

## Healthcare Governance Committee

### Health System Strategic Plan and Hospital Operational and Financial Performance

### Final Presentation

August 26, 2013

# Agenda

- Introduction
- Health System Strategic Plan
- Hospital Operational and Financial Performance Review
  - Non-Labor
  - Labor
  - Human Resources
  - Physician Services
  - Revenue Cycle
  - Clinical Documentation Improvement
  - Clinical Operations
- Conclusion



# Agenda

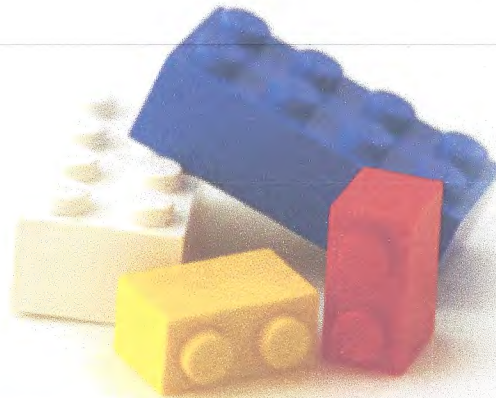
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- Conclusion

# Elements Needed for a Sustainable Strategy

THE FOUNDATION OF TRANSFORMATION

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- Development and promotion of a county-wide healthcare mission statement.
  - The mission statement should guide the actions of the healthcare enterprise, spell out its overall goal, provide a path, and guide decision-making. It provides the framework or context within which the County's healthcare strategies are formulated.
  - Will be needed to provide overall direction, and accountability
  - Why do we exist?
- Transformative leadership... county-wide
  - Drives accountability, transparency and a passion for performance and execution
- Performance metrics and industry tested business practices
  - Metrics need to support decision making and performance milestones
  - Executive dashboards

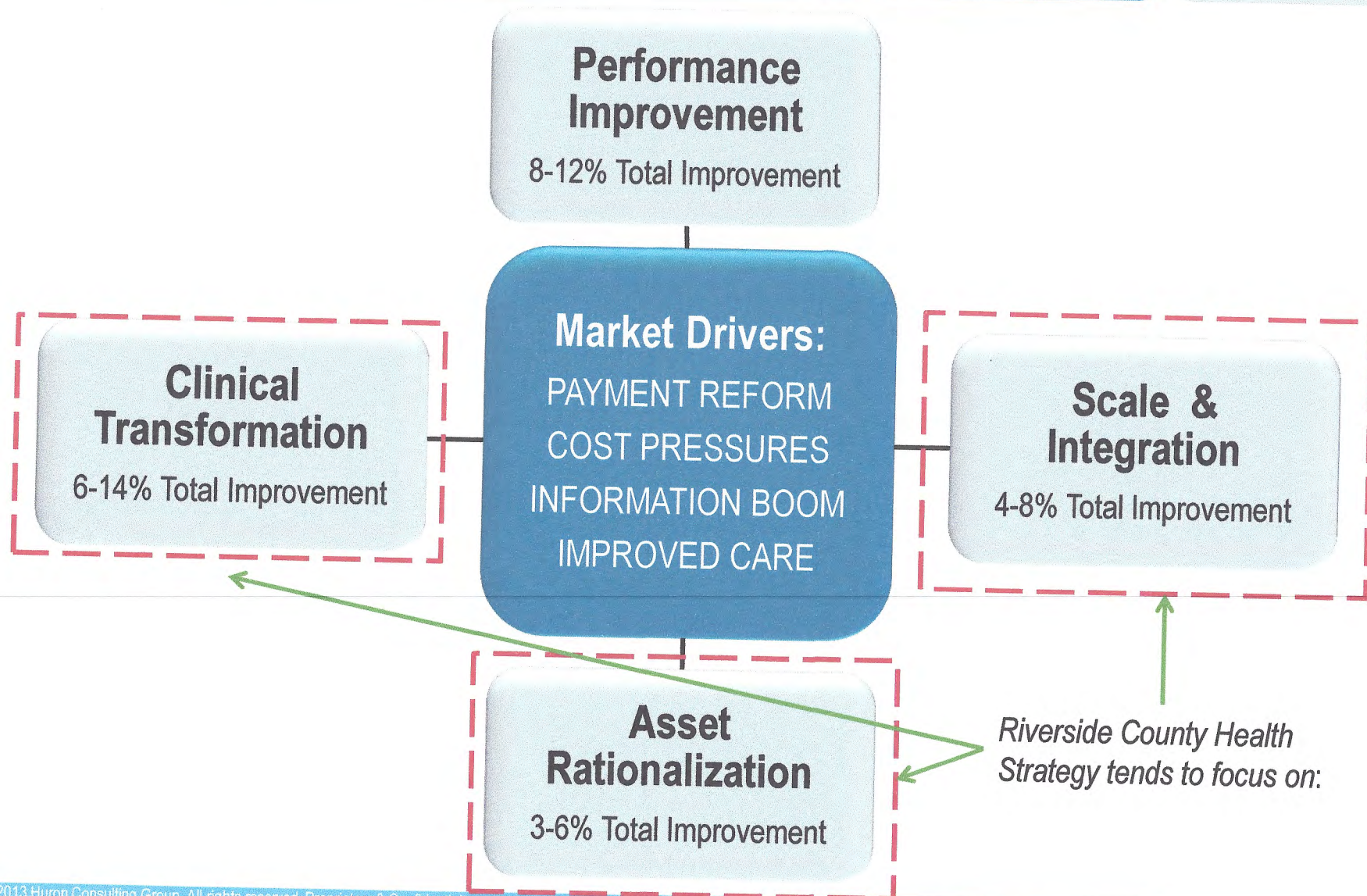




# Understanding of the Economic Realities

20-40% IMPROVEMENT REQUIRED

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# Executive Summary

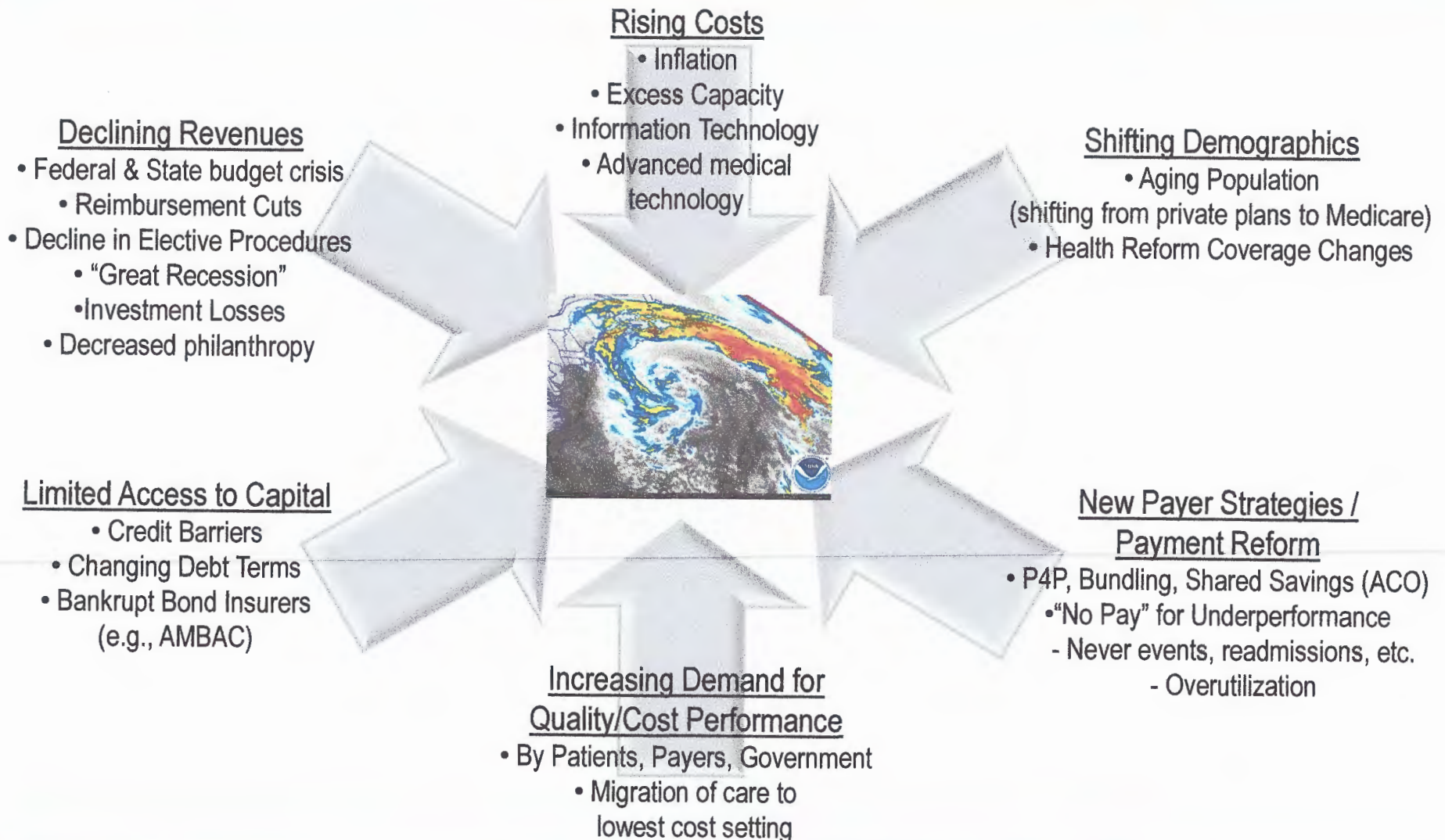
## CONTEXT FOR CHANGE

- The Riverside County Health System (“RCHS”) is facing significant financial losses causing a drain on the county’s general funds
- ACA reform and changing health care economics has/will put further strain on a health system that is currently not fully prepared for these changes
- Riverside County Medi-Cal expansion in 2014 is projected to be between 70,000 – 110,000 with at least 21,000-27,000 new enrollees automatically directed toward RCHS
- Riverside County must continue to provide health services to a growing and diverse population spread across a very large area (the size of New Jersey) that has a significant shortage of primary care, mental, and dental health professionals
- Recent accreditation of the UC Riverside School of Medicine along with the County’s financial commitment (\$15M) presents a unique opportunity to explore affiliation models that could benefit both UCR and Riverside County
- Riverside County needs a comprehensive strategic plan that will provide guidance to County leadership and its health enterprise to ensure sustained financial viability



# Healthcare: Facing the Perfect Storm?

CONSISTENT THEMES NATIONALLY, REGIONALLY, AND LOCALLY



# Key Goals of ACA

## Decrease Costs

- Delivery system reform
- Investments in public health, prevention and wellness
- Payment constraint provisions
  - Hospital market basket reductions
  - Hospital productivity adjustments
  - DSH payment reductions

## Increase Access

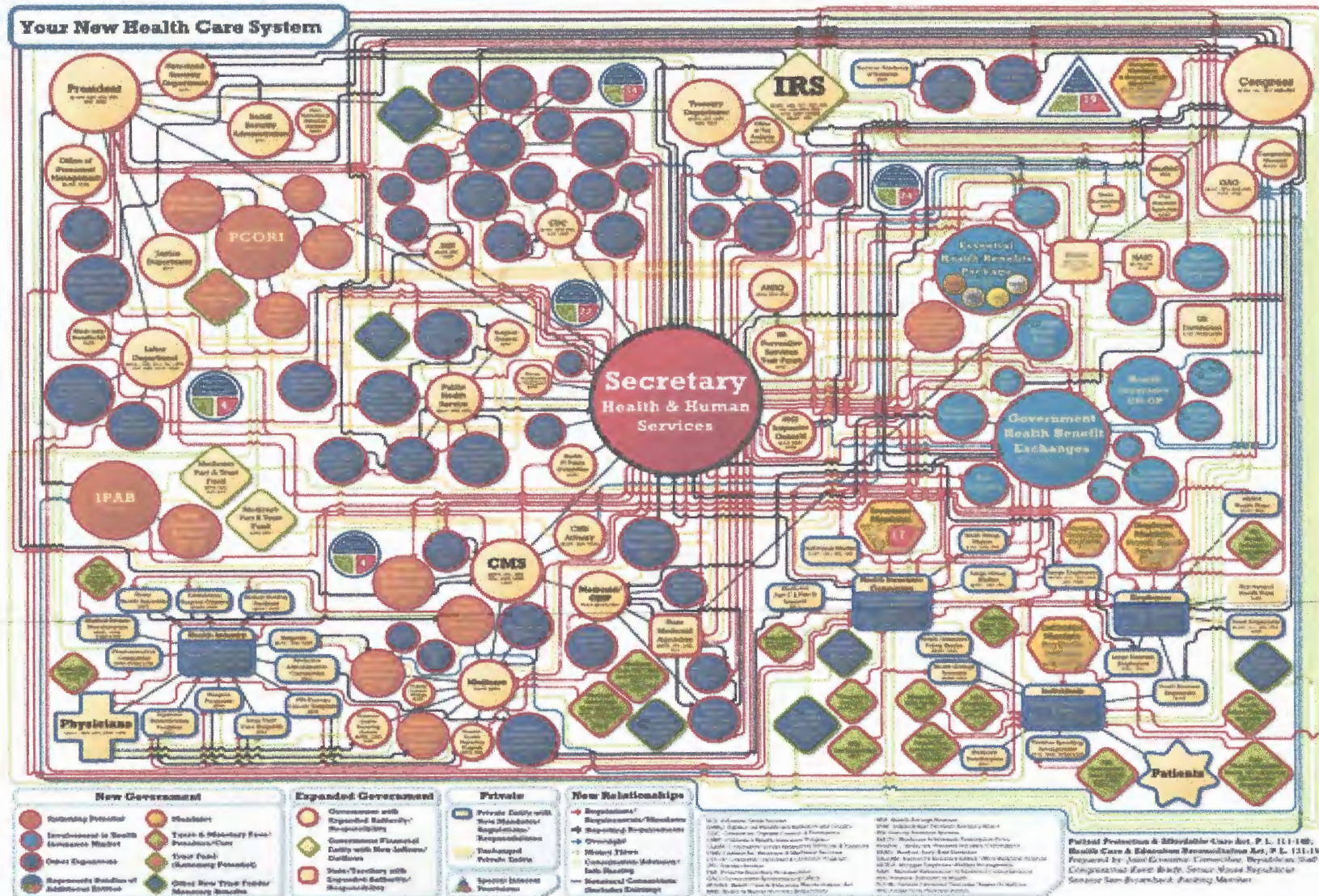
- Coverage and benefit requirements
  - Elimination of restrictions
  - Mandates
  - Essential benefits
  - Dependent coverage
- Premium subsidies
- Expansion of Medicaid
- Increased choice and competition through exchanges

## Improve Quality

- Care delivery provisions
  - Medical Home
  - ACO
  - Bundled payment pilots
  - Incentives for quality
- Evidence based guidelines
- Expanding use of IT
- Transparency provisions
- Quality provisions
  - Readmission payment reductions
  - Hospital-acquired condition penalties



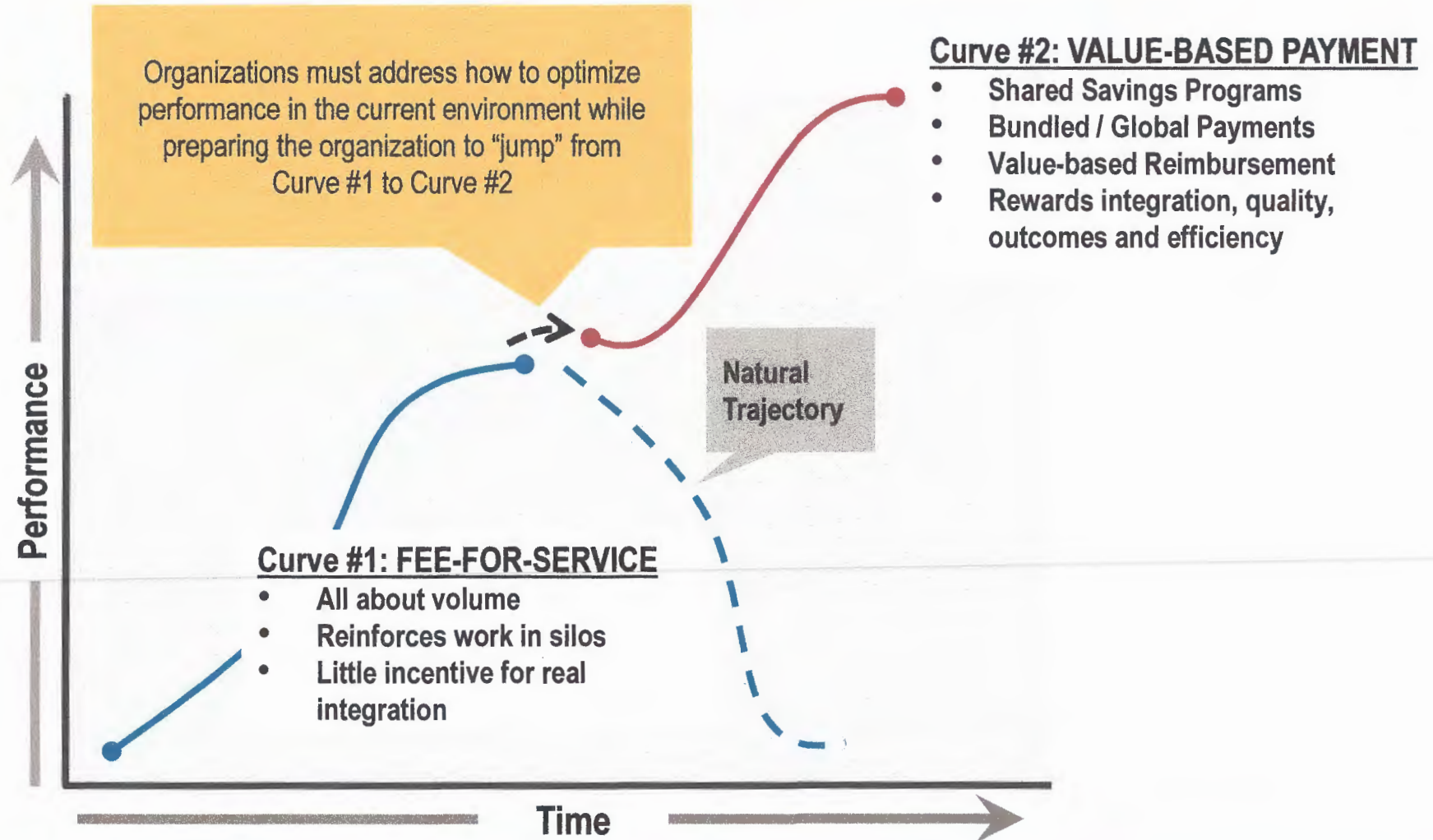
# Our New World





# From Volume to Value Based Payment

POSITIONING FOR SUCCESS GIVEN AN UNCERTAIN ENVIRONMENT





# California's Changing Healthcare Landscape

STRATEGIC OPTIONS ARE ON THE HORIZON

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- Neighboring California healthcare providers are considering strategic options and realignment to insure sustainability of their mission
- Riverside County executives have been approached by numerous entities expressing interest in opening a future discussion on options that range from clinical affiliation to full asset acquisition
- The ability for RCRMC to improve operational effectiveness, reduce cost and build an effective strategic/clinical posture in the next 12-18 months will enable county officials to determine the best and most rational approach to strategic partnerships or future economic alignment with other healthcare providers or industry stakeholders

# Riverside County Strengths and Challenges

While Riverside County has considerable strengths upon which to build, it also faces a number of additional organizational, operational, strategic, and financial challenges.

## Health Enterprise Strengths

- Leadership committed to delivering high quality cost effective care to the residents of Riverside County
- Presence of multiple health care departments and competencies that collectively can and do provide comprehensive health care to the County's population, particularly the underserved.
- Payer alignment with IEHP that will direct increasing Medi-Cal patient volume to RCHS
- Strong academic affiliations upon which to build and continue pursuing mutually beneficial opportunities
- Significant market share and volumes making it the leading provider of care in the county

## Health Enterprise Challenges

- Lack of integrated health care vision across the multiple County departments and services.
- Lack of organizational structure, accountability, and incentives.
- Recent integration of Department of Public Health's 10 clinics into RCHS' ambulatory network did not go smoothly
- RCHS costs associated with Detention Health and Mental Health causing significant losses.
- ACA reforms will further stress the County by bringing more insured patients who can "vote with their feet" into a health system that currently is challenged by with capacity constraints (e.g., ED), significant IT challenges, operational inefficiency, and poor patient experience.
- Academic affiliations provide growth opportunities but also challenges as RCHS determines how best to align with UCR relative to its ongoing affiliations with Loma Linda and Western
- Absence of data driven, metric based decision-making make managing the health care enterprise difficult



# Riverside County Alignment is Critical

Riverside County has the key components to create a financially sustainable and successful integrated delivery network, but currently lacks the organizational alignment, infrastructure, and incentives to deliver care optimally.

## Keys to Successful Transformation

- ✓ *A culture of transformative leadership*
- ✓ *Accountability and transparency at all level of the organization*
- ✓ *Comprehensive industry-based metrics, benchmarks and milestones to manage and measure performance and celebrate success*
- ✓ *Aligned incentives*



# Strategic Priorities

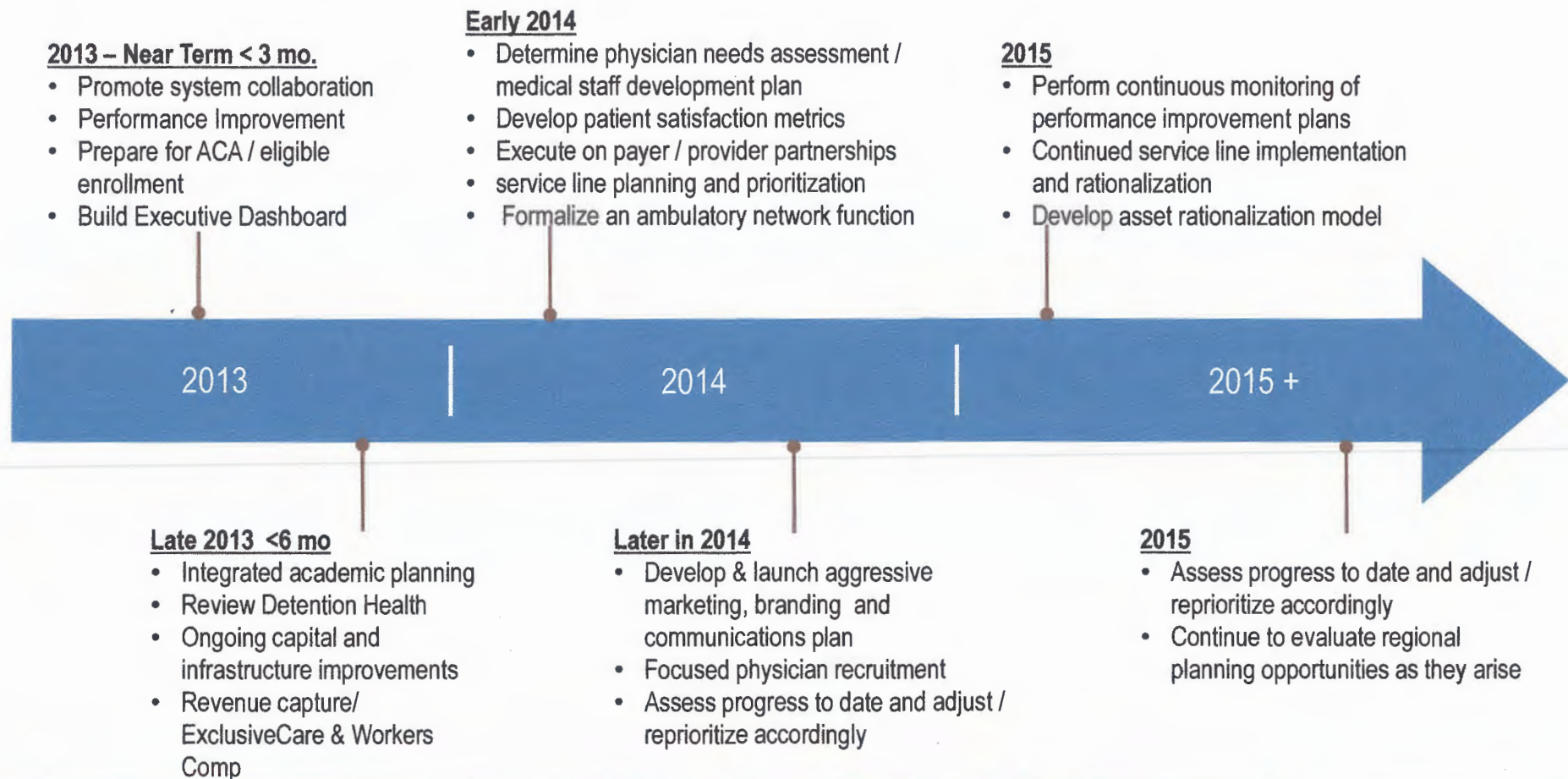
The following strategic priorities will help Riverside County achieve its desired vision and goals in serving the health needs of County residents while also addressing the organizational and market challenges it faces.

Internally Focused Priorities	Externally Focused Priorities
1. Promote greater collaboration, alignment, and accountability across the health care enterprise	1. Change the way Riverside County delivers care consistent with healthcare reform and other market forces affecting health care economics
2. Implement recommended performance improvement initiatives	2. Coordinate, improve, and develop ambulatory network and plan
3. Develop a health system-wide patient/customer satisfaction/experience plan	3. Identify, prioritize, and implement clinical service lines
4. Revisit MOU between Detention Health and Sheriff's Department to address need for greater transparency of expense allocation	4. Explore payor/provider partnerships with IEHP
5. Develop the necessary infrastructure – IT, facilities, systems – that support the health enterprise under health reform	5. Develop medical staff development plan
6. Create management report cards and executive level dashboard	6. Conduct environmental and competitive market assessment
7. Development of a county healthcare advisory board	7. Determine optimal affiliation model with UCR School of Medicine and execute accordingly
8. County health enterprise organization and governance redesign	8. Develop comprehensive marketing and communications plan
	9. Develop a structured methodology to consider offers of strategic options/partnerships for RCRMC
	10. Capture revenue leakage/ Workers Comp & ExclusiveCare



# Strategy Timeline

Huron has developed a preliminary timeline for Riverside County's health care strategy implementation that prioritizes needs while recognizing the pace with which an organization can absorb rapid change effectively.



# Overview of Riverside County Healthcare Strategy Development



# Riverside County Health Strategy

Huron was engaged to develop a forward looking health care strategy for Riverside County.

## Key Strategic Goals

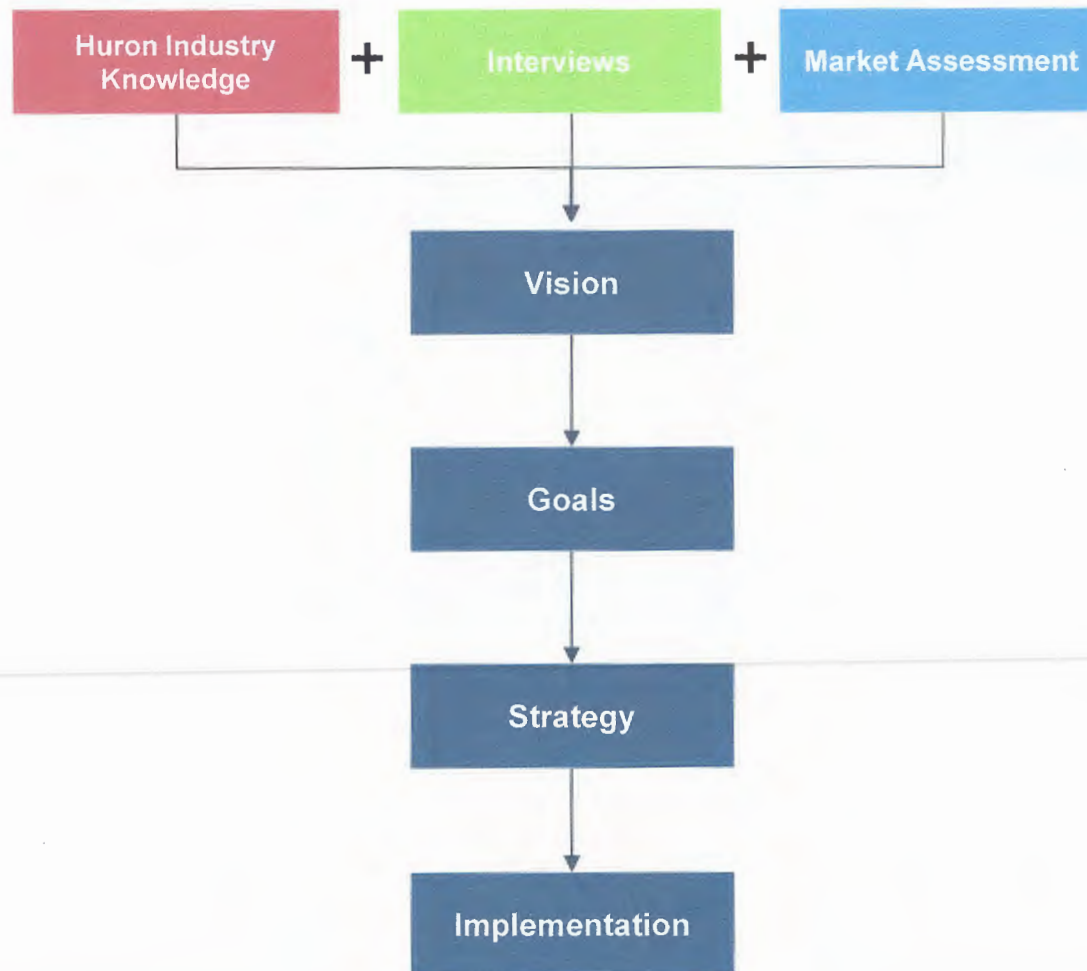
- Successfully transition the Riverside County health and mental health delivery system, in response to changes in delivery environment driven by the Affordable Care Act (“ACA”) and other market forces
- Evaluate and recommend partnership models between Riverside County and the University of California, Riverside (“UCR”) School of Medicine
- Maintain on-going financial stability
- Support the Healthy Riverside County Initiative to improve health, reduce chronic disease and promote livable communities for all residents

## Approach to Strategic Planning

- Conducted interviews with County, health system, and academic leadership and other regional healthcare providers
- Analyzed available national, regional, and local data as part of market assessment
- Integrated and prioritized findings from multiple Huron teams assessing hospital performance

# Developing Riverside County's Health Strategy

Developing the strategy incorporates the following key components:



**Assessment = What is our current state?**

- Fact base of understanding
- Aspirations and challenges

**Vision = What does Riverside want to be?**

- A desired future state organization
- Longer-term focus
- Differentiates in the marketplace

**Goals = What does Riverside want to achieve?**

- Tangible elements of the vision
- How will success be measured?

**Strategy = How will Riverside achieve the goals?**

- Provides direction
- Addresses the gap between current /future state

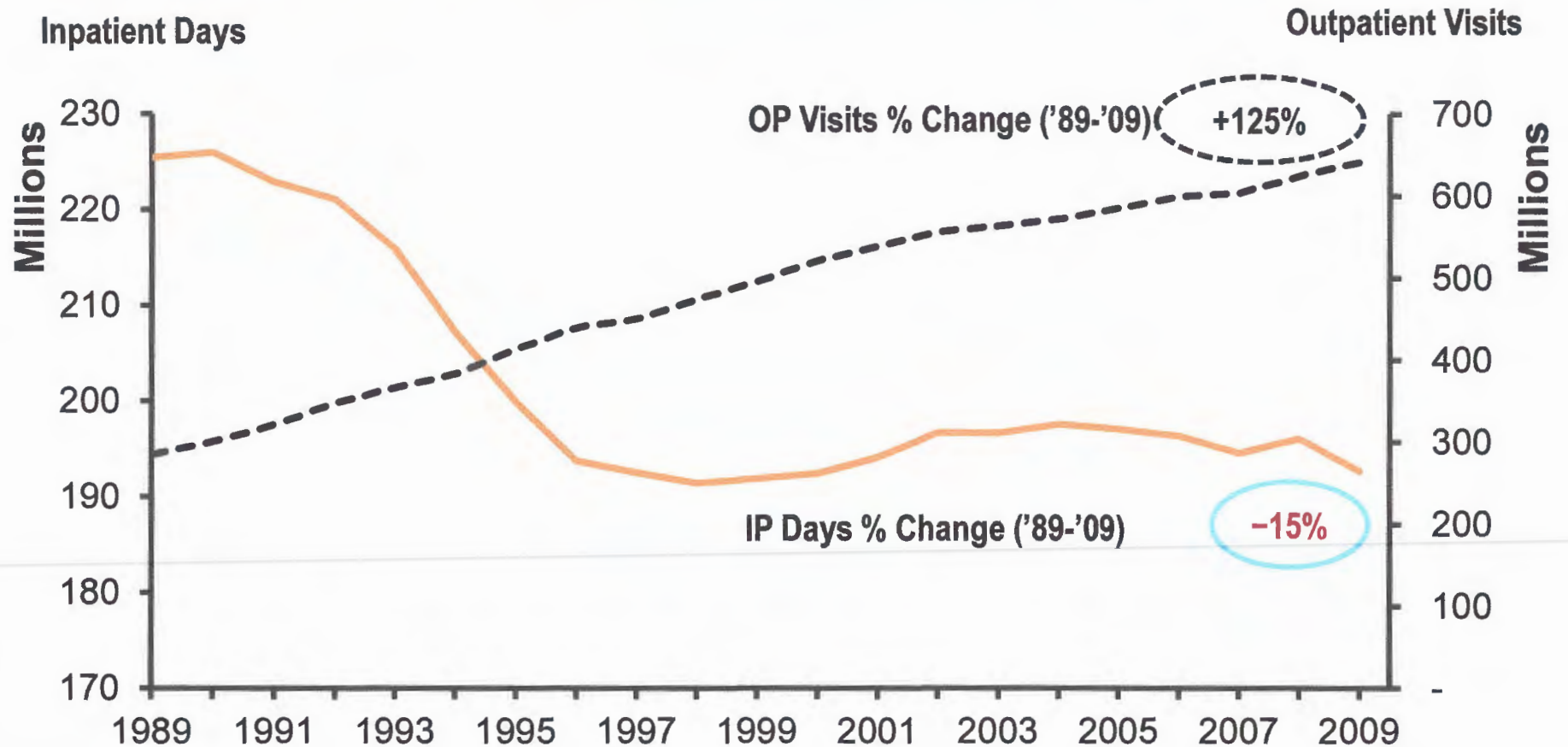
**Implementation = What will Riverside do to accomplish the goals?**

- Specific actions
- Responsibility/accountability
- Timeline with milestones



# Profound Shift in Site of Care

## National Inpatient Days and Outpatient Visits, 1989-2009

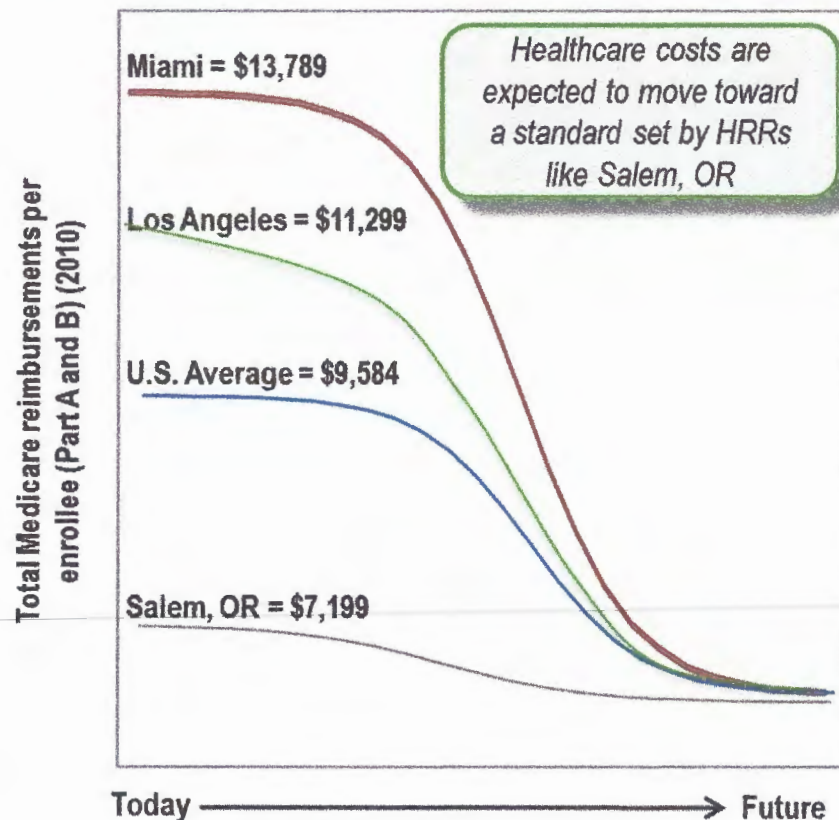


Source: AHA Trendwatch Chartbook, 2011.

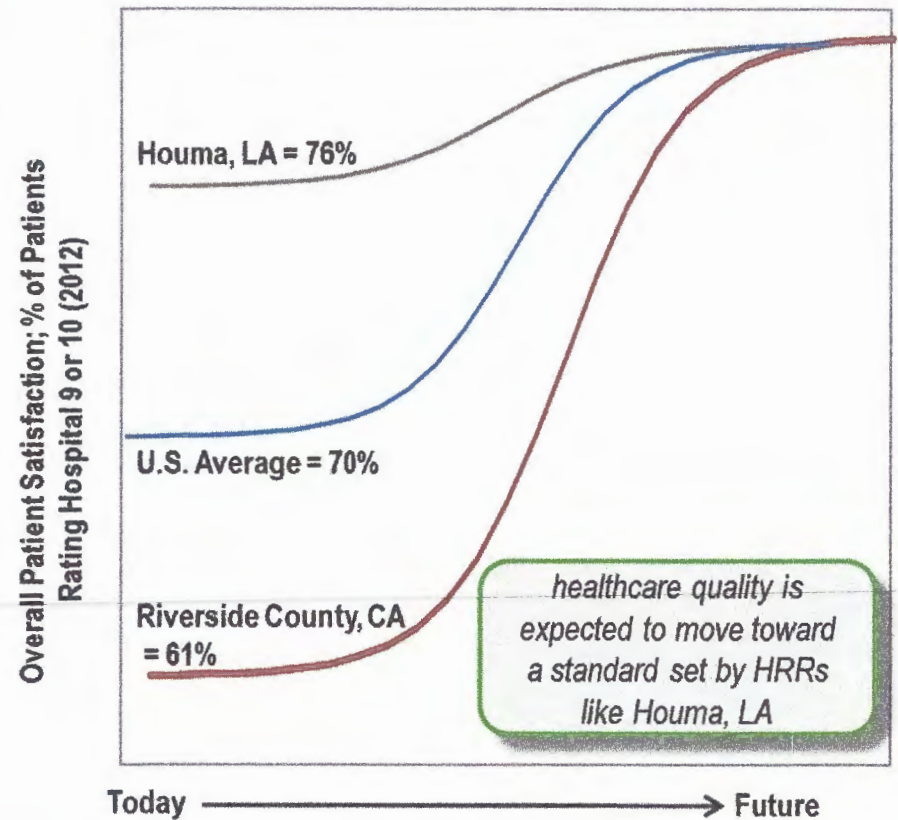
# Significant Variation in Cost and Quality

## Expected Cost and Quality Trends

Expected Cost Trends



Expected Quality Trends



Note: Geographies above represent Dartmouth Atlas Hospital Referral Regions ("HRRs")

Source: Dartmouth Atlas; HCAPHS Survey



# Riverside County Market Share

RCRMC FACES SIGNIFICANT FINANCIAL CHALLENGES

- RCRMC had the highest inpatient, outpatient, and ER volumes of all hospitals in Riverside County in 2010
- RCRMC also had the largest net loss in aggregate dollar amounts, and second lowest operating margin in Riverside County

Hospital	Inpatient Discharges	Inpatient Market Share %	Outpatient Encounters	Outpatient Market Share %	ER Visits	Net Income as % of Operating Rev
RCRMC	21,194 *	12.6%	300,089 *	19.7%	112,551 *	(16.4%)
Next 5 Hospitals	90,810	53.9%	792,857	52.0%	335,255	11.6%
All Others	56,530	33.5%	431,264	28.3%	246,248	(6.4%)
<b>Total – Riverside County</b>	<b>168,534</b>	<b>100.0%</b>	<b>1,524,210</b>	<b>100.0%</b>	<b>694,054</b>	<b>2.5%</b>

Source: State of California – Office of Statewide Health Planning & Development;  
<http://www.oshpd.ca.gov/hid/Products/Hospitals/AnnFinanData/HospFinanTrends/HospTrendsPivot.xls>

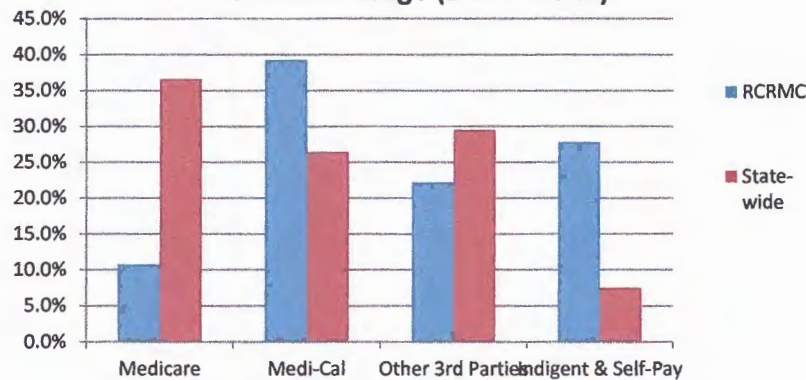
\* Highest Volumes for Category

# Margins and Uncompensated Care by Ownership

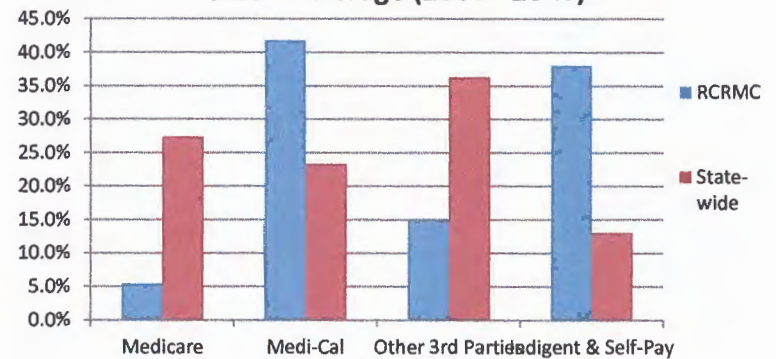
## RCRM AND CALIFORNIA TRENDS

As would be expected, RCRM has a disproportionately high %'age of Medicaid and self-pay relative to the state average which contributes to its fiscal challenges.

**Outpatient Visits - by Payer  
5-Year Average (2006 - 2010)**

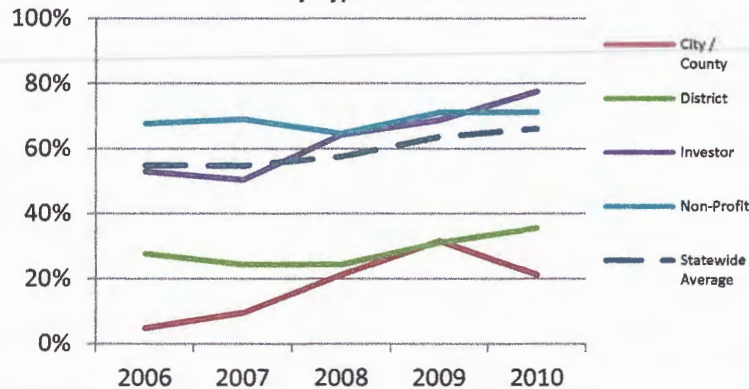


**Inpatient Discharges - by Payer  
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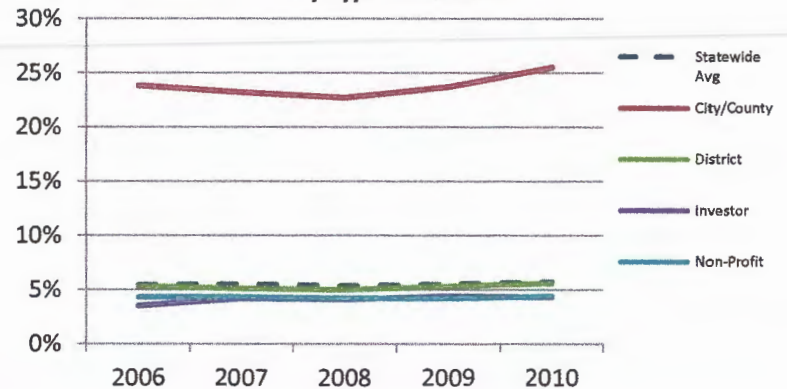


Source: State of California – Office of Statewide Health Planning & Development;  
<http://www.oshpd.ca.gov/hid/Products/Hospitals/AnnFinanData/HospFinanTrends/HospTrendsPivot.xls>

**Percent of Hospitals with Positive Operating Margins  
by Type of Control**



**Uncompensated Care Charges as % of Charges  
by Type of Control**



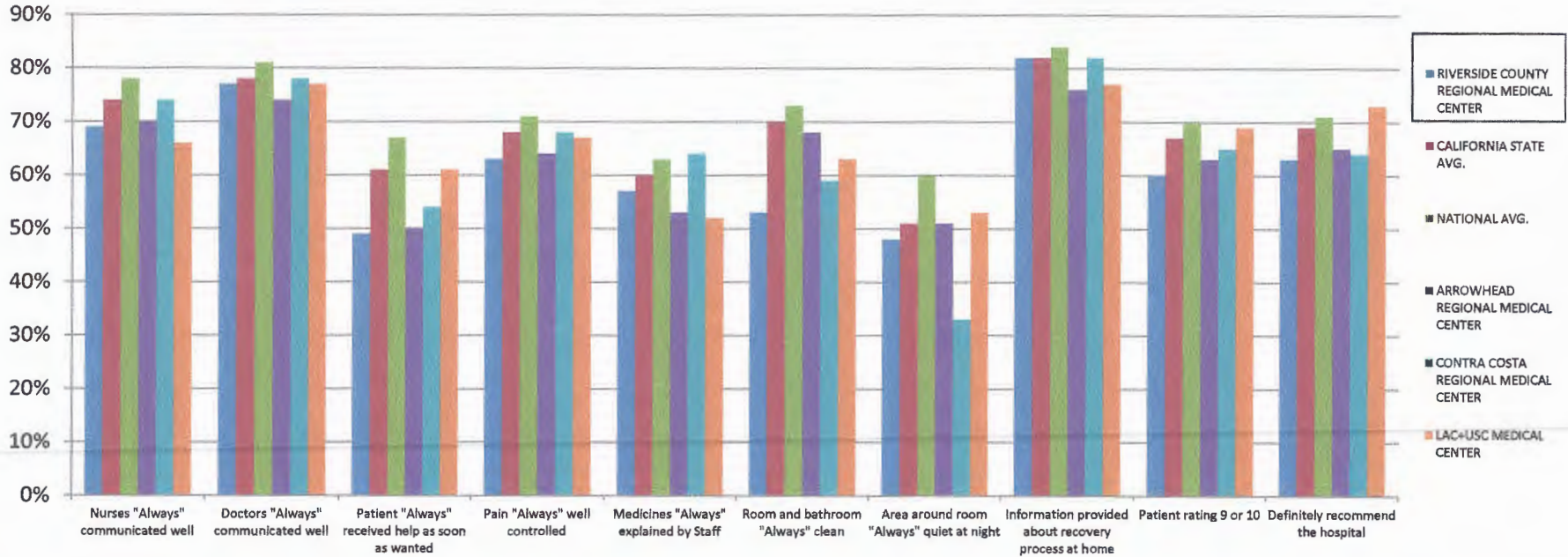
Source: State of California – Office of Statewide Health Planning & Development; Healthcare Information Division  
<http://www.oshpd.ca.gov/hid/Products/Hospitals/AnnFinanData/HospFinanTrends/>



# PATIENT SATISFACTION AT RCRMC

## LOW HCAHPS SCORES

According to Medicare provided HCAHPS\* scores which is a national, standardized survey, the %'age of patients with the most favorable rating of RCRMC is below the national average in 10 out of 10 areas, and is below the state and comparator hospitals in almost all cases.



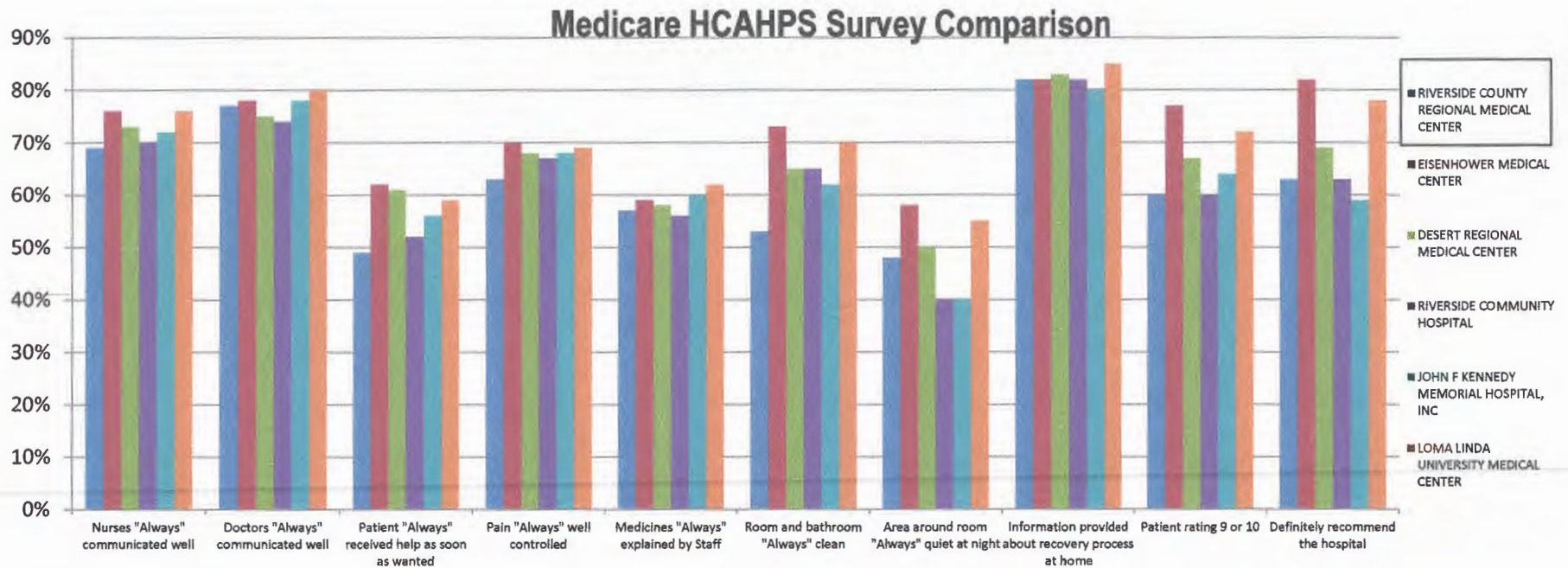
\*The Hospital Consumer Assessment of Healthcare Providers and Systems ("HCAHPS" pronounced "H-caps) survey is a national, standardized, publicly reported survey of patients' perspectives of their hospital care and experience

<https://data.medicare.gov/Hospital-Compare/Survey-of-Patients-Hospital-Experiences-HCAHPS-/rj76-22dk>

# Patient Satisfaction at RCRMC

LOW HCAHPS SCORES

RCRMC's HCAHPS\* scores, the %'age of patients with the most favorable rating of RCRMC is lower than their regional peers in most of the categories. Loma Linda ranks highest consistently.



*Insurance portability will allow patients to go where they are most satisfied with the best patient experience.*

\*The Hospital Consumer Assessment of Healthcare Providers and Systems ("HCAHPS" pronounced "H-caps) survey is a national, standardized, publicly reported survey of patients' perspectives of their hospital care and experience

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# ACA Impact

VOLUME INCREASE WILL STRESS ALREADY BURDENED SYSTEM

Riverside County Volume Increase Projections			
	Covered CA (CA Health Exchange) <sup>1</sup>	CALSim – UCLA Center for Health Policy Research and UC Berkeley Labor Center <sup>2</sup>	Inland Empire Health Plan <sup>3</sup>
Subsidy Eligible Population	180,000	200,000	
Medi-Cal Expansion		90,000 – 110,000	70,000 – 90,000

- 70,000 – 90,000 new Medi-Cal IEHP enrollees projected over the next two years
- 40% - the number of IEHP members that do not have a primary care physician (PCP)
- 75% - the % of those members without a PCP that get assigned to RCRMC
- RCRMC likely to see significant volume growth:
  - $70,000 - 90,000 \times 40\% = 28,000 - 36,000$  IEHP members without PCP
  - $28,000 - 36,000 \times 75\% = 21,000 - 27,000$  additional IEHP members expected to receive care at RCRMC in the next two years

<sup>1</sup> Covered California – [http://www.coveredca.com/news/PDFs/CC\\_101\\_Deck.pdf](http://www.coveredca.com/news/PDFs/CC_101_Deck.pdf)

<sup>2</sup> Predicted Increase in Medi-Cal Enrollment under the Affordable Care Act: Regional and County Estimates.  
[http://laborcenter.berkeley.edu/healthcare/aca\\_fs\\_medi\\_cal.pdf](http://laborcenter.berkeley.edu/healthcare/aca_fs_medi_cal.pdf)

<sup>3</sup> Dr. Brad Gilbert, CEO IEHP. Huron Interview, July 17<sup>th</sup>, 2013

# Riverside Health Enterprise Strengths

## SUMMARY

Despite the many challenges facing Riverside County, it has a number of key strengths upon which to build.

Strengths	Description
1. Committed leadership	<ul style="list-style-type: none"> <li>• Focused on delivering high quality, cost effective care to Riverside County residents</li> <li>• High degree of community engagement</li> </ul>
2. Multiple healthcare departments and assets	<ul style="list-style-type: none"> <li>• Exceptionally well situated to meet the mandates of ACA emphasizing coordinated care, mental health parity, and preventative care.</li> </ul>
3. Public health focus	<ul style="list-style-type: none"> <li>• Acute sensitivity to the centrality of "population health" as a cornerstone of Riverside County's "human capital", and its contribution to economic prosperity and the County's quality of life</li> <li>• Emphasis on valuing preventative care, social (e.g., eating habits) and infrastructure (e.g., public transportation) factors that affect overall population health</li> </ul>
3. Payer alignment with IEHP	<ul style="list-style-type: none"> <li>• Increasing Medi-Cal patient volume will be directed to RCHS</li> </ul>
4. Strong academic affiliations	<ul style="list-style-type: none"> <li>• Strengthen existing partnerships and continue pursuing mutually beneficial opportunities</li> </ul>
5. Significant market share	<ul style="list-style-type: none"> <li>• Highest IP/OP volumes make RCRMC the leading provider of care for County residents</li> </ul>
6. Low Income Health Program	<ul style="list-style-type: none"> <li>• Successful enrollment program that will convert to Medical in 2014 effectively doubling Medicaid reimbursement given 100% federal reimbursement</li> </ul>
7. Mental Health funding	<ul style="list-style-type: none"> <li>• Proposition 63 has enabled continued funding for Mental Health programs despite state / county fiscal constraints</li> </ul>



# Riverside Health Enterprise Challenges

## SUMMARY

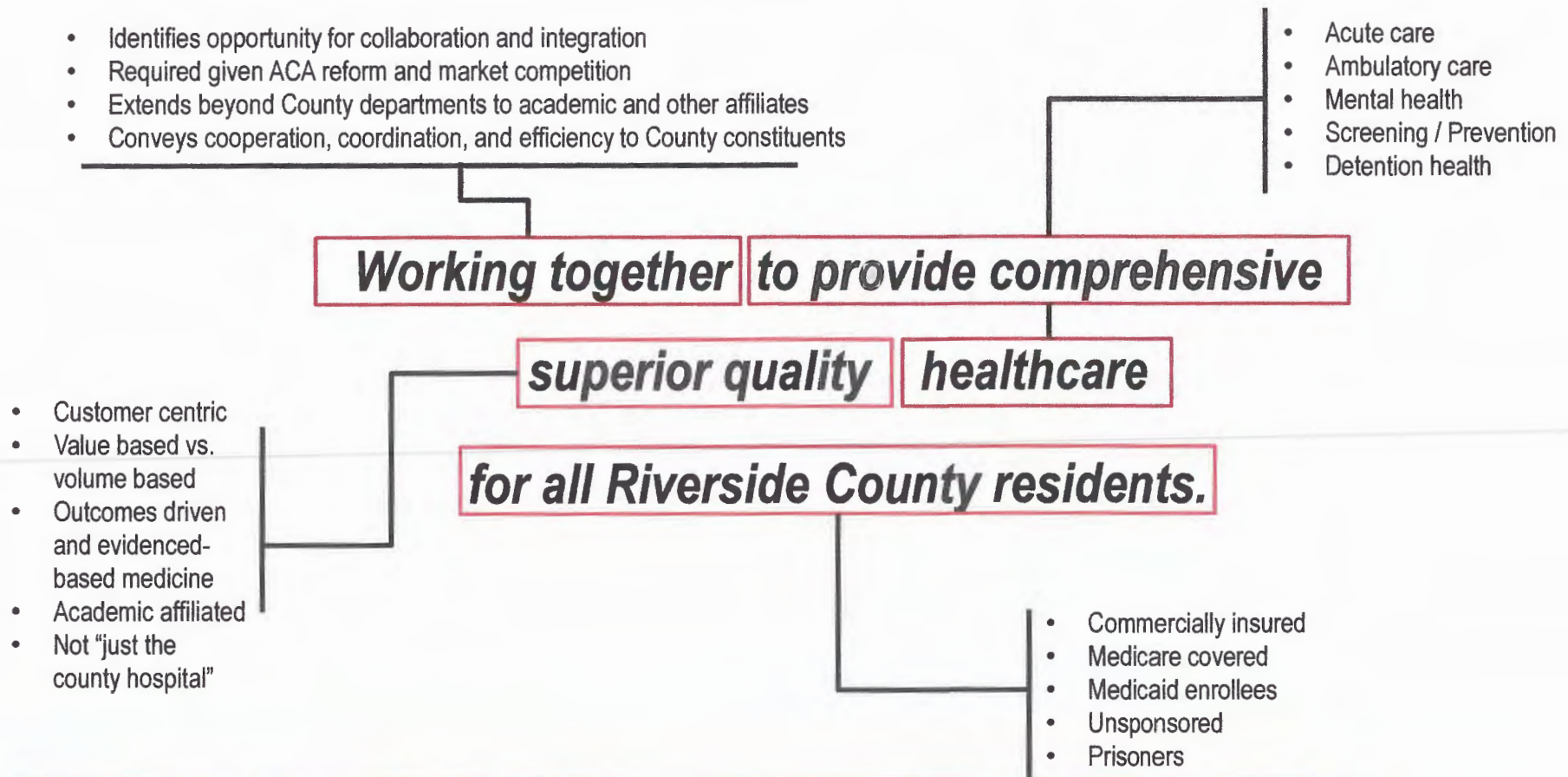
Riverside County must address the following health care challenges in order to prosper in the future.

Challenges	Description
1. Lack of integrated healthcare vision	<ul style="list-style-type: none"> <li>Multiple county departments and services need to have consistent integrated vision</li> </ul>
2. Lack of aligned organizational structure	<ul style="list-style-type: none"> <li>Improved organizational structure will help facilitate and support delivery of care in the most effective and efficient manner</li> </ul>
3. Public health clinic integration	<ul style="list-style-type: none"> <li>Recent integration of clinics into RCHS' ambulatory network highlights the need for better coordination between departments, integrating different IT systems, and improving patient experience</li> </ul>
4. RCHS financial losses	<ul style="list-style-type: none"> <li>Weak financial position causing significant drain on County general funds and prompts concerns about future liabilities</li> </ul>
5. Detention and mental health cost structure	<ul style="list-style-type: none"> <li>Reevaluate current cost structure that is causing significant losses to RCHS</li> <li>In aggregate, demand for services far outstrips available resources for both inpatient and outpatient care, leading to contracting with non-county providers and ER overcrowding</li> </ul>
6. Affordable Care Act reforms	<ul style="list-style-type: none"> <li>Increased patient volume s will further stress the capacity constraints of the health system, specially in an environment where newly insured patients can "vote with their feet"</li> </ul>
7. Academic affiliations	<ul style="list-style-type: none"> <li>Provide growth opportunities but also challenges as RCHS determines how best to align with UCR relative to its ongoing affiliations with Loma Linda and Western</li> </ul>
8. Lack of data driven decision-making	<ul style="list-style-type: none"> <li>Prepare for capturing additional data to help make better decisions</li> </ul>

# Health Enterprise Vision

## CREATING A UNIFYING VISION AND MISSION

While each of the County's primary health agencies seeks to fulfill its mission and vision, there is not a unifying County-wide health care vision that emphasizes integration and collaboration in pursuit of County resident health. The following proposed vision (or alternative as developed) begins to acknowledge the many health care strengths within Riverside County, the diverse constituencies it serves, and the need for collaboration to meet their needs.





# Health Enterprise Goals

The following goals support the Riverside County health enterprise vision and will help determine its strategic priorities.

## Enterprise Goals

- ✓ ACA readiness
- ✓ High quality, cost effective care
- ✓ Competitively differentiated health care
- ✓ High patient satisfaction and excellent patient experience
- ✓ Nimbleness of organizational decision-making
- ✓ Strong UCR School of Medicine affiliation
- ✓ Enabling infrastructure that supports a strong health enterprise
- ✓ Improved financial performance
- ✓ Economically viable and sustainable business model
- ✓ Revenue capture opportunities

*Measuring Riverside progress towards these goals will demonstrate the effectiveness of its strategy.*



# Strategic Priorities

The following strategic priorities will help Riverside County achieve its desired vision and goals in serving the health needs of County residents while also addressing the organizational and market challenges it faces.

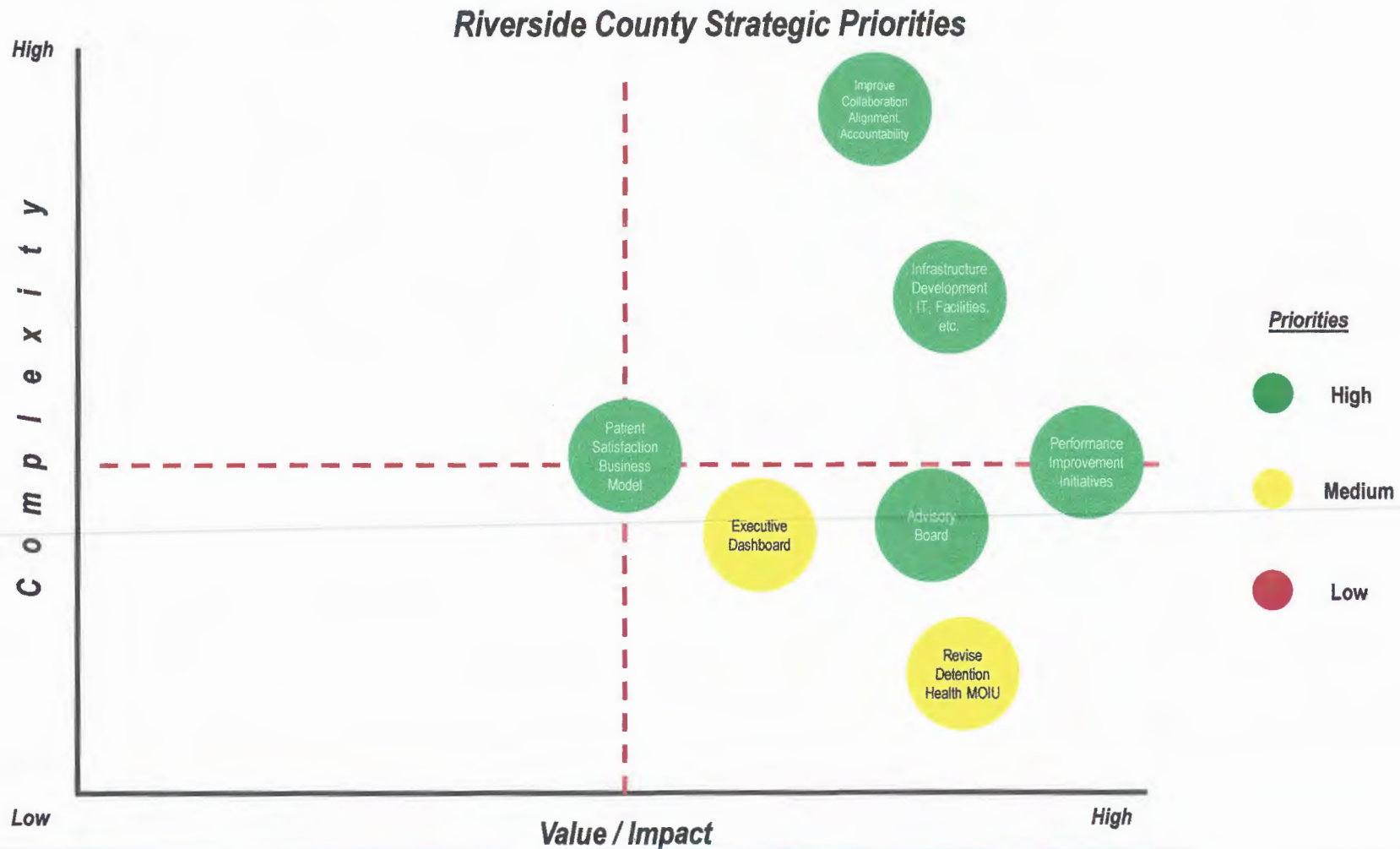
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2. Implement recommended performance improvement initiatives	2. Coordinate, improve, and develop ambulatory network and plan
3. Develop a health system-wide patient/customer satisfaction/experience plan	3. Identify, prioritize, and implement clinical service lines
4. Revisit MOU between Detention Health and Sheriff's Department to address need for greater transparency of expense allocation	4. Explore payor/provider partnerships with IEHP
5. Develop the necessary infrastructure – IT, facilities, systems – that support the health enterprise under health reform	5. Develop medical staff development plan
6. Create management report cards and executive level dashboard	6. Conduct environmental and competitive market assessment
7. Development of a county healthcare advisory board	7. Determine optimal affiliation model with UCR School of Medicine and execute accordingly
8. County health enterprise organization and governance redesign	8. Develop comprehensive marketing and communications plan
	9. Develop a structured methodology to consider offers of strategic options/partnerships for RCRMC
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# Riverside County Health Strategy

## INTERNALLY FOCUSED INITIATIVES

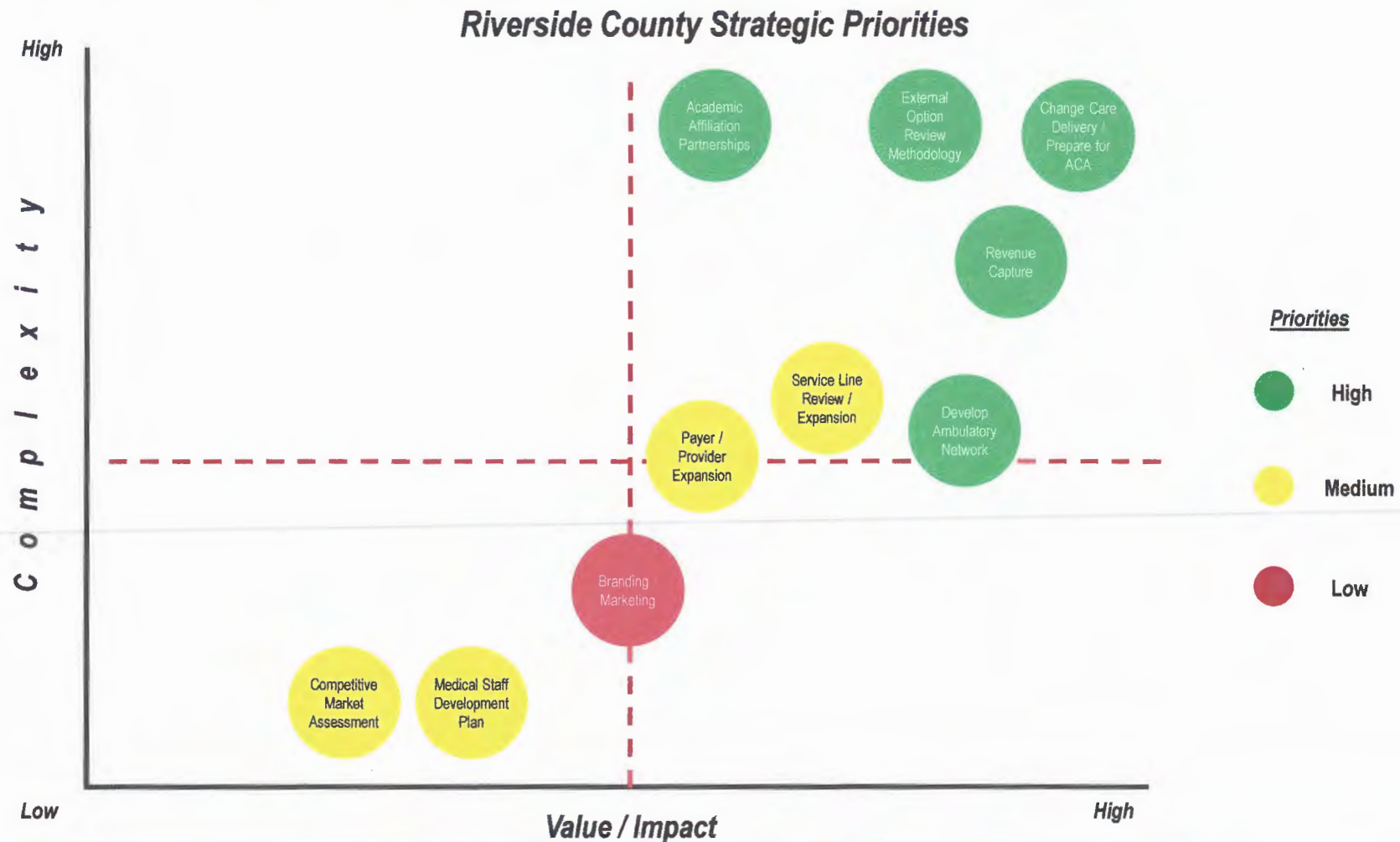
Building upon the strategic priorities, these initiatives will help drive Riverside County to better determine focus areas, and resources needed to address the challenges ahead.



# Riverside County Health Strategy

## EXTERNALLY FOCUSED INITIATIVES

Building upon the strategic priorities, these initiatives will help drive Riverside County to better determine focus areas, and resources needed to address the challenges ahead.





# 1. Promote Collaboration Across System

An initial priority is to promote greater collaboration, alignment, and accountability across the health care enterprise. Key elements of this strategy are outlined below.

Key Components	Strategic Considerations
1. Health Care Governance Committee ("HCGC")	<ul style="list-style-type: none"> <li>Establishment of HCGC an important step toward facilitating collaboration across the health enterprise, however current effectiveness is in question given continued operational, financial, and strategic challenges</li> <li>Defined leadership, accountability, and reporting mechanisms required to facilitate effective and collaborative health enterprise decision-making (e.g., appoint Chair with more authority)</li> <li>County Board of Supervisors and CEO to define HCGC charge and accountabilities</li> </ul>
2. Executive Dashboard and Metrics	<ul style="list-style-type: none"> <li>Develop an executive level reporting dashboard of key performance indicators from across the health enterprise to be reviewed on a regular basis by the HCGC</li> <li>HCGC to hold respective leaders accountable to enterprise performance and developing collective approaches to improving and measuring performance</li> <li>Dashboard becomes the foundation to make fact-based decisions in a more nimble manner and that helps operationalize implementation efforts</li> </ul>
3. County-wide Health Care Governance and organizational restructuring	<ul style="list-style-type: none"> <li>For consideration: redesign of governance structure and accountability models.</li> <li>Transformative leadership models</li> </ul>

# 1. Promote Collaboration Across System

## SYNERGIES ACROSS THE HEALTH ENTERPRISE

The following opportunities illustrate where greater collaborations could occur across the county.

County Collaboration	Opportunities
<ul style="list-style-type: none"> <li>Public Health and Health System</li> </ul>	<ul style="list-style-type: none"> <li>Staff augmentation and coordinated patient enrollment into Medi-Cal</li> <li>Integration of patients identified through screening programs into physician and ambulatory network</li> <li>IT systems integration allowing access to all patient care information in one place improving quality of care and operational efficiency</li> </ul>
<ul style="list-style-type: none"> <li>Mental Health and Health System</li> </ul>	<ul style="list-style-type: none"> <li>Access and integration of mental health professionals into clinic setting to provide comprehensive cost effective care and help reduce ED volume</li> <li>Continued efforts to streamline behavioral health ED volume to improve patient flow and throughput</li> <li>IT systems integration allowing access to all patient care information in one place improving quality of care and operational efficiency</li> </ul>
<ul style="list-style-type: none"> <li>Detention Health / Mental Health and County Corrections</li> </ul>	<ul style="list-style-type: none"> <li>Optimized delivery of services at point of care, e.g., nurses administering more than just prescriptions</li> <li>Metrics and data driven dashboard to monitor statutory detention health standards and quality measures</li> <li>Mental Health providers/staff at detention facilities should facilitate enrollment into post-release programs for new Medicaid eligibles under ACA; working with the court system, mental health and substance abuse treatment can perhaps more widely be offered as alternative to incarceration</li> </ul>
<ul style="list-style-type: none"> <li>Riverside County and Health Care Affiliates</li> </ul>	<ul style="list-style-type: none"> <li>IEHP is willing and capable partner in developing initiatives to streamline volume to RCHS and improve health care delivery (e.g., healthcare information exchange network)</li> <li>Opportunity to work more collaboratively on mutual commitment to health of Riverside County</li> </ul>
<ul style="list-style-type: none"> <li>Department of Aging and Health System</li> </ul>	<ul style="list-style-type: none"> <li>Utilize the Department of Aging "Coleman Project" to help with discharge management and avoidance of readmissions</li> </ul>



# 1. Promote Collaboration Across System

## COUNTY WIDE HEALTHY COMMUNITY INITIATIVES

The impact of county wide healthy community program has had a positive impact on Riverside Community. These programs need to be leveraged to further the vision/mission of the County as well as support the delivery of high quality cost effective care.

### *Illustrative Examples:*

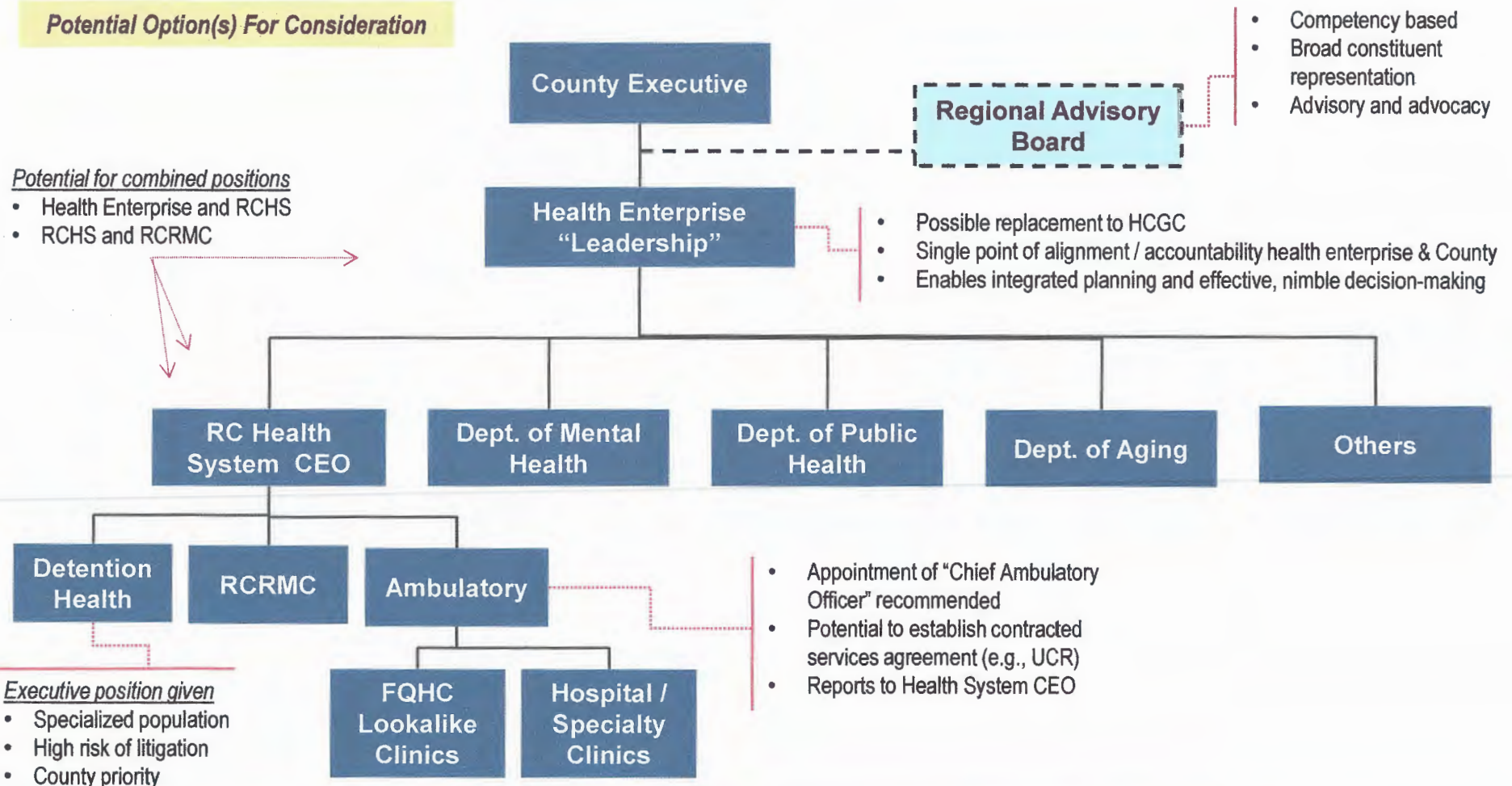
- ***The Healthy Riverside County Initiative***, in concert with the State and other local health departments, valuably directs resources in community-based chronic disease prevention aimed at reducing acute medical costs and enhancing the community's overall health.
- ***Public Health's "Public Health Nurse program"*** performs valuable public health services (e.g., prenatal and post-natal care) often elsewhere the domain of providers and non-government community organizations.
- ***The Care Integration Collaborative (CIC)*** provides a new model and roadmap for integrated care delivery as envisioned by ACA; However, realignment of FQHC clinics to RCMC management has impeded collaboration with Public Health in co-locating medical and mental health services in the clinics.

# 1. Promote Collaboration Across System

## GOVERNANCE AND ORGANIZATIONAL MODEL CONSIDERATIONS

To foster the desired collaboration and accountability across the health enterprise, a modified organizational structure that better aligns leadership and decision-making is worth consideration.

### Potential Option(s) For Consideration





## 2. Prepare for Health Care Reform

ACA and other market forces affecting health care economics requires that Riverside County demonstrate its ability to deliver high quality care efficiently. Many of the critical success factors in preparation for ACA reform will be the result of other strategic priorities identified in this strategic plan.

### Critical Success Factors

1. **Information and technology integration:** Reimbursement incentives will accrue to those organizations that through their patient reporting systems (e.g., EMR, health exchange) can demonstrate quantitatively their efficacy and efficiency.
2. **Quality and outcomes focus:** Maintain, track, and continuously improve quality (e.g., readmission) in support of reimbursement models (e.g., shared savings programs, bundled/global payments) that will increasingly reward outcomes, value, and efficiency rather than just volume.
3. **Medi-Cal enrollment:** Work collaboratively with Public Health to increase and train staff to enroll significant volume of new patients come 2014 when ACA reforms will increase Medi-Cal enrollment significantly.
4. **Coordinated cost effective care:** Develop effective integrated delivery network that delivers the right care in the right place at the right time. This will require a shift away from a hospital centric model of care to a more ambulatory based / PCMH model of care.
5. **Patient satisfaction and experience:** Riverside County must improve its patient satisfaction and experience as a key quality measure affecting reimbursement and to help prevent patients from seeking care outside the system once they have portable insurance through Medi-Cal expansion and the subsidized exchange.
6. **Informed and sustainable economic projections:** Modeling, projecting, and tracking fiscal performance relative to anticipated changes in reimbursement at the federal, state, county, and commercial level will enable more nimble decision-making as market dynamics evolve rapidly.
7. **System capacity and allocation:** ACA implementation will necessitate deliberate, considered policy decisions regarding system capacity and its allocation: earmarking capacity for patients with third party reimbursement (Medicaid, LIHP, etc.) will “crowd out” the uninsured; failure to implement such policy risks the reverse: the uninsured will crowd out paying patients.

# 3. Performance Improvement

## SUMMARY OVERVIEW

Implementing the Huron identified performance improvement initiatives – which are separately documented in detail - will help create a more financially viable and sustainable foundation upon which to build the health care system.

### Performance Improvement

1. Clinical Documentation Improvement
2. Clinical Operations
3. Human Resources
4. Labor
5. Non-Labor
6. Physician Services
7. Revenue Cycle

#### Key Benefits:

- *Immediate ROI*
- *Sustainable results*
- *Supports pro-active investment vs. reactive stop-gap measures*
- *Comprehensive performance improvement = improved patient (and employee) satisfaction*

*Huron estimates an overall combined financial improvement opportunity of \$45-\$66M in recurring annual benefit.*





## 4. Develop Patient Satisfaction/ Experience Plan

Improvement in patient satisfaction will have significant positive effects across the enterprise affecting quality, reimbursement, enrollment, retention, competitive positioning, physician and staff satisfaction, and branding. The following begins to outline the key areas of focus in support of patient experience excellence and development of a health system-wide patient/customer satisfaction/experience plan.

### Key Facets of Patient Experience Excellence

<b>1. Safety</b>	<ul style="list-style-type: none"><li>• Open communication and timely feedback on patient safety and care experience guided by the expectation "First, Do No Harm."</li></ul>
<b>2. Quality</b>	<ul style="list-style-type: none"><li>• Evidence-based care delivering superior outcomes compared with national, state and regional benchmarks; peer databases; internal standards; and patient and family experience.</li></ul>
<b>3. Affordability</b>	<ul style="list-style-type: none"><li>• Care provides value as judged by patients and their payers. Costs will compare favorably with organizations providing comparable services.</li></ul>
<b>4. Easy for me</b>	<ul style="list-style-type: none"><li>• A convenient and seamless patient and family experience that is accessible and welcoming. Patients know what will happen in their journey and waits are filled with value-added information and resources.</li></ul>
<b>5. Voice &amp; choice</b>	<ul style="list-style-type: none"><li>• Patients receive all necessary information to make knowledgeable and confident choices about their health conditions, treatment options and overall well-being. Patients are embraced as partners in care.</li></ul>
<b>6. Authentic personalized relationships</b>	<ul style="list-style-type: none"><li>• We know our patients and see health care from their perspective. Patients feel like family because of the authentic and meaningful relationships we build with them.</li></ul>

*Riverside County should consider engaging a patient experience consultant to assist the system through this very important and culturally transformational process that must infiltrate through all levels of staff from the top down.*



# 5. Revisit Detention Health MOU

## KEY AREAS TO ADDRESS

Detention health continues to be a troublesome area as the statutory needs of the Sheriff's Department are misaligned with the resources and operations necessary to deliver on those requirements.

### ***Revisit the MOU between the medical center and sheriff's office to insure the following***

1. Financial reporting of all expenses and budgets, insure parity between medical center and sheriff's department budgets
2. Development of a patient tracking report for all episodes of care and associated expenses
3. Ensure heightened level of customer service and responsiveness of Medical Center to internal customer (sheriff's department) needs
4. Revisit MOU between Sheriff's Department and Hospital to insure highest level of transparency and rationalization of funds flow
5. Create distributed staffing and care model that supports nurses delivering point of care services consistent with their level of training (e.g., not just delivery of medications)
6. Initiate programs to address high rates of substance abuse / mental health needs including post-release transitioning to treatment programs to help reduce recidivism
7. Establish leadership position with clear and accountable reporting structure within RCHS, empowered to work effectively with Sheriff's department given the high risk of prisoner litigation and the County's prioritized support for effective law enforcement

## 6. Ambulatory Network Development Plan

Riverside County's ambulatory network is an asset to leverage, but initial focus should be on improving coordination and efficiency across the existing network to establish a financially strong and replicable model before considering future expansion and development.

### Ambulatory Priorities

1. Operational improvement (e.g., scheduling/registration, patient flow and throughput, revenue cycle, TARS, etc.)<sup>1</sup>
2. Empowered, accountable, and incentivized leadership developed internally or through contracted services model
3. Management reporting (e.g., report cards, dashboards)
3. Coordinated staffing model with DPH to help secure anticipated increase in Medi-Cal enrollment
4. Patient satisfaction initiatives (e.g., surveys, amenities)
5. Provider productivity and performance standards relative to established benchmarks
6. Medical staff development planning in collaboration with academic affiliates
7. Integrated service line planning and expansion in collaboration with Department of Mental Health and other agencies
8. Network expansion and targeted placement that builds upon medical staff, service line, and market needs

<sup>1</sup> Additional ambulatory improvement opportunities are outlined in Huron's performance improvement recommendations



# 7. Service Line Rationalization and Development

BRANDING, REVENUE GROWTH, QUALITY

While service lines development will support competitive positioning and branding, revenue growth, and quality of care, creating service line distinction requires a sound foundation upon which to build and adequate resources.

## Initial Priorities

1. Health system performance improvement is required to ensure:
  - a. There is an overall high quality cost effective care delivery model in place upon which to build competitively differentiated service lines
  - b. There are sufficient operational and capital resources generated with which to invest in prioritized service line development
2. Medical staff engagement in the planning process will be critical to development and implementation success

## Key Characteristics of Leading Service Lines

Identifying the key characteristics of leading service lines will help identify what areas to leverage and where gaps exist that need to be filled

- Integrated, multidisciplinary model of care : *by provider*. (MDs and non-MDs); *by function* (prevention, diagnosis, treatment and management); and *by location*: (OP/IP/Sub-acute)
- Streamlined access across care continuum
- Established clinical practice guidelines and care delivery protocols; outcomes measurement
- Integrated and active research: basic, translational, clinical
- Robust education and training programs (e.g., UME, GME, CME)
- Aligned incentives across the service line
- Sub-specialty expertise

# 7. Service Line Rationalization and Development

## PRIORITIZING SERVICE LINE DEVELOPMENT

Prioritization of service lines will be important in order to optimize limited resources and build momentum with those programs most likely to succeed. Establishing clear evaluation criteria will support the prioritization efforts.

### Evaluation Criteria

1. Assessment relative to key characteristics of leading service lines (see previous page)
2. Competitive positioning, market share, and demographics
3. Mission priorities (e.g., as a safety net hospital)
4. Alignment across health enterprise (e.g., Mental Health, Public Health, Aging)
5. Physician leadership
6. Medical staff development needs / plan
7. Contribution Margin

### Initial Service Line Considerations

- CV
- Stroke
- Chronic care (e.g., diabetes,
- Level II Trauma / ED
- Behavioral Health
- Primary care
- OB



## 8. Develop Enabling Infrastructure

### INFORMATION TECHNOLOGY

Riverside County must invest significantly in basic IT infrastructure (e.g., hardware, data centers) as well as efforts to integrate and streamline its multiple IT systems to support high quality cost effective care and in preparation for ACA reforms.

#### Key elements

1. IT improvement and rapid adoption plan for support of: People Soft, CPOE, EMR (Soarian), and the legacy systems that handle mental health and the clinics
2. Clinical information appears completely siloed by department raising costs and comprising patient care, and the patient experience
3. Universal patient identifier would facilitate patient care, information tracking, and may increase opportunities for reimbursement or 340b eligibility; Integrated medical record would reduce redundant patient care and its costs
4. Clinical integration across county institutions will be dependent on improved IT capabilities

# 8. Develop Enabling Infrastructure

## FACILITIES

Facility investments should be pursued within the context of an overall master campus plan and evaluation framework that can help prioritize limited resources.

Evaluation Criteria	Current Facility Plans	Key Components
<ul style="list-style-type: none"> <li>✓ Operational need</li> <li>✓ Strategic priority</li> <li>✓ Competitive differentiation (or necessity)</li> <li>✓ Financial feasibility</li> <li>✓ Relative ROI</li> <li>✓ Regulatory / Compliance</li> <li>✓ Supports volume shifts from acute to sub-acute settings</li> </ul>	1. ER Expansion	<ul style="list-style-type: none"> <li>• Projected cost \$50m</li> <li>• 5 year development timeline</li> </ul>
	2. Education Training	<ul style="list-style-type: none"> <li>• 35,000 square foot facility under consideration:                             <ul style="list-style-type: none"> <li>– Medical students</li> <li>– Simulation Lab</li> <li>– Physician Office Space</li> </ul> </li> </ul>
	3. Operations	<ul style="list-style-type: none"> <li>• 50,000 square foot development for warehouse, IT, procurement, plant operations</li> </ul>
	4. Psych Beds	<ul style="list-style-type: none"> <li>• Additional beds for county psych needs and/or facility replacement options</li> </ul>



# Payer/Provider Partnerships in Riverside County

- Rather than building an exchange or the risk of a full ACO deployment, the County should consider forging an insurer partnership. Health systems such as RCRMC with less risk tolerance and fewer financial reserves can forge agreements with insurers that give covered patients an incentive to seek treatment in the system's hospitals or outpatient facilities. RCRMC may face an acceptable trade-off. For the opportunity of becoming the hospital of choice of the insurance plan, they should accept to an acceptable degree the negotiated rates the insurer agrees to pay.
- It's also important to be able to access the data, to understand the data management and be able to identify the key populations to focus your attention. Health systems and insurers such as RCRMC and IEHP need to be able to work together to access and use the data they have, both from measurement and a population analytics predictive modeling standpoints and both should share responsibilities around integrated care management.

# 9. Explore Payer/Provider Partnerships

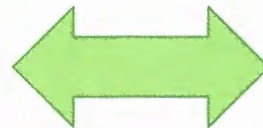
INLAND EMPIRE HEALTH PLAN (IEHP)

HuronHealthcare

Organized as a Joint Powers Agency for the public health benefit of Riverside and San Bernardino counties, IEHP presents a unique opportunity for Riverside County to strategically align with a leading payer in delivering cost effective high quality care.

## Strategic alignment opportunities

- Chronic care disease management models
- Risk based care delivery models
- Integration of exclusive care
- Pilot programs demonstrating evidence based cost effectiveness for high cost priority areas (e.g., mental health)
- Development of a regional health information exchange
- Integration of academic affiliates in select initiatives as outlined above





## 10. Develop a Medical Staff Development Plan

To address the significant physician needs within the system as well as support service line development, a medical staff development plan is necessary in order to prioritize limited resources appropriately.






### ***Key medical staff development planning activities:***

- Conduct 5 year physician needs assessment for service area based on supply and demand for physicians
- Identify physician surplus and shortages by specialty
- Align recruitment with strategic priorities
  - Market needs
  - Service line development needs
  - Ambulatory network development
  - Academic affiliate goals
- Determine recruitment strategies based on physician need
  - Recruit to community
  - Align with existing community physicians
  - Contract with affiliate partners
- Integrate advanced practitioner

# 11. Create Management Report Cards and Executive Level Dashboard

Management report cards and dashboards should be created to reflect the goals of the enterprise and to support leadership's ability to manage effectively.

## Management Report Card (EXAMPLE – Exact Metrics and Targets To Be Determined)

Goal / Metric	Current Performance	Target Performance	Performance Assessment	Key Initiatives
<b>I. High Patient Satisfaction &amp; Excellent Patient Experience</b>				
A. Patient satisfaction	55%	95%		<ul style="list-style-type: none"> <li>Diagnose by service / location/demo</li> <li>Assess leading HCAHPS providers</li> <li>Pilot improvement plans</li> </ul>
B. Days to next available appointment	15 days	< 5 days		<ul style="list-style-type: none"> <li>Diagnose by service line</li> <li>Assess provider schedules, availability and productivity</li> </ul>
C. Average clinic wait time	15 min	<10 min		<ul style="list-style-type: none"> <li>Review on-time starts</li> <li>Assess wait time variability by day / time</li> </ul>
<b>II. Competitively Differentiated Care</b>				
A. OP market share	20%	18%		<ul style="list-style-type: none"> <li>Map patient origin data</li> <li>Review by service line / payer mix</li> </ul>
B. Commercial pay mix	25%	50%		<ul style="list-style-type: none"> <li>Evaluate competitors' payer mix</li> <li>Work with academic affiliates on service line development</li> </ul>



## 12. Conduct Environmental Assessment

An environmental assessment will support fact-based decision-making about key strategic decisions having to do with service line rationalization, recruitment, ambulatory network development, and other related initiatives.

### Key components of conducting an environmental assessment

1. Develop or purchase analytic capabilities to conduct necessary market analyses on an ongoing basis
2. Review clinical service area zip code definitions and mapping to help focus future market analyses
3. Analyze demographic trends within service area focusing on population characteristics and demand for clinical services (e.g., current and projected population by age, sex, race, and income; utilization rates by service line / specialty)
4. Assess the competitive market as it relates to clinical services by profiling not only inpatient facilities but also major physician practices and outpatient facilities
5. Review current affiliation agreements with other providers to identify potential new or augmented opportunities for clinical growth
6. Conduct physician needs assessment
7. Leverage the Department of Public Health's data analysis and other reporting on population health, trends in public health indicators, comparisons to other jurisdictions, etc.

## 13. Academic Model Considerations

Given RCRMC's significant historical affiliations, its developing affiliation with UCR, and the tremendous care delivery and workforce needs within Riverside County, it is worth pursuing an inclusive, integrated, and collaborative planning approach with its academic affiliates to determine collectively how best to achieve respective goals while delivering high quality care to and addressing the health care needs of the people of Riverside County.

### ***Key implementation planning steps toward a stronger academic affiliation(s):***

- Recognize there is not a "best" RCRMC academic model as each provides both advantages and disadvantages that depend on the degree and willingness of all parties to engage in collaborative planning and shared risk
- Secure the interest and participation of all key academic affiliates in collaborative planning approach
- Establish set of shared guiding principles for future academic collaboration
- Conduct market needs assessment to create a fact base foundation upon which to work collaboratively toward workforce, care delivery, and population health needs
- Outline shared goals and challenges along with current efforts to address them
- Consider possible affiliation models and terms of agreement that can support closing the gap between current performance and the desired future state
- Recognize and address possible conflicts while working to mitigate risk and limit competitive disruptions
- Focus on quick wins and prioritized areas that will have the most benefit
- Build a financially sustainable transparent business case in support of the collective go-forward strategy



# 13. Affiliation Models

## EVALUATION CRITERIA

The following evaluation criteria reflect RCRMC priorities for affiliating more closely with UCR, Loma Linda, and Western and should be considered when evaluating potential affiliation models.

Evaluation Criteria	1. Formal Affiliation	2. Consortium	3. Joint Powers	4. UC Acquisition
1. Mission/vision alignment				
2. Integration of existing academic affiliations				
3. GME growth and workforce development				
4. Access to high quality academic faculty				
5. Flexibility in decision-making				
6. Financial support and sustainability				
7. Implementation difficulty				
8. UC/UCR Branding				
9. Impact on clinical care delivery				
<b>Total</b>				

**Criteria Rating Scale: 1 = Unfavorable; 2 = Acceptable; 3 = Favorable**

# 13. Affiliation Agreements

## IMPLEMENTATION PLANNING

Affiliation agreements between partner institutions are one of the most crucial elements of developing the medical center - medical school affiliation model. Examples of content areas and their components are included below and need to reflect the respective goals that each organization is seeking out of the anticipated affiliation model.

Affiliation Agreement Content Areas	Examples of Components
Educational Program	Term, Effective Date, Governance
Student Services	Structure, Curriculum Governance
Facilities	Structure, Offerings
Finance	Space Allocations for each Function
Faculty Affairs	Tuition, Budget, Funds Flow
Program Leadership and Staff	Appointments, Committees
GME DIO, Other Administration	Board Appointments, Dispute Resolution



# 14. Develop Comprehensive Marketing, Brand & Communication Plan

As the Riverside County health system begins to improve its operational performance, patient experience, academic affiliations, capital infrastructure, ambulatory network, and service line offerings, a comprehensive integrated marketing and communications plan will need to be developed to communicate more effectively to the residents of Riverside County the benefits of the public health system.

## Key marketing initiatives:

1. Identify Target Constituents	2. Clarify Messaging	3. Determine Communication Channel(s)
<ul style="list-style-type: none"> <li>• Patients and families (overall and by payer)</li> <li>• Physicians</li> <li>• Affiliates</li> <li>• Competition</li> <li>• Employees</li> <li>• Taxpayers</li> <li>• Employers</li> </ul>	<ul style="list-style-type: none"> <li>• Quality</li> <li>• Access</li> <li>• Comprehensive services</li> <li>• Subspecialized care</li> <li>• Patient experience</li> <li>• Value</li> <li>• Cultural awareness &amp; sensitivity</li> <li>• History</li> <li>• Vision and Mission</li> </ul>	<ul style="list-style-type: none"> <li>• Broadcast</li> <li>• Print</li> <li>• Billboard</li> <li>• Internet</li> <li>• Social Media</li> </ul>

Marketing and communications will play key roles in changing perceptions of RCRMC as more than just “the county hospital” as its services and performance improve.

# Implementation Planning

## STRATEGIC PRIORITIES AND TIMING

The timeline for implementing key strategic priorities and initiatives is outlined in further detail below.

Strategic Initiatives	2013		2014				2015			
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>1. Promote greater system collaboration</b>	[Grey bar across all quarters]									
a. Establish Healthcare Governance Committee	[Yellow bar]		[Green background]							
b. Develop Executive Dashboard and Metrics	[Yellow bar]		[Green background]							
c. Reconsider Healthcare Organization Structure	[Yellow bar]		[Green background]							
d. Partner with public, mental, detention, and other healthcare affiliates to provide improved care	[Yellow bar]		[Green background]							
<b>2. Prepare for healthcare reform</b>	[Grey bar across all quarters]									
a. Prepare and train staff for Medi-Cal enrollment	[Yellow bar]		[Green background]							
b. Information and technology integration	[Yellow bar]		[Green background]							
c. Improve patient satisfaction and experience	[Yellow bar]		[Green background]							
<b>3. Implement performance improvement</b>	[Grey bar across all quarters]									
a. Huron's PI initiatives (CDI, Clinical Ops, HR, Labor, Non-Labor, Physician Services, Revenue Cycle)	[Yellow bar]		[Green background]							
<b>4. Improve patient satisfaction</b>	[Grey bar across all quarters]									
a. Develop patient satisfaction plan with metrics focusing on safety, quality, affordability,	[Yellow bar]		[Green background]							



# Implementation Planning

## STRATEGIC PRIORITIES AND TIMING

The timeline for implementing key strategic priorities and initiatives is outlined in further detail below.

Strategic Initiatives	2013		2014				2015			
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>5. Revisit Detention Health MOU</b>	[Grey bar]									
a. Develop Patient Tracking Reports	[Yellow bar]									
b. Revisit staffing and care model with care delivered by appropriate level personnel	[Yellow bar]									
<b>6. Develop ambulatory network</b>	[Grey bar]		[Grey bar]							
a. Operational Improvement	[Yellow bar]		[Yellow bar]							
b. Management Reporting Productivity Standards	[Yellow bar]		[Yellow bar]							
c. Medical Staff Development and Service Line Planning			[Yellow bar]							
<b>7. Develop service lines priorities</b>			[Grey bar]							
a. Assess demographics, and market share			[Yellow bar]							
b. Determine resource requirements			[Yellow bar]							
c. Build and develop agreed-upon service lines					[Yellow bar]					
<b>8. Infrastructure investments</b>	[Grey bar]		[Grey bar]							
a. Identify system needs	[Yellow bar]									
a. Invest in hardware/software to support high quality care		[Yellow bar]								
a. Integrate and streamline IT systems		[Yellow bar]	[Yellow bar]							
<b>9. Explore payor/provider relationship with IEHP</b>	[Grey bar]		[Grey bar]							

# Implementation Planning

## STRATEGIC PRIORITIES AND TIMING

The timeline for implementing key strategic priorities and initiatives is outlined in further detail below.

Strategic Initiatives	2013		2014				2015			
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
10. Develop medical staff development plan			■							
a. Conduct physician needs assessment			■							
b. Align recruitment with other strategic priorities			■							
c. Determine recruitment strategies based on physician need			■							
11. Create management report cards and executive level dashboard	■									
12. Conduct Environmental Assessment	■									
a. Develop analytical capabilities for market analysis	■									
b. Analyze trends to make strategic decisions		■								
13. Determine UCR affiliation model		■								
a. Define shared guiding principles, and outline shared goals and challenges		■								
b. Review proposed models			■							
c. Determine optimum partnership(s) structure going forward				■						



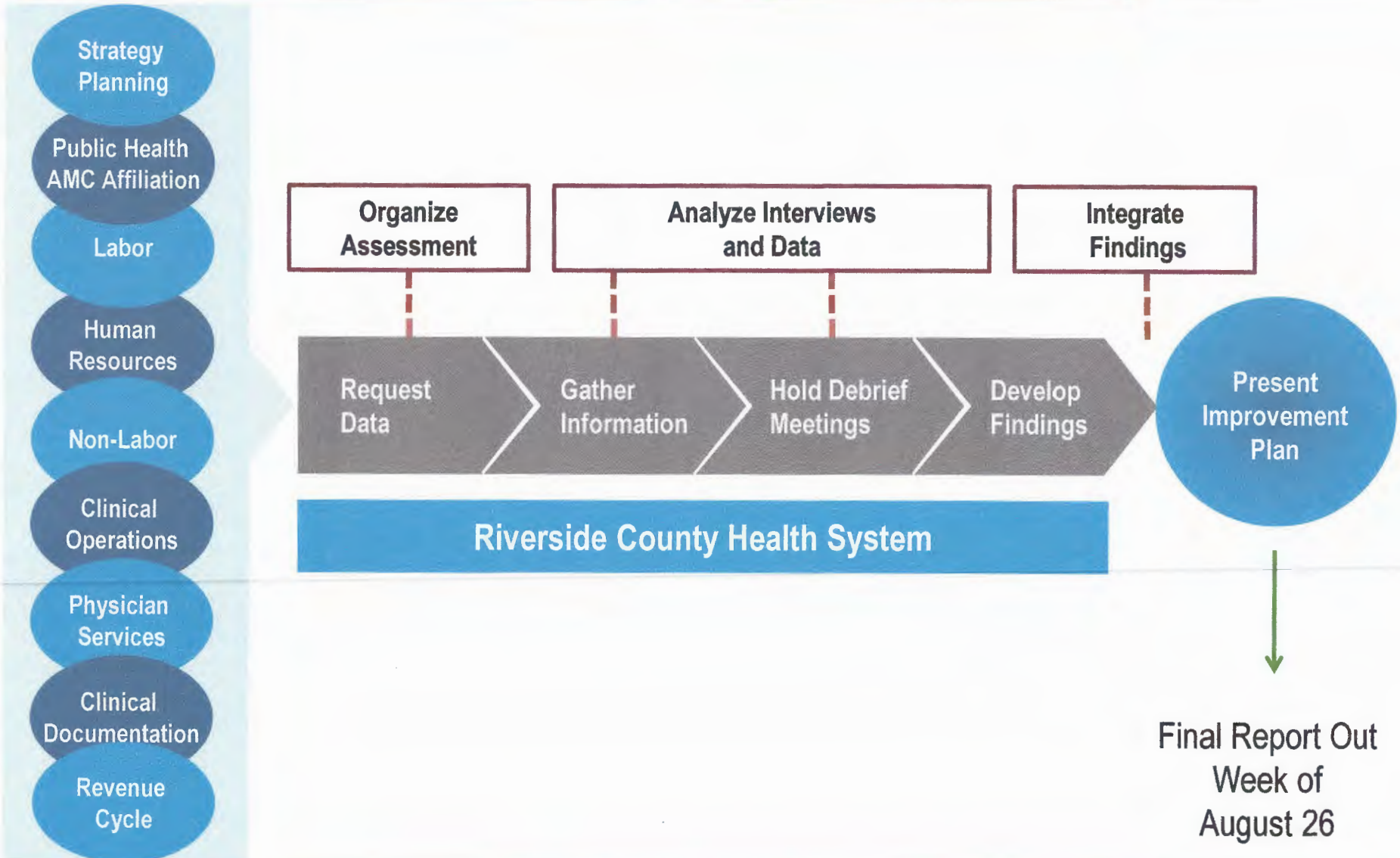


# Agenda

- Introduction
- Health System Strategic Plan
- Hospital Operational and Financial Performance Review
  - Non-Labor
  - Labor
  - Human Resources
  - Physician Services
  - Revenue Cycle
  - Clinical Documentation Improvement
  - Clinical Operations
- Conclusion



# Assessment Approach and Methodology



# Executive Summary

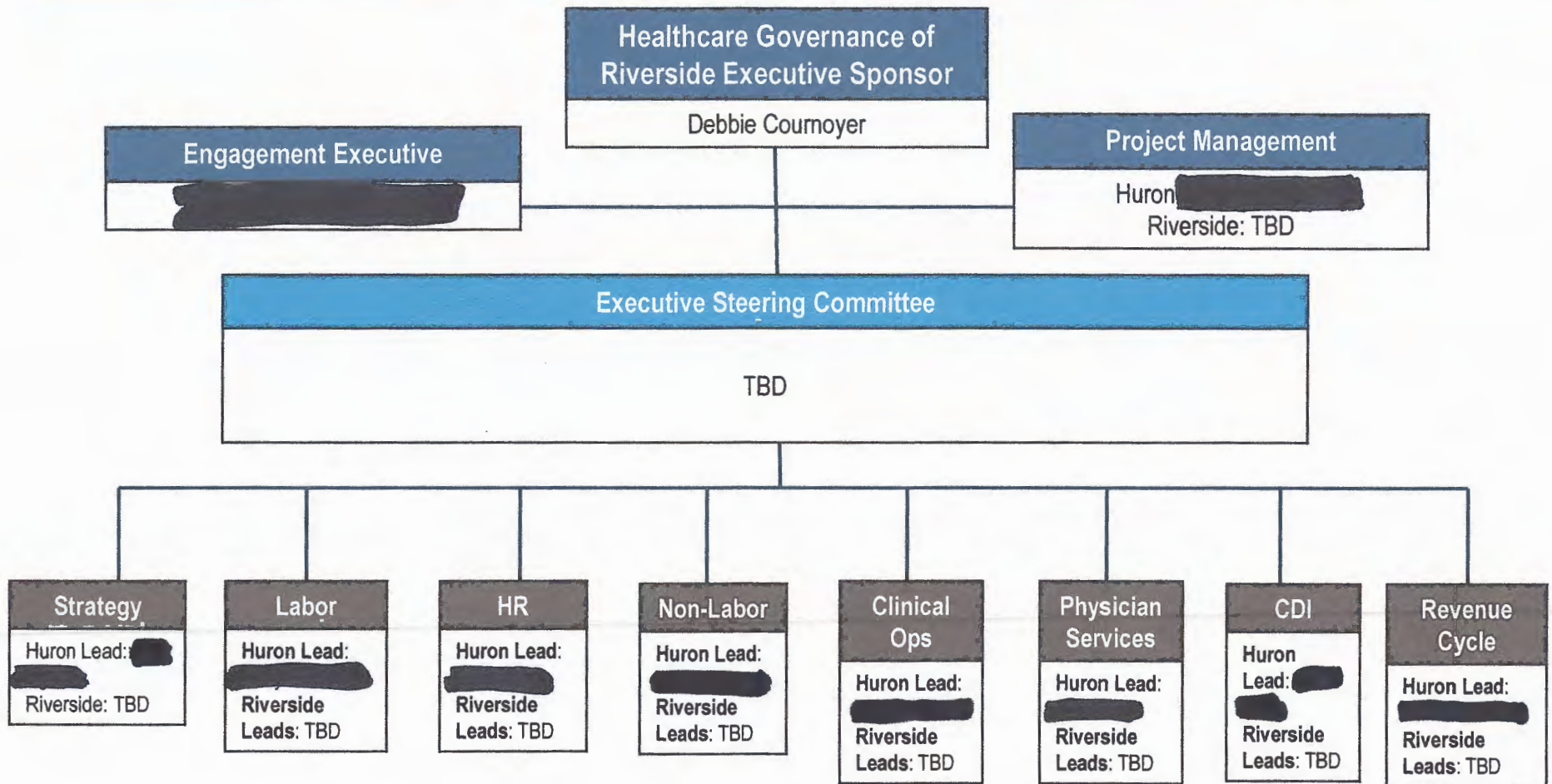
## FINDINGS

Huron Healthcare has identified recurring annual benefit ranging from a low of \$45 million to a high of \$66 million.

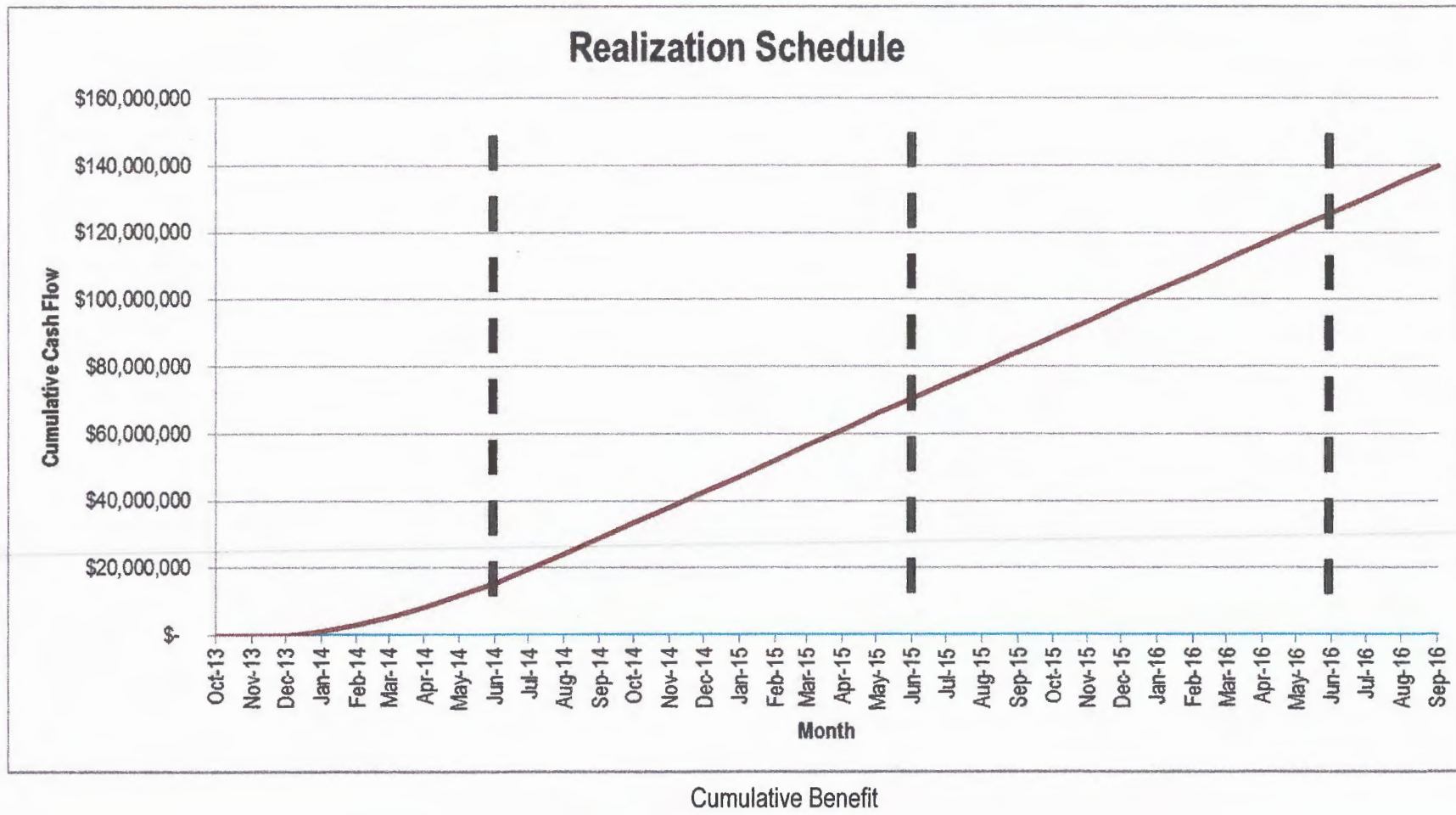
Solution	Annual Benefit		
	Low	Mid	High
<b>Non-Labor</b>	\$ 13,185,000	\$16,630,000	\$20,075,000
<b>Labor</b>	\$ 8,948,000	\$11,017,000	\$13,086,000
<b>Human Resources</b>	\$ 4,000,000	\$ 5,500,000	\$ 7,000,000
<b>Physician Services</b>	\$ 9,600,000	\$11,300,000	\$13,000,000
<b>Revenue Cycle</b>	\$ 5,000,000	\$ 6,000,000	\$ 7,000,000
<b>CDI</b>	\$ 650,000	\$ 675,000	\$ 700,000
<b>Clinical Operations</b>	\$ 3,600,000	\$ 4,400,000	\$ 5,200,000
<b>Total Recurring Benefit</b>	\$ 44,983,000	\$55,522,000	\$66,061,000
<b>RC ICB</b>	\$6,000,000	\$7,000,000	\$8,000,000
<b>One Year Benefit</b>	\$50,983,000	\$62,522,000	\$74,061,000
<b>Three Year Benefit</b>	\$140,949,000	\$173,566,000	\$206,183,000



# Project Organizational Structure



# Cumulative Benefit

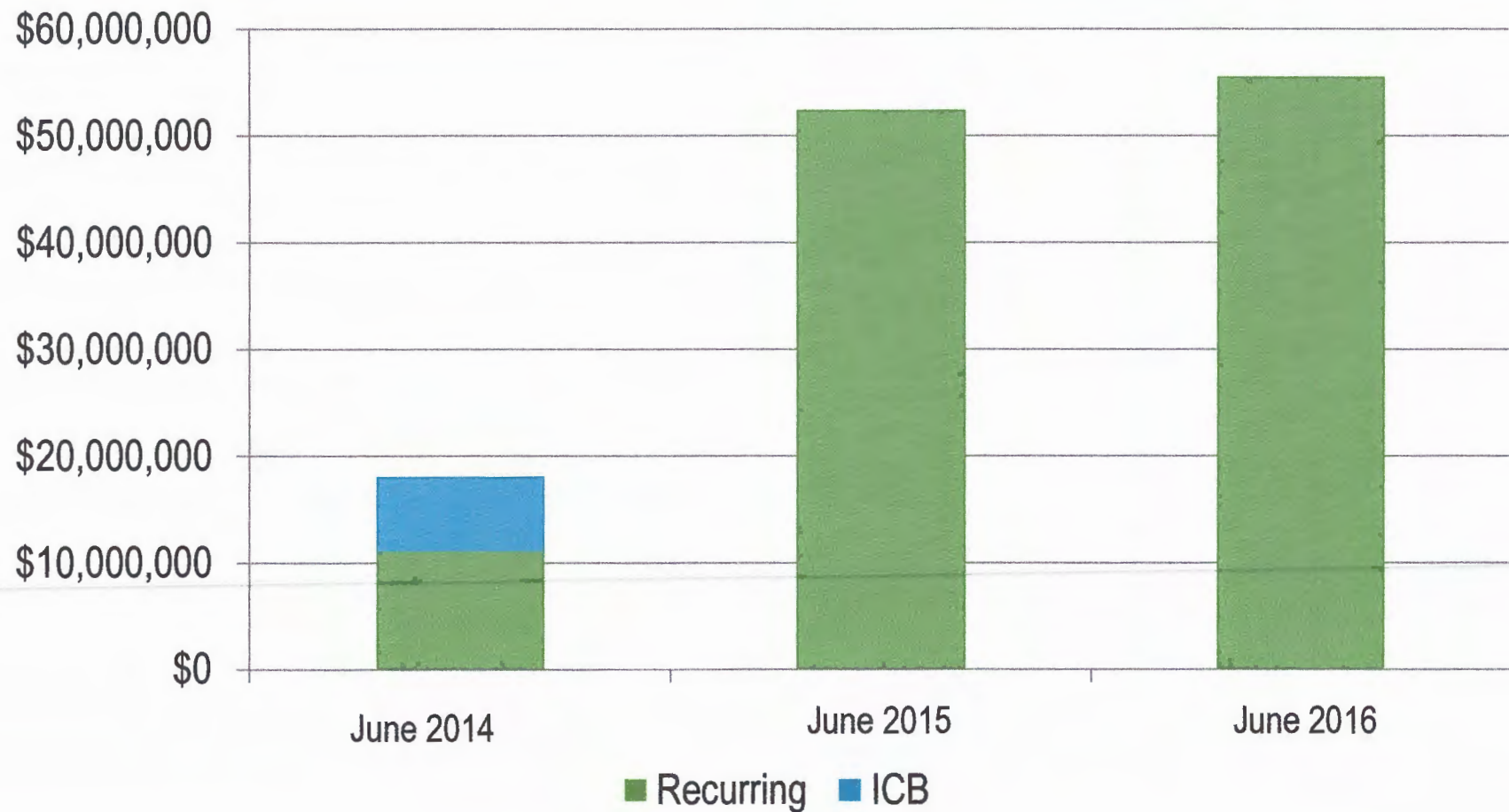




# Annual Benefit

REALIZED BENEFIT FOR FY 2013, 2014, 2015

HuronHealthcare



# Agenda

- Introduction
- Health System Strategic Plan
- Hospital Operational and Financial Performance Review
  - Non-Labor
  - Labor
  - Human Resources
  - Physician Services
  - Revenue Cycle
  - Clinical Documentation Improvement
  - Clinical Operations
- Conclusion



# Non-Labor

## SCOPE OF REVIEW AND METHODOLOGY

Clinical	Pharmacy & Lab	Non-Clinical	Shared Services
<ul style="list-style-type: none"><li>• Perioperative</li><li>• Orthopedics &amp; Spine</li><li>• Cardiology/Interventional Radiology</li><li>• Med/Surg</li><li>• Linen</li><li>• Respiratory Therapy</li><li>• Dialysis</li><li>• Others</li></ul>	<ul style="list-style-type: none"><li>• Clinical Pharmacy</li><li>• Antibiotics</li><li>• Drug Formulary</li><li>• 340B Optimization</li><li>• 340B Contract Pharmacy</li><li>• Blood Utilization</li><li>• Reference Lab</li><li>• Laboratory Outreach</li><li>• Histology</li><li>• Others</li></ul>	<ul style="list-style-type: none"><li>• Distributor Services</li><li>• GPO Services</li><li>• Equip Maintenance</li><li>• Facilities Management</li><li>• Food Services</li><li>• Environmental Services</li><li>• Transcription</li><li>• Freight</li><li>• Clinical Engineering</li><li>• Professional Services</li><li>• Others</li></ul>	<ul style="list-style-type: none"><li>• Marketing</li><li>• Legal</li><li>• Information Technology</li><li>• Telecommunications</li><li>• Banking</li><li>• Office Supplies</li><li>• Facilities</li><li>• Energy Utilization</li><li>• Others</li></ul>

## Huron's Non-Labor Methodology





# Non-Labor Detailed Findings

## FINANCIAL BENEFIT

Area	Low	Midpoint	High
Medical Surgical Services	\$320,000	\$390,000	\$460,000
Surgical & Cardiology Services	\$740,000	\$920,000	\$1,100,000
Pharmacy Clinical & Operations	\$3,330,000	\$3,875,000	\$4,421,000
Pharmacy - 340B	\$6,090,000	\$8,090,000	\$10,090,000
Laboratory	\$629,000	\$736,000	\$842,000
Purchased Services & IT	\$1,156,000	\$1,429,000	\$1,702,000
Facilities / Leases	\$270,000	\$410,000	\$550,000
Food / EVS	\$650,000	\$780,000	\$910,000
<b>Total - Summary</b>	<b>\$13,185,000</b>	<b>\$16,630,000</b>	<b>\$20,075,000</b>





### Observations:

- Clinicians have limited visibility to data to make decisions as well as to track purchases
- Supply Chain has duplicative processes making supply access cumbersome. For items greater than \$1,000, Purchasing must seek at least three (3) competitive bids from vendors
- No reprocessing efforts are currently in place at RCRMC; reprocessing is FDA approved
- There is a value analysis team (VAT) in place, however, there is reportedly not a dedicated resource responsible for VAT activities
- Accomplishing the identified level of savings will require significant changes to current processes, responsibilities and organizational structure









# Clinical Services - Overall

## SUMMARY OF FINDINGS

Area	Rating	Leading Practice	Findings
Reprocessing		[REDACTED]	<ul style="list-style-type: none"> <li>Reprocessing efforts are not in place</li> <li>Development of a robust reprocessing program will yield financial benefits as well as a decrease in the volume of used devices into the waste stream</li> </ul>
Pricing		[REDACTED]	<ul style="list-style-type: none"> <li>Pricing for commodity medical/surgical items is predominately market competitive</li> <li>There are opportunities for improved pricing in some areas such as exam gloves and physician preference implants (CRM, spine, and trauma)</li> </ul>
Standardization Utilization		[REDACTED]	<ul style="list-style-type: none"> <li>Standardization opportunities have been successful in commodity areas such as exam gloves, disposable gowns, suture, and patient plastics</li> <li>Potential opportunities for standardization exist within the book of business with suture, endomechanical and trocar products, and orthopedic and spinal implants</li> <li>Potential opportunities for improved utilization exist with linen, exam gloves, urological products, and IV products</li> </ul>
Value Analysis Process		[REDACTED]	<ul style="list-style-type: none"> <li>There is a VAT process in place at RCRMC</li> <li>The person who was coordinating those activities has left and those duties now lie with the Director of Supply Chain</li> <li>A dedicated resource responsible for the VAT team activities will yield most optimal results for the VAT process</li> </ul>

# Medical Surgical Services

## SUMMARY OF FINDINGS

Area	Rating	Leading Practice	Findings
			Savings Range - \$320K to \$460K
Exam Gloves			<ul style="list-style-type: none"> <li>Exam glove spend is \$600K annually; 85% of spend is with nitrile gloves</li> <li>Nitrile gloves are more costly than vinyl exam gloves</li> <li>Exam gloves are predominately standardized to single vendor (Kimberly Clark) with pricing above market target pricing</li> <li>Renegotiating the pricing for exam gloves and conversion of nitrile gloves to vinyl gloves in non-patient care areas would provide maximum benefits</li> </ul>
Urological Products			<ul style="list-style-type: none"> <li>Annual spend on urological products is \$220K with 79% spent on silver alloyed products</li> <li>Silver alloyed products are significantly more costly than equivalent non-silver alloyed products</li> <li>Establishing criteria for utilization of silver alloyed products based on evidence-based literature will decrease utilization</li> </ul>
Linen Utilization			<ul style="list-style-type: none"> <li>Linen is owned and is processed by Crothall with current utilization at 12.64 lbs. / adjusted patient days (APD)</li> <li>A reduction of approximately 0.5 lbs. / APD can yield savings greater than \$40K annually</li> <li>Linen utilization will be improved by development of linen team with focused efforts on education and reducing linen waste &amp; utilization</li> </ul>

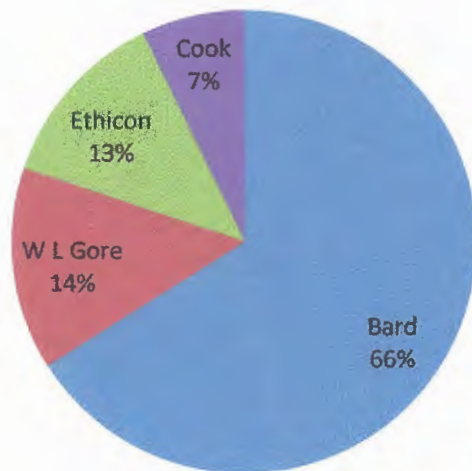
 Low Opportunity
  Moderate Opportunity
  High Opportunity



# Medical Surgical Services

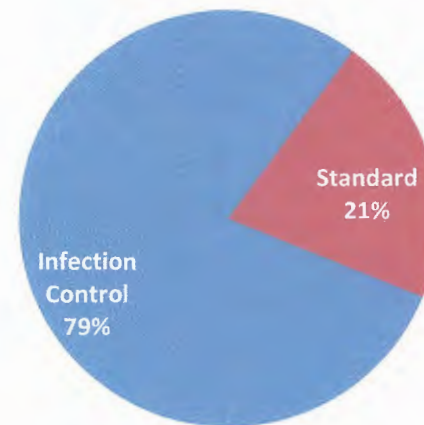
## SUPPORTING ANALYSES

### Synthetic Mesh Market Share by Vendor



- Spend on synthetic mesh products is approximately \$190K
- The spend is with four (4) vendors; Bard 66%, Gore 14%, Ethicon 13% and Cook 7%
- Consolidation to fewer vendor will yield financial benefits and decrease of inventory value for synthetic mesh products

### Urological Products Spend



- Spend on urological products is \$220K
- About 79% of that spend is on silver alloyed urological products
- Silver alloyed urological products are more costly than clinically equivalent non-silver alloyed urological products
- Per evidence based research, silver alloyed urological products should not be used for the entire patient population

# Medical Surgical Services

SUPPORTING ANALYSES





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# Surgical & Cardiology Services

## SUMMARY OF FINDINGS

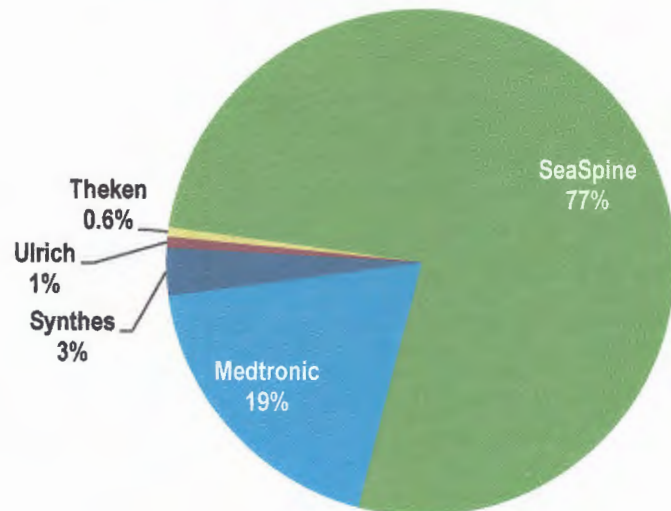
Area	Rating	Leading Practice	Findings
			Savings Range - \$740K to \$1.1M
Reprocessing		[REDACTED]	<ul style="list-style-type: none"> <li>Reprocessing has not been part of practice at RCRMC</li> <li>Reprocessing of single use devices and repurchasing the products at 40-60% of the cost of the original product will yield optimal benefit financially and decrease waste stream volume</li> </ul>
Cardiac Rhythm Management		[REDACTED]	<ul style="list-style-type: none"> <li>Current spend is \$810K annually and the spend is standardized to a single vendor (St Jude Medical)</li> <li>The current pricing is above target pricing</li> <li>Recommendation is to negotiate for improved pricing utilizing a cap pricing model</li> </ul>
Spinal implants		[REDACTED]	<ul style="list-style-type: none"> <li>Spinal spend is \$1.9M annually with five (5) vendors</li> <li>Two (2) vendors account for 96% of the spend; the remaining spend is with three (3) additional vendors</li> <li>Development of a cap by component model of pricing will provide maximum financial benefit</li> </ul>
Endomechanical, Suture, & trocar products		[REDACTED]	<ul style="list-style-type: none"> <li>Trocars are standardized to Covidien and suture is standardized to Ethicon; endomechanical products with market share split between Covidien (81%) and Ethicon (7%)</li> <li>Standardization of this book of business will provide maximum financial benefit</li> </ul>



# Surgical & Cardiology Services

## SUPPORTING ANALYSES

### Spinal Market Share Spend by Vendor






- Spend on spinal implants is \$1.9M with five (5) vendors
- Two (2) vendors account for 96% of spend; three (3) additional vendors make up the remaining spend
- Development of a cap by component model will enhance easy of program management and provide maximum financial benefit



# Pharmacy Clinical & Operations





## SUMMARY OF FINDINGS

Area	Rating	Leading Practice	Findings
		Savings Range - \$3.3M to \$4.4M	
Management of Unit-Based Cabinets		[REDACTED]	<ul style="list-style-type: none"> <li>Reevaluate current unit-based cabinets brand.</li> <li>Revamp current process for restocking and updating PAR levels</li> </ul>
Supply Chain		[REDACTED]	<ul style="list-style-type: none"> <li>Management of drug shortage and direct purchases could benefit from additional oversight</li> <li>Improve tracking of Accounts Receivables from drug returns through reverse distributor</li> <li>Supply chain has too many steps and needs to be simplified</li> <li>Delays in obtaining new and replacement equipment</li> <li>Evaluate opportunity for additional self contracting opportunities especially in lieu of recent changes in 340B GPO exclusion</li> </ul>
Antimicrobial Stewardship		[REDACTED]	<ul style="list-style-type: none"> <li>Use of broad spectrum agents such as combination of piperacillin / tazobactam and vancomycin is higher than expected</li> <li>Antimicrobial stewardship pharmacist position has been vacant, however, it is being filled</li> <li>Step-down transition done by pharmacists at unit level along with other clinical functions</li> </ul>



# Pharmacy Clinical & Operations





## SUMMARY OF FINDINGS

Area	Rating	Leading Practice	Findings
Formulary Management			<ul style="list-style-type: none"> <li>• One formulary for both inpatient and outpatient sites but managed differently on ambulatory side with emphasis on generics and therapeutic interchanges</li> <li>• Formulary at hospitals and Federally Qualified Health Centers (FQHCs) are not the same</li> </ul>
Clinical Pharmacist Execution			<ul style="list-style-type: none"> <li>• Pharmacists modify usage patterns under P&amp;T protocols (best practice)</li> <li>• Time spent in reconciliation of orders and profiles, as well as medication reconciliation on admission and discharge, may detract from focus on modifying usage based on protocols for IV to PO, weight-based dosing, renal dosing, and anticoagulation monitoring</li> <li>• Responsible for core measures such as vaccines, DVT prevention etc. (not a common practice)</li> <li>• Opportunity to standardize and expand clinical services across the system at Behavioral Health</li> </ul>



# Pharmacy Clinical & Operations

## SUMMARY OF FINDINGS

Area	Rating	Leading Practice	Findings
Oncology / Outpatient Infusion		[REDACTED]	<ul style="list-style-type: none"> <li>Scheduling of patients not coordinating with staffing - front loaded</li> <li>Significant percent of orders written on day of administration</li> <li>While waste is billed at the end of the day (JW modifiers used), other waste is not monitored</li> <li>Opportunity for increased utilization of PAP drugs</li> </ul>
IV and IVPB Delivery System and Supply Chain		[REDACTED]	<ul style="list-style-type: none"> <li>Waste is tracked in Access tool but it is unclear how it is used to improve systems and decrease waste</li> <li>Some frozen and pre-mixed products such as piperacillin/tazobactam are used; less expensive alternatives may be considered</li> </ul>
IV Preparations		[REDACTED]	<ul style="list-style-type: none"> <li>Re-evaluate approach for TPN's either changing vendors, switching to pre mixed or developing insource process</li> </ul>
Inventory Management		[REDACTED]	<ul style="list-style-type: none"> <li>No shrinkage monitoring beyond controlled substances is being performed</li> <li>No sites perform continuous wastage monitoring</li> </ul>

 Low Opportunity
  Moderate Opportunity
  High Opportunity

# Pharmacy Clinical & Operations

## SUMMARY OF FINDINGS

Area	Rating	Leading Practice	Findings
Evidence-Based Protocols for Common Conditions		[REDACTED]	<ul style="list-style-type: none"> <li>Based on purchases, there is extensive use of second line therapies or therapies that are not associated with outcomes data compared to primary therapies (metformin versus pioglitazone or ezetimibe versus simvastatin or atorvastatin)</li> </ul>
Behavioral Health Medication Use Monitoring		[REDACTED]	<ul style="list-style-type: none"> <li>Pharmacists cover both inpatients and retail sites which can cause distractions</li> <li>Extensive use of long-acting depot injections may be obtained through a unique replacement program resulting in a reduction of the cost of oral therapy</li> </ul>
Pharmacy & Therapeutics Process		[REDACTED]	<ul style="list-style-type: none"> <li>Very well organized and effective acute care formulary process</li> <li>Formulary classes reviewed periodically (annual review of all classes is optimal)</li> </ul>

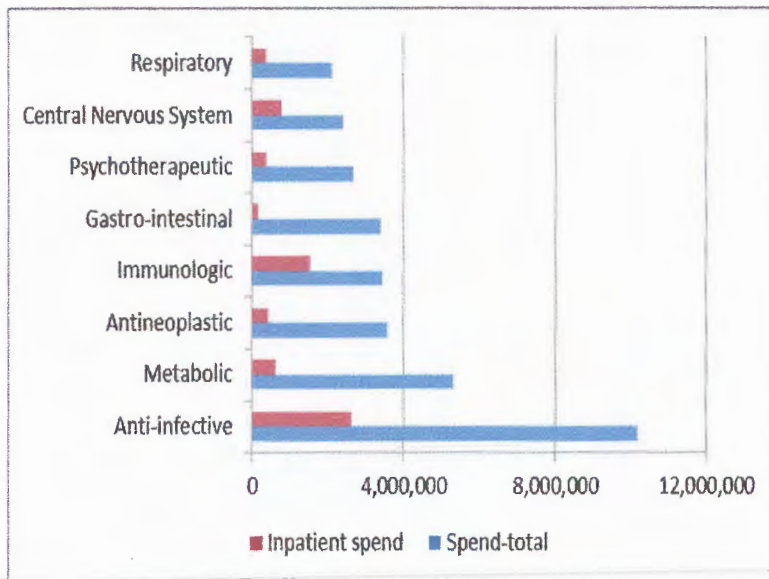
Low Opportunity
 Moderate Opportunity
 High Opportunity



# Pharmacy Clinical & Operations - Acute Care

## SUPPORTING ANALYSES

Top Drug Categories by Spend –total and inpatient only



# Pharmacy – 340B




## SUMMARY OF FINDINGS

Area	Rating	Leading Practice	Findings
			Savings Range - \$6.1M to \$10.1M
340B Performance	●		<ul style="list-style-type: none"> <li>• Recent clarification of 340B guidelines has resulted in a significant decrease of 340B purchases and a corresponding purchase cost increase of greater than \$20M</li> <li>• Has taken advantage of 340B pricing opportunities</li> <li>• Explore pro and con's of participating in contract pharmacy relationships in remote locations within the county</li> <li>• Further maximization of 340B purchases are possible with blood factors, anesthesia gases, and eligible employee prescriptions</li> </ul>
340B Structure	●		<ul style="list-style-type: none"> <li>• Currently a work in process</li> <li>• Difficulty in providing purchasing data suggests potential vulnerability to an audit</li> </ul>
Monitoring Medication Pricing	●		<ul style="list-style-type: none"> <li>• Opportunity exists to better align formulary guidelines with contract pricing</li> </ul>



# Pharmacy – 340B

## SUMMARY OF FINDINGS

Area	Rating	Leading Practice	Findings
Audit Ready		[REDACTED]	<ul style="list-style-type: none"> <li>Based on experience with other clients, Huron believes the organization is not prepared for an audit</li> <li>340B program needs additional structure and resources for appropriate coordination and oversight</li> <li>Policies and Procedures need more detail</li> <li>Establish routine review of all data components and processes</li> </ul>
Provider Based Prescriptions		[REDACTED]	<ul style="list-style-type: none"> <li>Evaluate transition of Physician Practices to Hospital Provider-Based Status to create downstream increased 340B prescription eligibility</li> </ul>
Technology		[REDACTED]	<ul style="list-style-type: none"> <li>Opportunity exists to improve management of 340B purchases</li> <li>Recently implemented a 340B software tool</li> </ul>

# Laboratory

## SUMMARY OF FINDINGS

Area	Rating	Leading Practice	Findings
			Savings Range - \$630K - \$842K
Reference Lab Pricing	High Opportunity	[Redacted]	<ul style="list-style-type: none"> <li>Approximately 23% of the total RCRMC hospital lab spend is attributed to four (4) reference laboratories</li> <li>Average cost per test is \$139</li> <li>Opportunity exists to rebid the reference lab contract to decrease the average cost per send out test</li> </ul>
Test Utilization	High Opportunity	[Redacted]	<ul style="list-style-type: none"> <li>Development of a test utilization plan for tests performed in-house and tests sent out to a reference lab could result in a significant reduction in the overall lab expense</li> </ul>
Blood Pricing	High Opportunity	[Redacted]	<ul style="list-style-type: none"> <li>RCRMC Purchasing is currently working on an RFP for blood products with two vendors.</li> <li>Huron can provide current experience and industry knowledge that will contribute to this process to yield the maximum savings for RCRMC.</li> </ul>
Blood Utilization	Moderate Opportunity	[Redacted]	<ul style="list-style-type: none"> <li>Recommend the development of a physician-led formal blood utilization program to include:                             <ul style="list-style-type: none"> <li>Multi-departmental blood utilization committee</li> <li>Monthly trending of established metrics</li> </ul> </li> </ul>
General Lab Supplies	Moderate Opportunity	[Redacted]	<ul style="list-style-type: none"> <li>Opportunity exists to lower the overall cost of general lab supplies by consolidating products to a primary distributor. A portion of the savings will result from reduced freight costs.</li> </ul>



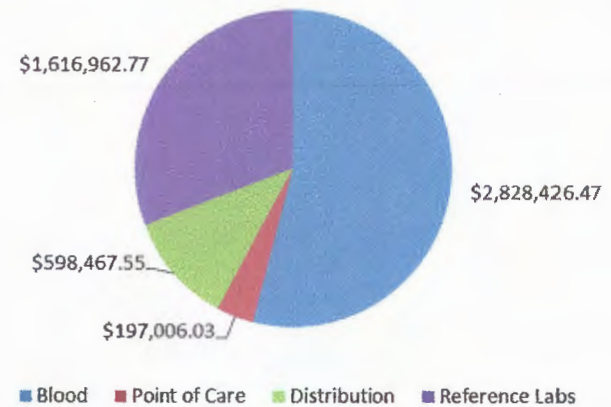


# Laboratory

## SUPPORTING ANALYSES



Total Lab Spend



- Total lab supply spend is \$ 6.7M
- Eighty (80)% of the spend is focused in 4 areas:
  - Blood products
  - Reference Lab spend
  - Point of Care reagents
  - Distribution of general lab supplies

# Purchased Services

## SUMMARY OF FINDINGS




Area	Rating	Leading Practice	Findings
			Savings Range - \$1.2M - \$1.7M
IT		[REDACTED]	<ul style="list-style-type: none"> <li>• Renegotiation of Siemens contract, especially in key areas, will result in cost savings</li> <li>• By restructuring storage discounts, RCRMC can achieve cost reductions on future projects</li> <li>• Improving project planning and prioritization could help decrease "lost projects"</li> </ul>
Office Supplies		[REDACTED]	<ul style="list-style-type: none"> <li>• Examine the current formulary and build it out to include more items</li> <li>• Opportunity exists to receive deeper discounts for "core list" or "hot list" of 350 - 500 items</li> <li>• Experience suggests that competitive bid for \$1.3M account can also yield a significant signing bonus</li> </ul>
Forms		[REDACTED]	<ul style="list-style-type: none"> <li>• GPO Providers are offering 15 - 20% discounts by moving current form business to them</li> <li>• Forms agreement has not been out to bid in five (5) years and is no longer competitive</li> </ul>
Clinical Engineering		[REDACTED]	<ul style="list-style-type: none"> <li>• Current Biomed staff scope is general Biomed equipment and ratio of equipment to tech is low</li> <li>• Opportunity exists to provide additional training to staff and assume maintenance / repair responsibility for some mid-level equipment such as ultrasound, general radiology, warming cabinets, and beds</li> <li>• Additional opportunities may exist in renegotiating Philips Diagnostic Imaging service agreements</li> </ul>
Dialysis		[REDACTED]	<ul style="list-style-type: none"> <li>• Current contract states there are spend caps above which the hospital will not be obligated to pay</li> <li>• Opportunity exists to renegotiate current dialysis agreement to competitive market rates within Southern California</li> <li>• Opportunity exists to move from a 1:1 to 1:2 environment which would result in further cost savings</li> </ul>

Low Opportunity
 Moderate Opportunity
 High Opportunity



# Purchased Services

## SUMMARY OF FINDINGS

Area	Rating	Leading Practice	Findings
Transcription		[REDACTED]	<ul style="list-style-type: none"> <li>• Opportunity exists to insource current volume by increasing the productivity of the in-house Medical Transcriptionists</li> <li>• Transcription in-house productivity can be improved significantly by updating transcription software and equipment and adopting voice recognition technology</li> <li>• Current in-house costs per line are significantly above industry rates</li> </ul>
Med / Surg Distribution		[REDACTED]	<ul style="list-style-type: none"> <li>• Opportunity exists to reduce the number of deliveries per week which will result in a lower "cost plus" mark-up</li> <li>• Additional savings could be generated by considering early payments which will also result in a lower mark-up</li> <li>• Lower distribution rates could also be achieved by renegotiating current agreement or going out to RFP</li> </ul>
Freight		[REDACTED]	<ul style="list-style-type: none"> <li>• There could be opportunity to decrease small package vendor (postage/mail GL) spend. Currently, this spend appears to be high.</li> <li>• Additional opportunity to reduce freight cost could exist by understanding what percentage of inbound / outbound freight is being captured</li> </ul>

# Purchased Services

SUPPORTING ANALYSES





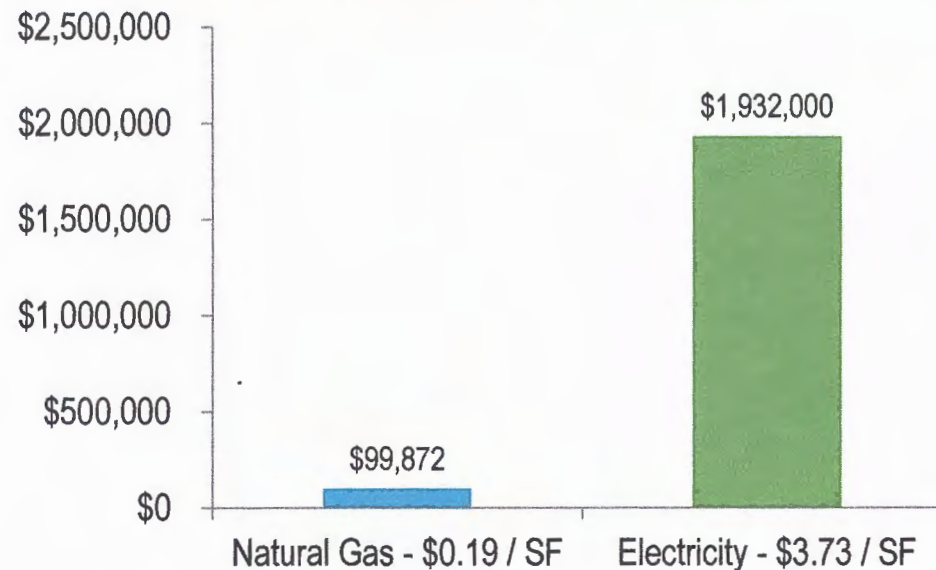
# Facilities / Leases

## SUMMARY OF FINDINGS

Area	Rating	Leading Practice	Findings
Savings Range - \$270K - \$550K			
Co-Generation Energy Plant	●	[REDACTED]	<ul style="list-style-type: none"> <li>The existing Co-Generation plant built in 2005 has been inoperable for several years due to various functional and design issues. It is losing significant energy savings opportunity every year which is estimated at \$300k to \$400k per year.</li> <li>Propose focusing attention to bringing the plant back online and determine the required cost and updated annual savings</li> </ul>
Retro-commissioning / Energy Reduction	●	[REDACTED]	<ul style="list-style-type: none"> <li>Reportedly, the 1998 hospital building has not had an energy assessment performed since its opening</li> <li>Only incremental energy upgrades have been completed to date</li> <li>Propose an energy assessment to be performed which will identify potential ECMs that can be phased in a master plan approach</li> </ul>
Hospital Planning	●	[REDACTED]	<ul style="list-style-type: none"> <li>Several urgent departmental needs have been identified with no prioritized or specific direction determined</li> <li>Reportedly, no comprehensive strategic or facility plan has been developed to study these needs or future planning issues</li> <li>Propose a two-phase plan which addresses some obvious immediate needs now, then follows up with a more thorough planning process</li> </ul>
Space Utilization	●	[REDACTED]	<ul style="list-style-type: none"> <li>Hospital space is filled, with little expansion room left for patient care / beds, diagnostic / treatment, and related support functions</li> <li>Several non-clinical services located within the hospital could relocate to adjacent buildings, leaving space available for acute care services</li> </ul>

○ Low Opportunity    ◐ Moderate Opportunity    ● High Opportunity

### Utility Spend at Main Campus








#### Co-generation Plant Rebuild

- The plant was completed in 2009 but only operated for two months and has since been on on-hold due to design issues. When the plant was operational, RCRMC realized about \$60K in savings per month in a marginal efficiency state
- The concept of Co-Gen is to convert low cost natural gas to electricity which is high cost – the client retains the savings
- Past clients with similar design issues were able to successfully rebuild their plants and achieve significant savings



# Food Service

## SUMMARY OF FINDINGS

Area	Rating	Leading Practice	Findings
			Savings Range - \$510K - \$750K
Departmental Operating Expenses		[REDACTED]	<ul style="list-style-type: none"> <li>• There is a lack of fundamental management tools to manage expenses</li> <li>• Current food expense per adjusted patient day is \$17.88 [REDACTED]</li> </ul>
Floor Stock Utilization		[REDACTED]	<ul style="list-style-type: none"> <li>• Floor stock expenses are a contributor to the high food costs</li> <li>• Floor stock spend per patient day is currently \$3.56</li> <li>• Significant opportunity to lower floor stock costs through decreasing utilization</li> </ul>
Purchasing / Inventory Management		[REDACTED]	<ul style="list-style-type: none"> <li>• Department lacks tools to effectively manage purchasing and inventory</li> </ul>
Retail		[REDACTED]	<ul style="list-style-type: none"> <li>• No employee discounts are offered at Riverside, which is best practice</li> <li>• Revenues could be enhanced with targeted adjustments to pricing in retail locations</li> </ul>
Catering		[REDACTED]	<ul style="list-style-type: none"> <li>• Catering spend appears to be within best practice range</li> </ul>

 Low Opportunity
  Moderate Opportunity
  High Opportunity

# Food Service

## SUPPORTING ANALYSIS

[Redacted]

[Redacted]

- [Redacted]
- [Redacted]



# Environmental Services

## SUMMARY OF FINDINGS

Area	Rating	Leading Practice	Findings
			Savings Range - \$140K - \$160K
General Supply / Utilization			<ul style="list-style-type: none"> <li>• Opportunity exists in pricing, product selection and utilization to include general supplies</li> <li>• Opportunities exist in procedures to standardize the way chemicals and equipment are issued/utilized by front line staff</li> </ul>
Purchasing / Inventory Management			<ul style="list-style-type: none"> <li>• Department lacks tools to effectively manage purchasing and inventory</li> </ul>
Waste Streams			<ul style="list-style-type: none"> <li>• Current pricing appears to be in line with industry standard</li> <li>• Waste streams are not currently integrated</li> </ul>

# Environmental Services

SUPPORTING ANALYSIS

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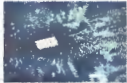


- [Redacted]
- [Redacted]



# Supply Chain Operations Review

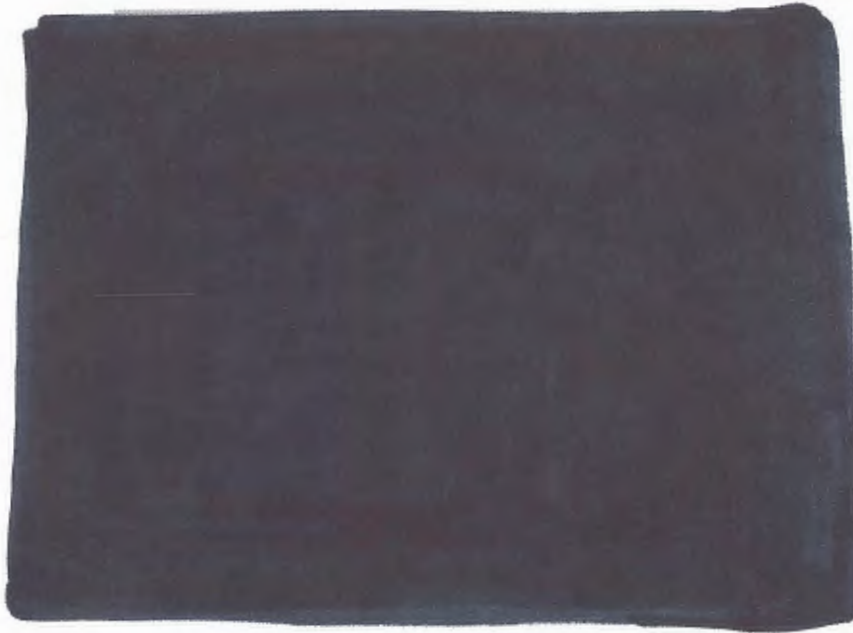
## SUMMARY OF FINDINGS

Dimension	Representative Points of Interest
<p><b>Sourcing &amp; Contracting</b></p> 	<ul style="list-style-type: none"> <li>• There is a value analysis team (VAT) in place, however, there is not a dedicated resource responsible for VAT activities</li> <li>• For items greater than \$1,000, Purchasing must seek at least three (3) competitive bids from vendors</li> <li>• Any purchase greater than \$25,000 must be approved at the County level</li> <li>• Although there is a GPO agreement, the hospital is required to obtain three competitive bids as per the purchasing policy</li> </ul>
<p><b>Process</b></p> 	<ul style="list-style-type: none"> <li>• Requests are done on-line and manually through requisition forms (RSS)</li> <li>• Departments have lack of visibility on orders and sometimes orders are dropped without notice</li> <li>• There are many hand-offs and approvals in the supply replenishment process which contribute to acquisition time for supplies</li> <li>• Current business practices and controls have resulted in long lead times resulting in high inventory levels compared to industry standards</li> </ul>
<p><b>Technology</b></p> 	<ul style="list-style-type: none"> <li>• Lack of technology investments have led to manual and inefficient practices. There are currently no handheld ordering devices, Barcodes, RFID, and other related technologies to improve efficiency and effectiveness throughout the hospital's supply chain operations</li> <li>• Purchase Orders are being created manually and not automatically with the PeopleSoft system due to limited trainings</li> <li>• Industry standard vendor ordering practices are not in place. For example, Electronic Data Interchange is not used for purchase orders (850), purchase order confirmation (855), price verification (832) and invoices (810)</li> <li>• Overall, lack of process and technology integration has significantly increased the overall cost of the Supply Chain</li> </ul>

# Supply Chain

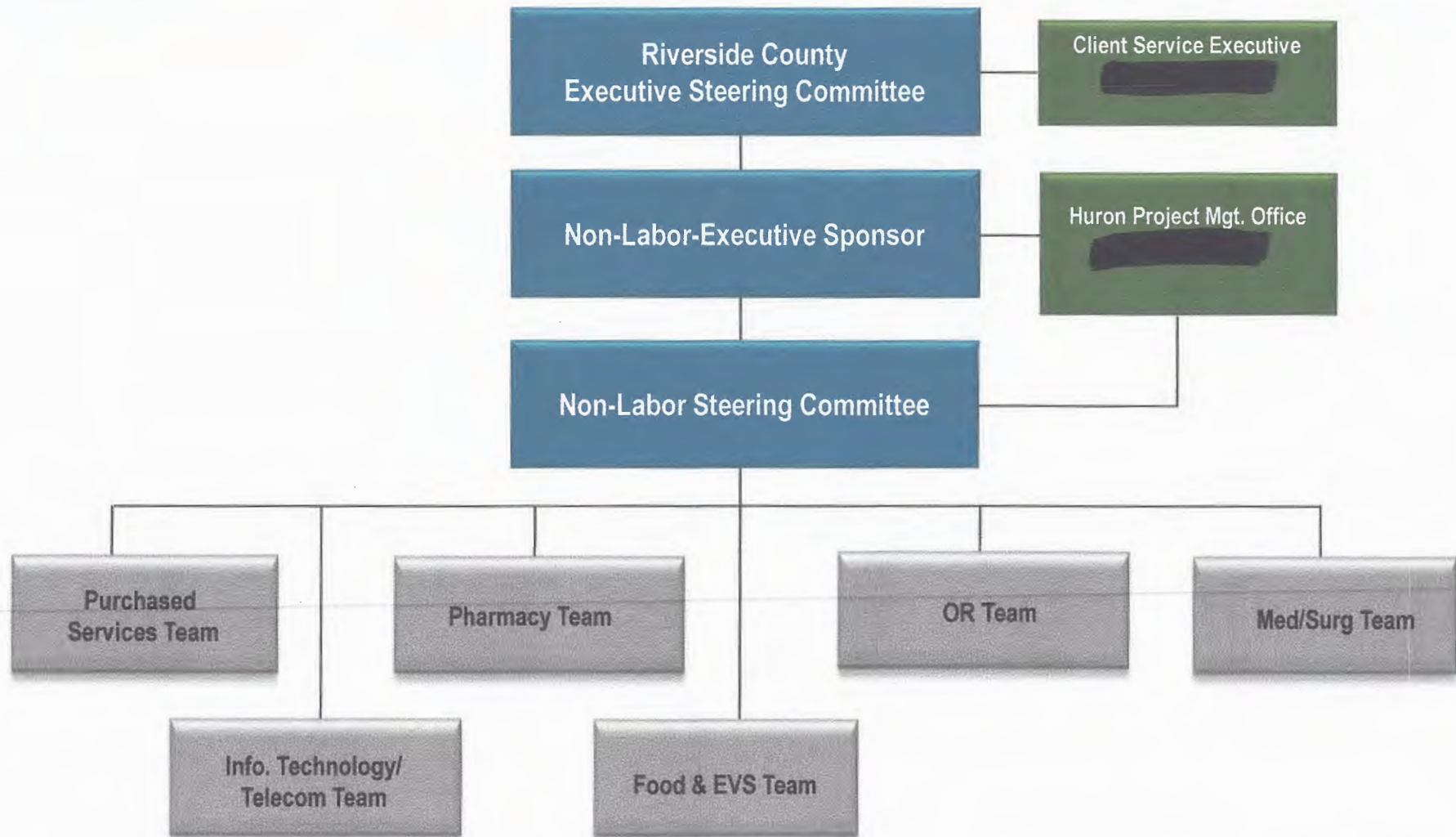
SUPPORTING ANALYSIS

**Huron**Healthcare

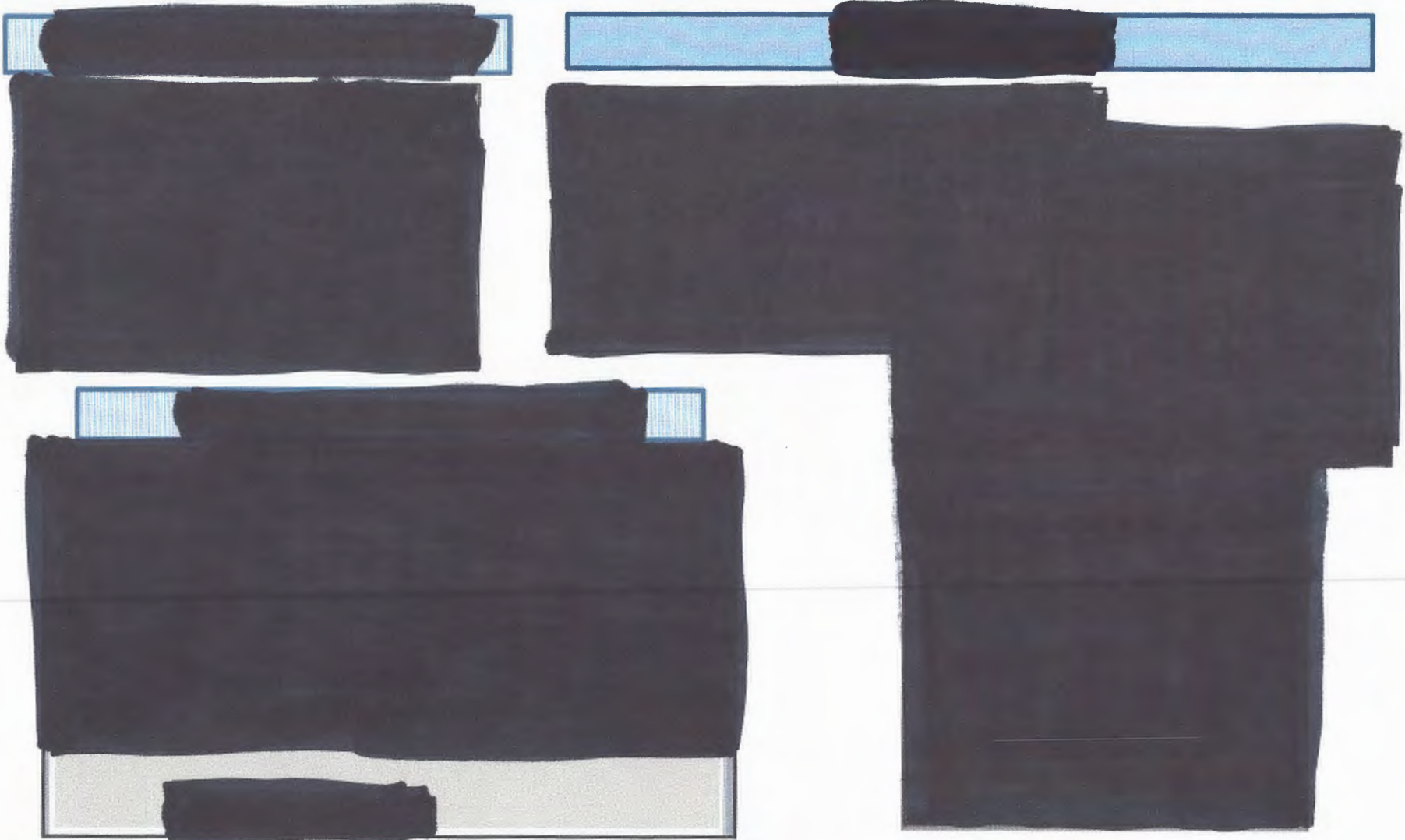




# Non-Labor Project Structure



# Huron Non-Labor Implementation Tools





# Initiative Approval - Example

[Redacted]	[Redacted]
[Redacted]	[Redacted]
[Redacted]	[Redacted]
[Redacted]	[Redacted]

# Steering Committee – Initiative Approval

[Redacted content]

- [Redacted content]
- [Redacted content]
- [Redacted content]
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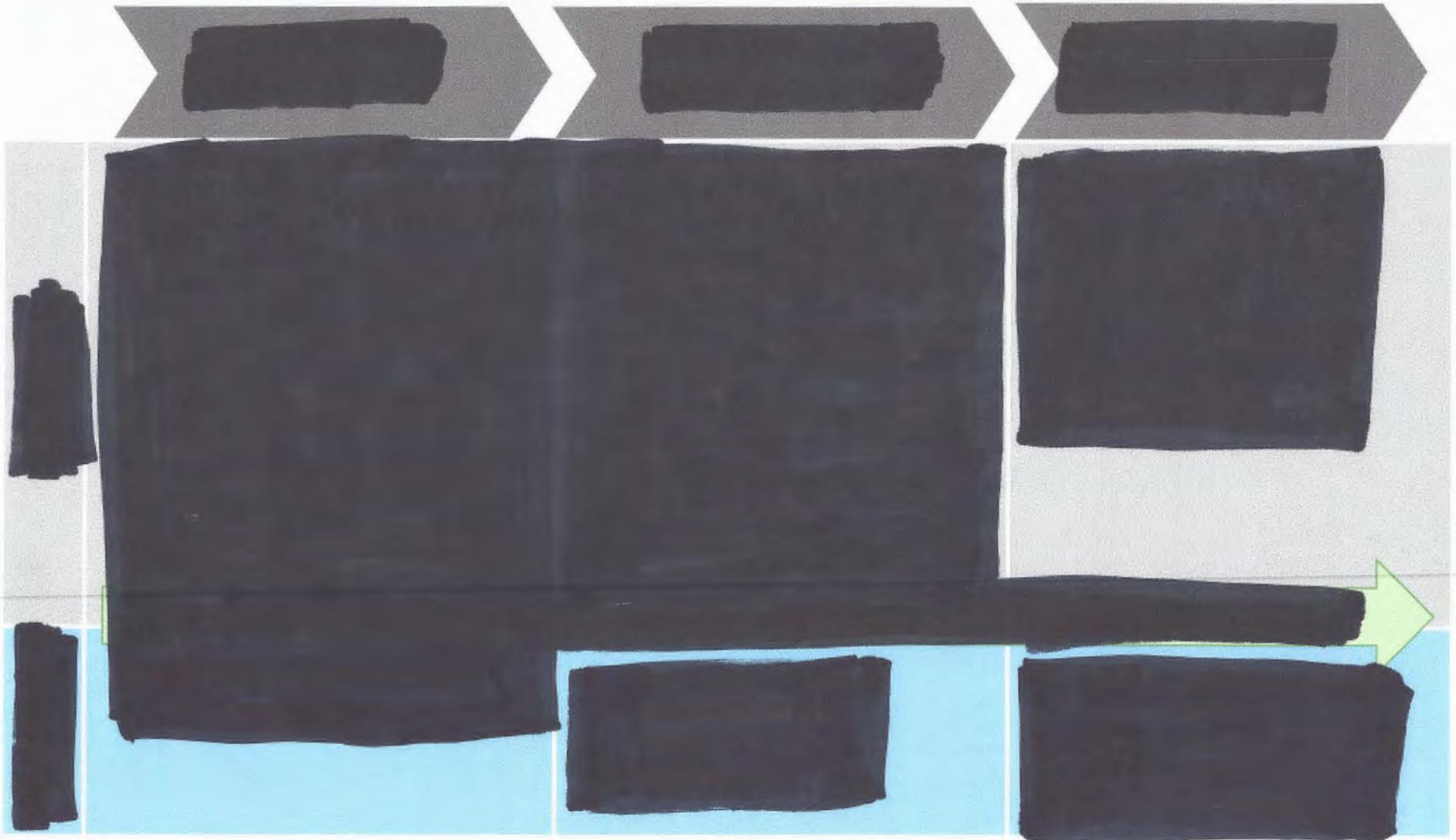
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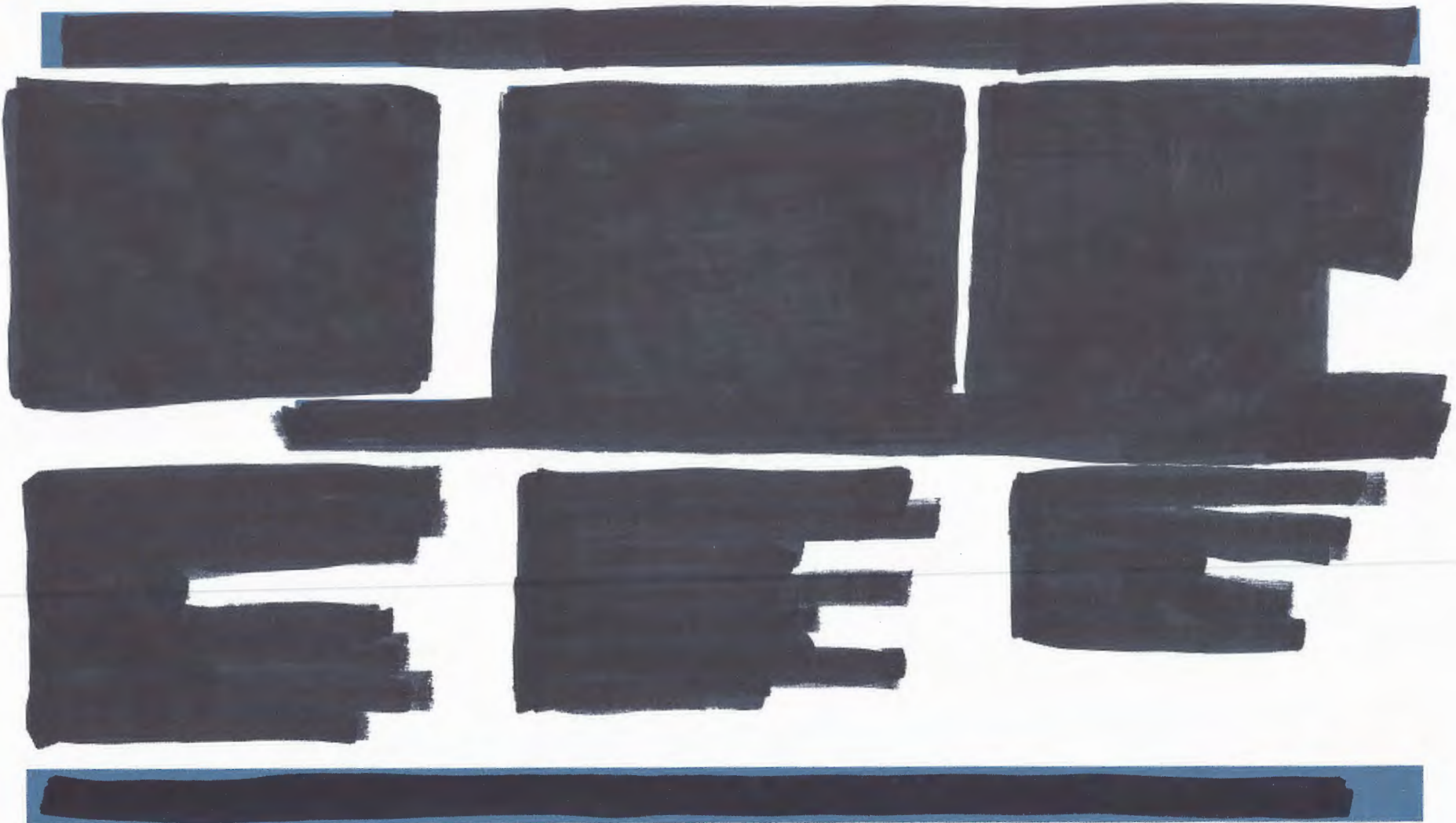


# Our Implementation Approach

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# Key Project Management Elements





# Agenda

- Introduction
- Health System Strategic Plan
- Hospital Operational and Financial Performance Review
  - Non-Labor
  - Labor
  - Human Resources
  - Physician Services
  - Revenue Cycle
  - Clinical Documentation Improvement
  - Clinical Operations
- Conclusion

# Labor Solution

APPROACH

HuronHealthcare



[Redacted text]



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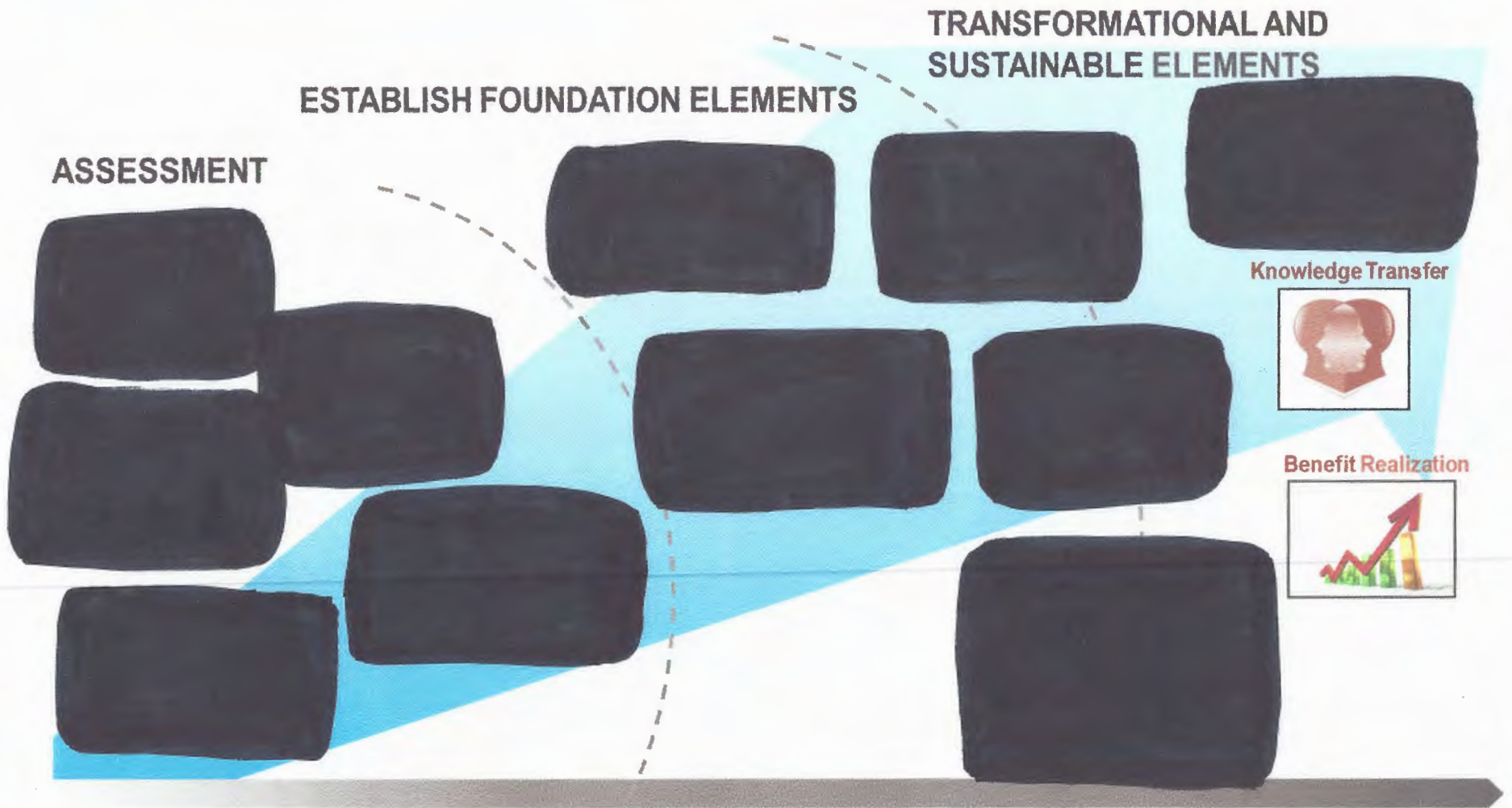
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# Labor

DISCOVERING OPPORTUNITY

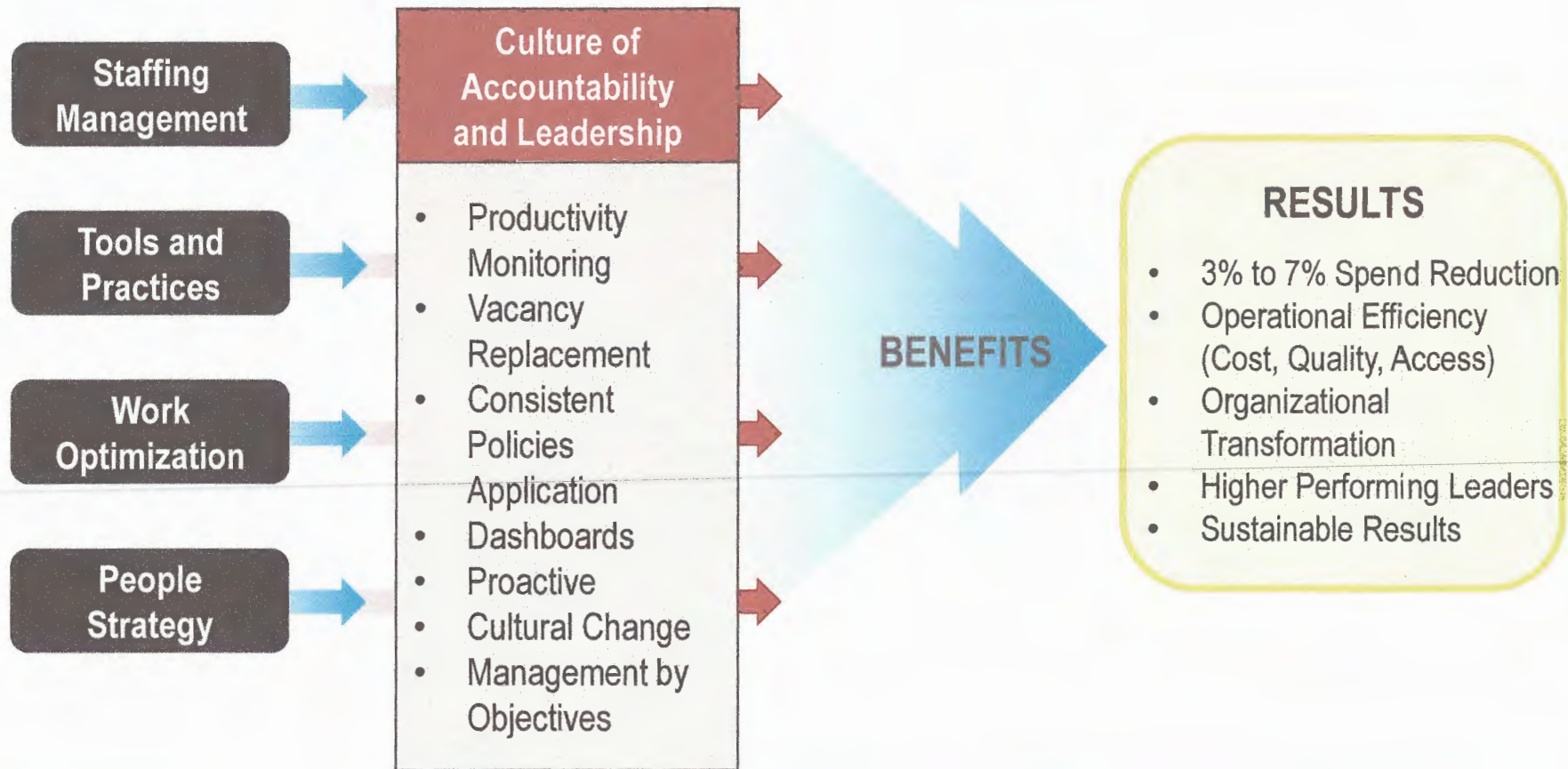
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# Labor

## SUSTAINABILITY – MANAGEMENT CORE ELEMENTS

An organization positioned to perform.





# Labor

## THEMES AND OBSERVATIONS

	Operational	Organizational	Strategic
Staff are committed and dedicated to serving the patient population		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Managers show a strong desire to proactively manage labor productivity and expense	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
There is evidence of best practices in some departments <ul style="list-style-type: none"> <li>• <i>Cross-training is utilized as appropriate in Patient Care Units, Operating Room, Cardiology, Respiratory Therapy and Rehabilitative Services</i></li> <li>• <i>Respiratory Therapy is protocol driven</i></li> </ul>	<input checked="" type="checkbox"/>		
There is an absence of timely data and useful information to support critical management decision making		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Departments have developed time-consuming work-arounds to meet their needs <ul style="list-style-type: none"> <li>• <i>Timekeeping and payroll processes</i></li> <li>• <i>Staffing and productivity management</i></li> <li>• <i>Supply and capital purchasing processes</i></li> <li>• <i>Hiring practices</i></li> </ul>	<input checked="" type="checkbox"/>		



# Labor

## THEMES AND OBSERVATIONS

	Operational	Organizational	Strategic
Timekeeping processes are manual and potentially inaccurate, impeding timely and accurate decision making	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Overtime is high overall across the hospital (9.6%)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Per interviewed managers, hiring process is lengthy, with loss of qualified candidates attributed thereto			<input checked="" type="checkbox"/>
Departments have developed their own manual staffing and productivity reports for retrospective review of worked hours and departmental activity	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
There are varying levels of understanding around productivity and efficiency across some departments in the organization		<input checked="" type="checkbox"/>	



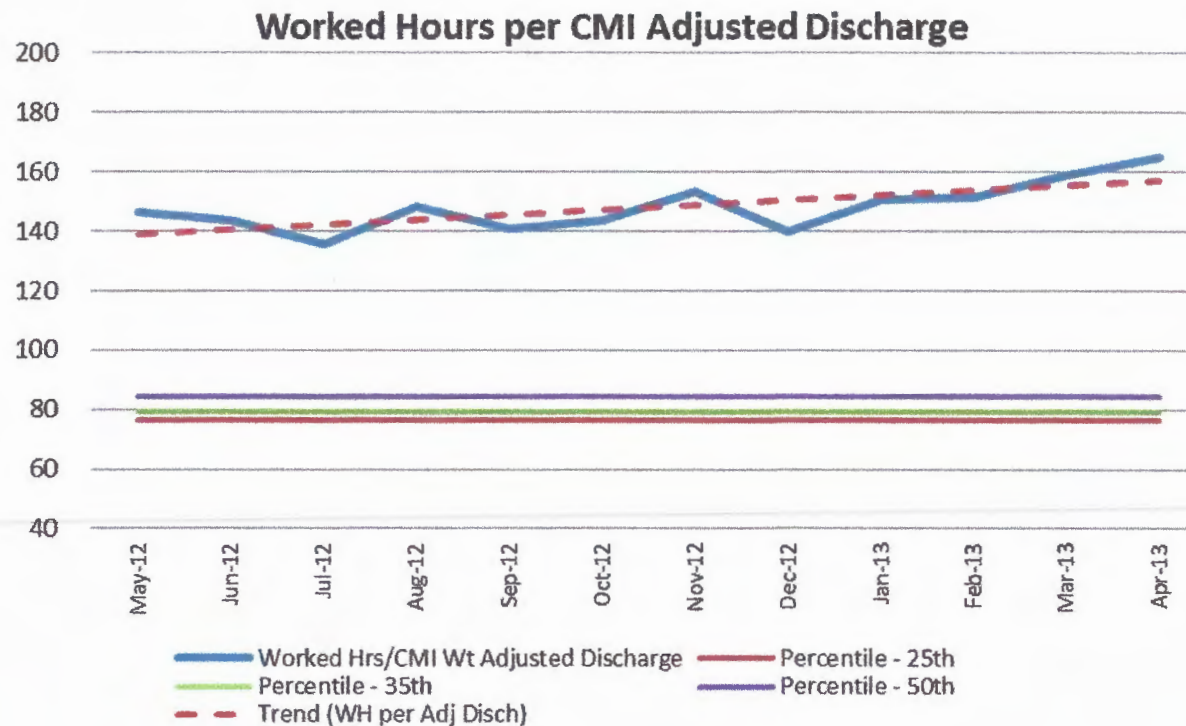
# External Comparatives

RIVERSIDE COUNTY REGIONAL MEDICAL CENTER

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## Worked Hours per Adjusted Discharge

- Hospital "global" efficiency indicator shows upward trend (Unfavorable)



Note: Baseline Period: May, 2012 to April, 2013

Source: L.III. Payroll Data; L.II. Workload Data; ActionOI benchmarks

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# Internal Comparatives

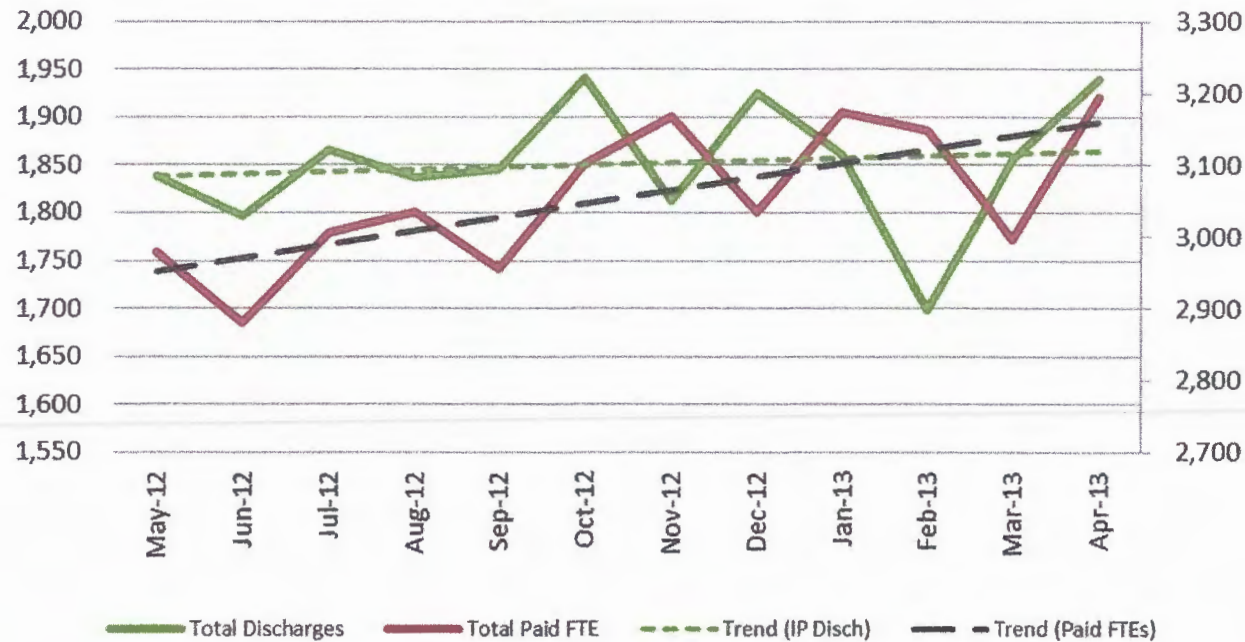
RIVERSIDE COUNTY REGIONAL MEDICAL CENTER



## Paid FTEs and Inpatient Discharge Comparison

- Inpatient Discharge volume rose slightly over the period reviewed
- Paid FTEs trended up faster than Inpatient Discharge volumes for the same period

Paid FTEs and Inpatient Discharges Comparison



Note: Baseline Period: May, 2012 to April, 2013

Source: L.III. Payroll Data; L.II. Workload Data



# Internal Comparatives

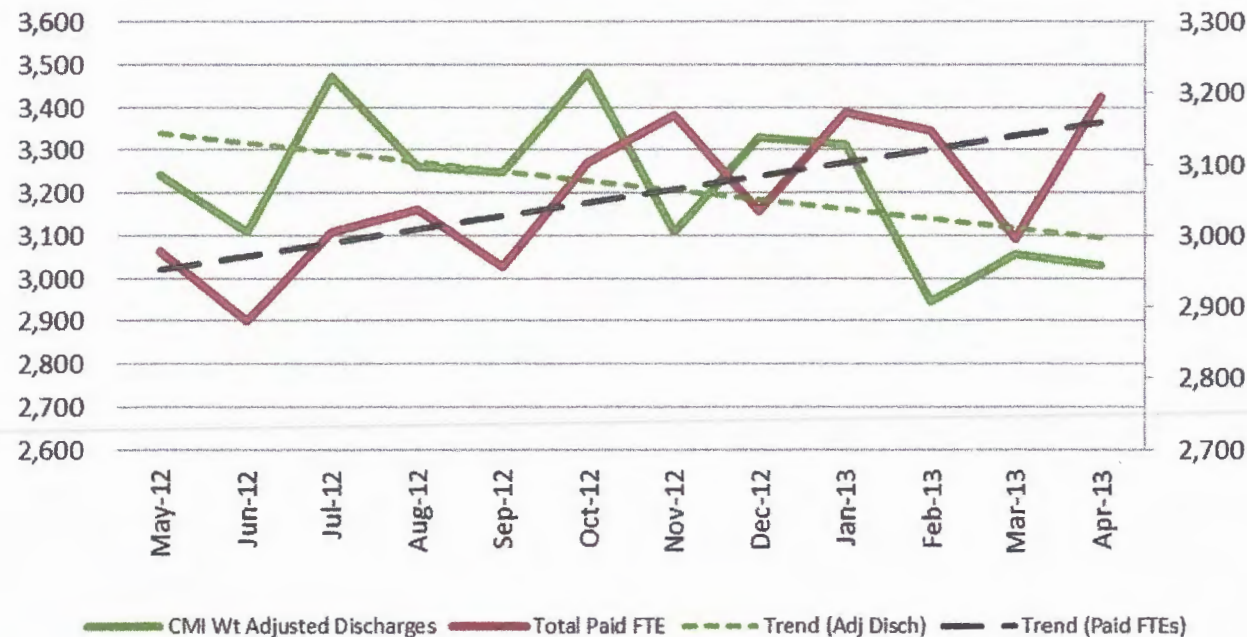
RIVERSIDE COUNTY REGIONAL MEDICAL CENTER



## Paid FTEs and CMI Adjusted Discharge Comparison

- CMI Adjusted Discharges are an acuity adjusted measure of Inpatient and Outpatient Activity
- CMI Adjusted Discharge volumes are trending down as Paid FTEs trend up

Paid FTEs and CMI Adj. Discharges Comparison



Note: Baseline Period: May, 2012 to April, 2013

Source: L.III. Payroll Data; L.II. Workload Data

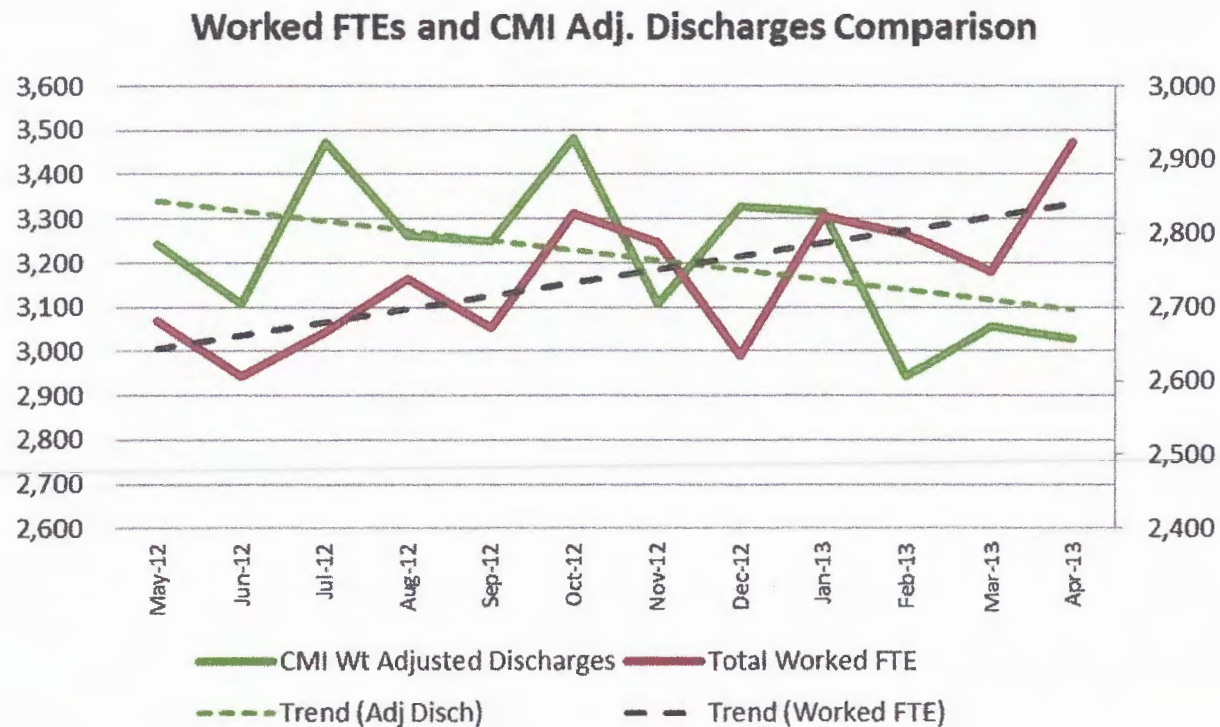
# Internal Comparatives

RIVERSIDE COUNTY REGIONAL MEDICAL CENTER



## Worked FTEs and CMI Adjusted Discharge Comparison

- CMI Adjusted Discharges are an acuity adjusted measure of Inpatient and Outpatient Activity
- Some months show a disconnect between Adjusted Discharges and Worked FTEs



Note: Baseline Period: May, 2012 to April, 2013

Source: L.III. Payroll Data; L.II. Workload Data