



**Saving Time and Resources  
through Performance  
Improvement and Productivity**



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# PRESENTATION AGENDA

- **Why you should measure performance**
- **Productivity Discussions**
  - **Types of Benchmarks**
  - **What is an Internally Validated Benchmark (IVB)?**
  - **Benefits of using IVB's**
- **Creating an Operations Dashboard**
- **Using IVB's and your Operations Dashboard to improve performance**

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**Why Measure?**

*You cannot manage, what you cannot measure –  
Peter Drucker*

When you read this quote, immediately you should know it is true. If you cannot measure something and know the results you cannot get better at it, and in fact may get worse without realizing it.

- Ever gain 5lbs without realizing it?
- How hard would it be to improve your running time or golf game if you never kept score?
- How would you improve your credit score if you didn't know it?

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**Why Measure?**

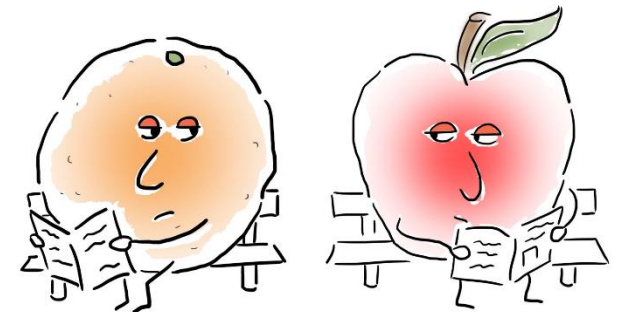
*In any business if you cannot measure every part of your business, you cannot grow it.*

Most of us routinely track metrics such as:

Patient Volumes  
Revenue Trends  
Labor Expense

Non-Labor Expense  
Quality Metrics  
Patient Experience

To gauge how we are doing, we may even measure them against a benchmark, often set by an external measure (ex. MGMA, HFMA, Premier) or an internal goal (Department A goal to match Department B Performance)



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**Why Measure?**

*In any business if you cannot measure every part of your business, you cannot grow it.*

But do you measure the precision as well as the accuracy?



Can you tell how consistently you are meeting your target or are you just averaging out?

(Ex. If your current performance is 100, does your department perform at a range of 99-101 or is it alternating 50/100?)

We are going to show you how using your own data can help you identify variation within your organization, identify trends across the organization, at the local level and within cohorts.

# Teamwrks

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Why Measure?

*Management is doing things right; Leadership is doing the right things – Peter Drucker*

As we learned with Drucker's first quote, you cannot manage or "do things right" for your practice if you are not measuring it.

There is a second step, once you know what to do, do you know the right time to do things? Can you calculate the impact of each intervention?

- When to focus on revenue
- When to focus on expense reduction
- When to focus on labor reduction

More often than not, we see leaders immediately focus on labor reduction, which can harm your practice if you are trying to grow it, particularly if you have not changed the underlying workflows.



## Saving Time and Resources through Performance Improvement and Productivity



**Productivity:** pro·duc·tiv·i·ty “A measure of efficiency of a person, process or machine at converting inputs into useful, valuable outputs”

**THERE ARE 2 APPROACHES TO IMPROVING PRODUCTIVITY: OPERATIONAL & ASPIRATIONAL.** They share few goals, but both are required to achieve and sustain great outcomes.

**“Operational productivity”:** how we do what we already do more efficiently with less variability or with high-reliability

- Uses Internally Validated Benchmarks (IVB)

**”Aspirational productivity”:** how do we go beyond our historical capacity and/or replicate what other organizations are doing

- Relies on External Benchmarks

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Productivity Discussion

How effective are your productivity discussions with physicians and staff?

Is there tension?

Do you benchmark them only using external measures? Are they accepted? Do they respond with claims that they are “different”?

Do they feel threatened or feel like you are trying to “squeeze them”? Or that you don’t understand what they do?



Do you feel like giving up?





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Productivity Discussion

**The reason these discussions are not fun, is because:**

Every Physician, Every Office, Every Department, Every Hospital **is**  
**DIFFERENT!**

And should be recognized as such!

All practices have:

- Different physical layouts,
- Different levels of acuity/care,
- Different staffing mixes based upon the unique type of care provided,
- Different vacancy burdens based on local market conditions,
- Different levels of technology,
- Different payor-based revenue pressures,
- Different service line structures,
- Different levels of physician employment & alignment,
- Different levels of access to part-time labor,
- Different skill levels of staff . . . and most importantly . . .
- **Different outcomes generated.**



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**Productivity Discussion**

**Now remember the goals of productivity:**

- To increase organizational capacity (throughput, capacity, flow, reduced-cycle-times)
- To reduce the cost-per-output of existing operations (time, money, resources)
- To create consistency in performance and outcomes (reducing variability)
- To create a “burning platform” for innovation and re-design (the burning platform for change)

If in an effort to improve productivity, we focus on comparing our organization, physicians & employees to others, which experience proves creates friction, we end up with the opposite result.

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Productivity Discussion

**External vs. Internally Validated Benchmarks**

- External benchmarks have value but can create friction, they:
  - Compare you to other organizations - however no two organizations are alike
  - Can fail to identify opportunities for improvement in high performing areas - Being great doesn't mean you cannot improve
  - Can underestimate opportunities in low performing areas and fail to provide a roadmap to change
- Internal benchmarks foster *frictionless change*
  - Measure your organization against its own historical performance – *"Your Best You"*
  - Provides *unimpeachable data*
  - Allows an organization to move quickly from data analysis to implementing change, setting *achievable targets* for continuous improvement



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Operations Dashboard

**Create an Operations Dashboard that allows you multiple views**

Track, trend and Identify variation in:

- Volume
- Revenue
- Labor Expense
- Non-Labor Expense
- Quality Outcomes

Complete View of Operations "Air Traffic Control"	Local Level Views "Individual Flight Paths"	Cohort Views "Compare Operations"
<ul style="list-style-type: none"> <li>○ Pinpoint Amplitude of Need and Focus Resources on Areas of Greatest Need</li> <li>○ View Gaps at an Organizational level by cost and hour opportunity</li> </ul>	<ul style="list-style-type: none"> <li>○ by Cost Opportunity</li> <li>○ by Hour Opportunity</li> <li>○ by Cross Organizational Trends</li> </ul>	<ul style="list-style-type: none"> <li>○ Compare Best Practices Across the System and Create Practice Sharing</li> </ul>

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Operations Dashboard

MEASURING  
**PERFORMANCE**

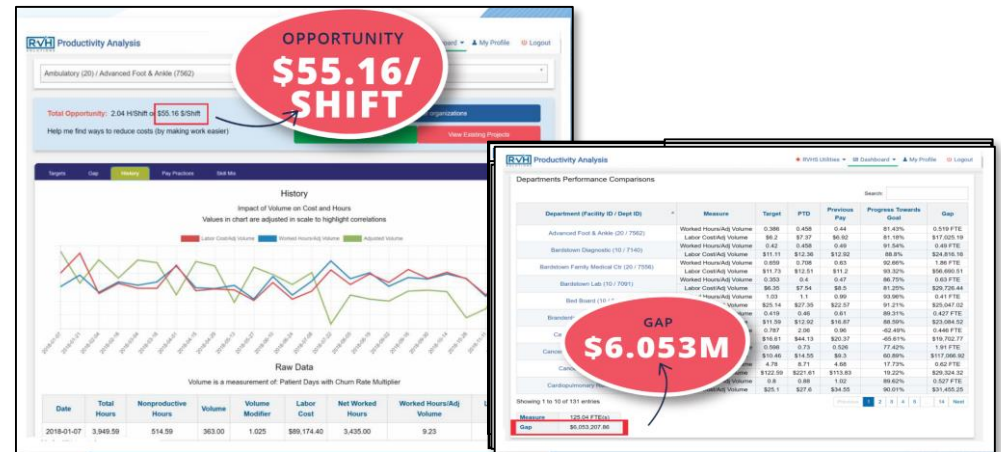


**Putting Your Dashboard into Action**

Many practices utilize a P&L to monitor the financial health of their practice, however if you only review an organizational level P&L you are missing the ability to identify areas of opportunity.

Reviewing your data in a dashboard format with views at the department, service line and provider levels; where you can easily spot trends that makes it easier to take action.

As you put together your dashboard and identify trends, calculate the gaps based off the variation at the department level. Small changes over time add up to big savings!



## Saving Time and Resources through Performance Improvement and Productivity

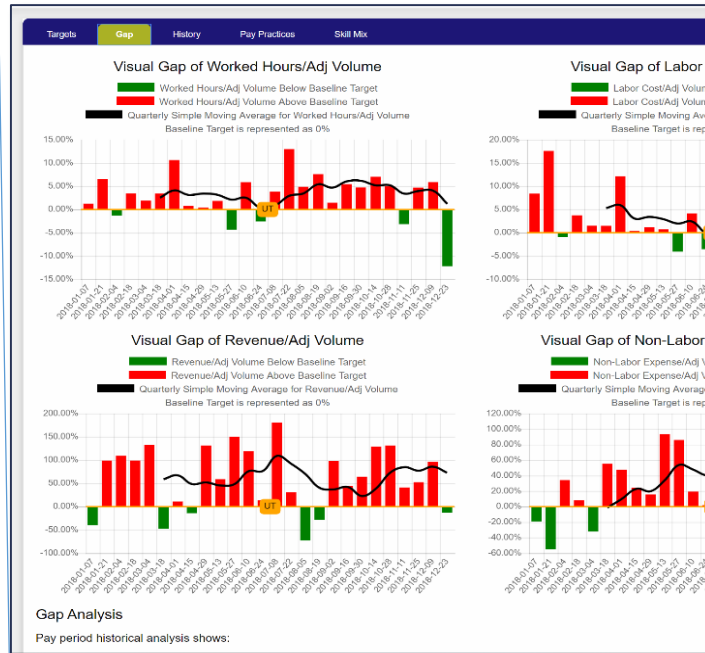


Data to Information

### Turn data into action

Look for root causes and contributing factors of productivity variability in process, skill mix and pay practices.

Implement project plans that tackle the root of the problem and sustain.



Overview | Department | North Tower 4 | + New

Select Department

Hospital (10) / North Tower 4(6150, Volume is a measurement of: Patient Days with Churn Rate Multiplier)

Real-Time Staffing Report for North Tower 4 | Countdown Dashboard for North Tower 4

Total Opportunity: 2.92 H/Shift or \$96.60 \$/Shift

View plans from other organizations

Help me find ways to reduce costs (by making work easier)

Create New Project | View Existing Projects

Targets | Gap | History | Pay Practices | Skill Mix

History

Impact of Volume on Cost and Hours

Values in chart are adjusted in scale to highlight correlations

Pattern Identified | Project Options

Type	Title	Description
Expense Reduction	Demand Matching	Improving t matching d
Expense Reduction	Variable Workforce	Improving t volume-va
Expense Reduction	Block Schedule Optimization	Improving t schedule vi

Show Volume?  Yes  No

Show Hours?  Yes  No

Show Labor Cost?  Yes  No

Date	Volume	Volume Modifier	Total Hours	Nonproductive Hours	Net
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**Data to Information**

**Look for Common Patterns Such as:**

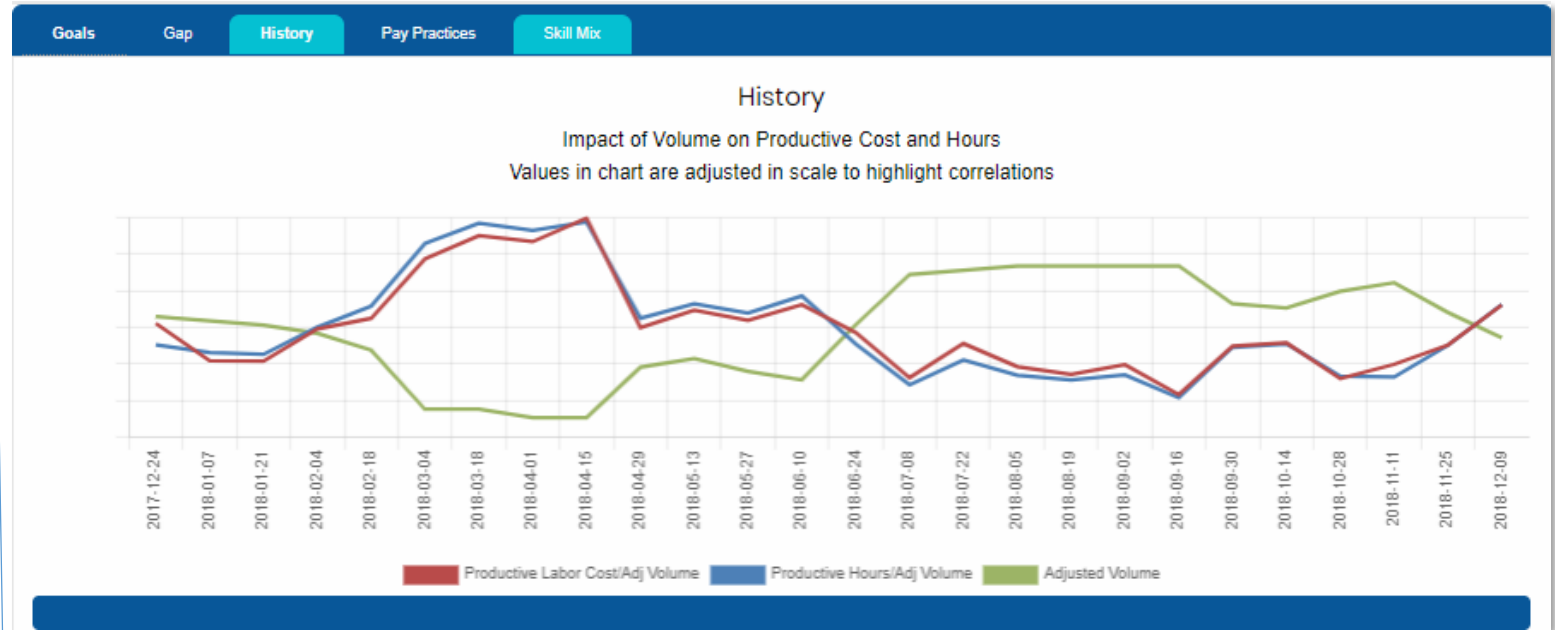
- Forced or Reversed Productivity
- High Sustained Variability
- Declining Productivity
- Rising Premium Pay
- Seasonal Volume Swings
- Rising or Non-Evenly Distributed Non-Productive Pay (which often causes rising labor costs)
- Skill Mix Flexing Patterns
- Growth in Call Back Pay
- Call and Call Back Pay not in Alignment

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Data to Information

## Seasonal Variability



A pattern that emerges when there is a significant surge over consecutive months with a corresponding dip in volumes.

**Case Study:** Creation of a “Teacher Model” role for Respiratory Therapy for a client in the south that had very significant “bowl dips” during the summer months. This solution had a \$120k annual return.



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Data to Information

## Rising Premium



A pattern that emerges when there is a significant increase in premium pay over multiple pay periods.

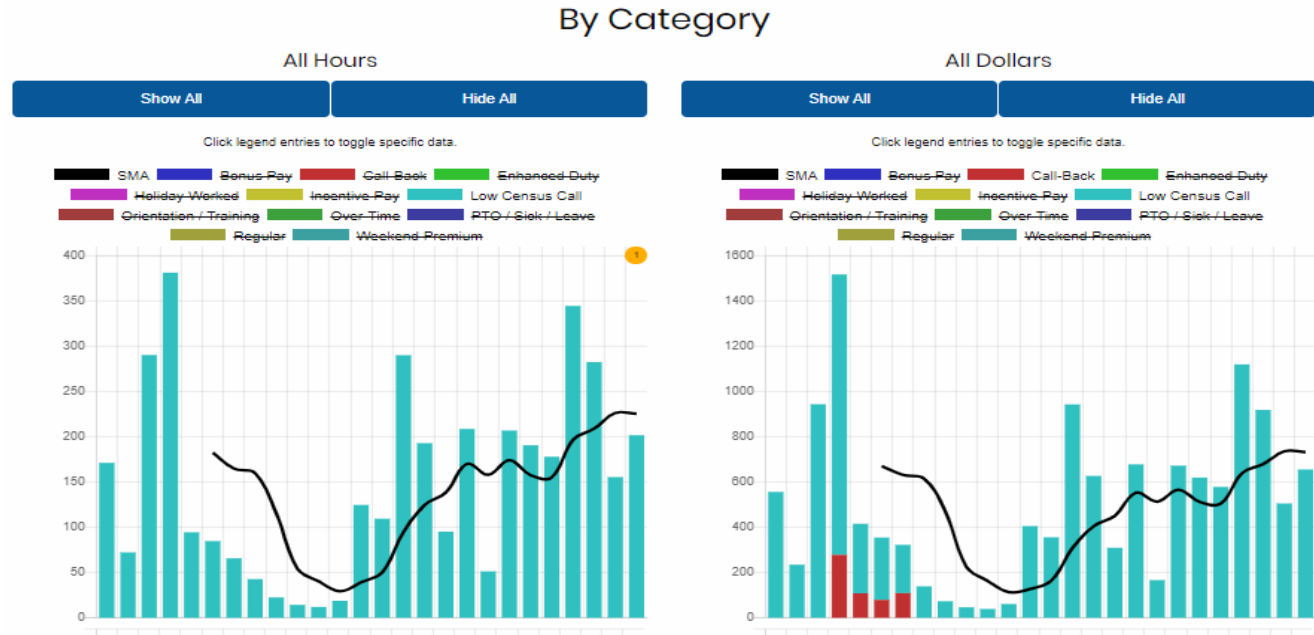
**Case Study:** An ambulatory pediatric clinic had its own x-ray on site but was underutilized (averaging 10 studies a day) and staffed 5 days/60 hours a week by 2 FTE's. An adjacent imaging site which operated separately had a backlog of cases but relied heavily on premium pay. By reallocating the equipment and staff to the pediatric clinic, the organization was able to expand operating hours to 7 days a week, reduce staffing costs and increase revenue by changing their billing structure.

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### Rising Call Without Call Back



A pattern that emerges when there is a significant increase in call pay without use of call back.

**Case Study:** A client had a pattern of increasing call pay, when investigated it was determined that as census rose, they were not “calling back” the staff who were on call, but rather asking staff onsite to stay, resulting in OT. In addition the reason for the call was a defensive move in case staff were pulled from their unit. By restructuring the call schedules and addressing reasons for staff being pulled, the organization was able to save about \$1.1M in labor costs.

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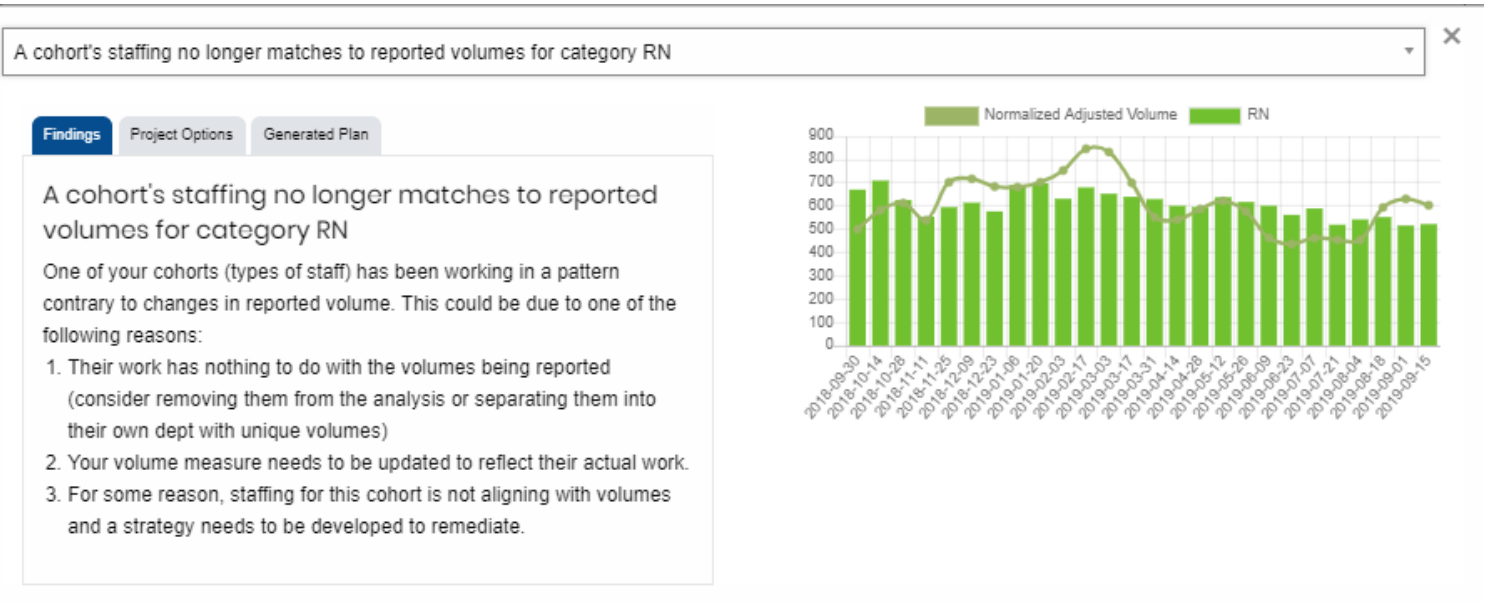
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## Flexing Opportunities



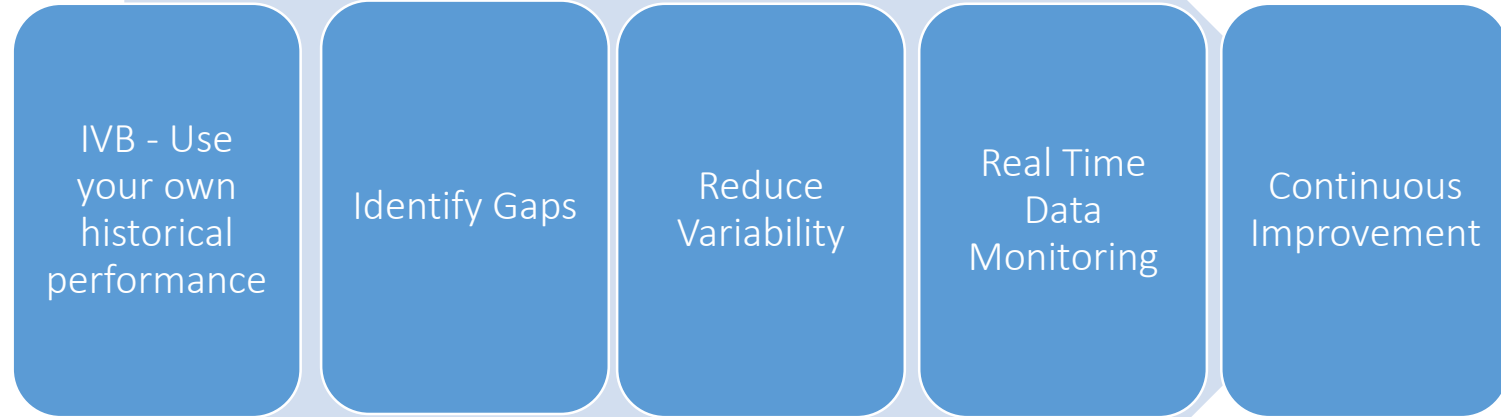
A pattern that emerges when staffing patterns do not match volume fluctuations.

**Case Study:** Creation of a variable workforce pool, by implementing a “Super Tech” role for Security that previously required 3 separate roles to staff reducing their spend by \$100k. In addition, they identified a support opportunity for the “close watch” patients that reduced the organization’s nursing spend by \$250k+ while allowing the Security department to add staff.

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## Data to Information



- **IVB** - Gather the last 2 years of your data and identify trends – evaluate skill mix, pay practices
- **Identify Gaps** - Perform a deep dive analysis, what was your best performance, what was your worst? Where are you trending now?
- **Reduce Variability** - Redesign current state workflows, are they patient centric?
- **Real Time Data Monitoring** - You cannot manage what you cannot measure





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Data to Information

Cumulative Totals			
Type	Progress Toward Goal	Annual Goal	Current Progress
Productive Hours	-4.39%	193,461.95 (102.9 FTEs)	-8,510.14
Productive Labor Cost	-3.89%	\$5,197,385	\$-202,537

Opportunities by Cost

Gap	Department (Facility ID / Dept ID)
\$263,166	Pharmacy (10 / 7330)
\$236,545	Emergency Department (10 / 6850)
\$228,820	Physician Business Services (20 / 9191)
\$195,585	Labor & Delivery (10 / 6700)
\$171,432	Information Technology (10 / 9100)
\$156,695	Food & Nutrition Services (10 / 8080)
\$120,593	Lifespring (10 / 6400)
\$109,688	Progressive Care (PCU) (10 / 6290)
\$109,390	Laboratory (10 / 7020)
\$107,989	Coronary Intensive Care (CICU) (10 / 6350)

Showing 1 to 10 of 111 entries

Previous Next

Opportunities by FTE

Gap	Department (Facility ID / Dept ID)
6.57 FTE	Physician Business Services (20 / 9191)
6.12 FTE	Food & Nutrition Services (10 / 8080)
3.43 FTE	Pharmacy (10 / 7330)
3.06 FTE	Emergency Department (10 / 6850)
2.95 FTE	Labor & Delivery (10 / 6700)
2.49 FTE	Patient Access (10 / 9040)
2.45 FTE	Information Technology (10 / 9100)
2.27 FTE	Laboratory (10 / 7020)
2.06 FTE	Progressive Care (PCU) (10 / 6290)
1.97 FTE	Lifespring (10 / 6400)

Showing 1 to 10 of 111 entries

Previous Next

- Top Opportunities for Departments by Cost
- Top Opportunities by Root Cause
- Top Opportunities by Cohort (Ex. All Nursing Departments)

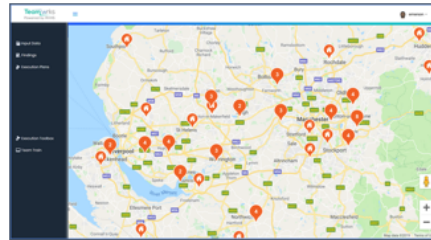
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Data to Information



**Pattern/Opportunity  
Heat Map**



**Facility/Department Level  
Analysis and Execution**

Department (Facility ID / Dept ID)	Volume Label	Productive Hours(A) Volume Lower is Better	Productive Labor Cost(A) Volume Lower is Better	Revenue(A) Volume Higher is Better
Alexander Care Center SK (Lambert) (200-001 / 120-001)	Patient Days	4.17	£37.80	£111.22
Appleton Lodge SK (200-001 / 120-100)	Patient Days	3.01	£28.77	£96.42
Appleton Manor SK (200-001 / 120-100)	Patient Days	3.98	£34.29	£101.33
Apex Court SK (200-001 / 120-100)	Patient Days	4.72	£42.81	£131.84
Bankwood HC (200-001 / 120-100)	Patient Days	4.79	£43.76	£133.21

**Enterprise System Benchmarking  
(Facility/Facility) & (Cohort/Cohort)**

- Pinpoint Amplitude of Need and Focus Resources on Areas of Greatest Need
- Develop an Engine of Continuous Improvement for Each Facility to Drive Value
- Compare Best Practices Across the System and Create Practice Sharing

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Productive Conversations

Have Productive Conversations About Productivity!



The plan's manageable expectations offer early success, which serves as motivation to stick with it.

Medicine has adopted the use of "internal benchmarks" for example recent studies have shown that it is easier to quit smoking by gradually reducing your usage. This is based on one's own personal habits.



The most successful weight loss program works because it sets goals based off YOU







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THANK YOU

Thank You!

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If you would like assistance working on improving care efficiencies, optimizing workflow and reducing labor expenses without cutting staff, please contact me for a free analysis of your organization.