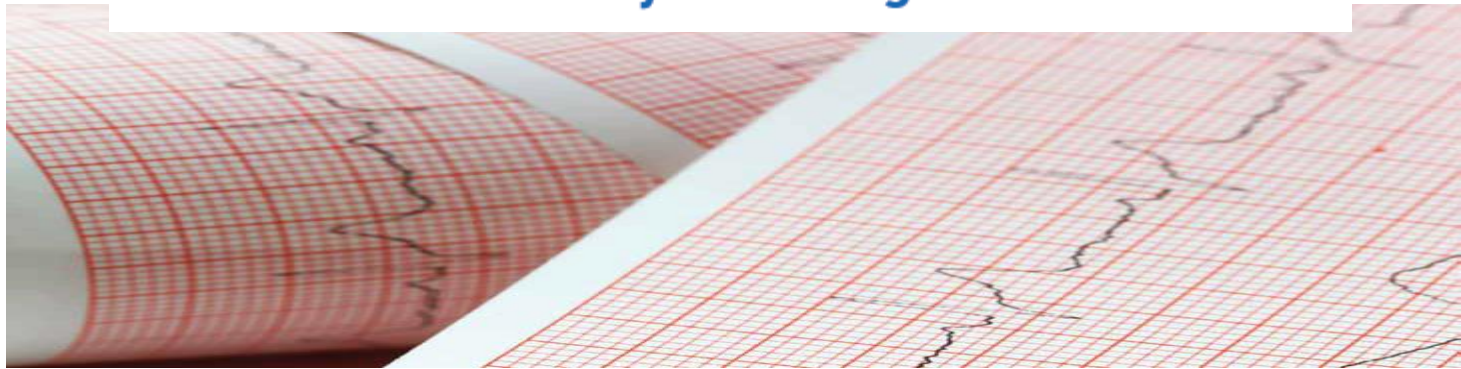


Health Care Industry 101: What Are The Forces That Are Reshaping The American Health Care System (and its real estate)?

John W. Hanley, Jr.
Davis Wright Tremaine LLP

The Outlook for Health Care

Gary Shilling

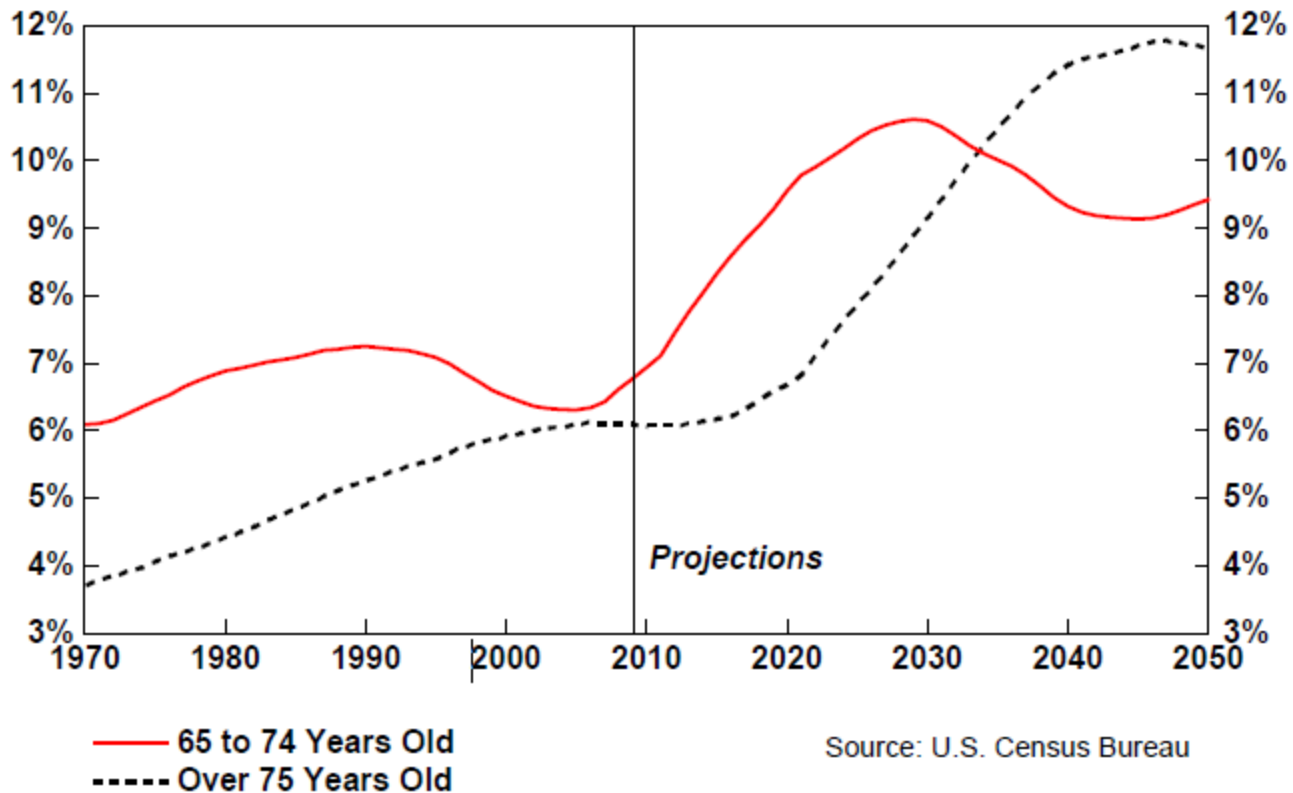


Five Forces at Work

1. Aging of U.S. Population
2. Expansion of Insured Population
3. Advances in Medical Technologies and Prescription Drugs
4. Cost Containment Pressures
5. Disappearance of the Independent Doctor

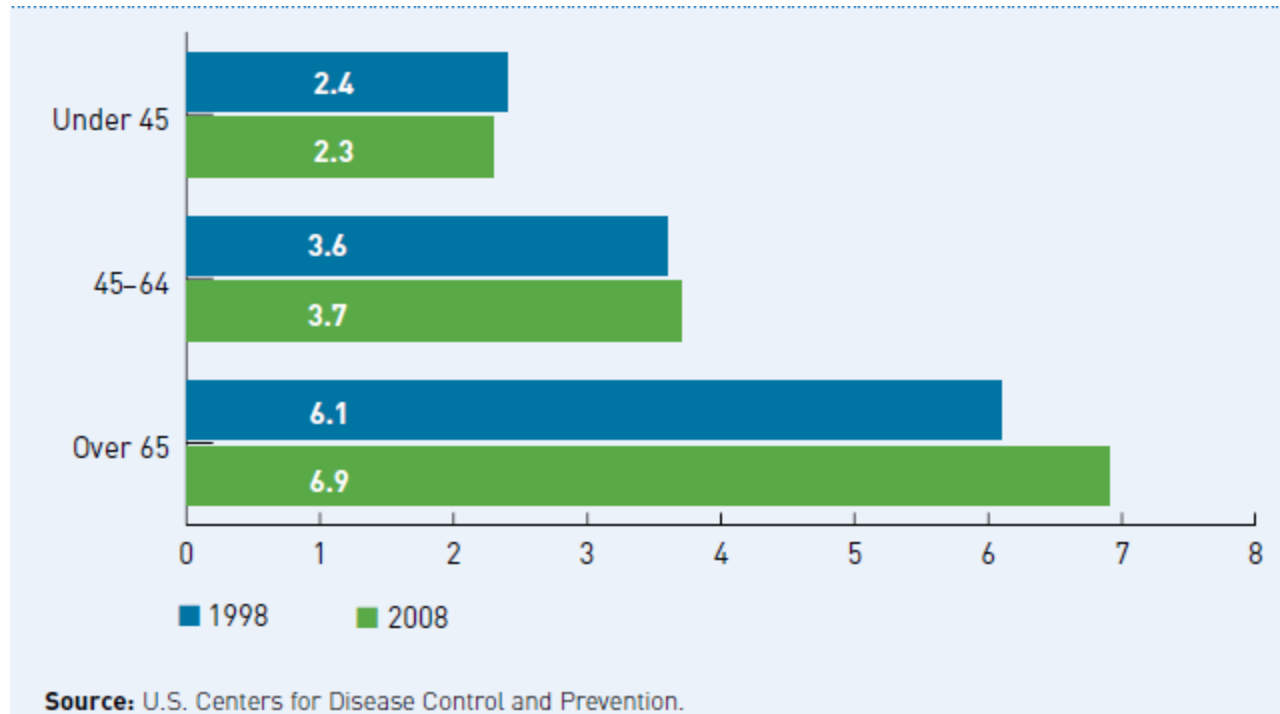
Aging of the U.S. Population

**U.S. Elderly Population
as a share of the total population**



Aging of the U.S. Population

Annual Rate of Physician Office Visits by Age Group, 1998 versus 2008



Aging of the U.S. Population

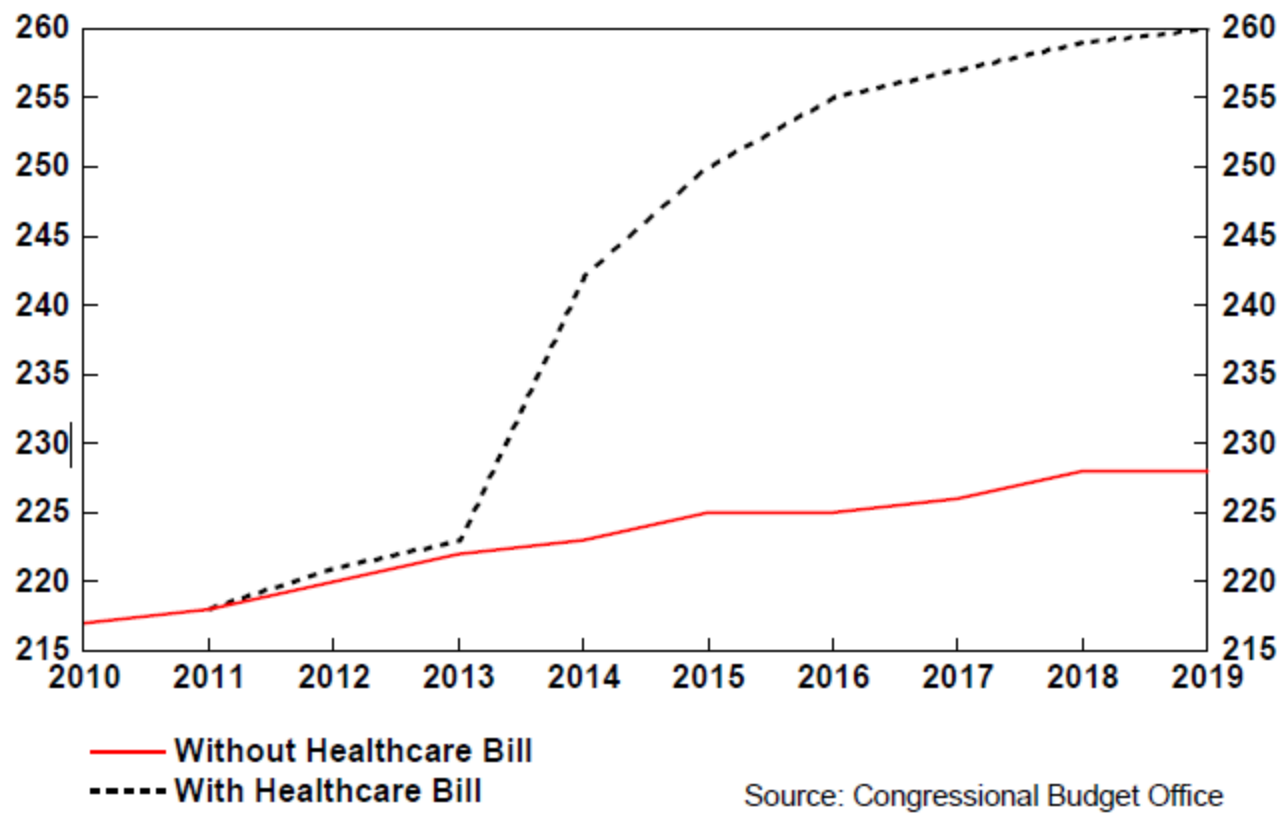
Per Capita Health Care Costs by Age Groups

Total	\$5,276
0-18	\$2,650
19-44	\$3,370
45-54	\$5,210
55-64	\$7,787
65-74	\$10,778
75-84	\$16,389
85+	\$25,691
0-18	\$2,650
19-64	\$4,511
65+	\$14,797

Source: Centers for Medicare and Medicaid Studies

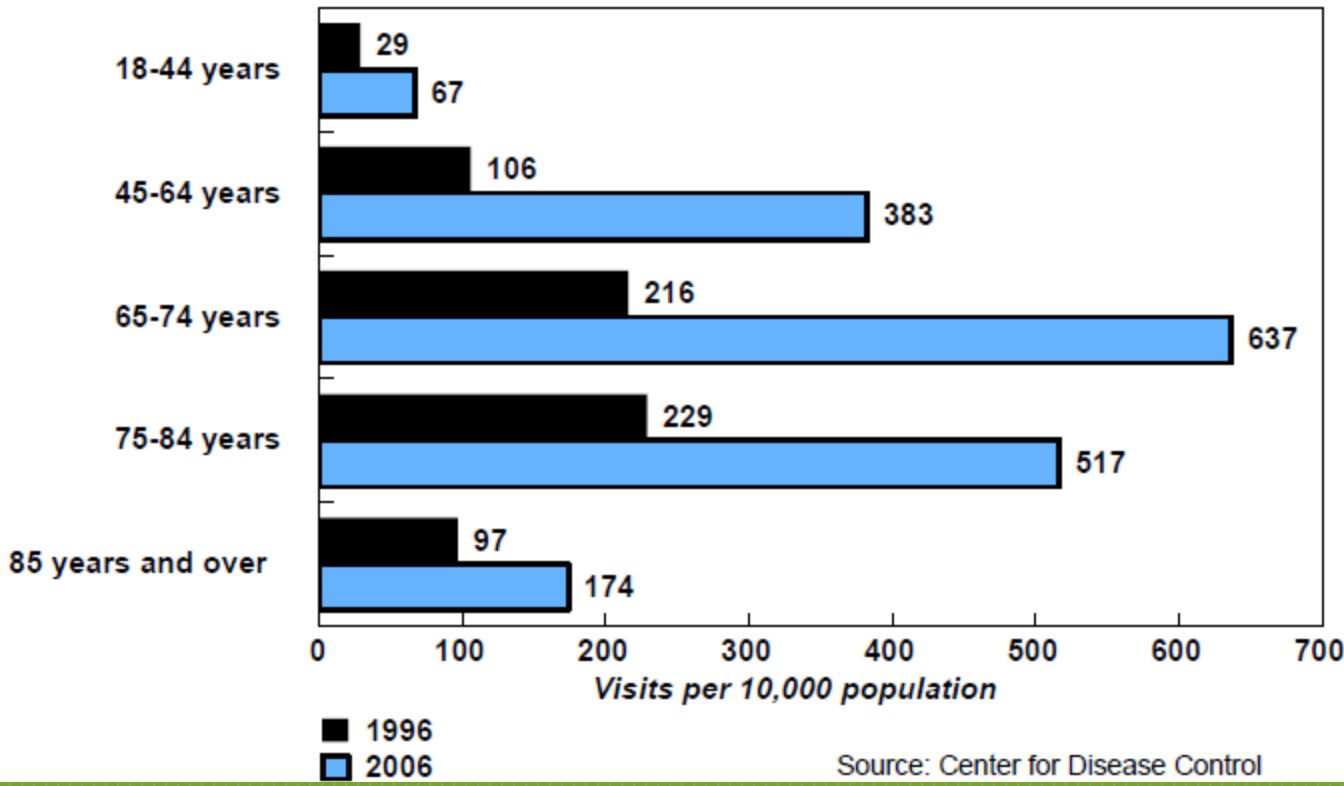
Expansion of the Insured Population

Insured Nonelderly Population with and without health care bill



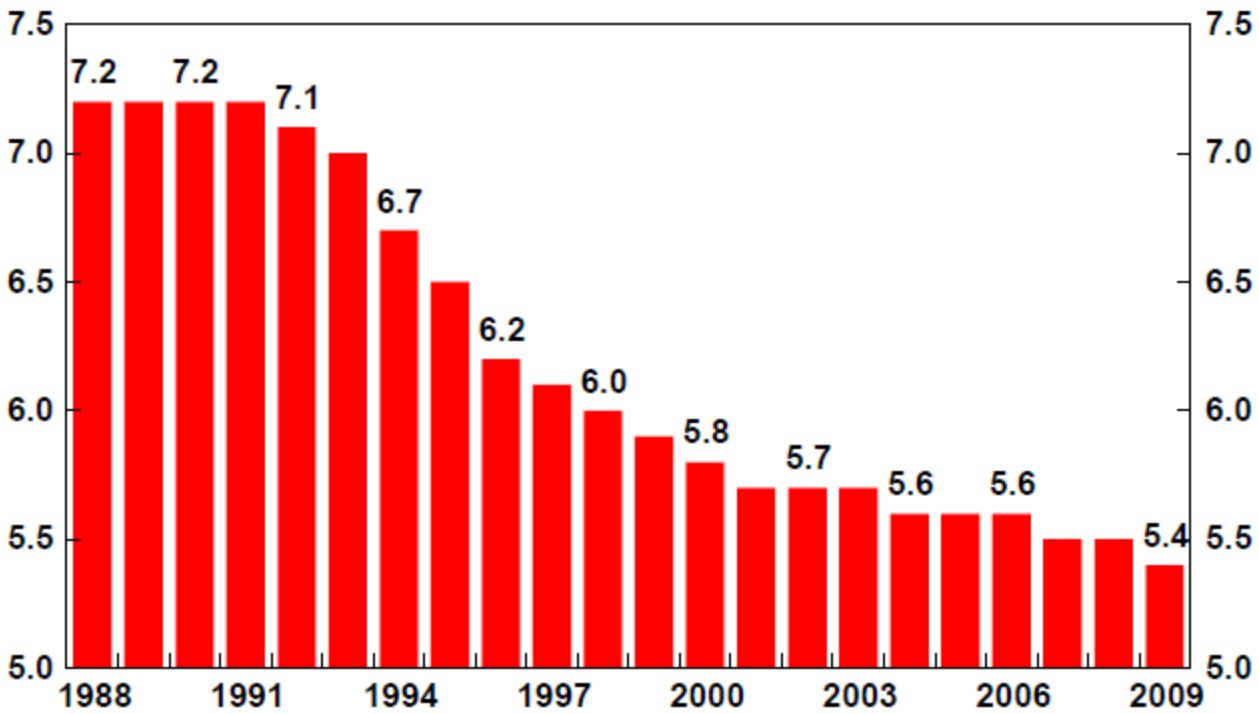
Cost Containment Pressures

Colonoscopy Procedures Among Adults 18 Years of Age and Over



Cost Containment Pressures

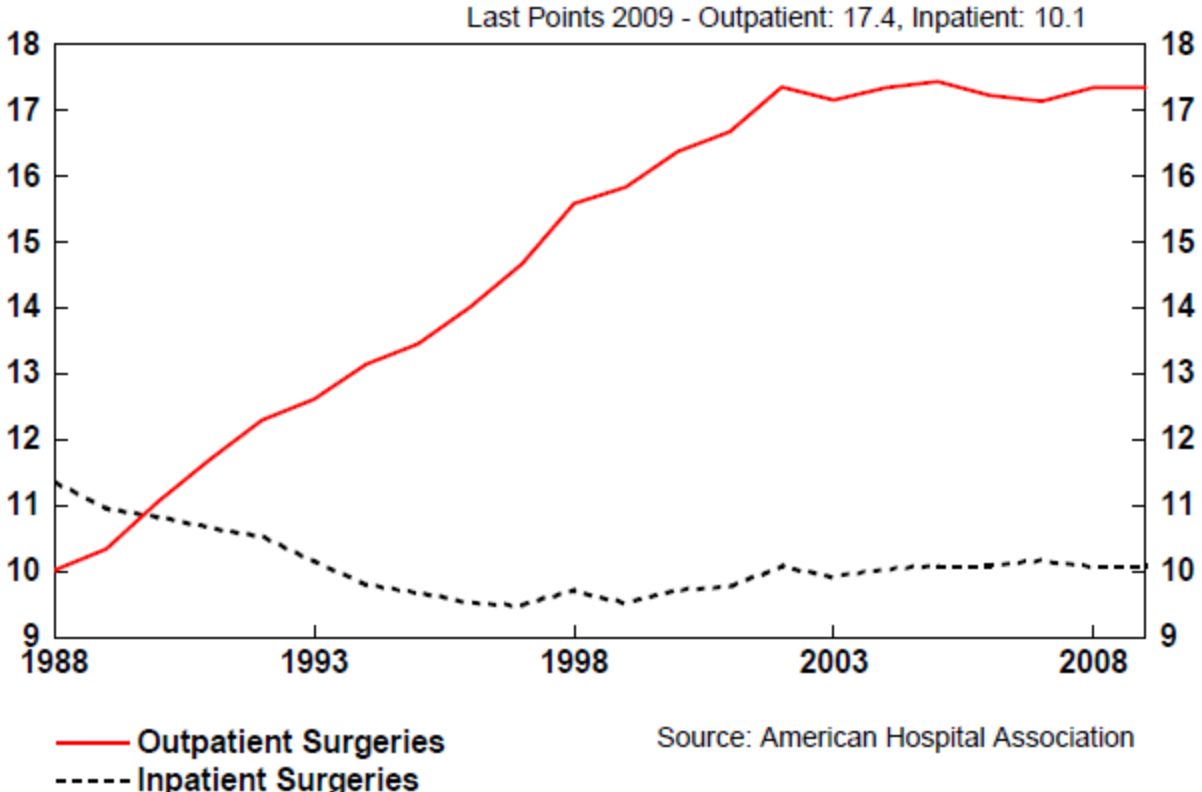
Average Length of Stay in Community Hospitals (number of days)



Source: Avalere Health / American Hospital Association

Cost Containment Pressures

Inpatient and Outpatient Surgeries at U.S. community hospitals, millions



Health Care Industry 101: What Are The Forces That Are Reshaping The American Health Care System (and its real estate)?

John W. Hanley, Jr.
Davis Wright Tremaine LLP

Lisa Brandenburg
President
Seattle Children's Hospital

Seattle Children's – Bellevue Clinic

Project Specifics:

- \$75 Million Project + Opened July 2010
- Program 80,000 SF
- 240-Space Parking Garage
- Outpatient Surgery + Imaging + Urgent Care + 19 Specialty Services
- Lean Design Principles
- Model for Future Children's Satellite Facilities



Current State

- ✓ 19% of Seattle Children's main campus visits were from Eastside zip codes

Business Objectives:

- ✓ Improve access to pediatric subspecialty services for patients and their families
- ✓ Create additional capacity on main campus by shifting outpatient clinic volume and procedures to new Bellevue site
- ✓ Increase Children's presence in line with Eastside growth
- ✓ Increase inpatient referral volume
- ✓ Opportunity to collaborate with community partners including Overlake Hospital

Project Accomplishments

- Reduce 30,000 SF + \$30 Million Off Initial Cost Estimates
- Below Budget + Ahead of Schedule
- \$500,000 PSE Rebate
- \$117,000 Annual Energy Savings + LEED GOLD
- Award of Commendation from Seattle AIA Honor Awards
- 2011 AIA/AAH National Healthcare Award
- International Academy of Design & Health, High Commendation Award
- Interior Design Magazine, Best of Year Nominee – Healthcare
- AIA, Building Information Modeling Award



Designing Through a Rapid Prototype

- Complete Departmental Design in One Week
- Big Room Concept
- Clinician and Staff Empowerment
- Iterative: Tour > Revise > Tour



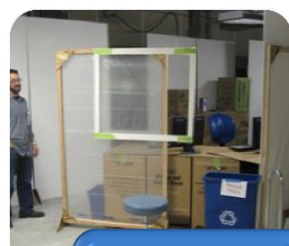
MONDAY

- INTRO
- GOALS
- LEAN PRIMER



TUESDAY

- EXPLORE
- SKETCH
- VISIT



WEDNESDAY

- RAPID PROTOTYPE
- SIMULATE



THURSDAY

- TOUR
- REVISE



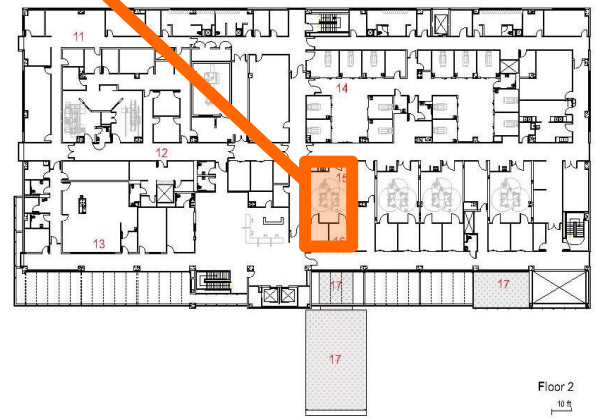
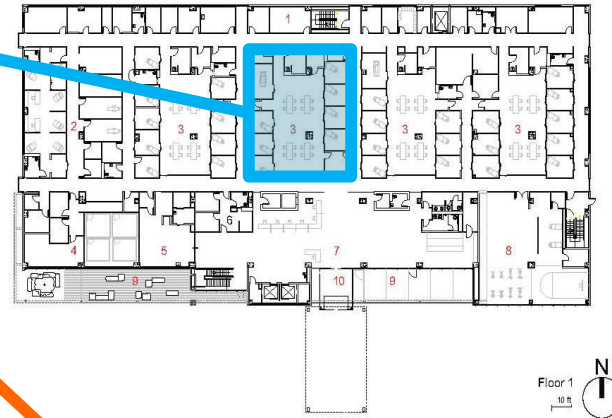
FRIDAY

- TOUR
- DECIDE
- FINALIZE

Double Entry Exam



**CPI - Full-scale
Prototype – Macro/Micro**



Induction + OR

IFOA Shared Risk and Reward Model

- Share risk and reward through the Integrated Form of Agreement (IFOA)
 - Agreement between Owner, Architect and Contractor
- Establish the Design Team Performance Contingency (DTPC)
 - to cover design errors, scope gaps and coordination issues
- Savings under the DTCP shared equally
 - Owner, Architect and Contractor
 - (to agreed upon cap for Architect and Contractor)
- Cost exceeding the DTCP also shared equally
 - Owner, Architect and Contractor
 - (to agreed upon cap for Architect and Contractor)
- Financial incentive of DTPC operates to align Contractor and Architect performance

Results to Date



Reduce the space requirements in baseline by 25% while achieving capacity of expected patient volumes (baseline: 110,000 BGSF)

Results: Reduced the space by 28%



Complete project at or under construction estimate and at or under target cost

Results: Project completed \$4M under budget



Reduce the number of RFIs (request for information) by 25% (baseline: 750 RFIs)

Results: RFI's decreased 87%



Create a facility design which increases patient satisfaction as measured by a 5% reduction in ART scores (baseline: A-14.5; R-17.2; T-14.5)

Results: Achieved 40% improvement in satisfaction scores



Create a facility design which increases provider and staff satisfaction, as measured by pre and post survey results

Results: Improved by 15% staff satisfaction as measured by our work place survey



Operational Improvements – Reduced clinic visit room time by 37% and non-operative time in OR by 50%

MultiCare Good Samaritan Hospital Expansion



Glenn Kasman
President,
MultiCare Good
Samaritan

Respect

Integrity

Stewardship

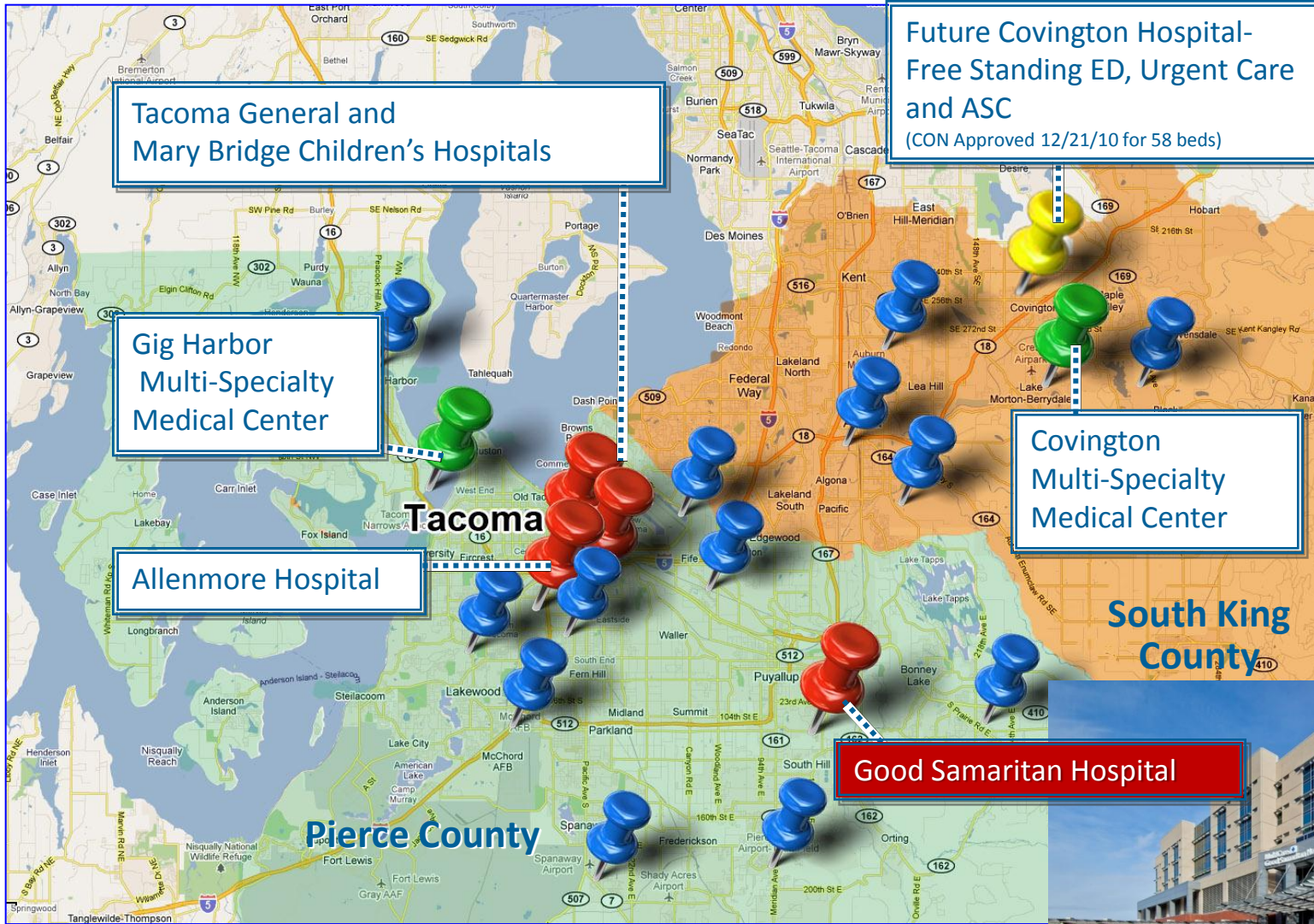
Excellence

Collaboration





Kindness

The MultiCare Difference™
Delivering the ideal patient experience.

MultiCare Health System



Legend

-  Existing Hospitals
-  Future Hospital
-  Multi-Specialty Medical Centers
-  Primary Care Clinics

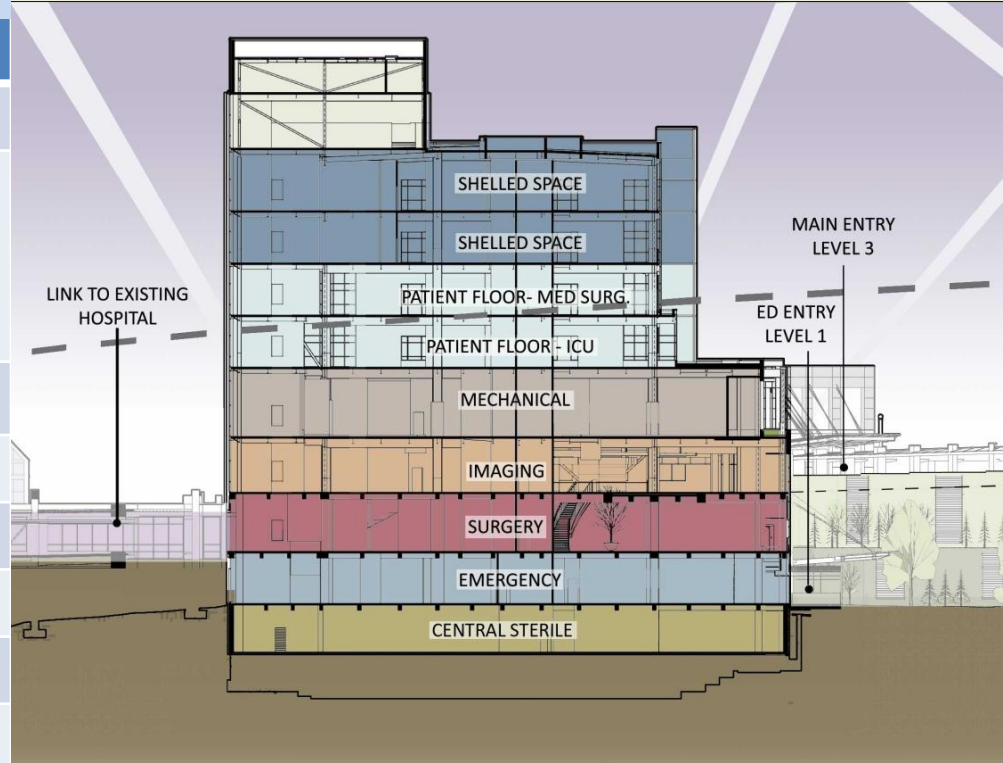


Project Description

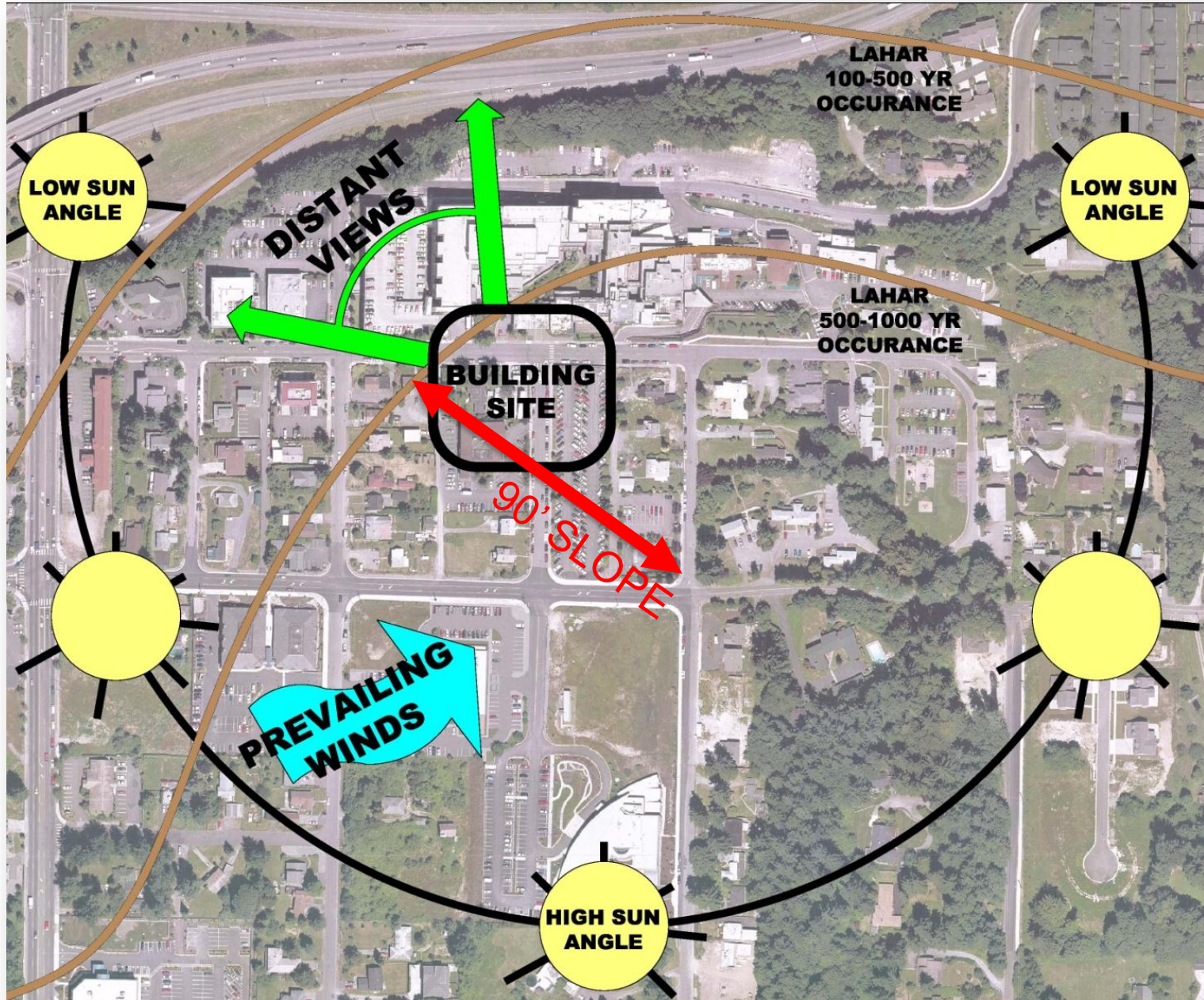
- Architects: Good Sam Design Collaborative:
 - A joint venture of Clark/Kjos Architects & GBJ Architecture
- General Contractor/Construction Manager:
 - Skanska USA
- Planning initiated summer, 2006
- Opened February, 2011
- ~350,000 SF, 9 stories

- Project Objectives
 - Expand access for community residents
 - Patient centered care
 - Healing amenities
 - Environmental sustainabilities
 - Efficient adjacencies & workflows
 - Flexibility for future growth

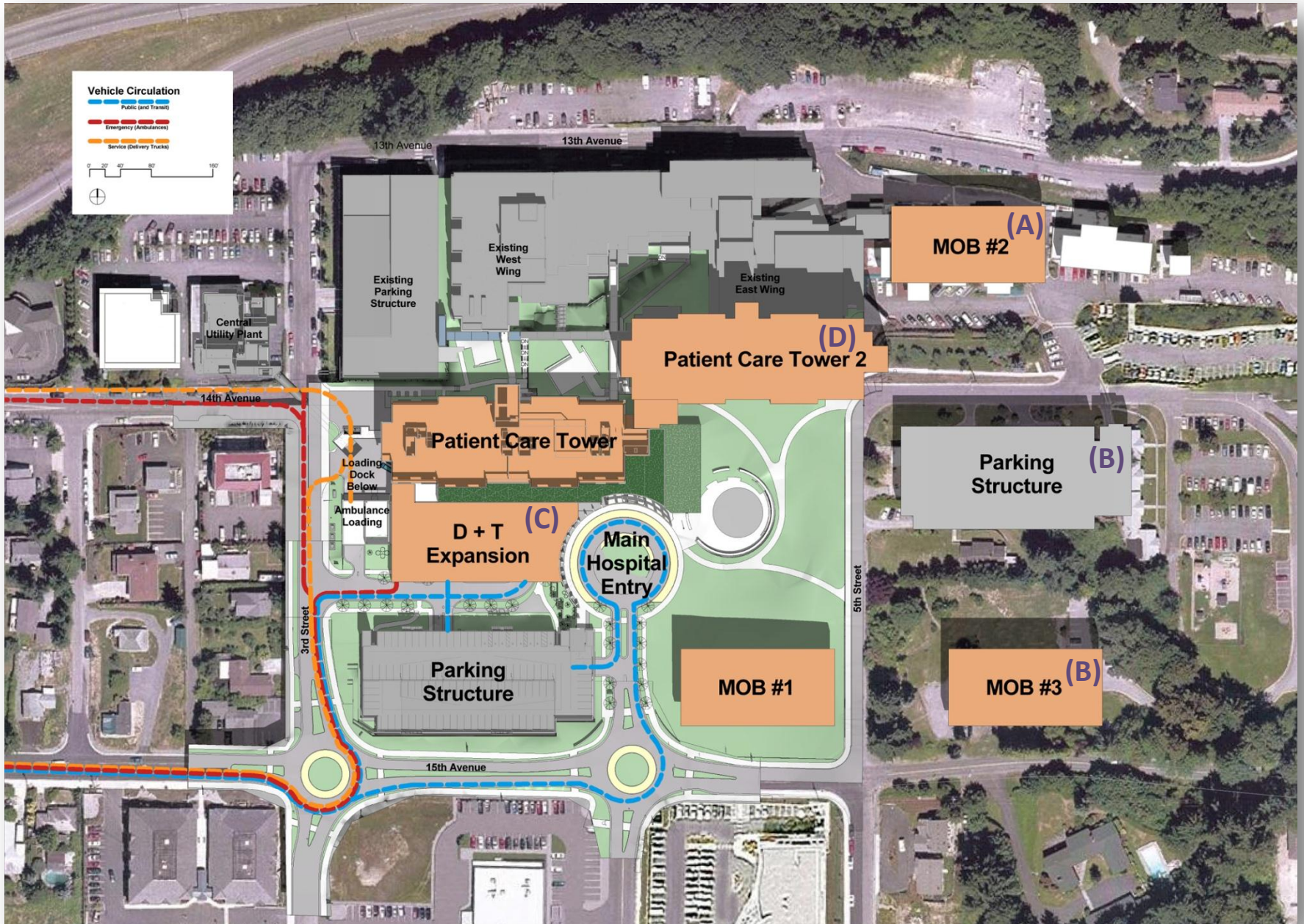
Project Scope	Budget
Patient Care Tower	\$120 M
<ul style="list-style-type: none"> • Inpatient beds 82 + 80 shelled • ORs 6 + 2 shelled • ED 50 patient rooms • Imaging, Cath Labs, CS, MM, Atrium 	
<ul style="list-style-type: none"> • Parking Garage 380 Stalls 	\$12 M
Central Utility Plant	\$21 M
Site work	\$37 M
Total Construction	\$280 M
Soft Costs	\$120 M
Total Project	\$400 M



Site Analysis



Master Plan 2006



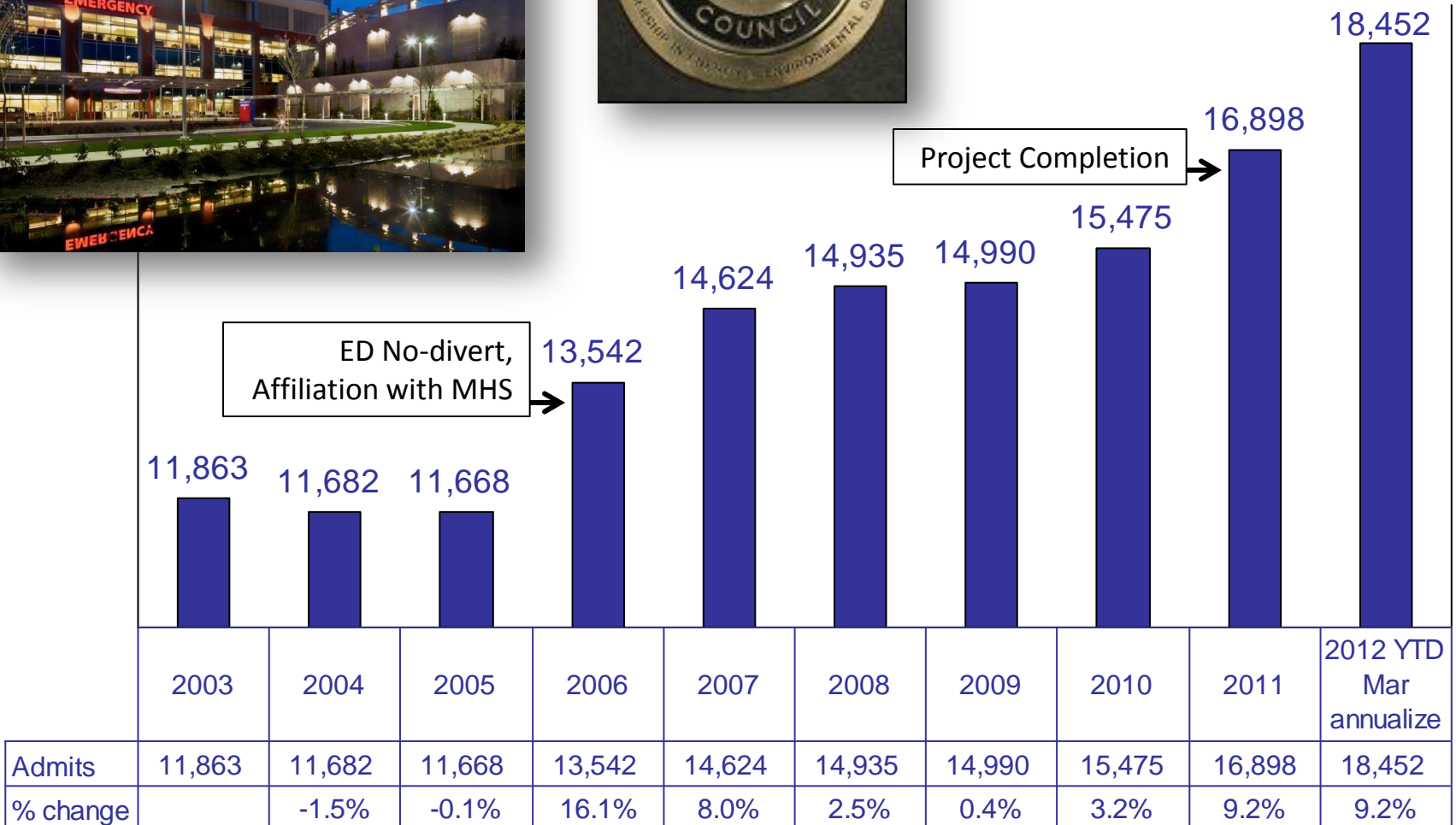
Dally Tower Completion



Outcomes



ModernHealthcare Citation Award



Phil Giuntoli
Principal
CollinsWoerman

Swedish Medical Center Issaquah WA

AWARDS:

Daily Journal of Commerce
Building of the Year 2012

IIDA Northern Pacific Chapter INawards
Best IN Healthcare, October 2011

NAIOP Night of the Stars
Non-Public Technology/Life Sciences Development of
the Year, November 2011

Contract Magazine
33rd Annual Interiors Award 2012

**Puget Sound ASHRAE Chapter Technology
Award Competition – First Place**



Overlake Hospital Medical Center Bellevue WA

LEED Silver
PSE Rebate \$964,000



Freestanding Emergency Departments



**MERLINO MOB
AT BELLA BOTTEGA**
EVERGREEN WA



**MULTICARE COVINGTON
EMERGENCY
DEPARTMENT**
COVINGTON WA

Lean Design & Prototyping





Urban Land Northwest
Institute