



Building a Resilient Path to the Future

CBRE HEALTHCARE'S KEY TAKEAWAYS FROM VANDERBILT UNIVERSITY'S HEALTHCARE DESIGN & CONSTRUCTION SYMPOSIUM

The COVID-19 pandemic has prompted an appraisal of the U.S. healthcare infrastructure, challenging decades-old conventions about how Americans access and conceive of medicine and care. Moving forward, health systems must think inventively and adopt creative solutions in order to become nimble, sustainable, and strategic to meet the current and future needs of their communities.

CBRE Healthcare has been supporting and participating in Vanderbilt University's Healthcare Design & Construction Symposium for the past 10 years and was proud to sponsor this year's event, while CBRE Healthcare's Patrick Duke served on the Program Committee and moderated a panel. Ironically, the theme this year was set long before COVID-19 was on anyone's radar, but "Building a Resilient Path to the Future" proved to be a timely motif.



VANDERBILT
UNIVERSITY

Here are CBRE Healthcare's key takeaways from the symposium's expert presenters, which are indicative of the future direction we see happening within the industry:

Key Takeaways

Flexibility: The ability to flex and adapt within healthcare facility design and planning is paramount.

Financial Transformation: The pressure to reduce operational costs and capital spending is immense, while the payer/reimbursement model remains unsustainable.

Portfolio Strategy: The financial gap between inpatient and outpatient care is narrowing.

Rapid Trend Adoption: The pandemic has forced health systems to accelerate certain industry trends.



Flexibility

“I think our biggest takeaway and lesson learned from this pandemic was the need to plan for flexibility and prepare ourselves and our teams to be able to pivot on a moment’s notice. Being a large health system, the ability to not only load balance patients within a facility, but load balance across the system, allowed us to respond more effectively in areas with a higher concentration of infected populations.”

- Jonathan Cogswell, AVP Facility Services & Engineering, Northwell Health

- Health systems that embrace the value of modern design principles will be better equipped to manage ambiguity, solve problems and create sanctuaries for caregivers and patients—even amid a crisis. The COVID-19 pandemic has pressure-tested and revealed healthcare organizations’ ability to transform, adapt and mobilize at relatively high rates and speed. As an industry, we need to create and design healthcare spaces that are more resilient and flexible for the future.ⁱ
- Resources must be used efficiently to maintain durable, but affordable healthcare utilization across disparate populations. Financial realities, partnership strategies (mergers and consolidation), care model design and operational efficiencies and reform will redirect a system’s long-term plans to address the needs of the population it serves.ⁱⁱ
- Health systems must be equipped to pivot the focus and volume of care at a moment’s notice. Non-patient areas within healthcare facilities must be able to turn into patient areas. Additionally, it is important to have the ability to split facilities or portfolios to support critical versus elective care, in order to minimize disruption.ⁱⁱⁱ

Additional Reading:

- [Is Healthcare Real Estate Safe From the Coronavirus Downturn?](#)
- [Pandemic prompts flexible healthcare design](#)

Financial Transformation

“There’s a lot of talk now about reductions in space for administrative functions. So many non-clinical workers—business analysts, coders, supply chain staff, call center workers and more—have been working from home for months rather than in a big office building. By and large, they’re doing their jobs just fine. Does it ever make sense to bring them back to the physical office with an expensive lease and maintenance? Since it’s going to be harder to pursue more traditional cost-saving measures, especially on the clinical side, leaders will take a hard look at fixed cost adjustments that weren’t on the table before.”

– Ben Umansky, Managing Director, The Advisory Board

- Healthcare organizations must think resourcefully and adopt creative solutions in order to reduce costs while successfully transforming their care model to deliver improved community health and high-quality care.^{iv}
- With the healthcare industry being asset-heavy and highly regulated, there is continued financial pressure as revenues on a year-over-year basis are not keeping pace with expenses. Increasingly, private equity firms are investing in the industry and providing financial backing in partnership with health systems and large practice groups. In 2019, healthcare private equity deals across the globe were valued at \$78 billion—the highest on record.^v Annual deal flow has also grown each year since 2015, with an increase in deals within the provider space. Private equity and real estate solutions that ease the asset load and lifecycle replacement responsibilities of healthcare owners will continue to grow exponentially, as owners seek to retool their balance sheets and operations to meet continued cost pressures.^{vi}
- Capital spending will be reallocated as a result of the likely reduction in administrative space as more systems adopt remote/work-from-home protocols. Allocating more capital to clinical expansion will result in a strategic transformation of health systems’ portfolios.^{vii}

Additional Reading:

- [New AHA Report Finds Financial Impact of COVID-19 on Hospitals and Health Systems to Be Over \\$200 Billion through June](#)
- [Global Healthcare Private Equity and Corporate M&A Report 2020](#)

Portfolio Strategy

“We have to really look at the way we’re dealing with the growth of our facilities, and not in a generic way, but more in the world we’re in. We are hearing many conversations as far as specialty clinics of care, in separation of the acuties with the outpatient and the inpatient, and that truly has changed the capital model.”

– Denton Wilson, VP Planning, Construction and Design, Atrium Health

- The choice to reconfigure, renovate or build new space will rely on a health system’s understanding of its current portfolio, facilities analytics and the needs of the community. The health system’s unique mission and directives also play an important factor. As these decisions are contemplated and made, they must be carefully and consistently communicated to all stakeholders.^{viii}
- Even before the global pandemic, patient care has been shifting to outpatient facilities. This continuing trend is due to technology advancements, value-based payments, scientific discovery, COVID-19 and the prospect of future pandemics. Hospitals will likely transform their business models toward narrower physical offerings focused on high-acuity, complex cases, with increased virtual offerings.^{ix}

Additional Reading:

- [Hospitals adapt real estate to fit new normal after COVID-19](#)
- [Hospitals and Health Systems Continue to Face Unprecedented Financial Challenges due to COVID-19](#)



Rapid Trend Adoption

“One of the interesting problems that was created during COVID was that many institutions had to cut back on other things as virtual patient visits increased. It actually created a workforce problem being that there was a need for more people to run virtual clinics and less assistance with moving patients through the clinics. So there is a real human resource problem in terms of thinking about how this shift actually impacts high numbers of people who have been loyal members of your institution for a long time.”

– Andrew Ibrahim, MD, MSc, Senior Principal, HOK

- Telehealth has become a norm and created efficiencies and benefits for triaging patients, but brick-and-mortar healthcare is not going away. At the end of the day, healthcare is physical.^x
- Technological enhancements to physical patient care as well as the overall patient experience within a healthcare setting will continue to advance, shift and become more necessary in a post-COVID-19 world. Health systems will focus more on the return on investment (ROI) rather than the upfront cost.^{xi}
- Consumerism will continue to drive the changes that will ultimately transform the healthcare industry, whether it is through technology, ambulatory care strategy or the location, design and construction of facilities.^{xii}

Additional Reading:

- [Consumers as the New Healthcare Industry Stakeholder](#)
- [Early Impact of CMS Expansion of Medicare Telehealth During COVID-19](#)



CBRE Healthcare works with care providers in the U.S. and beyond to provide total lifecycle real estate and facility solutions that are value-based and data-driven. To learn more about CBRE Healthcare's solutions and expertise, please visit us [here](#).

The income generated through the symposium goes toward funding tuition scholarships for the students in Vanderbilt University's Construction Management graduate program. If you'd like to join Vanderbilt University's School of Engineering mailing list to receive updates on future events, please send a request [here](#).

SYMPOSIUM PRESENTERS:

- ⁱ Good Design is Good Business – Lessons Learned from the Frontlines | Bon Ku, MD, Emergency Medicine Physician and Assistant Dean for Health and Design, Thomas Jefferson University | Andrew Ibrahim, MD, MSc, Senior Principal, HOK
- ⁱⁱ State of the Union 2020, Examining long-term realities through the lens of the immediate crisis | Ben Umansky, Managing Director, The Advisory Board | James Bearden, Gresham Smith
- ⁱⁱⁱ One Virus. Three Hospitals' Response | Jonathan Cogswell, Assistant Vice President Facilities Services & Engineering, Northwell Health | Matthew Keahey, National Vice President, Medxcel
- ^{iv} Transforming the Care Delivery Model | Don Orndoff, Senior Vice President, National Facilities Services, Kaiser Permanente | David Miller, ESa
- ^v Global Healthcare Private Equity and Corporate M&A Report 2020 | Bain & Company, Inc.
- ^{vi} The New Normal – Private Equity's Role in Shaping Healthcare's Future | Jeff Gallant, Operating Partner, Welsh, Carson, Anderson & Stowe | James Nicholls, Managing Director, Fitzroy Health | Luke Savage, VP – International Acquisitions, Medical Properties Trust | Patrick Duke, CBRE Healthcare
- ^{vii} State of the Union 2020, Examining long-term realities through the lens of the immediate crisis | Ben Umansky, Managing Director, The Advisory Board | James Bearden, Gresham Smith
- ^{viii} To Renovate or Build New? – Case Study of Baptist Health (BHC) | Scott Raynes, Executive VP | John Porter, VP Corporate Facilities and Support Services, Baptist Healthcare Corporation Pensacola | Steve Higgs, Meadows and Ohly
- ^{ix} Hospital of the Future | Wendy Gerhardt, Senior Manager, Deloitte Center for Health Solutions | Dr. Alexander Langerman, Department of Otolaryngology, Head & Neck Surgery, VUMC
- ^x Good Design is Good Business – Lessons Learned from the Frontlines | Bon Ku, MD, Emergency Medicine Physician and Assistant Dean for Health and Design, Thomas Jefferson University | Andrew Ibrahim, MD, MSc, Senior Principal, HOK
- ^{xi} COVID 2.0: What have we learned for the next public crisis? | Michael LaMont, VP Facilities Management, Rush University Medical Center | Denton Wilson, VP Planning Design & Construction, Atrium Health
- ^{xii} Transforming the Care Delivery Model | Don Orndoff, Senior Vice President, National Facilities Services, Kaiser Permanente

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