

Improving Financial and Operational Outcomes



Leah Osbahr, CEO
Washington County Memorial Hospital

OPPORTUNITY

- New Position as CEO
- Engaged board and staff
- Newly renovated facilities and beautiful campus
- Balance sheet position relatively strong



Exciting Opportunity

MORE OPPORTUNITY...

- Operating margin negative
- Community perception of hospital as a band aid station
- Employee distrust rampant
- Physician issues
 - 3 physicians on active medical staff (one newly hired)
 - RHCs not meeting minimum productivity standards
 - Low ADC (<4)
 - General Surgeon retired
 - Lost Gastroenterologist
 - Hospitalist on staff >200K (carved out of cost report)
- No full time pharmacy coverage

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A LOT of opportunity

Decision Made to Seek an Operational & Financial Assessment

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RHPI

STROUDWATER ASSOCIATES

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Background:

- Washington County Memorial Hospital is a 25-bed Critical Access Hospital that also owned and operated two provider-based rural health clinics and a home health agency
- WCMH is located in Potosi, MO in the west central region of MO, 65 miles south of St. Louis
- WCMH is governed by a board of directors elected by the citizens of Washington County
- Recent years' declining financial performance required WCMH to move quickly toward implementing recommendations



Provided by

Eric Shell, MBA, CPA

Mary Guyot, RN, BSN, CRRN

Stroudwater Associates

Purpose:

- Assess market and clinical services
- Identify opportunities for increased financial stability

Approach and Methodology:

- Gather market, clinical service line, operational, and financial data
- Conduct an intensive two-day site visit
- Develop report and recommendations
- Develop strategic action plans



Performance Improvement Assessment

Opportunities Identified:

- Grow acute utilization, swing bed program and rehabilitation program
- Improve ED processes
- Improve revenue cycle processes
- Update charge master and third-party contracts
- Improve financial performance of hospital-owned clinics
- Invest more time and energy in the hospital-wide PI process
- Improve budgeting process and financial reporting and accountability
- Operating margin negative due to operating expenses always exceeding net patient revenue



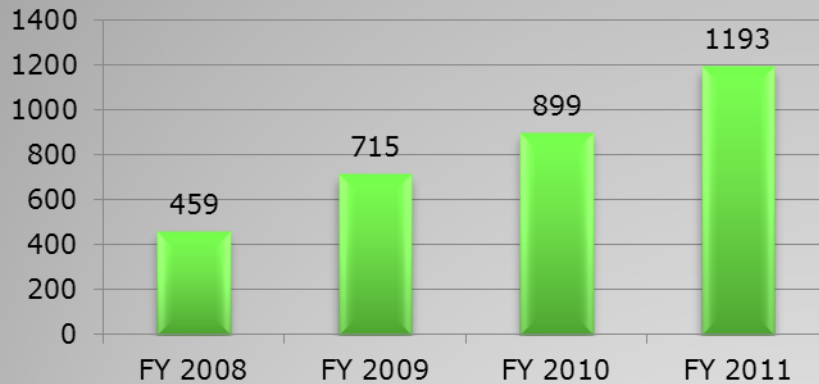
ACTIONS TAKEN

- Case Manager position restructured to focus on appropriate admissions, discharge planning, & SB admissions
- Director of Nursing replaced
- ER Physician group replaced
- Medical Staff survey conducted to gather info on physician issues re: nursing
- New nursing managers for Med/Surg and ED

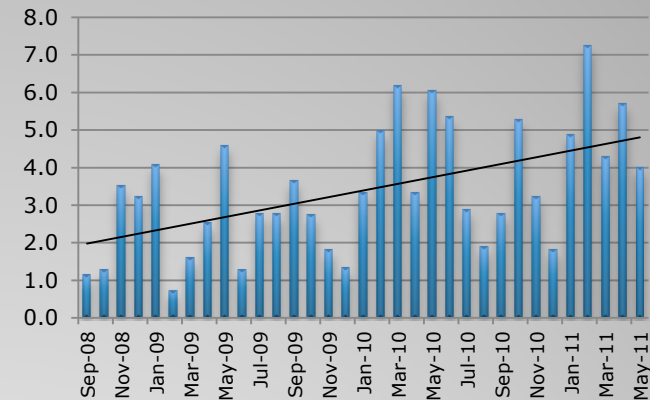


Grow acute utilization, swing bed program and rehabilitation program

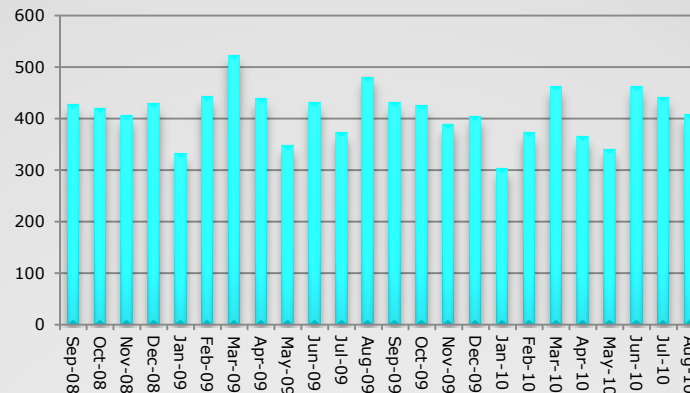
Admissions by Fiscal Year



SWINGBED ADC



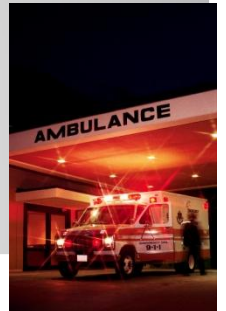
Rehab Services



Grow acute utilization, swing bed program and rehabilitation program

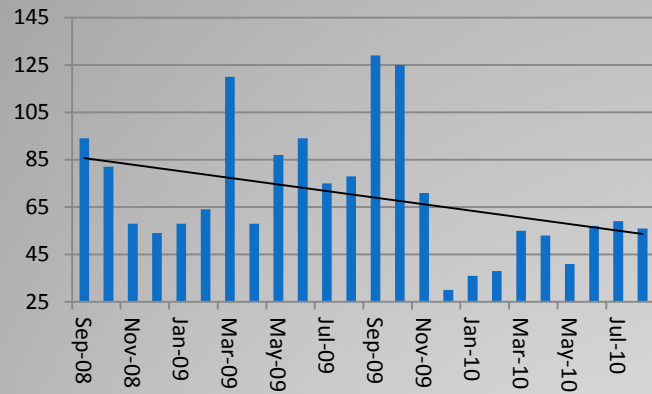
Actions:

- ED charge master updated
- Full-time ER coder assigned
- Nursing protocols approved by Medical Staff for implementation following triage
- Urgent Care clinic established to help with flow of non-emergent patients
- System established to “float” NPs to ER during crises
- New ER physician group and Medical Director contracted
- All ER patients receive survey in mail two days after visit
- Up front collection policies instituted at ER discharge when appropriate

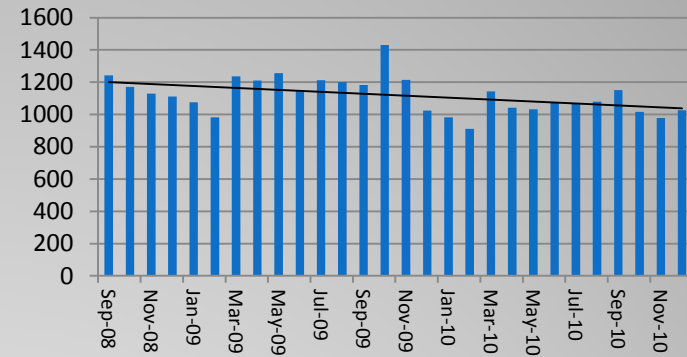


Improve ED processes

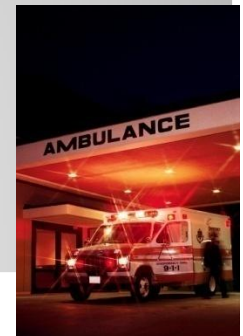
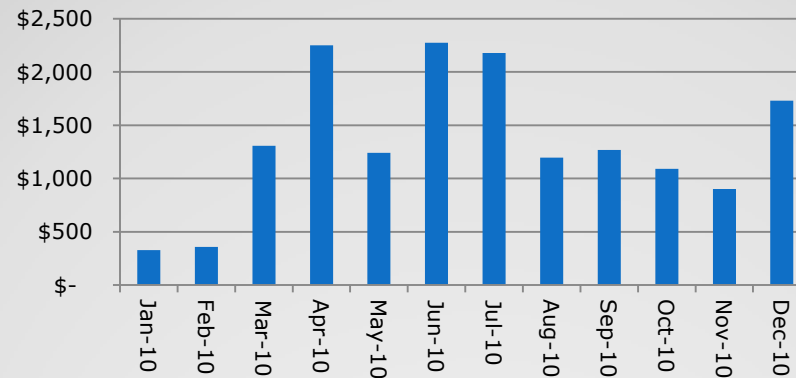
LWBS/AWOL/AMA



Total Visits



ED Up-front collections



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Improve ED processes

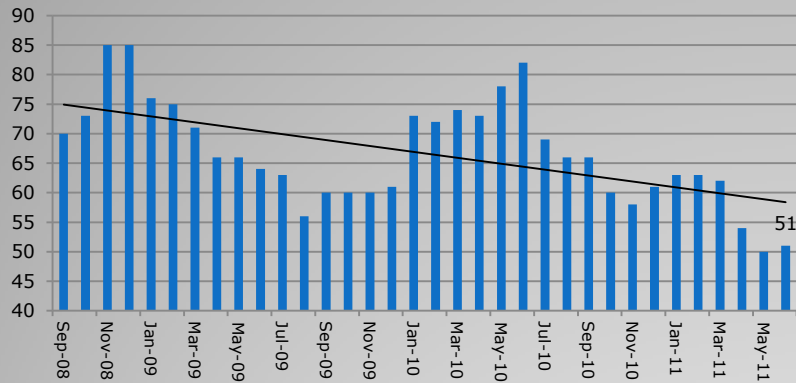
ACTIONS TAKEN

- Develop performance measurement system to measure key revenue cycle metrics Consider a productivity-based compensation for patient registration, business office, and HIM staff
- Established a revenue cycle meeting on a bi-monthly basis
- Targeted 55 days of gross revenue in gross AR and days of net revenue in net AR
- Cross trained registration, HIM and business office staff so they are aware of importance of each others' duties
- "Super charged" patient registration and increase job responsibilities
 - ✓ Claims eligibility
 - ✓ Medical Necessity
 - ✓ Trained by DFS on Medicaid application process
- Begin collection of pre-defined co-payment for ED patients deemed non-emergent
- Cross-train an OP coder on inpatient coding practices or develop backup plans for IP coder
- Began process of digitizing old patient charts as early step towards EMR
- Developed a written collection policy
- Actively work all third-party EOMBs to ensure accurate reimbursement
 - Weekly cash flow analysis
- Increased prompt pay discount and actively promote program

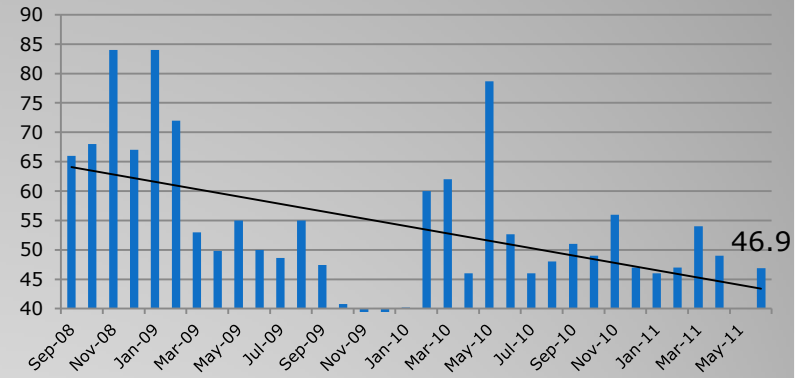


Improve revenue cycle processes

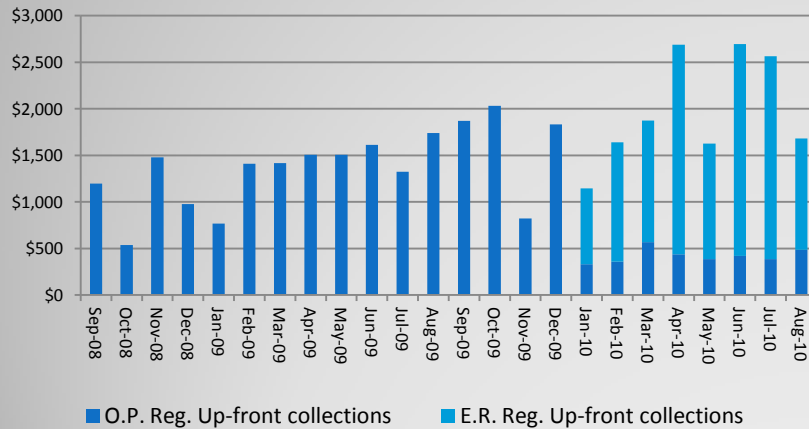
AR Days Hospital



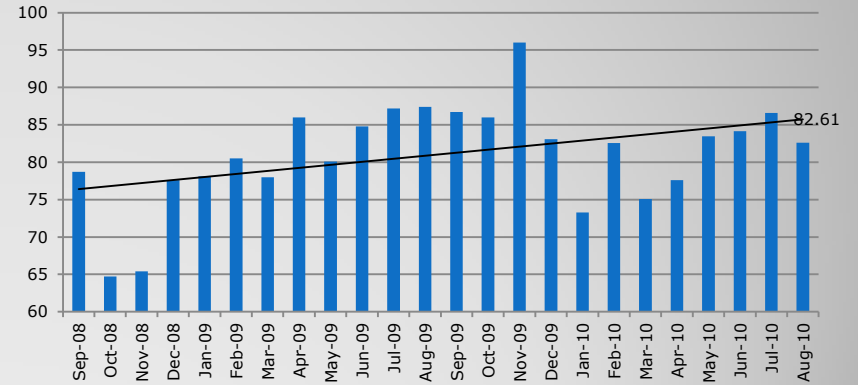
AR Days Clinics



UP FRONT COLLECTION BY REGISTRATION



Days Cash on Hand



Improve revenue cycle processes

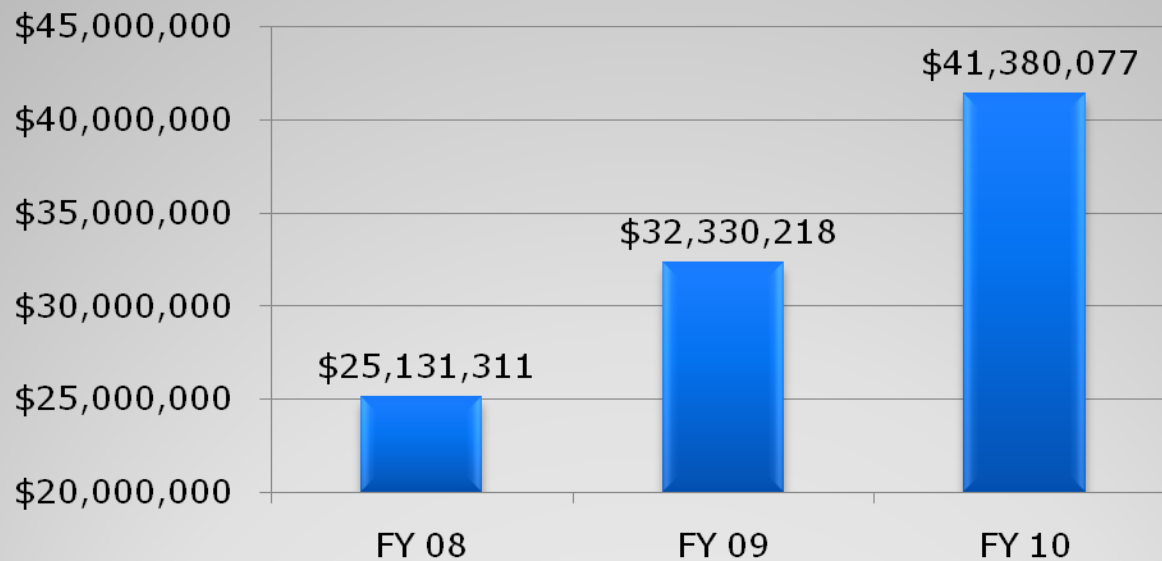
Actions:

- Vendor hired to evaluate and update all third party contracts
- Reimbursement Manager did complete update of charge master



Update charge master and third-party contracts

Gross Revenue



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Update charge master and third-party contracts

ACTIONS TAKEN

- Targeted an increase in production and overall financial performance at both Austin Plaza and Health Way clinics (added two addition RHCs)
- Provide monthly reports to providers updating them on their current production to goals
- Provide practice manager with monthly financial statements for each of the practices and engage each in improving their financial performance
- Standardized front end functions across each of the practices including cash collections of co-payments, charge entry, etc.
- Extended scheduled office hours to at least 5pm
- Clinical services expanded dramatically, i.e. psychiatry, clinics, residential care



Improve financial performance of hospital-owned clinics

2008 PIA Assessment revealed a shortage in every sub-specialty except nephrology and ENT based on estimated population needs

.3 FTE
2008

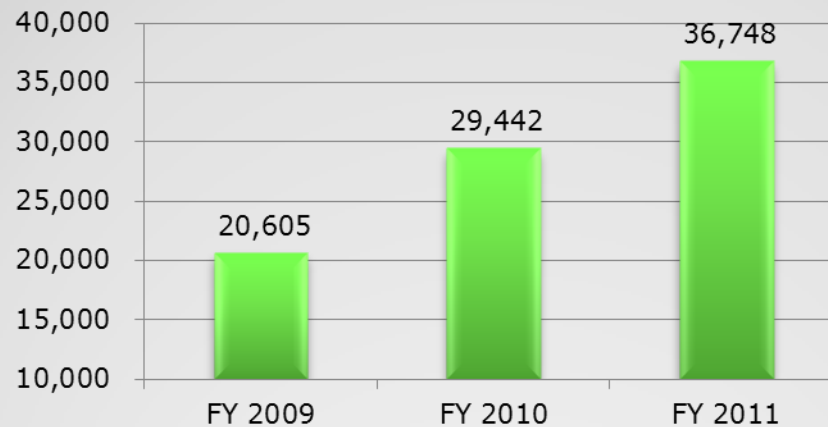


4.2 FTE
2011

	2008	WCMH 2011
Gastroenterology	0.0	0.2 FTE
Internal Medicine	0.1	1.0 FTE
OB/GYN	0.1	0.2 FTE
Orthopedics	0.0	0.1 FTE
Urology	0.1	0.6 FTE
Pulmonary		0.2 FTE
Psychiatry		1.3 FTE
Neurology		0.3 FTE

ENT, Oncology, Neurology, Rheumatology, Pediatrics & Orthopedics additions in process

Total RHC Visits



Improve financial performance of hospital-owned clinics

ACTIONS TAKEN:

- Budgets distributed monthly to each manager with questions to be addressed with CFO
- Expense Analysis Team of managers reviewed expenses for potential savings opportunities (>100K in annual savings for first year alone)
- Training on staffing, FTEs and overtime for all managers with tools put in place to monitor

Improve budgeting process and financial reporting and accountability

Strategy for Sustainability

Hospital Solutions for Sustainability: Expenses cannot be more than revenue

1. **Stop all overtime/substantial staff:** No overtime without approval by Administration.
2. All department managers review **employee schedules** versus patient ADC/make necessary adjustments: Nursing: can save an average of \$ 309,954.48 in annual overtime.
3. Increase **Swing Bed Admissions:** work with physicians, patients in hospital: 5 more per month can earn around \$99,600.00 per year.
4. **RHC** – 25 more patients per week (avg. \$124.00/visit-50 weeks) = \$ 155,00.00 annually: meet with physicians and staffs, education.

Payroll Analysis

DEPARTMENT	TOTAL PAID HOURS	WORKED HOURS	SCHEDULED HOURS	VARIANCE	OVERTIME HOURS WKD	BUDGETED OVERTIME	VARIANCE
NURSING ADM	79	79	80	1	0	0	0
NURSING ROUNT	3254	2894	2952	58	49	0	49
OR	241	177	184	7	4	0	4
ER	1760	1555	1842	287	41	0	41
PHY SERVICES	20	20	0	20	0	0	0
EEG/EMG	50	50	50	0	0	0	0
LAB	1121	1052	1184	132	13	0	13
EKG	24	24	24	0	0	0	0
X-RAY	841	757	848	91	0	0	0
ULTRASOUND	189	148	160	12	33	0	33
NUCLEAR MED	78	70	80	10	0	0	0
PHARMACY	80	80	80	0	0	0	0
ASTHMA GRANT	88	88	80	8	0	0	0
RESP THERAPY	853	763	822	59	5	0	5
PT	425	376	440	64	1	0	1
CARDIAC REHAB	79	79	80	1	0	0	0



Improve budgeting process and financial reporting and accountability

Actions Taken:

- Experienced PI Coordinator recruited
- Diabetic Education program developed
- PI Committee re-structured
 - Problem logs
 - Action plans
- Department Managers assigned to PI teams with financial/quality improvement focus
- Project Red



Invest more time and energy in the hospital-wide PI process

WASHINGTON COUNTY MEMORIAL HOSPITAL

PROBLEM LOG

DEPARTMENT: _____

DATE	PROBLEM/ISSUE	Plan of Correction	DATE RESOLVED- SIGNATURE	F/U-DATE RESOLVED/ SIGNATURE

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Problem log

ACTION PLAN

Initiative				
Issue (why is it a problem)				
Goal (try to be as specific as possible – measurable)				
#	What is the action plan?	Who is the Driver?	By when?	Follow-Up
1				
2				
3				
4				

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Invest more time and energy in the hospital-wide PI process

Washington County Memorial Hospital Balanced Score Card

		Goal	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec
Financial	Decrease AR Days Clinic	≤50	41	42	54	50	47							
	Decrease AR Days Hospital	<50	60	58	55	54	50							
	Total Bad Debt Writeoff		\$335,932.00	\$265,211.00	\$482,276.00	\$354,318.00	\$333,343.00							
	Days Cash On Hand		64	65	70	66								
	Bad Debt Recovery		\$27,892.00	\$28,163.00	\$40,185.00	\$29,824.00	\$67,656.00							
	Up-front collections		\$21,599.00	\$18,326.00	\$19,357.00	\$20,157.00								
	# Patients Registered (O.P. & E.R.)		3107	2810	3554	3086								
Customer/ Community		Goal	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec
	Patient Satisfaction Composite Score	90% (Scale 1-5)	66%	72%	71%	54%	67%							
	Swingbed	90% (Scale 1-5)	71%	76%	80%	51%	81%							
	Inpatient	90% (Scale 1-5)	62%	80%	76%	46%	77%							
	Outpatient	90% (Scale 1-5)	72%	76%	74%	57%	62%							
	ER	90% (Scale 1-5)	59%	58%	55%	60%	48%							
	Time to treat ED	<2.5 hours	2.6	2.3										
Internal Process	Fall Rate	0	8	5	6	6	3							
	Medication Error Rate	<1%	1.05%	0.32%	0.34%	1.36%								
		Goal	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec
	Implement Financial PI Initiatives/all depts.	100%	n/a	n/a	100%	100%	100%							
	CHF	100%	40%	100%	100%	100%								
	MI	100%	-	0%	0%	0%	0%							
	Pneumonia	100%	100%	88%	70%	80%								
People&Training	Occupancy %		48%	59%	42%	54%								
	Readmits within 30 days	0	1	5	3	3								
	ED Visits		1084	912	1124	1031								
	ED Admits		63	43	62	51								
	LWBS/AMA/AWOL		29	23	40	34								
		Goal	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec
	Number of staff nominated for Service Excellence		n/a	13	8	10	14							

Invest more time and energy in the hospital-wide PI process

- PIA complete
- Recommendations made
- Actions taken
- Progress made
- Not quite enough
- WHY?



Culture eats strategy for lunch



Performance Improvement Assessment



RHPI

STROUDWATER ASSOCIATES

Customer Service Training

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Provided by
Charlotte Englund
The Solutions Group

Customer Service training for all employees and physicians during
January/February 2011.

Three two-hour sessions...each two weeks apart.



RHPI Sponsored Customer Service Training



Issues identified:

- Image in community is still low. Need to change community perception.
- Too many employees do not know each other
- Many employees need classes in communication skills, i.e. telephone etiquette, improving personal appearance, how to greet patients, visitors, etc
- Many are waiting to see Administration take the lead on Customer Service initiative



The Team



Customer Service Training

Accomplishments to date:

- Weekly displays in hospital lobby focused on a specific department, its employees, and what they do. Includes employee photos and personal info such as hobbies, family members, etc.
- Hospital Speaker Program developed. Speakers provided to local church or other community groups on topics of interest to them
- Employee Spotlight publication developed and distributed quarterly. Includes photos and bios of various employees and informative articles about a specific department
- Service Excellence Goals developed and disseminated to all employees.
- Patient and Visitor Pledge developed and posted in all patient rooms and waiting areas
- Employee Pledge in development
- Hospital Newsletter has regular 'Customer Service Corner' with motivational/ reminder lessons
- Pickle Bouquets are sent anonymously to employees who are caught providing exceptional customer service
- Employees, patients, and visitors are provided with nomination cards for Service Excellence Award; Hospital PI Committee selects monthly winner.

Customer Service Training

Washington County Memorial Hospital

Employee Spotlight

Did you know?...

The Department of Medical Records has one of the most important jobs within our facility. Regina Hulsey is the director of this department. Just some of the work that is accomplished in medical records includes Barb Bouse and Anita Govero as the transcriptionists. Linda Kelly is the offsite transcriptionist. Tracy Politte checks each ED record which averages 115,000 pages she must comb through annually; Dawn Bourbon checks all inpatient, observation, and swingbed charts which averages 80,000 per year; Lori Nixon checks through the ancillary reports which can be up to 94,000 pieces of paper...For those ladies, that is a lot of papers to go through piece by piece! Belle Vester performs ancillary coding and specialty papers; Millie Smith is our ER coding specialist; Rita Thebeau performs the scanning process for the department; Loretta Fortner handles agency correspondence with places such as DFS, attorneys, disability claims. The employees in the Medical Records department play a vital role within the hospital, work very hard and tediously, and sometimes go unnoticed for their contributions.

THANK YOU medical records department!

Front Row (left to right): Anita Govero, Barb Bouse, Belle Vester
Top Row (left to right): Lori Nixon, Tracy Politte, Rita Thebeau, Dawn Bourbon, Regina Hulsey, Loretta Fortner
(Not pictured Millie Smith & Linda Kelly)



Customer Service Training



OUR PLEDGE TO YOU PATIENTS AND VISITORS

“Welcome me.”

Customer need: The need to feel welcome.

Our response: We will reach out and be friendly.

- We will welcome you with a smile.
- We will state our names and use yours when available.
- If we're unsure of your needs we will ask if you need help.
- We will walk you to your destinations rather than giving verbal instructions.

“Comfort me.”

Customer need: The need for comfort.

Our response: We will handle you with care

- We will protect your privacy and dignity by knocking before entering a room and not discussing private matters in public.
- We will solve problems within our authority. If we can't solve it, we'll find someone who can.
- We will respond quickly, and we'll explain delays.
- We will keep your surroundings as pleasant as possible, including keeping noise to a minimum

“Understand me and help me understand.”

Customer need: The need to understand and be understood.

Our response: We will keep you informed.

- We will take the time to listen and give you our full attention.
- We will make explanations brief and easy to understand by using language you can understand.
- We will make sure you have the information you need.
- We will explain what we are doing and why we are doing it.

“Respect me.”

Customer need: The need to be treated with respect.

Our response: We will talk to you, not at you.

- We will include you in our conversations.
- We will be attentive, genuine, and positive.
- We will take the time to be courteous and considerate.
- We will involve you in decisions that concern your care.

Customer Service Training

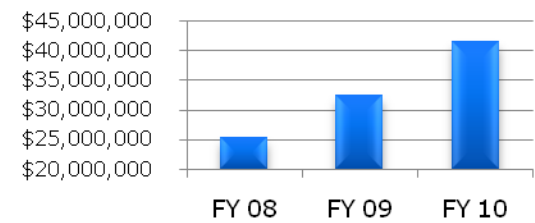


RHPI

STROUDWATER ASSOCIATES

Customer Service Training

Gross Revenue



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Questions?