



Targeting Labor Performance Opportunities Saves \$2.3 Million in Overtime and Contract Pay

Advocate Illinois Masonic Medical Center (AIMMC) is a Truven Health 100 Top Hospitals® National Benchmark Award winner. This high-performing organization had a proven track record of meeting high expectations. When they realized there was work to be done to improve operating costs, the nursing and finance departments were ready, willing, and able to improve staff efficiency while maintaining AIMMC's exemplary record of quality.

HIGHLIGHTS

Location:
Chicago, IL

Scope and Services:
Advocate Illinois Masonic Medical Center is a 408-bed teaching hospital with a level I trauma center and a level III neonatal intensive care unit that serves the north and northwest communities of Chicago. The hospital offers comprehensive inpatient services, including medical, surgical, obstetrics, and pediatric care, as well as a full breadth of outpatient services to more than 165,000 patients a year.

Solutions:
ActionOI®

As AIMMC sought to maintain ample funds to support hospital operations without compromising their high level of care, its leaders scrutinized expenditures. They realized that one drain on funds was due to premium pay, including overtime and contract/agency hours. They narrowed their focus on increasing internal nursing staff resources to reduce the need to augment staff.

Course of Action

AIMMC implemented a plan to reduce nursing overtime as a percentage of staff worked hours and decrease nursing contract/agency labor expense as a percentage of total labor expenses. Using insights gleaned from the Truven Health ActionOI® operational improvement solution, they embarked on this project with a three-part strategy:

1. **Realistic Target-Setting Using Objective Benchmark Data** — Using productivity measures and comparative benchmarks from ActionOI, AIMMC was able to assess premium labor to a comparison group. Nursing and finance staff members used the data to set targets and develop a joint action plan to improve performance across units.
2. **Increase Internal Staff With Nurse Residency Program** — To reduce the need for costly contract labor, AIMMC focused on its onboarding program and nurse recruiting. This helped fill available shifts related to vacancy, vacations, or training without needing expensive contract labor or overtime.
3. **Annual Hiring Analysis** — To prevent the non-productive gap normally filled with contract and overtime labor, AIMMC used ActionOI to forecast the need for new employees. By reviewing turnover rates, nonproductive nurse hours, and open positions, they decided to increase the number of nursing FTEs.

“We use ActionOI, which allows us to benchmark with our peers and identify best practices. In today’s competitive marketplace, with the challenges that we face, we need to practice differently, and being able to use these types of tools allows us to get a head start and understand what others are doing.”

**Donna King, RN, MBA,
NE-BC, FACHE**

Vice President of Clinical Operations
Chief Nurse Executive
Advocate Illinois Masonic
Medical Center

“AIMMC utilized ActionOI to look at how other hospitals were performing in utilizing contract and overtime and we compared that to our own performance,” says Donna King, RN, MBA, NE-BC, FACHE, vice president of clinical operations and chief nurse executive. “What we saw were some significant opportunities. The resulting collaboration between finance and nursing allowed us to take a look at performance and what we needed to get in place to be sustainable for the future.”

Results

The results have generated remarkable financial savings and increased patient satisfaction scores.

The nursing division:

- Reduced overtime expense by \$898,000 from 2008 to 2009, representing a 27-percent reduction in overtime expense
- Reduced contract agency expense by \$1.4 million from 2008 to 2009, representing a 47-percent reduction in contract agency expense
- Improved turnover rate by 15 percent and vacancy rate by 28 percent over the last three years

In addition:

- Patient satisfaction improved by 17 percent
- Patient satisfaction scores improved to the 70th-percentile ranking
- The hospital realized \$2.3 million in savings to the bottom line

“Our approach involved a spirit of collaboration” says King. “ActionOI allows this because it levels the playing field, so we can have good discussions about what areas we can improve.”

In 2010, Advocate Illinois Masonic Medical Center was acknowledged for its accomplishments in the pursuit of excellence in performance efficiency with a Truven Health Healthcare Advantage Award. The Healthcare Advantage Award was established in 2005 to honor and recognize customers who have used solutions and tools from Truven Health AnalyticsSM to achieve outstanding success at their organizations.

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