

HACKETTSTOWN REGIONAL MEDICAL CENTER
ADMINISTRATIVE POLICY MANUAL
NEW SERVICE/PROCEDURE DEVELOPMENT, DIAGNOSTIC, MEDICAL/SURGICAL
AND OTHER HEALTH SERVICES

Effective Date:	05/05	Policy No:	AD062
Cross Referenced:		Origin:	Business Development
Reviewed Date:	05/05, 05/06, 01/08, 01/11, 01/14	Authority:	Administration
Revised Date:	01/14	Page:	1 of 4

SCOPE:

All departments of Hackettstown Regional Medical Center (HRMC)

PURPOSE:

To establish guidelines for the development, review, analysis and approval of a new service, new product line and or new medical/surgical or diagnostic procedure/study or other health service.

POLICY:

HRMC has definitive procedures to follow in the development of new services, product line(s) and or new medical/surgical or diagnostic procedures or other health services. The procedures to follow are divided into two categories:

1. Business Development without capital expenditure, including equipment and
2. Business Development with capital expenditure

PROCEDURE:

1. Service/Expansions or New Services without Capital Expenditure
New Services that do not require a capital expenditure, including major equipment and are added to an existing Service/Product Line may be developed and implemented as follows:
 - Manager/Director proposes new service to Administrative Director with the following information:
 - Brief Description of new service.
 - Cost of Service to the Department.
 - Reimbursement revenue expected from Medicare and/or primary payers.
 - Staff/Physician Training Requirements, if applicable.
 - Physician Expertise/Credentialing (Note: All new services must be approved by the Executive Committee of the Medical Staff and President's Council.)
 - Brief description of impact on present departments/service lines.
 - Upon approval from President's Council & MEC the following must be completed:
 - Consultation with Business Development
 - Charge for new service developed by Finance
 - Appropriate CPT code identified with Medical Records and Finance Department
 - New service charge added to the Charge Master
 - New service announced to the Medical Staff, HRMC staff, and the community
 - Marketing Plan developed in consultation with Marketing Manager
2. Service/Product Line Expansion or New Services with Capital Expenditure requires more in depth information and analysis. This will require the following information/data to be gathered:
 - Description of new service and or procedure, including equipment required
 - Market demand and analysis, including competitors when appropriate
 - Patient Population to be served and need for the service

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- Service Area
 - 3-year projections
 - Valid methodology to estimate patient demand
 - Identify potential referral sources
 - Identify Medical Staff affiliated/needed to provide services, if applicable
 - In consultation with Business Development, identify preliminary budget estimate of equipment costs, capital needs, furniture needs, and IT equipment

 - In consultation with Business Development and the Director of Plant Operations determine the need for space planning to meet the Department of Health and Senior Services licensing requirements for the physical area.
 - Develop a Business Plan Proposal to develop and implement the service(s) to be reviewed by the Finance Department and President’s Council to include construction/renovation cost estimates, including fees for architects and engineers, if applicable, the cost of equipment and furniture, marketing costs, revenue and operating expenses.
 - Identify and evaluate the risk factors, including potential sentinel events in providing the service
 - Develop a preliminary process map/diagram for the proposed service and review with the managers of affected/involved departments.
 - Assess if the development of the new service will require moving existing services/equipment or the need for a temporary location of services.
 - Identify the potential risks of the new service:
 - a. Regulatory changes
 - b. Reimbursement changes
 - c. Sentinel Event costs
 - d. Delays in Implementation Timeline
 - Announcement to Leadership to receive input, comments, suggestions and questions
 - Other needs/factors to consider

Upon completion of this initial phase, the Administrative Director would approve the Preliminary Business Plan to be presented to President’s Council for their approval. Upon approval of the President’s Council, the development proceeds to the Business/Feasibility Plan.

I. The Business/Feasibility Plan

Business Development and the Director of Plant Operations will manage the development of schematic and construction drawings with the Manager/Director, physicians, staff and affected departments. The Business Plan is developed with the Manager/Director of the Department, the Administrative Director, Business Development, the Finance Department and Materials Management department. . The payer mix for the models will be based on the patient population in need of the service.

The Business Plan includes:

- Market demand projections
- Return On Investment (ROI) Analysis
 - Financial Assumptions

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- Equipment costs and depreciation
- Construction/renovation cost estimate, including architectural and engineering fees. Note: Refer to Policy AD36A for Projects involving the purchase of **major** equipment, construction/renovation
- Furniture and Fixed Equipment cost estimate
- Cost of recruiting staff or physicians, if applicable
- Marketing costs estimated
- Time Line assumptions

When the approval of the Business Plan is dependent upon major construction and or renovation costs, a preliminary approval of the Business Plan provides the necessary funds to have an architect develop design drawings to obtain estimates for construction and or renovation. (Refer to AD36A, Construction/Renovation and Major Capital Purchases). With the best estimates for construction/renovation costs, the Business Plan is presented again to President's Council for their final review and approval.

The approved Business Plan, when applicable, is presented to the following for approval:

1. President's Council
2. Medical Staff Executive Committee
3. Board Strategic Planning Committee
4. Board Finance Committee
5. HRMC Board of Directors
6. AHC Board of Directors, if applicable

II. The Implementation Plan

Upon approval of the Business Plan and available capital, the process proceeds to Implementation. During the implementation process, the Manager/Director works with the following departments:

- Business Development/Facility Development to develop the final construction/renovation drawings for the State Department of Health and Senior Services and State DCA review, and approval, if applicable, and development of the initial marketing strategy to introduce the new service/procedure.
- Business Development to obtain State Department of Health and Senior Services CN/and or licensing approval, if applicable
- Finance department to develop the Charge Master for the service/procedure and works with the IT department to ensure the appropriate charges are entered into the system.
- COO or another member of Leadership to manage the construction/renovation of the project.
- Marketing to develop and initiate the marketing plan
- Work with the COO & Director of Plant Operations to establish construction/renovation time line (see Policy AD36A)

In addition, the Manager/Director is responsible for the following, many of the tasks will be implemented concurrently:

- Develops the description of the new service(s), staffing level, hours of operation and requirements for inclusion in departmental policy manual

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- Develops and or revises Departmental Policy and Procedures Manual. All departments included in the policy and procedures must sign-off for approval.
- Finalizes processes for strong working relationships with all affected departments, including but not limited to:
 - a. Medical Records
 - b. Nursing
 - c. Ancillary Departments
 - d. Finance & Patient Business
 - i. Establish process to monitor payment for service(s)
 - ii. Identify gaps in reimbursement process
 - iii. Establish process to appeal denials of third party payers
 - e. Registration
 - f. Performance Improvement, Quality
 - g. Central Supply, if applicable
 - h. Materials Management
 - i. IT information systems
 - i. Identify charge codes for Charge Master
 - ii. Verify coding/billing process
 - j. Patient Care Review, if applicable
 - k. Infection Control
 - l. Linen & Environmental Services
 - m. Other departments – identify
- Establish a work group of affected departments if needed to graph and track patient flow by developing a process map to include “what-ifs”, scheduling, registration, pre-cert requirements and listing all departments who may touch the patients.
- Establish the scheduling & registration process, including insurance verification, pre-certification requirements, the correct telephone number for scheduling patients and marketing plan.
- Arrange the staff training/education plan, if applicable
- Work with the PI Director to select the quality indicators for the PI plan and to establish the reporting process, including but not limited to:
 - a. Benchmarking Goal(s)
 - b. Measures adopted
 - 1. Report card for mat
 - c. Tool(s) that will be used to garner feedback from key stakeholders
 - d. Customer Satisfaction feedback
- Establish process to monitor Financial Impact of Business Plan
 - a. Evaluate actual payer mix
 - b. Establish the capability to receive daily volume to compare to budget
 - c. Establish the receipt of Contribution Margin Reports, if applicable
- Review and prepare the staff to meet all of the regulatory requirements for licensing and accreditation.
- Work with Business Development to submit applications to any regulatory agency, if applicable
 - a.
- Prepare for licensing inspections and or accreditation inspections
- Work with HR to hire staff in time for opening, if applicable
 - a. Establish hiring timeline

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- b. Develop PDP for each staff position, if applicable
- Work with Marketing to develop marketing plan, including but not limited to:
 - a. Advertising
 - b. Announcements to medical staff
 - c. Internal promotion
 - d. Promotions to target consumers
 - e. Promotions to key referral sources
- Schedule opening date and or start date of new services
 - a. Work with Materials Management to establish par levels for supplies
 - b. Work with Environmental Services to establish linen par levels, if applicable and cleaning schedule, if applicable
 - c. Work with Pharmacy to establish process/procedure and equipment delivery, if applicable
 - d. Work with IT for delivery and set-up of computers and or software, if applicable
 - e. Notify Bio-med to inspect new equipment, if applicable