

Capturing Success

Project Title: INTEGRATED HEALTH SYSTEM OPERATIONS IMPROVEMENT

SUMMARY

IMA Consulting worked with directors and leaders to identify process-based and implementable revenue and expense management recommendations to increase an integrated health system's net operating income.

PROBLEM

An integrated system of health services and facilities in Pennsylvania identified the need to change its expense structure to enhance its operating margin. Local economic conditions caused a softening of service demand, further contributing to the need for improved expense management. Its highly competitive market demanded that the medical center improve its cost effectiveness to assure that it maintained attractiveness to payers.

SOLUTION

IMA Consulting focused a multi-disciplinary team on conducting an organization-wide assessment to identify opportunities for reducing operating expense costs and enhancing revenues. The team utilized detailed data analyses, interviews, and direct observation to build a knowledge base from which to surface validated opportunities. The analyses included labor resource management, span of control analysis, benefits review, supply expense management, discretionary expense analysis, and patient service utilization analysis. Continuous engagement of departmental and senior leadership promoted understanding, acceptance, and ownership of the recommendations developed. Timely feedback to the steering committee encouraged implementation as the IMA Consulting team surfaced actionable recommendations.

RESULTS

This approach resulted in 504 recommendations for action, 111 of which had direct financial impact. The remaining recommendations addressed changes in policies, processes, and practices to enable the achievement of financial results. The recommended actions generated \$10.7 million of financial impact. Senior leadership accepted 418 of these recommendations (83 percent), requesting further study of an additional 63 recommendation (13 percent). The recommended return on investment to the client exceeded 23:1. The system contemplates retaining IMA Consulting to facilitate and expedite implementation of selected recommendations and to continue study into additional opportunities.

THE IMA APPROACH

A diverse team of knowledgeable subject-matter experts, used comparative data, interviews and direct observations to expedite analysis and recommendation formulation. A full-time, on-site project manager facilitated progress toward its objective. The conducting of an organizational readiness assessment at the project's outset helped in understanding cultural barriers to implementation. Engaging the executive team in a short-cycle review process also expedited decision-making and action. Once compiled, the project manager facilitated two working sessions of the executive team, during which it reviewed all recommendations. In these sessions, the executive team designated each recommendation as accepted, requiring further study, or rejected. These sessions, during which executives discussed the recommendations from their respective areas, facilitated understanding and acceptance of the recommendations and their implications across the executive team.