

Reform, revenue drive hospital north

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Andy Lee in
575.14.5508

Changes unleashed by health reform are pushing **Franciscan St. Francis Health's** expansion into Hamilton County—in addition to the obvious pull of the area's well-heeled population.

The hospital system that dominates the south side of Indianapolis will invade the northern suburbs by leasing an 89,000-square-foot building on North Meridian Street in Carmel. That's just up the road from the **Indiana University Health North Hospital**, formerly called Clarian North Medical Center.

Franciscan St. Francis will spend \$23 million to convert the three-story building to its uses: a six-bed inpatient unit; inpatient and outpatient surgical suites; an imaging center; physician offices; and facilities for cardiac testing, physical therapy, oncology infusion therapy and the study of sleep disorders.

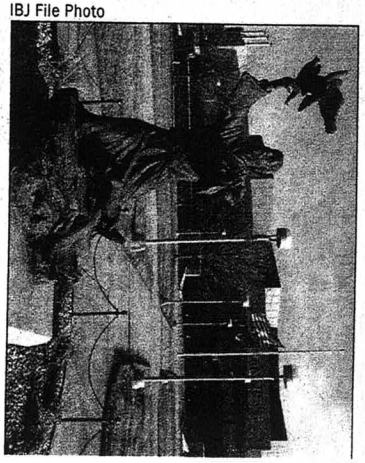
North-side patients don't account for even 10 percent of Franciscan St. Francis' current revenue of \$1.7 billion. But Hamilton County residents have median household incomes of \$86,000—the highest in the state and 22nd-highest in the nation—and most have generous health insurance sponsored by their employers.

Those employers, however, are crying "uncle" after their costs for providing health benefits more than doubled in the past decade. To get a handle on costs, some employers are looking to contract directly with hospital systems in exchange for lower rates, or to sign on to health insurance plans that restrict workers' access to a narrow network of low-cost providers.

Franciscan St. Francis wants to play that game—but to do so, it needs to be able to provide convenient access to employees all around the city. Franciscan St. Francis currently operates hospitals in Beech Grove, Mooresville and in Indianapolis, near Interstate 65 and Emerson Avenue.

"We're seeing the marketplace change a little bit," said CEO Bob Brody, adding, "We want to create access points across the marketplace that are convenient for patients, that are affordable for patients, and that ensure the St. Francis standards of care."

The 2010 health reform law affected St. Francis' decision in other ways. As part of reform, the federal Medicare program must take various steps to moderate its spending.



Franciscan St. Francis, which operates its flagship hospital on the south side, will open a medical facility in Carmel.

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