

The opening (or impending opening) of four specialty heart hospitals in the Indianapolis area caused OrthoIndy to analyze the potential for a joint-ventured orthopedic hospital. From many of the physicians' perspectives, the cardiologists working at the new heart hospitals were gaining a new stream of revenue and, along with their partners, would be able to provide new, beautiful facilities and equipment to attract better-paying patients. Following lengthy and somewhat heated arguments, OrthoIndy decided to proceed with a for-profit, partnership-style organization—a state-of-the-art hospital that would specialize in musculoskeletal care. Only members of the group could become partners in the new Indiana Orthopaedic Hospital. Those with ethical or other reservations could distance themselves from the venture.

The plan was to fast-track the opening of Indiana Orthopaedic Hospital by shortening its construction time by six to ten months. OrthoIndy's leaders justified the venture by asserting that their stand-alone, state-of-the-art facility owned and operated by OrthoIndy physicians would provide patients higher-quality care and better treatment options.

By offering various services, OrthoIndy aimed to differentiate the new hospital from the other general hospitals practicing orthopedics in its market area. From admission to discharge, patients would enjoy a "like-home" atmosphere, complete with satellite television and access to e-mail and the Internet. Patient rooms would be spacious and well appointed and would include a work or reading nook for friends and family members. After discharge, patients would enjoy additional conveniences, such as coordinated postoperative appointments with their physician's office and referrals to the state-of-the-art, on-campus physical therapy center.

With great effort, construction crews completed the hospital on time. The following announcement was published on its opening day (PR Newswire 2005):

INDIANAPOLIS, March 1—OrthoIndy announced today the opening of the Indiana Orthopaedic Hospital, central Ind.'s first and only orthopaedic specialty hospital located at I-465 and West 86th Street. Spanning 130,000 square feet, the hospital represents a \$50 million commitment to the city of Indianapolis, its residents and to the patients who will receive care at this state-of-the-art facility. . . .

The Indiana Orthopaedic Hospital was built when OrthoIndy physicians saw an increasing need to deliver specialized orthopaedic care in a patient-focused environment. Approximately 60 physicians from central Ind. will practice at the hospital that will focus on complex surgical procedures, including total joint replacements and spinal cases. Amenities include 10 spacious and technologically advanced operating suites, 37 patient rooms, 39 pre and post-operative rooms, 16 post-anesthesia care unit (PACU) rooms, an imaging center with digital radiography, Magnetic Resonance Imaging (MRI), and CatScan (CT) availability, in and outpatient therapy services, a

pharmacy and cafeteria. Additionally, each patient room features a workspace area for guests and is equipped with the GetWellNetwork™ which provides patients with an Internet connection, satellite television and access to patient educational materials.

Interestingly, about a year later, one of the larger hospitals in the area—St. Vincent Health—spent \$9 million to improve its orthopedic services by forming a 61-bed orthopedic center and to create "something that will be the best in the Midwest for orthopedic care." Other area healthcare leaders were expected to respond to St. Vincent's investment in orthopedics and increase the competition in this market (Murphy 2006).

Questions

1. What strategy perspectives did OrthoIndy employ in determining to build its own hospital?
2. Do you believe OrthoIndy's strategic tactics worked? Why or why not?
3. Was the strategy congruent with OrthoIndy's mission? Why or why not?
4. What effect do you think the new construction had on consumers?
5. Do you think that a specialty hospital such as Indiana Orthopaedic Hospital would increase or decrease the costs, quality, and availability of care for consumers?
6. How were the general hospitals near the specialty hospitals affected? Why did St. Vincent Health create its own orthopedic center?
7. How did OrthoIndy's business model differ from those of other competitors?

5. The Struggle of a Safety Net Hospital

The costs of caring for uninsured and underinsured patients are shouldered by both public and private organizations but often fall primarily on older, publicly owned facilities. The cost pressures and demands for care often far exceed the budgets and resources of many public providers.

Wishard Health Services, located in Indianapolis, Indiana, is an example of a public provider that has struggled to position itself strategically to achieve its mission to care for the poor of Marion County. Its mission, vision, and values are as follows (Wishard Health Services 2013):

Our Mission

The mission of Wishard Health Services is to:

- Advocate
- Care