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Attendee Comments

- Good content & speakers
- Good information was provided about the status of healthcare overall and healthcare real estate
- Gathering of healthcare experts to discuss current topics
- Great day - glad I was able to be here!
- Great sequence of topics
- Networking & like-mindedness
- Open discussions
- Good networking
- Really enjoyed, thank you!
- Breakdown of information and trends
- Content was diverse and educational
- The facility (Kaiser Center for Total Health) which hosted
- Networking time & amount of content panels

Corporate Realty, Design & Management Institute @ squarefootage.net

DC 2019 Summit Recap



Takeaway Messages

May 30, 2019 - Washington, DC

Reported by **Megan Headley**, a freelance writer based in Virginia. Headley is a frequent contributor to healthcare publications including *Patient Safety & Quality Health*, *Health Facilities Management* and *Medical Construction & Design*, and manages content for the *Association of Medical Facility Professionals*.

State of Union: Next Era of Healthcare Reform

Aaron Mauck, Senior Director, Advisory Board Company



- Just how serious is the physician shortage? The president of Association of Vascular Surgery recently estimated "50 percent of their professionals will be retiring within the next 10 years."
- This biggest problem today: "Too much money in the system and not enough bang for your buck." High drug and hospital prices are driving disruption. "Having a lot of money in the system is prompting a lot of outside companies to enter healthcare."
- The tech industry is one of today's biggest disrupters. Apple's "Health Records" allows iPhone users to manage their own medical records. Alphabet's (Google parent) Verily is exploring a move into Medicaid managed care space. And Uber and Lyft are transforming non-emergency medical transportation. "All tech companies have succeeded by taking older ossified industries and extracting value where insiders say they can't."
- Amazon is likely to have big implications on healthcare. In the near term, they're aiming "to become a supplier of choice for medical supplies." Their acquisition of PillPack is just a first step. Expect hospitals to win, at least in the short term, as Amazon lowers supply costs.
- The threat of outside disruption is also pushing transformation within the industry. Today health systems are not just buying up hospitals, but expanding their footprint by acquiring nursing systems, ambulatory surgery centers, etc.—and investing in disruptive tech such as telehealth.
- The next frontier: vertical consolidation. M&A from other healthcare parties—think CVS, Cigna, Davita Medical Group—is "recreating how the patient interacts with the health system." Insurers are reshaping how patients interact with healthcare, giving them greater control of costs. Expect to see expansion of care in retail sites in the next 5 to 10 years.
- Roughly 3% of ASCs in the U.S. are owned by hospitals. Most others are owned by doctor groups or other investors. And this poses a challenge for hospitals with the ongoing shift of inpatient procedures to ASCs. The good news is that many ASCs are interested in partnering with hospitals.

Understanding What's Driving Demand for Healthcare in U.S. and Mid-Atlantic Region: A Look at The Most Relevant Numbers

were great

- Presentations were fantastic
- Trends, stats
- Interesting group of people and covered a lot of different topics!
- Variety of topics
- Great participation by most major players in the region
- This (Rise of Women in Healthcare Leadership Roles) was a fantastic panel that was as enlightening and thought-provoking as it was entertaining
- Great discussion!

Industry Partners



ASSA ABLOY



Page/

revista



Alan Whitson, President of Corporate Realty Design & Management Institute



- We're now dealing with functionally obsolete facilities. Since 1990, there are now 500 fewer hospitals operating.
- Emergency department volume continues to go up. This is significant as half of all of a hospital's admissions start in the ED. However, the average length of stay metric has become useless. Some patients might stay 1-2 days, others for a significant duration. There's truly no 5- to 6-day average.
- 16% of the patients a doctor sees are new patients. 25% of office visits are initial visits, versus follow-ups. That stands to change. Just think: "What does telehealth do to that number?"
- The average medical visit is 121 minutes, but the time spent with a doctor is on average 20 minutes. "We need think about throughput."
- "Doctor visits are increasing faster than population as the population ages." Visits are project to increase 20% by 2030.
- "D.C. has the highest concentration of doctors in the country." This is largely due to the area's concentration of medical schools, the leading impact of where a physician chooses to practice.

- "Everything starts at the doctor." They shape the patient experience and drive revenue. However, this experience is changing. The physician shortage, for example, is expected to see a deficit of over 121,000 physicians by 2030. The 2.4% decline in hours works from 2016 to 2018 equals the loss of 19,200 doctors and tens of millions of patients not seen a year. Plus, the way doctors operate is changing. "The sole practitioner is disappearing."
- "Hospitals are becoming integrators of medical services ... it's no longer just that building on the hill."

Project Case Study: Total Health Starts Before Site Selection

Sumrien Ali, Design Manager, Kaiser Permanente

- It's time to look beyond simply place making. Consider the care needs of community when making the real estate on where to locate a facility.
- One of the objectives of Kaiser Permanente's Design Excellence program is an emphasis on the community impact of facilities. This includes not just visually integrating into the community but also offering community health services. For example, the Springfield, Va., MOB now in the design phase went through a number of versions, but ultimately will feature more expensive site to include outdoor space for community enjoyment.
- Other objectives include:
 - Cohesive: This speaks both to a building design that fits the locality and brand consistency, but also working with local government and nonprofits to ensure the site meets community needs.
 - Adaptable and multi-functional: This includes attention to more flexible furniture to forward-thinking decisions on future expansions.
 - Connected: Open spaces and community infrastructure strengthen community connections.
 - High-performing: The system has a focus on balance with the local ecosystem.



Tips, Tricks & Traps to Avoid

This insight comes from the Tips, Tricks & Traps to Avoid eBook.

Dave Blackwell, Healthcare Segment Manager, Camfil

- **Trap to Avoid:** MERV-A is a much more important filter criteria than the standard MERV rating. This has been used to rate filter efficiency for hospitals since March 2016.
- **Tip:** Every \$1 a hospital spends on air filters it spends \$7 on energy for the fan. Consider changing the energy spend. By buying more efficient filters, hospitals can save twice in energy what the filter costs.
- **Trick:** Hospitals are buying too many filters. Most still change pre-filters every quarter. More efficient options last nine months.



Kelly Betts, nora systems, inc.

- **Tip:** In any resilient flooring solution, the seams and welds are the first point of failure. This is hugely problematic in hygienic spaces such as ORs. Write into specifications that the flooring installer create a mock-up first.
- **Trap to Avoid:** Resilient flooring with indentations and track marks can be caused by wet set adhesives not dried long enough or overwatering of patch and skim compounds. These patches can take up to a month to dry. Monitor the installer to ensure the necessary dry time is met.
- **Trick:** To get the best flooring installation, have the GCs and project managers challenge the flooring contractor to include proper skim coats and not cut corners. Then ensure they evaluate for smoothness, hardness, and strength of bond.



Paul Swan, Director, National Healthcare Systems, Assa Abloy

- **Tip:** Just because your supplier sells through a channel doesn't mean they're not an excellent resource. Reach out to the experts to work on custom solutions.
- **Trick:** Turn to your suppliers to help write the specification. For example, Assa Abloy's Virtual Design Guide helps show project costs through the entire life cycle.
- **Trap to Avoid:** Don't chase after the lowest cost solution. The total cost of ownership is much more significant.



Healthcare Security: Guns, Guards, Gates & Technology



(Left to Right)

Patrick Lewis, CHPA, Director Security and Emergency Management, Chesapeake Regional Healthcare

Stanley Mezewski, Security Director, Baltimore Washington Medical Center, IAHS Maryland Chapter Leadership

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

- According to the ASHE 2018 Hospital Security Survey, 61% of hospitals are increasing their security budgets. 50% of hospitals are making changes due to a change in threat level.
- When doing a renovation or new construction, get your security professional involved upfront. It's important to get prevention in through environmental design and access control upfront. "It will cost you less in the end," Lewis says.
- Mezewski notes that it's important to ensure senior management knows the magnitude of the security problem. "A couple of years ago, the management didn't know how many runs we

made to a code purple [violent patient]. Being able to show them the numbers has helped me increase my staff."

- Environmental design is an effective and low-cost way to thwart threats. For example, Mezewski says, "It doesn't take a lot of money to put in an extra rosebush. It takes a lot of money to add a guard, camera, etc., when a rosebush would do." And while public space is great for community, it also means more observers which can reduce potential threats.
- "Video is a wonderful tool; it gives us many more eyes and helps create situational awareness," Mezewski says. However, to be reliable, any technology needs regular upgrades and patches.
- Mezewski says his medical center has 500 soon to be 600 cameras—but no one security department can watch that many. Instead, they "outsource" small segments of camera input to specific departments. They also use the [LiveSafe app](#) to encourage personal reporting of incidents.
- "I tell staff at orientation that patient satisfaction starts in the parking lot," Lewis says. That means encouraging staff to park elsewhere, providing good lighting, and considering emergency call boxes.
- When asked whether they support armed guards, both Lewis and Mezewski replied, "Absolutely not." Evidence indicates security officers with guns can be a risk in escalation and pose potential for behavioral health patients to de-arm guards.
- Minimize access to public entrances. "Loading docks are one of the problem areas now," Lewis says, particularly from contractors who may not have a badge.
- Metal detectors can be helpful, but if you use them it has to be at all entrances and manned—which becomes expensive. For that reason, "they're good but not that effective," Lewis says. However, AI-based technology is being tested today to replace metal detectors, Mezewski says.

Rise of Women in Healthcare Leadership Roles



Left to right:

Ashley Schmidt, VP/Business Development Director, HKS, and President of Women in Healthcare
Kathy Gorman, Executive Vice President of Patient Care Services and Chief Operating Officer at Children's National Health System

Panel Moderator: **Mike Petrusky**, iOFFICE

Jill Johnson, FACHE, VP/Operations, MedStar Harbor Hospital

Linda Whitmore, Director of Project Development, University of Maryland Medical Center (UMMC)

- **Panel Question:** What strategies are your organizations taking to improve leadership development?
 - Gorman shares that the male-dominated faculty at Children's National inspired the WATCH (Women at Children's Hospitals) mentorship and support program as well as a Diversity Council driven to bring more women and diversity into the workplace.
 - Whitmore shares that UMMC has not only robust leadership training but also diversity training that focuses on how to treat people. With so many people at a large organization, she says, "It's so easy to be unkind to someone you don't know."
 - Johnson says the MedStar leadership training is gender neutral, but there has been a focus on proactively mentoring particularly in two problem areas: predominantly female-led marketing and male-dominated leadership.
 - Schmidt says there need to be three main areas of focus for improving gender equality: professional development, culture and policy. Culture can be the most challenging, she finds. "We can't just say we need 'great top-down leaders. We need tools [policy] to help move the culture."
- **Panel Question:** What is your advice to young women looking to leadership roles?
 - Find a mentor you can connect with, Gorman advises. That doesn't mean it needs to be a woman.
 - "Men are better at self-promotion. It's a stereotype that has roots," Johnson finds. She encourages others to not be cautious if they want to try something. Above all: speak up.
 - "Own your expertise," Whitmore says. At the same time, don't be timid about what you don't know. As she adds, "Own what you know but don't fake it."
- **Panel Question:** What was your biggest professional disappointment and how are you working to prevent it moving forward?

- Schmidt shared that while she has always had strong male mentors, she has had negative experiences from women leaders. "I find as I move up it's also my job to look back," she says.
- Whitmore shares that one of her continuing disappointments is that as she puts together contractor teams, she is continually across the table from a very homogenous group. "I think to be that non-diverse takes work," she says.
- Johnson says her biggest disappointment is "the lobster syndrome." When a lobster tries to crawl out of the tank, the others hold it back down. She sees this too often among women leaders. "As women rise, the target on our back gets bigger," she says.
- Gorman says her biggest challenge as a leader is hiring the right people—but also recognizing when it's not going to work and taking steps to quickly get them off the team.

Mid-Atlantic Healthcare Real Estate Market- Who's Buying, Who's Selling, Who's Building, and Why



Left to Right:

Mike Hargrave, Principal, Revista, owner of the nation's most authoritative medical buildings database

Matthew Coursen, Senior Managing Director, JLL

Eric Fischer, Managing Director, Trammell Crow Company

Charles Weinstein, Executive VP/Chief Real Estate and Facilities Officer, Children's National Health System

- Revista reports that users own 1.3 billion square feet of MOB space (51%) across the U.S. An additional 1/3 is owned by REITs (11%) and private equity (19%).
- Today's MOBs are moving farther from campus and are seeing larger footprints, with more in the 21 million square foot range.
- Healthcare transactions remain healthy, and private equity is leading the way. For example, the largest single property trade of 208 was the \$405 million [Memorial Hermann Medical Plaza](#) sale. Private equity is very aggressive in going after strong tenant occupancy projects. Investors like MOBs because "trends are very steady, and they hold up long-term during economic cycles," Hargrave says.
- The D.C. region is the country's 6th most active MOB construction market, with more than 837,000 square feet under construction.
- "It's frustrating right now," Fischer says. "We're in a highly regulatory industry. It doesn't surprise me occupancy is high we're functionally full." Regulatory delays are increasing the impact of inflation. With six years between planning and the start of construction, systems are finding costs are several basis points higher than expected.
- Another scheduling challenge: "We're very litigious," Fischer says. Trammell Crow is building a \$100 million memory care facility in D.C. and is baking into the cycle nearly 20 months of appeals.
- "It's so difficult to deliver healthcare on a timely basis because of regulations," Weinstein adds. He notes that Children's National is licensed in D.C. and practices in Maryland on waiver basis, which is renewed annually. They're building a \$45 million facility in Prince George County, Md., on faith that this license will be renewed.
- The Certificate of Need limit presents major problems. Weinstein notes that getting a CON for basic systems, such as to replace an air handling unit or emergency generator, can take 6-12 months and elevate costs due to inflation.
- In planning for future facilities, Coursen advises, "Plan to be adaptable over time. Technology will come and disrupt a lot in the next 10-15 years."
- D.C. is an aging city, Fischer adds, and most residents here want to be aging in place. But there simply aren't enough doctors and nurses to support this trend. "I think these issues will get worse and I think our buildings are getting more complex," he says.
- Weinstein notes systems have to address cost pressures. "We're a \$1.5 billion operation working on a 2% margin. What other industry would be satisfied with that?" he says.

Avoiding Compliance Pitfalls in Clinics, MOBs, and Retail Locations

Jim Peterkin, Sr. Life Safety Consultant, TLC Engineering, Past President of Florida Chapter/ Society of Fire Protection Engineers

- Clinics and MOBs are treated as business occupancies. But once a surgery renders people incapable of self-preservation via anesthesia, regulations get tighter. Life Safety Code starts stricter regulation with four



people under anesthesia; CMS sets this limit at one person.

- Ambulatory healthcare occupancies have many additional requirements not applicable to a standard business occupancy: need to be fully sprinklered, needs a fire alarm system, and needs to comply with NFPA 99 and FGI.
- Almost all states use a version of the International Building Code but requirements still vary widely. For example, Pennsylvania uses the 2015 edition, while Philadelphia uses the 2018 edition.

Next Generation Project Delivery: Uniting Lean Design, IPD, and Modular Construction

Dan Killebrew, Principal/Healthcare Practice Leader, Page

- The intersection of integrated project delivery (IPD), Lean construction and design principles and technology leads to successful projects: projects that are on time, within budget, achieve project goals and generate owner satisfaction. Let's define these tools:
 - IPD: A multi-party form of integrated agreement. This high risk, high reward design approach depends on true collaboration to be successful.
 - Lean: A method and tools for increasing value by decreasing waste. Its foundation is a respect for people.
 - Technology: BIM, virtual design construction, augmented reality, robotics and prefabrication are all generating greater project value.
- In IPD, Killebrew says, "I think all of the team members carry some level of responsibility, but our industry knows the owner ultimately makes the decisions."
- Too many businesspeople—including owners, architects and contractors—believe you only succeed by "beating up" or "squeezing" others. Someone has to lose for you to win. This hurts their ability to collaborate. You can't ignore this—acknowledge it to move on.
- One of the best known IPD concepts is the Big Room. But Killebrew says, "In the project I've been working on it was one of the bigger stumbling blocks because people didn't know how to operate in it." However, absent the big room collaboration plummets.
- A key takeaway from this combination is that there is a success matrix for projects. There is a sweet spot and it works.



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



(Left) **Dan Gray**, Vice President, Sales & Marketing, MedSpace Innovations

(Right) **Clayton Fong**, Vice President, Development & Real Estate, MedSpace Innovations

- "The obsolescence of today's building design is becoming an issue. Flexibility and adaptability need to be top of mind," Gray says.
- This was key for a Polyclinic project in the Seattle area. The project needed about 62,000 square feet, but found no developable medical space that fit its requirements. After touring the Amazon headquarters and seeing its unique design where modular walls could be moved

as easily as cubicles, they decided to make use of a Class B space. The key was an integrated wall system that used vacuum plumbing.

- Healthcare has to look outside the industry for innovation. Anywhere there's refrigeration—think Target and Trader Joe's—vacuum plumbing is commonly used to get out condensation. With this system everything floats above the slab—in the ceiling plenum—so moving a sink is as easy as moving a light switch.
- Adapting this space would have meant a \$500,000 hit using conventional systems due to the inadequate sewer lines. But with the plumbing system's timed release, they could use existing sewer lines.
- Upfront, selecting Class B office space rather than Class A medical resulted in 42% savings.

Unifying Real Estate Strategy with Healthcare System Planning for Competitive Advantage

Fady Barmada, Principal/Practice Leader, Array Advisors



- A building is not just a building. It's a physical manifestation of an organization. And it has strategic, operational and financial value. Location is key.
- "You need to not only build a system but dynamically manage it, constantly realizing the needs of marketplace and finding ways to differentiate."
- "We're not truly a market defined by behaviors because of the factor for need," Barmada says. For that reason, the hospital isn't going away. But "we're very competitive" now. That drives the need for new methods to analyze locations for healthcare real estate. For example:
 - The Innovation District. In the '60s, Silicon Valley was a tech transfer park for Stanford. Now we're starting to see this type of lab-to-market acceleration driving healthcare. For example, the Children's National Walter Reed Pediatric Innovation District, partnered with JLABS to develop pediatric research.
 - Huff's Gravity Method is based on the premise that customers will utilize goods or services from a specific location as the size of that location and density of services grows and distance or travel time shrinks. The Baylor, Texas A&M, UT, M.D. Anderson: Texas Medical Center mega-campus is a biomedical research hub. That attracts people from all over the world.
 - The Health Village model, such as ProMedica's Ebeid Institute focuses on addressing social determinants of health and screening and intervention to drive wellness.
 - The Augmented Clinic focuses on data. Verily (the health arm of Google parent Alphabet) is over-investing in technology so it can track social determinants, the efficiency and efficacy of certain programs, and more. With the data they're collecting they're aiming to build the preeminent database on treatment.