



Posted on Sun, Feb. 24, 2008

## Galichia Heart Hospital's \$10K bypass jolts industry

BY ANDI ATWATER  
The Wichita Eagle

Galichia Heart Hospital says it will begin charging a flat fee of \$10,000 for one of the most common types of open heart surgery -- undercutting hospital charges by at least \$25,000.

The discounted fee is the latest plan by the physician-owned hospital to attract more patients. The hospital also promises a 15-minute wait time and a \$50 co-pay in its emergency room.

Galichia officials say the discounted rate applies to standard coronary artery bypass graft surgery, but only for cases where there is little chance for complications. Patients with risky health issues such as diabetes or who have had the surgery before are not eligible.

Hospital officials are frank about their motives: They want a bigger piece of the patient base in Wichita and beyond.

"We're very serious about presenting cost-effective products and options for our community and for the region and nationally," Galichia hospital chief executive Steve Harris said.

"I think it will turn some heads. This isn't just a good rate. It's a world-class rate."

### Getting patients

About five of every 1,000 people need open-heart surgery every year, so a community this size produces roughly 2,000 procedures annually, Harris said.

Surgeons at Galichia Heart Hospital perform about 200 open-heart surgeries a year. Harris said he would like to see that increase by 100 this year.

The idea behind the rate cut is threefold, he said. The hospital wants to attract cash-paying uninsured workers, get the attention of insurance providers and cost-conscious employers in Wichita, and tap into medical tourism -- the trend of patients going out of the country to purchase affordable surgery.

"We're making money at this rate," Harris said. "We're challenging our colleagues to really square off against rising health care costs."

Physician-owned hospitals in Wichita have historically struggled for market share in a city where the two major hospital systems -- Via Christi Regional Medical Center and Wesley Medical Center -- contract exclusively with insurance providers.

Galichia officials are hoping their new rate causes the area's largest insurers -- Blue Cross and Blue Shield of Kansas and Via Christi-owned Preferred Health Systems -- to consider steering some of their client base to Galichia.

"This is a much better rate than anybody else is giving Blue Cross or Preferred Health," Harris said. "We're not an in-network provider. We're sort of challenging (them) to rethink their contracting strategies."

Blue Cross, at least, is intrigued, although the state's largest insurer said it would abide by its contractual obligations.

"Blue Cross... members are free to receive services from any hospital they choose with the understanding that their benefits will be applied differently when they use non-contracting facilities," spokeswoman Mary Beth Chambers said.

"We direct members to the hospitals where we have contracts because of the discounts we receive from those contracting providers. If one hospital is charging less than others in the area then that is good for the community and could help lower overall health care costs for everyone."

### Making waves

Galichia's new rate could threaten larger community hospitals, although executives at each declined to comment.

Administrators at Kansas Heart Hospital, of which Via Christi is a minority owner, said the Galichia plan is "very interesting" but unlikely to make a dent in their business, which is based largely on physician referrals.

"I'm not sure what impact it could have," said Lynn Jeane, chief operating officer. "And I'm not sure how many people needing heart surgery are going to be out shopping for the lowest price."

Supporters say physician-owned hospitals are extremely efficient, making such cost-cutting strategies possible.

"It's a gutsy move, but I understand what they're trying to get done," said Jim Sergeant, past president of the Kansas Surgical Hospital Association and chief executive of Salina Surgical Hospital. "If you take a hard look at costs, you can do premier services at a very good price."

Galichia hospital also is running ads this weekend in Canada and the United Kingdom, targeting countries where government health plans have created long waits for elective surgeries. Such environments have fostered medical tourism to such places as India, where patients can get procedures done inexpensively.

"The price... is absolutely stunning," said Rick Baker, a Canadian who founded Timely Medical Alternatives and North American Surgery. His companies connect clients with specialty hospitals that agree to perform certain surgeries at low, contracted rates.

"The solution to America's health care problems is (for) people to find a way to negotiate very good prices," he said.

Reach Andi Atwater at 316-268-6642 or [aatwater@wichitaeagle.com](mailto:aatwater@wichitaeagle.com)

© 2007 Wichita Eagle and wire service sources. All Rights Reserved. <http://www.kansas.com>