

Hardwiring Operations to Reduce Expenses

Danielle Drummond, Vice President Administration, Phillip D. Robinson, FACHE, President, Elizabeth Craig, MSN, CRNP, Vice President Patient Services, and Greg Papa, Director, Human Resources
Lankenau Medical Center, Wynnewood, PA

Objective of Program

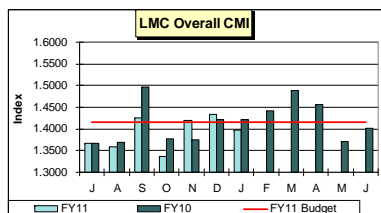
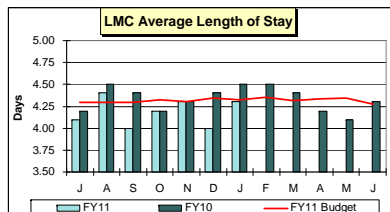
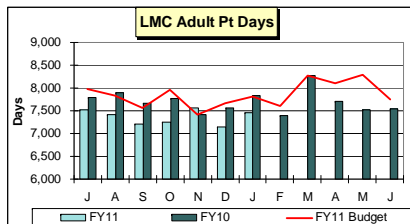
Lankenau Medical Center undertook an extensive initiative to reduce expenses in response to a changing healthcare environment

Critical Issues

- Adjusting for Healthcare Reform
- Increasing costs - reimbursements have not kept pace
- Quality and Safety Focus
- Market Positioning
- Cash Flow Generation to Implement Master Facility Plan
 - Need to provide better environment to deliver safe, reliable care to our patients
 - Position the institution for the future

Planning/Research Methods

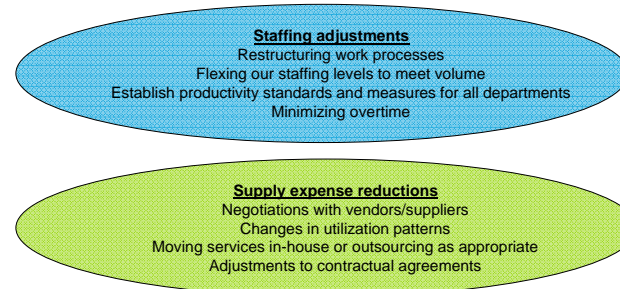
Fluctuations in both inpatient and outpatient volume led to operational challenges in controlling expenses. Review of volume and expense trends indicated the need to address both overall cost structure as well as implement a daily hospital-wide method to match resources to demand.



Implementation Methods

A multi-faceted initiative was undertaken to reduce operating expenses. Development and reporting of productivity standards was implemented for all nursing and ancillary departments. In collaboration with physicians, supply costs were reduced through changes in utilization patterns as well as targeted vendor negotiations. Lean methodology was employed to minimize waste in the healthcare delivery processes. Daily, weekly and monthly operating mechanisms were employed to ensure that staffing resources matched the volume and acuity levels of the organization.

Expense Reduction Strategies



| DATE | 09/30 DAILY MEETING | Staffing Issues | Staffing Adjustments | Safety Issues | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---------------------------|--|-----------------|----------------------|---------------|----|----|--|-----|----|--|----|----|--|-----|---|--|------|----|--|----|----|--|----|----|--|-----|----|--|------|---|--|-----|----|--|-----|-----|--|--|-------|--------|------------------------|--|-------------------------|--|---------------------------|--|--|
| 09/30/11 | <table border="1"> <tr><th>DEPT</th><th>STAFF</th><th>ISSUES</th></tr> <tr><td>ED</td><td>10</td><td></td></tr> <tr><td>ICU</td><td>12</td><td></td></tr> <tr><td>OR</td><td>15</td><td></td></tr> <tr><td>LAB</td><td>8</td><td></td></tr> <tr><td>PHYS</td><td>20</td><td></td></tr> <tr><td>PT</td><td>18</td><td></td></tr> <tr><td>RA</td><td>10</td><td></td></tr> <tr><td>RES</td><td>12</td><td></td></tr> <tr><td>TRNG</td><td>5</td><td></td></tr> <tr><td>WEL</td><td>10</td><td></td></tr> <tr><td>TOT</td><td>110</td><td></td></tr> </table> | DEPT | STAFF | ISSUES | ED | 10 | | ICU | 12 | | OR | 15 | | LAB | 8 | | PHYS | 20 | | PT | 18 | | RA | 10 | | RES | 12 | | TRNG | 5 | | WEL | 10 | | TOT | 110 | | <table border="1"> <tr><th>ISSUE</th><th>ACTION</th></tr> <tr><td>ICU add-on staff in OR</td><td></td></tr> <tr><td>Transfer to OR from ICU</td><td></td></tr> <tr><td>LAB has 1 job from the OR</td><td></td></tr> </table> | ISSUE | ACTION | ICU add-on staff in OR | | Transfer to OR from ICU | | LAB has 1 job from the OR | | |
| DEPT | STAFF | ISSUES | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ED | 10 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ICU | 12 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| OR | 15 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| LAB | 8 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| PHYS | 20 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| PT | 18 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| RA | 10 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| RES | 12 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| TRNG | 5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| WEL | 10 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| TOT | 110 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ISSUE | ACTION | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ICU add-on staff in OR | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Transfer to OR from ICU | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| LAB has 1 job from the OR | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

Results

The results of this work include significant reductions to the overall cost structure, \$10 million annually, while maintaining high levels of quality and safety outcomes. Productivity levels were increased while overall salary expense decreased, including a 62% reduction in overtime hours, bringing overtime to 0.7% of paid hours.

