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Chicago's medical center giants battle for turf in the suburbs

By Mike Colias
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Chicago's academic medical centers are staking out growth in the suburbs, reaching out to patients who are choosing to get more of their care at increasingly sophisticated community hospitals.

This month, oncologists from the University of Chicago Medical Center began treating cancer patients in Elgin and opened a clinic for kids in Evanston. Neurologists from Northwestern Memorial Hospital recently began treating stroke victims in Naperville. Loyola University Health System is spending nearly \$50 million to open a center in southwest suburban Burr Ridge next year that will offer everything from heart care to aquatic therapy.

The university hospitals are trying to counter tougher competition from suburban rivals. Lucrative procedures like spine surgeries and even clinical research trials, once the exclusive domain of academic hospitals, are now done at many community hospitals. That's forcing the university medical centers to expand beyond their hubs to protect marketshare.

"The competition for patients is intensifying because there's more overlap between what the community hospitals have historically provided and what has been the purview of the academic medical centers," says Daniel Post, Loyola's senior vice-president for ambulatory programs and system services.

Some big city hospitals are buying suburban players outright: Northwestern CEO Dean Harrison's acquisition of Lake Forest Hospital last month is the first major suburban foray for the city's biggest hospital. But university hospital execs also are opening satellite locations and forging partnerships to provide high-tech, profitable medical services in the burbs.

U of C doctors two years ago launched a partnership with Edward Hospital in Naperville to offer pediatric surgery, cancer treatments and heart care. Now U of C is offering cancer services in Evanston, through its affiliation with NorthShore University HealthSystem, and in Joliet, with plans for Northwest Indiana next.

John Cunningham, U of C's chief of pediatric hematology and oncology, says parents and their pediatricians in the suburbs were clamoring for more services so kids didn't have to come to the city for every bone marrow biopsy or radiation treatment.

"Now we're really bringing comprehensive cancer care into the community," Dr. Cunningham says.

Such affiliations make financial sense for Edward Hospital and its partners, says Brian Davis, vice-president of marketing. Edward gets the cachet that comes with U of C's nationally renowned cancer doctors. Those physicians get paid for treating patients who otherwise might not have trekked to Hyde Park. And a few patients likely will be referred to U of C's medical center for more-complex care.

"I think the university hospitals know that the growth is in the suburbs, and they want to be a part of that," Mr. Davis says.

PICKING UP PACE

Loyola and Children's Memorial Hospital have been the most aggressive in establishing their own suburban satellite locations. About half of Loyola's 1.5 million outpatient visits last year were away from its main campus in Maywood — up from 10% in the mid-1990s.

Children's has had specialty suburban sites since the early 1990s, but has accelerated the pace lately: Three of its eight suburban centers were opened within the past three years.

Northwestern in 2007 bought an 11-acre parcel in Northbrook "to advance clinical programs," but there are no firm plans for the site, the hospital said last year in a bond document.

To be sure, local academic hospitals have been making suburban inroads in fits and starts for years. Rush University Medical Center long has had affiliates in Oak Park, Aurora and other suburbs, though it unloaded its partner hospital in Skokie in 2008. Rush is focused on completing a \$1-billion remake of its main campus on the Near West Side but plans to expand its suburban presence in the future, a spokesman says.

Another factor driving university medical centers to reach beyond their flagship campuses: a trend toward improving coordination of care.

Having ties to other providers helps hospital systems better track patients as they bounce from primary care doctors to specialists to the hospital, says Bill Woodson, a senior vice-president at Skokie-based health care consultancy Sg2. University hospitals could be playing catch-up to integrated suburban systems like NorthShore and Advocate Health Care, he says.

Mr. Woodson thinks the integration trend could drive more deal-making among university hospitals and their suburban competitors.

"Academic medical centers like Northwestern and others have the resources to consolidate the market over the next five years," he says.

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