAC, RAS, Director of Planning, Design and Construction, UT - Southwestern Medical Center;

Rachel Knox, Pediatric Practice Leader and Partner, HKS;

Charles Shelburne, Vice President-Campus Planning, Baylor Scott & White;

Mark Stewart, AIA, Senior Facilities Program Manager, Planning, Design and Construction, Parkland Health & Hospital.

Moderated by B. Alan Whitson, RPA, President, Corporate Realty, Design & Management Institute – Squarefootage.net

HYBRID SCHEDULES IN POST-PANDEMIC TIMES: Care teams need to be in front of their patients, but accommodating hybrid work arrangements is also a reality. In surveys, workers often respond, “I want a place to work from home. But I want a place to land when I'm in the office and for you to be ready for me and have all the amenities,” Shelburne said. In short, “the culture has changed,” he said. It has amped up the competition for employees but also affected in-person collaboration.

CHANGE WITH THE HEALTH CARE MARKET: The trick is to think flexibility in design. A building constructed pre-COVID may have spaces that go empty because of fewer workers – not a good look to the board. Those vacant spots could be converted for medical education or into a high-end hotel quality breakroom for nurses, an advantage over competitors vying for the same workers. During design, create modules that can be easily repurposed, such as converting exam rooms into procedure rooms. Feed traffic from small clinics to larger buildings offering specialty care, which also fills space.

THE PATIENT EXPERIENCE: The experience is your opportunity to differentiate. Designers need to look beyond the building itself to how the consumers experiences it. “I know personally, as a mom, if you've lost me with the parking, it doesn't matter how great the building is when I'm navigating it with my kids,” Knox said.

GET AHEAD OF THE GAME ON SUBCONTRACTORS: A labor crunch for quality subcontractors is lingering even as COVID cases have fallen, affecting the push for groundbreaking medical facilities. Know which subcontractors can understand the job and perform the work well. The key is to get the subcontractor's buy-in early on a project and collaborate along the way to getting the building done.