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The Jefferson Health System Expense Management Engagement

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The Jefferson Health System Expense Management Engagement

OVERVIEW

Recognizing the significant operating pressures that all health care providers are facing due to rising malpractice rates, shrinking reimbursement and key labor shortages, the leadership of Jefferson Health System (JHS) engaged Cap Gemini Ernst & Young (CGE&Y) in the summer of 2001 to perform operational assessments for all of the JHS members' acute care facilities which included Thomas Jefferson University Hospitals, Albert Einstein Healthcare Network, Main Line Health and Frankford Health Care systems. The goal of the engagement was to maintain and enhance the financial strength of the system by developing revenue enhancement, cost savings and process improvement recommendations.

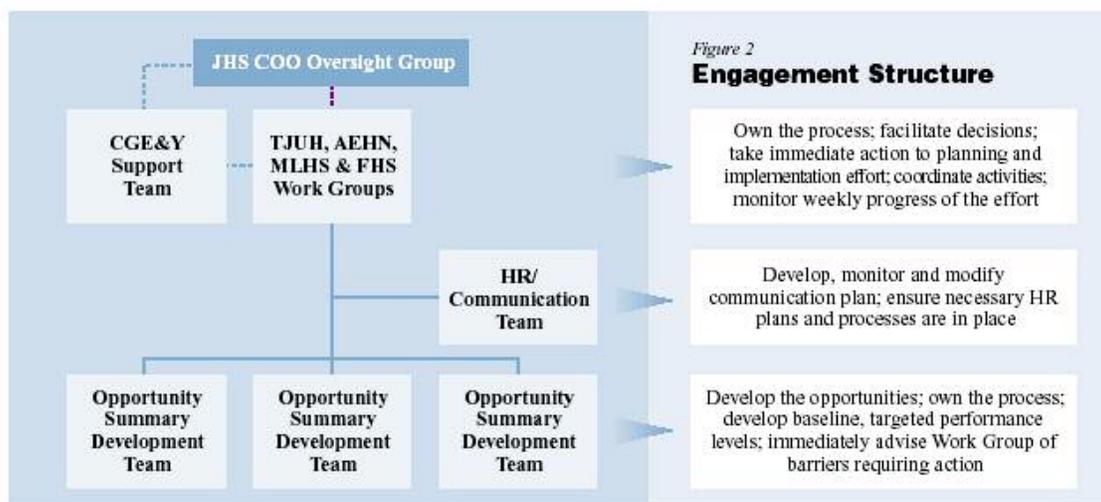
CGE&Y'S APPROACH

The assessments were completed concurrently at all four members over a ten-week time frame. The approach, depicted in Figure 1, is outlined in detail below. The process began with high-level data comparisons and analyses that, along with executive interviews, focused the assessment efforts. Leadership and CGE&Y reached consensus on the areas that would benefit from additional analyses. Agreed-upon areas were then analyzed in detail, utilizing CGE&Y's national subject matter specialists working in conjunction with hospital leadership to develop the opportunities at the process or departmental level. These opportunity summaries were then presented to each member's Work Group and placed into an improvement agenda. The Work Groups in turn made decisions on the amount and timing of the improvements to be implemented.



Step 1: Establish the Project Structure and Define the Business Imperative

- Work Groups, consisting of senior administrative and medical leadership, were established to direct the efforts of the assessments for each member.
- The Jefferson Health System *Chief Operating Officer Oversight Group* received updates on the progress and process of the assessments and reviewed potential intersystem opportunities.
- A *Human Resources and Communication Group* was formed at most members to develop and execute formal communication plans associated with this effort. The structure for this effort is shown in Figure 2.
- *Financial projections* were developed jointly with each member's finance department to establish the level of improvements needed to achieve targeted operating margins and cash requirements over the next three years. These financial improvement targets are known as the *business imperative*.



Step 2: Complete High Level Comparisons

In order to narrow the focus of opportunities, data comparisons to leading practices were performed at each member. Utilizing these comparisons and the results of executive interviews, the Work Groups prioritized the areas of focus and committed JHS resources to work with CGE&Y consultants to conduct further review.

Step 3: Complete Opportunity Summaries

The development of the Opportunity Summaries was a highly collaborative effort between JHS internally identified leads and CGE&Y, with the members retaining ownership of the process for each area. During this process, relevant opportunities were quantified, and the required implementation steps and associated risks, barriers and strategies to mitigate those risks were developed. Since the results of the high-level data comparisons showed different needs for the JHS members, the areas of focus differed among the members. Opportunity Summaries were

completed only in those areas that both the Work Groups and CGE&Y agreed showed opportunities for improvement.

Savings opportunities were identified in the following areas:

- Medical Utilization and Care Management - length of stay, resource utilization and reductions in payment denials
- Patient Care Delivery and Management - staffing and skill mix comparisons, reductions in agency and overtime usage, strategies to improve nursing recruitment and retention
- Supply Chain - pricing, standardization and substitution opportunities for non-labor expenses
- Revenue Cycle, Patient Access - improved front-end scheduling, registration and insurance verification processes; implementation of co-payment procedures; improved billing and collection practices; and reductions in non-clinical payment denials
- Clinical Documentation Management – improved documentation and coding practices
- Support Services and Overhead - productivity enhancements and reviews of outsourced arrangements in areas such as food services, environmental services, facilities and engineering, security and biomedical engineering
- Surgical Services - productivity and room utilization improvements in inpatient and ambulatory surgery
- Human Resources and Benefits - development of more employee-centered return-to-work programs, changes to employee benefit plan designs, and competitive bidding processes for health and welfare benefit coverage
- Medical Enterprise and Graduate Medical Education - creation of a Medicare affiliated group arrangement, improved faculty to student ratios and administration costs, and review of ambulatory and owned practices
- Ancillary Support Services - improved scheduling processes and productivity and room utilization in such areas as radiology, laboratory and the therapies

Step 4: Establish the Improvement Agenda

The Opportunity Summaries were assembled into an Improvement Agenda that reflected the major categories within the CGE&Y Growth/Revenue Management, Efficiency and Capital framework. Each member's Improvement Agenda exceeded the targets outlined in their business imperatives. The Work Groups prioritized the initiatives to be implemented over the next two to three years. Following the finalization of the Improvement Agendas, each member determined a plan for implementation.

RESULTS

Each member has decided to pursue implementation with varying levels of support from CGE&Y. The members have also incorporated many elements of their Improvement Agenda into their business planning and budgeting processes for the current and upcoming fiscal years.

About the Author

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