How To Make the Business Case for Green Building in Healthcare

Several articles and white papers published over the past year have made the business case for green building in healthcare on both a strategic level and by highlighting specific projects. All of the articles listed below agree that an effective business case for healthcare facilities must recognize the importance of aligning healthcare mission with the bottom line.

Making the Case to Healthcare Executives

- “The Business Case for Green Buildings” excerpts the proceedings from a panel at Clean Med 06. A few key talking points from the article are listed below. (Clean Design magazine, June 2006, http://www.healthcaredesignmagazine.com/CleanDesign.htm)
- The business case in health care cannot rely only on energy savings, because a typical hospital’s energy budget is less than 1% of its total operating budget. A strong argument will equate operational savings to added revenue stream, e.g., $100,000 savings in energy equals to “x” number of MRI’s or additional physicians on staff.
- Hospital executives have begun to respond to proof that a green building design will help them retain staff (particularly nurses), improve worker safety, and improve outcomes for patients.
- Healthcare facilities have begun to capitalize on the advantages of sharing their successes with their community to differentiate themselves from their competitors and to target philanthropic support.
- A teleconference held in February 2006 establishes the complexity of a healthcare facility’s bottom line. Because all healthcare facilities are in the business of providing health, they make decisions all the time that may not improve their financial bottom line, but are considered essential to their work and improve their overall status in their community. (Making the Business Case for Green Health Care Facilities, Hospitals for a Healthy Environment Green Building Teleconference Series, February 2006, http://www.h2e-online.org/teleconferences/molydesc.cfm?date=2006-02-06&teleconfid=237)
- “The Dollars and Sense of Greening Healthcare” reviews both traditional business case successes (i.e., lowering operations costs) and health care specific business case topics, such as the connection between human health and green building. The article provides a variety of case study examples from across the country. (Green @ Work e-magazine, February 2006, http://www.greenatworkmag.com)

Case Studies

- Dell Children’s Medical Center of Central Texas (DCCMCT) in Austin, Texas, is partnering with the local utility, Austin Energy, to build a gas-fired combined heat and power plant on-site that will provide energy, steam and cold water for air conditioning to the hospital. Austin Energy is building the plant in exchange for a long-term energy contract with DCCMCT, freeing up $6.8 million in the construction budget that had been earmarked for a central plant to be re-invested in green strategies such as increased energy efficiency and healthy finish materials. (“Brownfields Bloom: Dell Children’s Medical Center of Central Texas,” Healthcare Design magazine, March 2006, http://www.healthcaredesignmagazine.com)
- Kaiser Permanente, the largest nonprofit health plan in the U.S., has distinguished itself as a leader in its market, in part, through leadership in reducing the use of toxic chemicals in its facilities. Kaiser anticipates spending $21 billion through 2012 on capital expenditures. Its powerful buying power has allowed it to work with manufacturers to move the marketplace in the direction of less toxic building materials. (“Better Living and Bigger Profits Through Safer, Greener Chemistry,” Sustainable Business.com e-magazine, September 13, 2006, http://sustainablebusiness.com)
- The Patrick H. Dollard Discovery Health Center (LEED® Certified) is a physical demonstration of the Center for Discovery’s mission to provide a healing environment for their disabled clients, many of whom are victims of environmental toxins. The project’s primary goal was to eliminate all known or suspected toxic chemicals from building materials. The financial incentive provided by NYSERDA for coupling radiant slab heating and ground source heat pumps also grew out of the Center’s mission and delivery of care, which specified radiant heating to enhance the occupants’ thermal comfort. (“Anything is Possible: the Center for Discovery Believes in the Impossible – for its Clients and Health-Care Facility,” eco-structure magazine, July/August 2006, http://www.eco-structure.com)
- Providence Newberg Medical Center published a press release to mark the day they were certified as the first hospital to achieve LEED® Gold Certification. The press release emphasizes Providence health system’s leadership role as an organization committed to providing a healthy, healing environment to their patients, staff and visitors. Local and state energy incentive packages will shorten the payback period associated with the green design to 14 months. Providence plans to reinvest the 26% annual energy design savings in patient care and the community. (“Providence Newberg Gets Green – And Gold! New Medical Center is ‘Greenest’ Hospital in the Nation,” http://www.providence.org/yamhill/news_events/n_greenest_080806.htm)

The CEO’s Perspective

A series of white papers sponsored by the Robert Wood Johnson Foundation entitled “Designing the 21st Century Hospital: Environmental Leadership for Healthier Patients and Facilities” was released in late September by the Center for Health Design and Health Care Without Harm. One paper in the series, “Values-Driven Design and Construction: Enriching Community Benefits through Green Hospitals,” reviews the motivating factors behind early adopter hospitals’ decision to construct and operate environmentally friendly facilities.

Significantly, the paper finds that healthcare institutions that decide to construct a green building are largely motivated by the strong correlation between green building principles and their mission to provide healing and community stewardship. Traditional green building business case arguments – such as energy and water savings – played a role in assessing project’s level of success, but the purpose for constructing and operating a green building remained the realization that leading healthcare institutions have an obligation to provide a healthy, healing environment for their patients and staff, not just a building.