



Case Study - Return on Investment for an Interim Director of Emergency Department

Leaders For Today, LLC

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Solution group	Emergency Department Practice
Solution offering	Interim and Permanent Leadership
Project name or title	Return on Investment for Director of Emergency Department

Industry Served	Healthcare - Hospitals
Number of employees	250-2000
Annual revenue	\$536 Billion(US)

Case Study for an Acute Care Hospital

The subject of this study is a full-service, non-profit acute care hospital located within twenty miles of a major metropolitan area. In over 75 years since inception, this 250+ bed hospital provides acute care medical services to more than 300,000 individuals in 16 towns. This hospital has more than 325 primary care doctors and specialists on the active medical staff that provides a wide range of medical services including a birthing center, a very busy emergency department with over 45,000 visits, radiation oncology services, cardiac catheterization lab, laparoscopic and endoscopic services and neurological surgery. This hospital is part of a large healthcare system.

EXAMPLE:

- This hospital emergency department was running at 73 full time employees (FTEs) versus the budgeted 67 and reduced to 60 FTEs by end of the project. As a result of a staffing reorganization planned and executed by the interim ED Director, the budget was not only met, but overtime hours were cut (20,560) with a net annualized savings of \$1,264,440.
- The coding and billing system to Chargemaster was improved by building equipment into a procedure thereby streamlining entries and capturing an estimated 30-40% increase in revenue.
- On review of the inventory budget, it became evident that a substantial portion of overall revenue was outdated, unnecessary, or overstocked as a result of duplicate locations.

Business Situation

The director of the department had been a very popular leader over the course of the past several years, but with an out of control staffing budget, had to be changed out. In looking at the results of due diligence, several ongoing practices proved to be responsible for the excessive overtime and budget overruns. One of the major contributing practices identified was allowing 36 hour employees to work 30 hours, as long as that person looking to reduce their hours made provision for coverage. Often, that person would seek out (or settle for) a fellow employee who themselves had a 36 hour schedule. That staffer, in picking up the shift, would cause the hospital to incur the payment of overtime as their total hours would exceed 40 with the acceptance of an 8 or 12 hour shift. The overall theme of the department did not include education or accountability around staffing to avoid overtime and therefore lead to the payroll cost overruns.

The next item that surfaced as a result of the initial assessment by the Interim ED Director, was an obvious revenue shortfall based on the practice of using equipment in procedures and not coding the equipment into the Chargemaster. Emergency departments by nature can be very hectic and extraordinarily stressful by nature of the patient population and subsequent circumstances that cause the visit to the ED. This department sees 45,000-48,000 patients per year and at least 50% of all cases involve the use of equipment. Nurses often already overtaxed in the normal course of business, cannot always be relied upon to take the extra time needed to ensure that the proper coding of all equipment utilized in a given procedure is done.

Without a focus in this area for several years, the storage and levels of inventory appear to be in disarray. First glance shows that there is an element of non-used inventory as well as poorly designed and outdated storage cabinets.

GOAL-THIS HOSPITAL WANTS THE DEFICIENCIES OF THE STAFFING AND SUBSEQUENT BUDGET OVERUNS RESOLVED WITHIN THE 17 WEEK ASSIGNMENT, RESULTING IN A PROJECTED \$750,000 SAVINGS BY ELIMINATING OVERTIME.

Operational Situation

The first order of business after assessing the internal clinical and non-clinical members of the team is building trust within the ED team as a whole and assessment of the budgetary challenges. Addressing the historical staffing cost overruns with the team, outlining the mission and end point objectives and to solicit ideas and buy-in would be next stage. A strategic look at a timeline, whereby the staffing issues are dealt with as soon as possible is based on the fact that the greatest and immediate financial impact centers on the ongoing excessive use overtime.

Planned termination and replacement of the Staffing Coordinator was one of the key steps in monitoring and/or controlling the schedule to eliminate or minimize overtime. The replacement worked out very well and assisted by preventing core staff from using overtime hours to cover their time off, and holding them to commit to agreed upon hours(on hire) to be worked was a key element in correcting the overtime excesses. Recruiting more per diem or internal pool staff also contributed to a favorable result in minimizing overtime and also addressed the ongoing side effect of short staffed shifts. The per diem staff hired also made up the three open positions that had not yet been filled. The added effect was a more favorable and attractive work environment. A staffing matrix was designed to keep a fix on the measurement of ongoing staffing levels.

GOAL- CAPTURE AN ESTIMATED \$700,000 IN PROJECTED REVENUE LOST AS A RESULT OF NON-COMPLIANCE OF CODING AND SUBSEQUENT BILLING OF EQUIPMENT UTILIZED IN EMERGENCY DEPARTMENT PROCEDURES

Operational Solution

The Chargemaster issues, while critical, could be executed both simultaneously and in the final weeks of the assignment with the use of technology (in this case, the Meditech system). The informational and planning sessions with the IT department will set the stage to establish estimated costs and timelines. The key element of this solution lies in the packaging or standardizing equipment within the coding of the procedure itself. An example would be wrapping the coding for a suture kit in a minor surgery procedure in order that the user need only code for the surgery and not have to enter each individual piece of equipment used.

GOAL- REORGANIZE AND ASSESS INVENTORY LEVELS FOR BOTH QUALITATIVE AND QUANTITATIVE MEASURES AND IMPROVEMENTS

Operational Solution

The process here is to conduct a “lean” measurement of the current inventory system. The first observation was that the supply cabinets and storage closets were substandard for the levels of needed inventory. Secondly, moving to an “all-in-one” specialized cabinet centralized the inventory versus being spread around, eliminating the duplication of inventory in multiple areas. Finally, lowering par levels and sharing of inventory caused a cost savings which would ultimately pay for all of the needed improvements in the storage cabinets while staying within budget. Sharing of certain items assisted in the effort to reduce overall levels, e.g. a box of 30 shared with 5 rooms. The identification and elimination of certain items such as circumcision kits (had not been performed in the ED for years) provided additional space for the reorganization. An exhaust effect of the project brought storage carts and areas back into compliance for infection control purposes. The mentoring of the ED Nurse Manager into the director role provided the hospital with the opportunity not to have to re-fill the director position at a savings of \$75,000.

Benefits

The significant cost savings of eliminating overtime are obvious but the other effects include a smoother running of the department and in general a much more attractive work environment. This contributes to the effort of recruiting for current and future positions from within via internal referrals.

The increase in revenue enjoyed from the standardization of wrapping equipment coding within ED procedures is significant at the 30-40% range. An additional effect not only streamlines the working process within the department, but enhances the work environment making for a better working atmosphere, but ultimately in measuring patient satisfaction scores.

Streamlining and reorganizing the inventory system is yet another factor in promoting a more clear and concise process in an area of the hospital that can help reduce chaos and save time in treating patients often in need of extremely urgent care. Any time process improvement which occurs without additional cost is not only rare but exponentially beneficial in nature.

Services Leaders For Today Utilizes in Providing Solutions

When considering an engagement for a client, the processes and methodologies below describe our goal in providing a critical and detailed match not only to the job description, but to the overall goals needs of the institution:

- With over 100 years of executive healthcare experience on staff, our network of known executives both active in our expansive database as well as those in current positions, assists us in identifying appropriate candidates.
- Our intake methodology provides and enhances the opportunity for our client decision makers to reveal items that may not show in an exchange of documents. Interviews with other core members of the team often precipitate ideas for both wants and needs of the facility as relates to the position at hand.
- Our database, built with specific healthcare candidates since 2002, allows us to respond very quickly to the needs of our clients, often within 2-3 days and within the parameters set by our clients.
- We conduct thorough pre-qualification screenings based from skills checklists, comprehensive reference checks with known direct reports, educational, certification and license verifications, background checks (OIG) and other screenings as needed.
- One third of our interims convert to permanent positions with our clients which speaks of the quality of our interims and our client relationships. Our permanent placements also attract those candidates for which interim work is not well suited.
- Our community, educational, professional association involvement, and philanthropic efforts on behalf of our clients are a part of our good corporate citizen commitment. Visibility as thought leaders in our space with writing and speaking engagements, contribute to attracting the best candidates for our clients and the best opportunities for our interim professionals.

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