

# Cultivating a leading practice


A Q&A with Kevin Harlen, Chief Operating Officer of Capital Digestive Care.

by Scott Fraser

 As president of PE Gastro Management, one of the activities I find most valuable is the opportunity to spend time with other thought leaders in the GI community. I recently had the good fortune of getting to know Kevin Harlen, Chief Operating Officer of Capital Digestive Care (CDC). CDC stands out as a success story in independent GI practice management. In our discussion here, Kevin and I talk about how CDC evolved from laptops on folding tables to the largest independent GI practice in the Mid-Atlantic states, in no small part due to some smart investments in scaling the operation through the development of a central business office (CBO).



Tell me about your professional background and how you made the transition from a hospital executive to COO of a private medical group.

  
**Kevin Harlen:** I'm one of these healthcare administrators who thought seriously about attending medical school and decided not to for various reasons. But healthcare has always been my passion and being involved with improving patient care is very rewarding, both professionally and personally.

After earning a Master of Science degree in public health from the University of North Carolina, Chapel Hill, I started my career in Florida as a member of the executive team in a 500-bed hospital. In 1994, I began a 12-year tenure at MedStar Washington Hospital Center, a 900-bed academic medical center with major trauma, burn, cancer and heart centers in Washington, D.C. It was a truly wonderful opportunity to work with world-class administrative leaders with exposure to many areas of responsibility, including their flight program, emergency medicine services, trauma services and other similar emergency preparedness and response work.

I stepped away from MedStar to continue work in emergency preparedness as Executive Director of the Northern Virginia Hospital Alliance, formed in the wake of 9/11 to coordinate emergency preparedness, response and recovery activities for its member hospitals and healthcare systems. In 2008, a friend and former MedStar colleague reached out to me, explaining that his GI group and six others in the D.C./Maryland region were merging and looking for someone to serve as the group's COO. I put my hat in the ring and was hired in February 2008.



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Kevin Harlen, Chief Operating  
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Photography by Carol Clayton



**What are the key facts and figures about CDC?**

**KH:** Our focus is on quality, expertise and accessibility. That is not marketing lip service; it is something we all feel very strongly about and around which have built a culture. These qualities are reflected in our size and in the scope and diversity of our clinical and administrative services.

Size matters when you are talking about covering a large geographic area. When the practices merged, we had about 50 physicians and 14 clinical offices. We now stand at 65 physicians and 17 clinical offices, making us the largest independent GI group in the mid-Atlantic and Northeast and the fifth or sixth largest in the country.

We see more than 75,000 patients annually—a number that has grown over time, in part due to our increasing number of physicians but also patients searching us out. We cover the spectrum of digestive health services, including GI and liver disease as well as infusion therapy, clinical laboratory services and pathology. CDC is increasingly the go-to group from a basic consumer

standpoint, a fact in which we take tremendous pride.

Our pathology lab is a real jewel in our crown. It is a world-class, high-complexity laboratory managed by a top-notch physician who serves as medical director and supported by a team of nine other pathologists trained in the areas of anatomic and clinical pathology, cytopathology and hematopathology.

Our executive board realized that being the leader in our region brings certain responsibility from a community support standpoint. We have a close affiliation with Chevy Chase Clinical Research, an independent research organization performing more digestive disease-related clinical trials than even the academic medical centers in the region. And we are very involved with the Crohn's & Colitis Foundation where I have served on the Board of Directors for the National Capital Area Chapter and as Chair of the annual Take Steps event. As an organization, we have directed more than \$500,000 through sponsorships and fundraising to the Crohn's & Colitis Foundation since our founding.

**What should our readers know about CDC's CBO?**

**KH:** From the start, we set up the infrastructure to centralize finance, accounting, accounts payable, patient financial services and HR. In a second phase we added centralized IT and marketing efforts. Including the management team, we have approximately 45 employees in our CBO supporting our 17 offices and pathology laboratory.

Achieving that level of integration made it possible for us to pursue other efficiencies that had an immediate impact on our bottom line, such as the management of malpractice insurance, payer contracting, recruiting and hiring, and health insurance contracting. One opportunity worth considering for any organization of size is a self-funded health plan, which we were able to transition to about two years ago.

We're very proud of what we've built. It's a scalable operation, and we have seen it grow over time. As evidence, we provide facility billing services for six of the eight affiliated ambulatory surgery centers (ASCs) as if we were a billing and collections company.

You can see how central infrastructure provides the support so our physicians can focus on taking care of patients. The budget is supported by what we liken to a federated model. The CBO is the federal government, and the local care centers (i.e., practices) within our group are the states. Much like the U.S. government, the states have a fair amount of autonomy in terms of managing their own operational budget. The day-to-day clinical workflow and operational responsibilities reside at the local level within the care centers.

The care centers pay a fee as a percentage of collections to defray the cost of the centralized overhead and infrastructure that varies mainly by provider work productivity. To the degree that it is not enough to cover expenses at the “federal level,” we are an LLC, so the partners of the company

—most of our physicians are equal members—pay the remainder equally on a per-member basis because there is central overhead that is more proportionate to head count. Overall, our management services overhead percentage is less than industry standards.

**CDC has made substantial investments in the CBO. What were some of these investments and why were they made?**

**KH:** Our most significant investment, and the one that makes it all work so smoothly, has been our people. The commitment to building a core team of leaders in the areas of finance, HR, patient financial services, IT and marketing has been crucial to our success. Our President and CEO, Michael Weinstein, MD, continues with his busy clinical practice and devotes significant time to administrative responsibilities. Many of our physicians volunteer their time after hours to serve on our board and advisory committees, such as our pension and quality management committees.

Changing gears to comment on operational departments, IT performance and security is something that should be a priority for anyone in healthcare. Under the direction of our chief information and security officer, we have developed a highly sophisticated platform that supports not only our network, but those of some of our affiliated partners. That serves as a revenue stream to CDC under a shared-services agreement.

Marketing, branding and reputation management is another area where we have devoted significant energy, which may come as a surprise. But the bigger you are, the higher the stakes and the more people expect from you. Our marketing budget supports activities that expand our influence in the region and includes tools to monitor and respond to reviews that patients post online, improvements to our website and a robust digital presence, including engagement across social media channels and programmatic investments in search engine optimization and content syndication. Being able to control your own narrative is an advantage in a landscape where consumerism has driven such significant change in the way physicians practice medicine.

Thinking about the regulatory environment, Medicare’s move toward value-based payment systems, including MACRA/MIPS, requires measuring outcomes and identifying gaps in care. We take quality assessment and outcomes management seriously and decided some time ago to add a dedicated quality management coordinator.



Photography by Carol Clayton

What do you see as the future of private practice GI groups?

**KH:** I firmly believe the future for private GI practices, specifically larger groups, is bright. The demographics are clear: We have an aging population, and the prevalence of colon cancer and other digestive health issues are either increasing or growing in complexity. Group consolidation can meet these needs and result in a stronger regional density, positioning the group to thrive during and after the migration to value-based payments. While we still predominantly rely upon a fee-for-service mechanism for reimbursement, we are rapidly moving towards a value-based approach. It's going to be about outcomes in terms of clinical effectiveness and cost effectiveness. CDC firmly believes that the independent medical practice has a role to play

in solving the complex problem of cost of care.

Large groups should remain physician-led but partner with executive teams to manage the administrative functions of a medical practice, allowing physicians to focus on delivering world-class patient care. Our desire is to provide excellent service to our patients; we need the depth and breadth of administrative services that only growth and consolidation can bring in today's healthcare environment. <sup>PE</sup>



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