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Seton, RehabCare to build \$45M hospital

Project may start in April; open sometime in 2010

Austin Business Journal - by [Sandra Zaragoza](#) ABJ Staff

Seton Family of Hospitals and RehabCare Group Inc. are moving forward on a \$45 million Central Texas Rehabilitation Hospital near Seton Medical Center Austin.

RehabCare Group, a Missouri-based health care organization specializing in rehabilitation care, has tapped Dallas-based developer Advanta Medical Development to build the 80,000-square-foot hospital at 1600 W. 38th St. The building will then be leased to the hospital.

As part of the project, Advanta will upgrade the Jefferson Building, a 101,000-square-foot medical office building that will be next to the rehab hospital.

Advanta could break ground on the project as early as April, depending on zoning approvals. RehabCare Group hopes to have the hospital operating next year.

When finished, the Central Texas Rehabilitation Hospital will be an inpatient center focusing on stroke, spinal cord injury and brain injury, complementing areas where Seton has established itself as a leader, said Peggy Barrett, CEO of Central Texas Rehabilitation Hospital.

The hospital will also serve patients with hip or joint replacements, neurological disorders and amputations, she said.

Although design of the future hospital is still being finalized, it is slated to have about 38 rehabilitation beds and 40 long-term acute care beds.

The new rehabilitation hospital is the second joint venture between the Seton health care system and RehabCare Group. Two years ago, they collaborated on the preliminary version of the Central Texas Rehabilitation Hospital, a 20-bed rehabilitation unit occupying the eighth floor of Seton. It has been operating near full capacity.

Under the agreement with RehabCare, Seton will have 20 percent ownership in the new hospital.

Tom Gallagher, Seton's senior vice president of business development, said the partnership with RehabCare Group is an opportunity to align with an organization that specializes in post-acute rehabilitation.

"Since many of our patients need that as a next stage in care, we believed it was important to have a role in the rehab spectrum," Gallagher said.

The future Central Texas Rehabilitation Hospital will free up Seton's acute care beds, allowing the health care provider to serve more medical and surgery patients, Gallagher said.

Moving patients into specialized care, such as rehab or long-term acute care, also reduces the cost of care for those patients, health experts said.

The expansion into rehabilitation services will also assist Seton's University Medical Center Brackenridge in its effort to move from Level II trauma to Level I. To achieve Level I status a health care provider must offer post-acute care services, according to health care industry professionals.

For RehabCare, the new hospital is part of a companywide strategy to partner with medical systems on similar projects nationally. The company also identified a need within Seton, said Peter Doerner, RehabCare's senior vice president.

"Patients who needed those services would have to leave the Seton family of hospitals and go to another provider in the marketplace," Doerner said. "Now there is a continuum of care."

RehabCare Group is a publicly traded company [NYSE: RHB] that operates physical rehabilitation programs in more than 1,200 hospitals, nursing homes and long-term care facilities throughout the country, including roughly 250 locations in Texas.

RehabCare Group is managing the new hospital, but Seton will have a seat on its governing board.

Eventually, the Central Texas Rehabilitation Hospital will employ about 150 people, including nurses, physical therapists, occupational therapists, physicians and support staff.

The hospital is among several rehabilitation centers or programs that have cropped up in Central Texas in the last few years.

"The rehabilitation efforts that you see are a reflection of the growing Austin population," said Dr. Chris Garrison, program director for the University of Texas Medical Branch Austin, and its physical medicine and rehabilitation program.

The growth in rehabilitation is also prompting health care providers to specialize in areas such as spinal cord injury, brain injury and stroke, Garrison said.

Besides traditional inpatient and outpatient rehabilitation services, the 80-bed St. David's Rehabilitation Hospital offers specialized orthopedic and Parkinson's programs. St. David's operates three inpatient rehab hospitals and 15 outpatient locations.

And for-profit Reliant Healthcare Partners of Addison's 75-bed Reliant Rehabilitation Hospital Central Texas focuses on serving orthopedic patients undergoing knee or hip replacement surgery. Reliant is slated to open its second 60-bed rehab hospital in South Austin this year.

Meanwhile, the need for rehabilitation care is expected to grow as the population ages, Doerner said.

"The population of the 65-plus is exponentially going to grow over the next 10 years, and all of those folks will need rehab to varying degrees," Doerner said. "The timing of this new facility is right in the middle of that growing need."

Courtesy of JB Goodwin