

JUNE 5, 2017

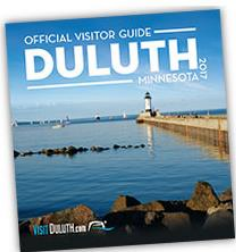
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MINNESOTA HOSPITAL SIGNS FOR PRODUCTIVITY SOFTWARE QUANTIFY



(Duluth, Minnesota) **St Luke's** (SL) has contracted with AMS for productivity management software called Quantify. Recently, AMS completed an Operational Diagnostic/Labor Benchmarking project of SL Hospital and clinics, and the work product output includes a labor resource staffing target for each cost center. These targets will be utilized to monitor productivity on a timely basis through the software.

Alan Goldberg, principal and president, said "By performing an operational diagnostic of the St. Luke's Hospital and clinics at the same time, a sense of fairness is created. Also, by providing a state of the art productivity management system the organization has empowered directors and managers." Furthermore, follow-up visits after the project by the AMS team will give managers and directors the information and resources to be accountable. Eric Lohn, SL Vice President and Chief Financial Officer, said, "The AMS projects create an environment that can handle the transformational changes needed in healthcare to hold people accountable on matching resources to their changing workload demands." As the CFO Eric champions this and is looked at for his thought leadership, and actions to make sure SL achieves its financial goals.



With respect to the productivity software, Quantify is a hosted reporting system, securely accessible through a web-browser that can meet SL's requirements for regular productivity reporting including interactive dashboards, graphs, and reports at all organizational levels. The system is very flexible and can report along traditional organizational lines as well as service lines, divisions, geography, etc. AMS has been continuously offering productivity management reporting software since the 1970's. AMS developed our current state of the art product Quantify four years ago to our specifications. An insert to the Biweekly describes Quantify.

FIRST MONTH ON THE JOB – *GET ORIENTATED*

SECOND MONTH ON THE JOB – *CALL AMS*

(Putnam, Connecticut) Paul Beaudoin, Chief Financial Officer, is used to running on AMS benchmarks. He started as CFO at **Day Kimball Health**, in the northeast corner of Connecticut near the Rhode Island and Massachusetts border, in July 2016. In August 2016 AMS gave him a labor benchmarking proposal, but with an October 1



fiscal year and a lot on their agenda, the senior leadership wasn't interested in taking on the project at that time. Paul said, "Let's get through the first quarter of fiscal 17 (October-December, 2016) and come back and see me in December." When AMS did that we found out the CEO had resigned right after Thanksgiving and the chair of the board was serving as the interim CEO. An executive search firm had been hired to find a new CEO, and the hospital still wanted AMS productivity information. Previously, AMS had conducted a comprehensive laboratory project.

Paul Beaudoin needed some baseline productivity information and knew the potential CEO would be comforted with this knowledge. Therefore, he called on AMS to perform a Labor Benchmarking Key Performance Indicators (KPI). This project features exclusively working with finance and excludes questionnaires, interviews and on-site work. The project began in January 2017. The deliverable is a benchmark range and labor benchmarking narrative and spreadsheet report, without any AMS staffing targets. The on-site presentation of results was made to the senior leadership team by Jim Long, manager, and Alan Goldberg, principal and president, in February 2017.

In absence of an AMS established target, Paul Beaudoin used the midpoint of the AMS range as his starting point. To refine the information presented, he asked AMS to send 25 questionnaires for departments to compile. Then, one of four different consultant content experts reviewed the questionnaire and offered staffing plans and an AMS benchmark target. Some phone interviews were also conducted. The end result will be a realistic expectation of where the department should be running, with a refined FTE number as the goal. An insert to the Biweekly describes the Labor Benchmarking KPI.



U.S. WILL BE OK SPENDING 25% OF GDP ON HEALTHCARE-JONATHAN GRUBER

Jonathan Gruber, PhD, and MIT Economist, and architect of the Affordable Care Act, gave his predictions of the cost of healthcare at the ACHE seminar *The Revolution Continues*. As a percentage of the Gross Domestic Product (GDP), healthcare is currently around 17.5%. Gruber said it could climb to 20-25% by 2030 and we would be OK. Taxes would have to be increased to fund it. By the end of the century, the share of GDP devoted to healthcare could be 40-50% at current growth rates and the aging of the population, and that is not OK. He concluded if health care costs rise 3% a year, and the US economy overall grows at the rate it should, we will be fine.

MAYBE HE COULD BRING US BACK SOME WINGS



Just last year, Patrick Abrami, principal, was honored by the State University of New York **University at Buffalo (UB)** New York Engineering School Alumni Association with the 2016 Engineer of the Year award. On May 11, Pat was honored again, this time by the UB Alumni Association as its 2017 Volunteer of the Year. Pat has also been Chair of the Department of Industrial and Systems Engineering (ISE) Advisory Board for the past six years. Congratulations Pat!

Quantify™ — An Enterprise-wide Productivity Monitoring Tool

Quantify™ is a productivity monitoring tool for tracking and measuring department and organization performance. **Quantify** combines AMS' decades of labor productivity improvement experience and proprietary data with additional department-specific and management engineered workload standards. The standards can be developed by AMS or supplied by the user.

*Manage more effectively...
Monitor decision-making results*



With reports and dashboards that are easily accessible via internet by all levels of the organization — from front-line managers to the executive leadership team — **Quantify** helps promote transparency and accountability.

Overcome these productivity challenges...

- Productivity monitoring is inconsistent or non-existent
- Current solution/process is time consuming and manual
- Need to automate and implement management accountability and standardize across the organization
- Need for cost-effective, state-of-the-art solution

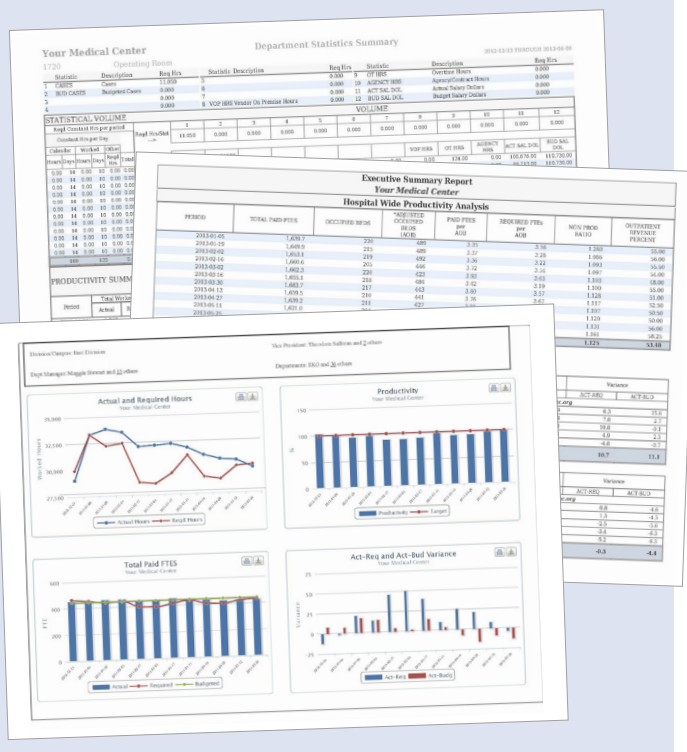
...with these productivity benefits

- Match labor resources to workload demand
- Provide effective patient care
- Encourage accountability for the use of labor resources throughout organization
- Promote transparency
- Promote the stewardship of the cost of providing care
- Provide a catalyst for process improvement

QUANTIFY™

Features and benefits

- “Hosted” reporting system, delivered over the internet, accessible through a web-browser — no software installation required
- Designed using industry standard secure web and database programming technologies
- Interactive dashboard reports
- Consolidates disparate data
- Supports reporting throughout management structures and service lines
- Reports generated in both HTML and PDF formats
- Integrates with AMS Benchmarking
- Easy to update — as your organization changes



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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