

# ONGOING BENCHMARKING AND IMPROVEMENTS LEAD TO MORE THAN \$11 MILLION IN SAVINGS

Case Study  
Operational Improvement

Saint Elizabeth Regional Medical Center

Saint Elizabeth Regional Medical Center had previously tackled the large savings opportunities identified in prior year financial reports. Their challenge was to find new savings opportunities.



To increase, or even maintain savings at the same level, they would have to shift focus from harvesting one or two large opportunities per year, to getting every department to contribute something, no matter how small. Even if they were to reach the 30th percentile in their peer group, the calculated savings would only amount to \$1.5 million on a total payroll in the \$70 million range. Saint Elizabeth needed to change their culture and start pursuing small, sustainable gains.

## COURSE OF ACTION

Saint Elizabeth executives had relied on the Thomson Reuters *ActionOI*® Operational Improvement Solution for a number of years to calculate annual performance benchmarks. In 2007, they began investigating new ways they could expand its use to garner more widespread savings.

One change was to move from a once-a-year review of departmental performance to a biweekly review by converting the productivity reporting system to use *ActionOI* targets and statistics. They also realigned the monthly financial reporting system and the budget system to use *ActionOI* statistics and targets. In this way, managers received almost constant feedback as to how they were performing compared to their *ActionOI* targets.

Managers started seeing their performance numbers regularly and compared their actual

performance to national benchmarks across all reporting systems in the hospital. As a result, they were able to make more frequent staffing adjustments and align staff more closely to their target. In addition, the position control committee used *ActionOI* to hold the line on staff increases by comparing departmental performance to *ActionOI* targets before filling or adding any positions to the organization.

Saint Elizabeth senior management also defined clear roles for everyone associated with *ActionOI*, with primary responsibility for achieving the targets assigned to department managers. Every department was expected to contribute some savings, regardless of how strong their historical performance had been, or how hopeless their current situation appeared. For example, the cardiology program had recently been devastated by the loss of 25 of their top physicians who left to start up a heart hospital across town. But even under these conditions, the cardiology departments were expected to meet their productivity target at 10–15 percent of historical levels, while delivering the full scope of services with high quality.

Managers were encouraged to share their *ActionOI* metrics at their monthly staff meetings and solicit ideas from staff on how best to reach their goals. Staff members who contributed to the overall improvement program were personally recognized for their efforts.

## SAINT ELIZABETH REGIONAL MEDICAL CENTER

**Location:**  
Lincoln, Nebraska

**Size:**  
257 beds

**Scope and services:**  
Saint Elizabeth Regional Medical Center is part of Catholic Health Initiatives based in Denver, Colorado, and has a long history of excellent performance. Not only a Thomson Reuters *100 Top Hospitals*® award winner, Saint Elizabeth has also been recognized as a Magnet Hospital, and as a *U.S. News and World Report* Top 50 Orthopedic Hospital. Saint Elizabeth has a strong program in orthopedics and spine, neonatal, and labor and delivery, as well as a renowned women's program.

**Solutions:**  
*ActionOI*®



THOMSON REUTERS™

Finally, hospital executives singled out the departments with the five largest opportunities. These managers were asked to participate in monthly Executive Council meetings, where they presented their efforts in meeting targets. The meetings were held as round table discussions, which created a forum for the exchange of ideas between participants and created a competitive environment. These meetings were extremely productive, and once an idea was validated by the group it was made available to the entire organization. This elite group of departments accounted for 40 percent of total savings in 2008 and 10 percent of total savings in 2009.

## RESULTS

The law of diminishing returns makes it increasingly difficult to sustain gains without creating a culture of performance improvement and implementing the necessary measurement systems. "Organizations must find ways to embed *ActionOI* targets and philosophy deeper into the organization by altering processes that operate counter to *ActionOI* objectives and realigning them to create synergy and focus," explains Paul Selivanoff, CPA and Senior DSS Analyst at Saint Elizabeth.

By making *ActionOI* a way of life at the hospital, as opposed to an annual fiscal check-up, managers at Saint Elizabeth have an opportunity to discover and correct staffing issues before they become problems. As a result, Saint Elizabeth is able to act quickly and capture small savings opportunities that, when combined, add up to significant dollars:

- \$4.5 million in savings in 2008 and \$2.8 million in 2009
- \$11.1 million reduction in total labor cost over four years

Saint Elizabeth Regional Medical Center was awarded a Healthcare Advantage Award from Thomson Reuters in 2010. The award honors healthcare organizations who are innovators in several categories, including clinical performance, strategic planning, and operational and performance efficiency.

*"Our use of ActionOI is innovative because it moves away from a once-a-year check-up mentality into a daily operational model."*

### Paul Selivanoff, CPA

Senior DSS Analyst  
Saint Elizabeth Regional Medical Center

## ABOUT THOMSON REUTERS

Thomson Reuters is the world's leading source of intelligent information for businesses and professionals. We combine industry expertise with innovative technology to deliver critical information to leading decision makers in the financial, legal, tax and accounting, healthcare and science and media markets, powered by the world's most trusted news organization. With headquarters in New York and major operations in London and Eagan, Minnesota, Thomson Reuters employs 55,000 people and operates in over 100 countries.

thomsonreuters.com

Thomson Reuters  
777 E. Eisenhower Parkway  
Ann Arbor, MI 48108 USA  
Phone +1 877 843 6796

©2011 Thomson Reuters.  
All rights reserved.  
H PRO MDS 0211 8001 DA

