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## **LABOR BENCHMARKING NEAR THE JERSEY SHORE**



**Kimball Medical Center**, Lakewood, NJ, is a 330-bed, fully accredited acute care hospital, dedicated to providing the finest medical and health care services to the residents of Ocean County, NJ and the surrounding areas. Kimball Medical Center is a facility of Barnabas Health, a six-hospital system based in West Orange, NJ.

Kimball Medical Center has worked diligently to hold the line on both labor and non-labor expenses. Since most of the work had been performed internally, Kimball Medical Center was looking for an outside, objective review to corroborate their work and offer recommendations for additional opportunities to control costs. Michael Mimoso, President and Chief Executive Officer, turned to AMS to perform labor benchmark and span of control analyses.

A team of four AMS consultants led by Tom Webb, Partner, worked with Kimball Medical Center for two months to collect the necessary data, interview leadership and present the findings. The results of the analysis showed while overall they had done an excellent job controlling labor cost, there were still opportunities for Kimball Medical Center to pursue. Percentage wise the Kimball Medical Center opportunities were some of the lowest AMS has documented for clients.

At the conclusion of the engagement, Michael Mimoso commented, "I just wanted to thank you and your team again for the great job you all did for Kimball Medical Center. Everyone was very impressed with the accuracy and detail of the report which was presented with the utmost professionalism. Being an AMS frequent flyer, I am always confident I'm going to get a great product."

## **HEALTHCARE INFORMATION AND MANAGEMENT SYSTEMS SOCIETY MEETS**



Over 30,000 people are expected at the HIMSS12 annual conference and exhibition, February 20 – 24, 2012, in Las Vegas. For the dynamic time it is for all who touch IT, this year's theme is "Linking People, Potential, and Progress". AMS will be represented by Pat Abrami, Partner, Shari Robbins, Vice President, and Matt Bornstein, Manager IT and Data Analysis. For more information, please visit <http://www.himssconference.org>.



## Quickly reveal opportunities to reduce labor expense

The **AMS Key Performance Indicator (KPI) Review**, is a rapid review to identify cost reduction opportunities in labor expense through a high level, off-site data analysis of payroll and workload statistics. AMS analyzes your performance against other hospitals using comparative data in our proprietary database.

*Compare labor performance against our proprietary database*

### Immediate Benefits

■ **Areas of opportunity:** A KPI analysis identifies areas of opportunity that go beyond a typical high level benchmark such as FTEs/AOB. While global labor ratios will be reviewed, AMS will provide indicators of opportunity at the department level.

■ **Annual budget planning:** A KPI analysis identifies opportunities to reduce labor expense in next year's budget.

■ **Target resources:** A KPI analysis allows you to quickly identify where to focus your efforts to achieve maximum savings with minimal effort.

### Recent Results

**4 hospital, 1,100-bed regional system:** AMS identified areas with staffing opportunity equal to 6.9% (601 FTEs) of the system's 8,677 FTEs.

**120-bed hospital:** AMS identified a labor improvement opportunity of 94 FTEs of the hospital's 1,273 FTEs. Seven outlier departments accounted for 75% of the opportunity.

**Critical access hospital:** AMS identified a 5% staffing opportunity in a health system consisting of 25-bed acute care, 25-bed nursing home, 10-bed rehab unit, and support staff for physician practices. A detailed review identified an additional 2.5% staffing opportunity for a total of 25 FTEs.

## Labor KPIs

### Global KPIs

- FTEs/AOB
- FTEs/AOB CMI Adjusted
- Paid Hours/Adjusted Discharge
- Salary, Wages and Benefits as a % of Net Revenue
- Labor Expenses/Adjusted Discharge
- Net Operating Revenue/FTE
- Overtime Usage

### Unit of Service KPIs for Major Departments

- Nursing Services
  - Med/Surg/Telemetry
  - Critical Care
  - Rehabilitation
  - Pediatrics
  - Maternal and Child Health
- Surgical Services
  - OR/PACU
  - Endoscopy
  - Sterile Processing
- Emergency Services
- Imaging Services
  - Diagnostic/CAT
  - MRI
  - Nuclear Medicine
  - Ultrasound
- Laboratory Services
- Environmental Services
- Health Information Services
- Patient Financial Services
- Nutrition Services
- Cardiac Cath Lab
- Cardiopulmonary Services
  - EKG
  - Respiratory
- Pharmacy
- Rehabilitation Services

### To learn more, please contact:

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