



Health System Identifies More Than \$90 Million in Financial Improvements

Having the foresight to initiate a financial-improvement program at the start of the economic crisis put WellStar in a position to remain fiscally strong and keep its aggressive strategic plan on track.

Large health systems need to grow and innovate to survive amidst healthcare change and a down economy. As a not-for-profit, community-based integrated healthcare system with five hospitals, 1,311 beds, over 90 medical group practices, and more than 11,000 employees, WellStar Health System had the highest market share in the metro Atlanta region. Maintaining this position was paramount.

To fund future construction, purchase new technology, and implement new programs, WellStar estimated they would need \$800 million in capital to maintain continued growth. This became apparent in early 2008 during a five-year strategic planning process. The need for this level of funding in a tough economy also meant they needed to increase their operating margin from 3 to 6 percent. These improvements would not only have to meet the growth needs of the community, but also mitigate any increase in uncompensated care due to the declining economy at large.

HIGHLIGHTS

Location:
Marietta, GA

Scope and Services:
WellStar is a not-for-profit, community-based integrated healthcare delivery system serving five metro Atlanta counties. The system has 273,000 annual emergency room visits, 1.1 million office visits, and 64,000 discharges per year. It contains five urgent care centers, 10 OP imaging centers, 400 physicians and advanced practitioners, and over 90 medical group practices. WellStar has the highest market share in the metro Atlanta region.

Solutions:
ActionOI® Operational
Performance Improvement
Market Expert®

Course of Action

WellStar leaders were quick to recognize that the financial improvement had to come from within and needed to be grounded in a change in the spirit and culture of the organization. They decided against bringing in consultants unfamiliar with the intricacies of their organization. Instead, they devised an internal margin-improvement program called Opportunities 2010, which was launched with an initial goal of \$34 million in annual improvements.

“Using the operational benchmarks and detailed department-level reporting capabilities in ActionOI to identify potential areas for performance improvement, we were able to strategically set achievable goals and support initiatives in-house.”

Jim Budzinski

Acting President & CEO
WellStar Health System

WellStar knew there was no single solution to this financial conundrum, so they turned to Truven Health ActionOI® Operational Performance Solution to pinpoint several goals. Using ActionOI, WellStar identified seven specific financial improvement areas in the Opportunities 2010 program:

- Supply
- Labor
- Benefits
- Nonpatient revenue
- Revenue cycle
- Utility management
- Purchased services

The WellStar leadership team realized that achieving their goals and sustaining results would require dozens of small improvements across the business units. Teams from both clinical and nonclinical areas were formed and tasked with recommending ways to reduce expenses, enhance revenue collection, and refine processes while maintaining quality and patient safety.

Across the system, all employees were kept updated on the progress of Opportunities 2010 — via a monthly e-newsletter, which included a Myth Busters section to dispel rumors, a monthly news brief, town hall meetings, and staff meetings. Employees were encouraged to submit ideas for performance management through an IDEAS EXPRESS program.

It was important to WellStar that drastic measures were not imposed — a difficult task when aiming to improve operation margins by 40 percent. ActionOI was utilized to guide decision-makers toward new efficiencies that would create financial improvements while protecting their employees, but not compromising patient quality.

In addition to ActionOI, WellStar also put the Truven Health Market Expert® strategic planning solution to work to analyze the impact of demographic shifts and aging, market share data, and forecasting in their primary service area. Market Expert provided valuable insight for long-range capital and business planning vital in the development of service-line volume projections for physician resource planning.

ActionOI data was also used as a benchmarking tool. By comparing its own data to other organizations, WellStar was able to see where others had success or failure with their cost management activities, and adapt their plans accordingly.

Results

As of February 2010, the Opportunities 2010 program had identified over \$90 million in annualized financial improvements, including \$15 million in labor expense savings.

WellStar leadership clearly communicated their goals and processes to the entire staff with an organized five-step process — from recommendation development to measurement/validation. Reports from ActionOI were used to monitor progress, highlight successes, and share status, supporting transparency and a culture of continuous improvement.

WellStar has been able to make the following improvements totalling more than \$90 million through its Opportunities 2010 program:

- Reduced labor expenses by 4.5 percent, without laying off a single employee (or freezing or cutting pay)
- Reduced supply expenses by 6.6 percent, and average length of stay case mix index adjusted was reduced by 11 percent
- Increased operating margin by 60 percent (from 3.8 to 6.1 percent)
- Saved nearly \$2 million with a value analysis of pacemakers, implantable cardioverter defibrillators, and stents
- Uncovered \$3 million in additional revenue with a new revenue management system, including denials management process, new Chargemaster accuracy system, and enhanced payment accuracy monitoring
- Saved \$3.7 million by reducing outside consultant engagements
- Saved more than \$2 million with a 40-percent reduction in surgical inventories
- Yielded millions in additional net revenue by improving documentation and processes

It was of the utmost importance across WellStar that financial improvements would not compromise patient care. Because of the team's diligence on this issue, during the same period, the health system actually improved patient satisfaction 25 percent, improved employee engagement 23 percent, and improved safety by 50 percent.

In 2010, WellStar was acknowledged for its accomplishments in the pursuit of excellence in Operational and Performance Improvement 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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