



Capturing Success

Project Title: MEDICAL CENTER OPERATIONS IMPROVEMENT

SUMMARY

IMA Consulting worked with key stakeholders to identify actionable, process-based recommendations to reduce operating expenses and increase net patient revenues for a local health system.

PROBLEM

A perennially successful, suburban, Midwest medical center experienced stagnant inpatient volumes and flattening revenues. While outpatient volumes continued to increase, their increases could not offset the rising cost across the system. In addition, the state proposed a phased-in reduction in reimbursement that would reduce overall income by \$8 million, severely decreasing the organization's operating margin and its ability to fund future growth.

SOLUTION

IMA Consulting focused a multi-disciplinary team on conducting an organization-wide assessment to identify opportunities for increasing revenues and decreasing operating costs. The team employed detailed data analyses, interviews, and direct observation to build a knowledge base from which to surface opportunities. The analyses included labor resource management, span of control analysis, benefits review, supply expense analysis, fixed expense analysis, and patient service utilization analysis. Continuous engagement of departmental and senior leadership promoted understanding, acceptance, and ownership of the recommendations developed. Frequent reviews by an executive steering group encouraged rapid cycle implementation of process improvement ideas as they occurred, rather than waiting for a final report.

RESULTS

This work resulted in 82 recommendations for action. The senior leadership team accepted 67 of these recommendations (82 percent), requesting further analysis of an additional 11 recommendation (13 percent). Those recommendations accepted for action generated \$15.7 million. An additional 368 recommendations of changes in policy, process or practice supported the recommendations carrying financial impact and represent the actions to implement that will allow the cost savings and revenue generation to occur. The return on investment to the client approached 30:1.

The health system retained IMA Consulting in a year-long engagement to facilitate and expedite implementation of selected recommendations and to continue study into additional opportunities.

THE IMA APPROACH

The utilization of a full-time project manager in residence on the project allowed it to progress toward its objective in minimal time. Engaging the senior leadership team in a short cycle review process also expedited decision-making and action. Once compiled, consultants facilitated a joint working session of the senior leadership team during which it reviewed all recommendations bearing financial implications. In this session, the senior leadership team identified each recommendation as accepted, requiring further study, or rejected. This session, during which senior leaders presented the recommendations from their respective areas, facilitated understanding and acceptance of the recommendations and their implications across the senior leadership team.