



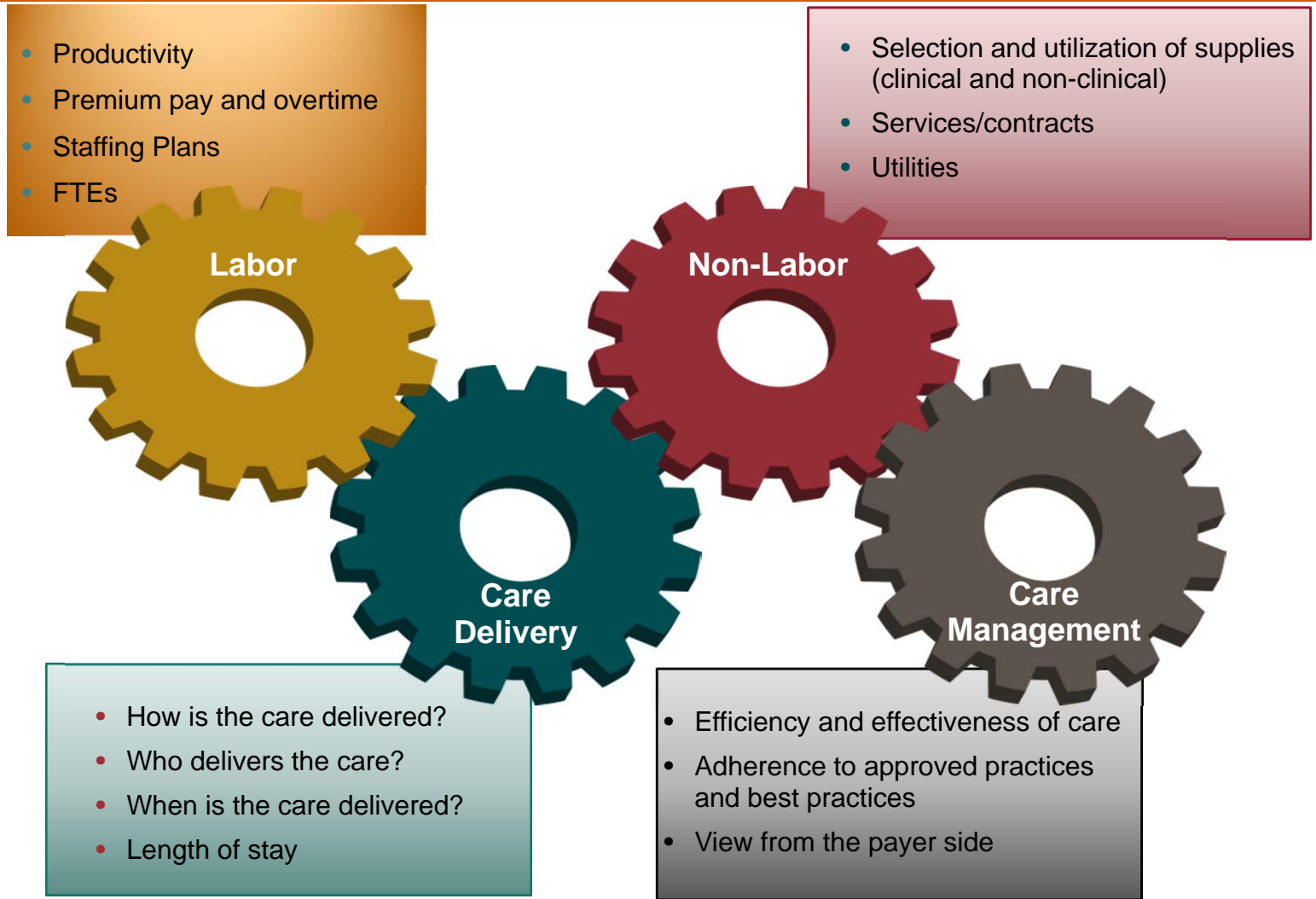
**" Cost Savings Opportunities:  
The List and How to Achieve Success"**

# Session Overview

---

- Provide insight into those areas that often have the greatest opportunity for cost reduction
  - Process for identifying cost savings opportunities
  - Use of tools and techniques to create a roadmap
  - Tips on how to engage and motivate departmental management and employees

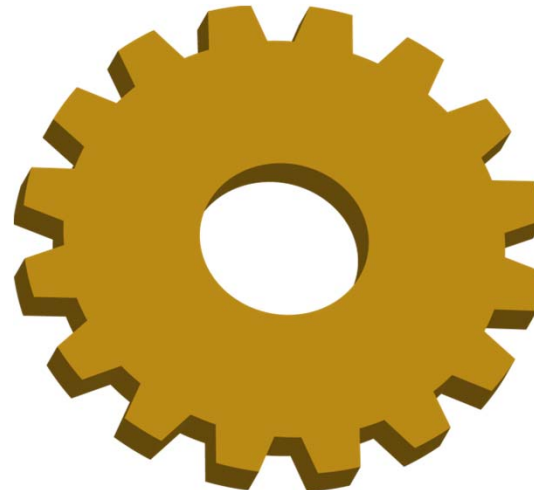
# Cost Management – Areas of Focus



# Labor Cost Management – Areas of Opportunity

## Work Load

- Capacity Management
- Staffed hours of operation
- Throughput
- Staffing requirements



## Staffing Management

- Scheduling to demand
- Skill mix optimization
- Shift starts/duration
- Bonus/incentive utilization

## Management Tools

- Validated benchmarks, targets
- Monitoring systems
- Predictive productivity
- Rapid review and feedback

## Labor Costs

- Premium pay/overtime
- Agency/temp costs
- Non-direct hours management
- Benefit design

# Case Example – Operating Room

## Current State

### Current State

- Actual FTE's and salary expenses in excess of budget
- Relatively stable productivity standard used within last 2 years
- Organization looking to achieve a significant reduction to budget FY 2012
- Your charge:
  - Work with the departmental manager to identify potential opportunities
- Step 1: Re-assess and update benchmarks
  - Directional

### Case Volume and FTE Variance to Budget

FY 2011 June YTD

Metric	June YTD Budget	June YTD Flex Budget	June YTD Actual	Variance to Budget	Variance to Flex Budget
Paid FTE's	100.00	102.00	104.00	4.00	2.00
Worked FTE's	90.00	92.00	96.00	6.00	4.00
Case Volume	6,800		7,000	200	
OR Case Min	680,000		690,000	10,000	

Area	Metric	Hosp A	Percentile Ranking		
			25th	35th	50th
Main OR	Worked Hrs/OR Minute	0.130	0.111	0.114	0.132

# Case Example – Operating Room

## Linking Workload to Staffing

### Finding Opportunities

- Step 2: Assess distribution of volume by day of week
- Questions:
  - Are the daily staffing plans adjusted to accommodate volume?
  - What proportion of staff is full-time versus part-time?
  - Does the department use per diem/flex staff? How are they scheduled?
  - How is the site staffed during non-prime hours?
    - On call versus on-site staffing
  - Is there an opportunity to smooth out the volume by day of week?

Distribution of Case Volume & Minutes by Weekday CY 2011 (1/1/2011 - 10/31/2011)				
Day of Week	Case Volume	Case Minutes	Case Volume % to Total	Case Minutes % to Total
Sun	200	33,194	1.9%	2.9%
Mon	2,200	219,626	20.5%	19.4%
Tue	1,900	213,631	17.7%	18.9%
Wed	1,800	216,073	16.8%	19.1%
Thu	1,900	210,958	17.7%	18.7%
Fri	2,300	199,573	21.4%	17.7%
Sat	400	34,051	3.7%	3.0%
Hol	30	2,269	0.3%	0.2%
<b>Grand Total</b>	<b>10,730</b>	<b>1,129,375</b>	<b>100.0%</b>	<b>100.0%</b>

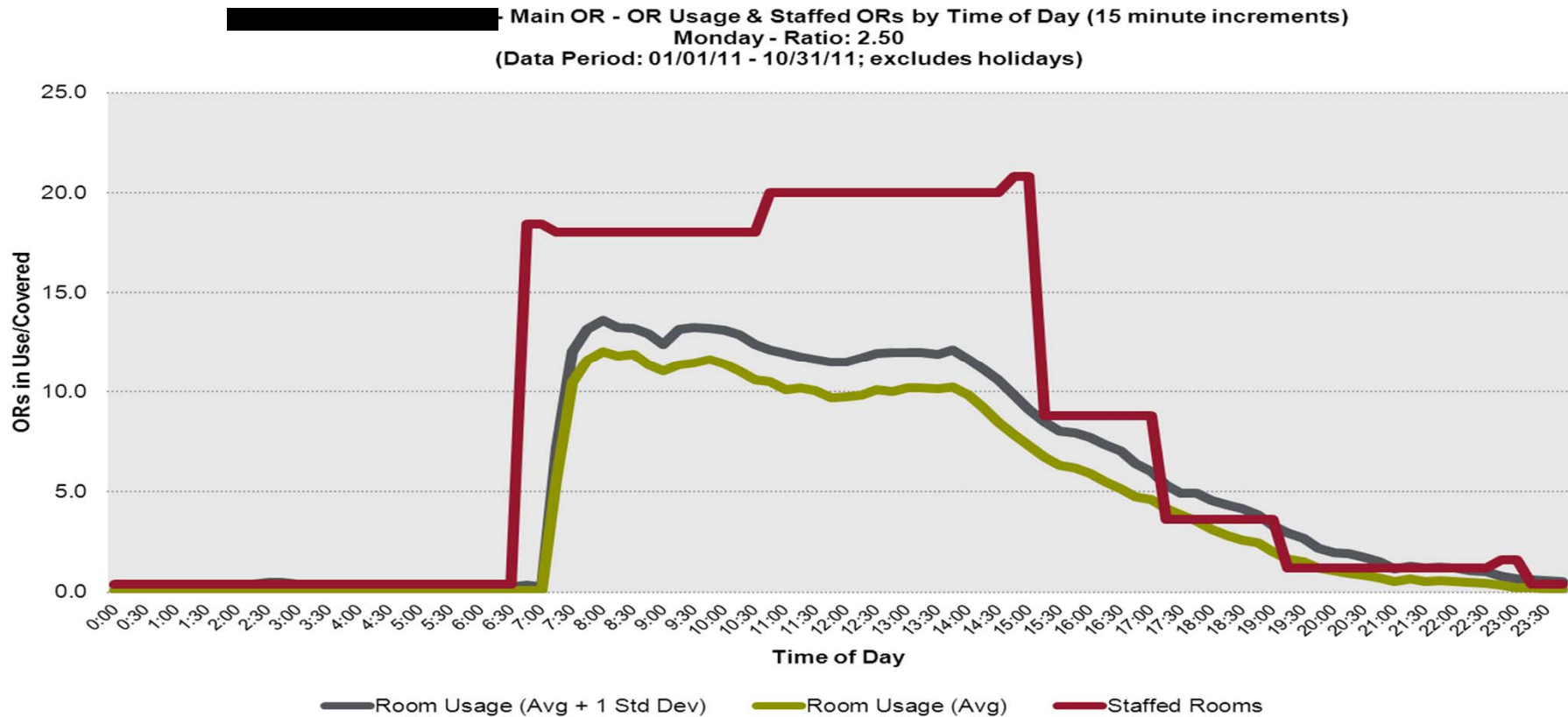
# Case Example – Operating Room Linking Workload to Staffing

## Finding Opportunities

- Step 3: Assess distribution of volume by time of day
- Step 4: Overlay current staffing plans

## Finding Opportunities

- Probe:
  - Shift start and durations
  - Staffing requirements per room
  - Cost/benefit of call
  - Case facilitation



# Case Example – Operating Room Linking Efficiency to Staffing

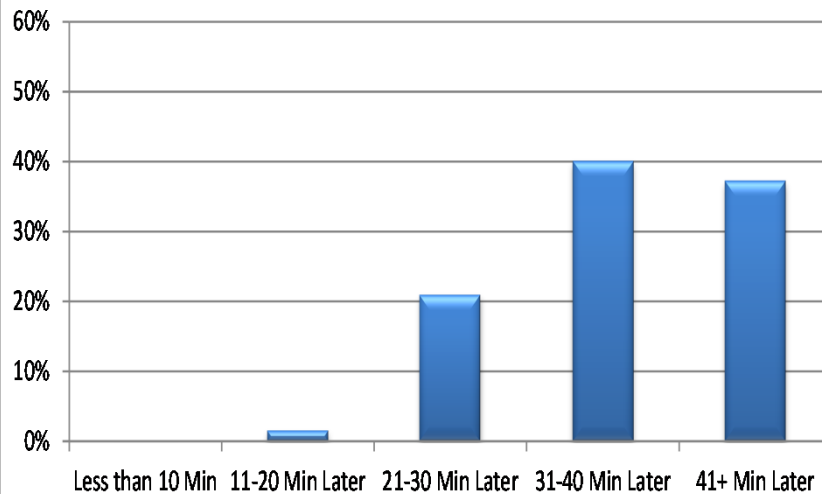
## Finding Opportunities

- Step 5: Assess operational efficiency
- Address:
  - Turnover time
  - Case start accuracy

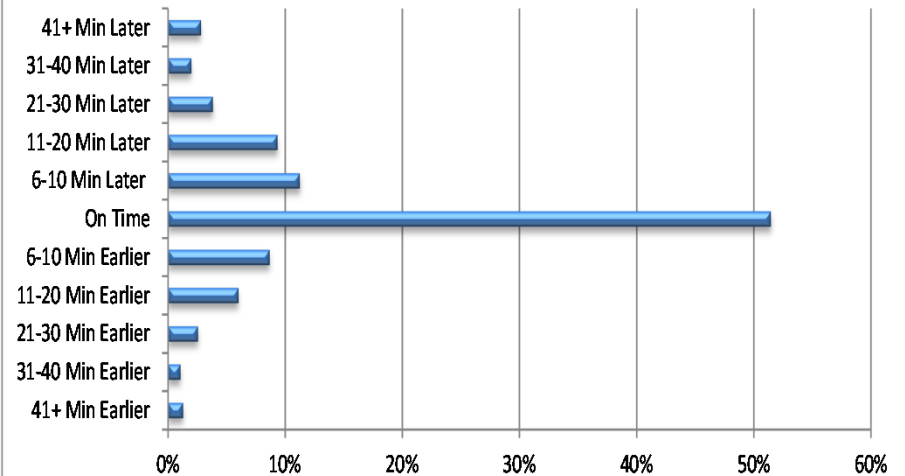
## Finding Opportunities

- Step 6: Observe:
  - Key processes
    - Scheduling
    - Patient preparation
    - Case cart preparation

**Turnover Time Distribution  
Mon-Fri Elective 700-1500 Only**



**Case Start Accuracy  
Mon- Fri Elective Only**





# Case Example – Operating Room

## Step 7: Quantify Opportunity

### Current State Staffing Patterns - First Half FY 2011

#### A. Monday through Friday 0700 to 0700

##### 1. Daily Room Staffing Requirements

Time of Day	Rooms Running	Duration of Hrs	Staff Room	Staffed Hrs Req'd	Est Wkd FTE's
0700-1500	17.0	8	2.5	340.00	42.5
1500-1700	9.0	2	2.5	45.00	5.6
1700-1900	4.0	2	2.5	20.00	2.5
1900-2300	2.0	4	2.0	16.00	2.0
2300-0700	1.0	8	2.0	16.00	2.0
<b>Subtotal Staffing Hours</b>				<b>437.00</b>	<b>54.6</b>

##### 2. Daily Supplemental (Relief) Staffing Requirements

Role	Duration of Hrs	Staff Req'd	Staffed Hrs Req'd	Est Wkd FTE's	
Manager	8	1.0	8.00	1.0	
Sup/Charge	8	3.0	24.00	3.0	
CNL	4	4.0	16.00	2.0	
Periop CNS	8	1.0	8.00	1.0	
First Asst	8	2.0	16.00	2.0	
Add'l Relief	8	2.0	16.00	2.0	
Unit Clerk	8	1.0	8.00	1.0	
Sys Admin	8	1.0	8.00	1.0	
Schedulers	8	4.0	32.00	4.0	
Anes Tech	8	1.0	8.00	1.0	
Aides	8	17.0	136.00	17.0	
Equip Tech	8	1.0	8.00	1.0	
<b>Subtotal Relief Hours</b>				<b>288.00</b>	<b>36.0</b>

### Future State Staffing Patterns - Option 1

#### A. Monday through Friday 0700 to 0700

##### 1. Daily Room Staffing Requirements

Time of Day	Rooms Running	Duration of Hrs	Staff Room	Staffed Hrs Req'd	Est Wkd FTE's
0700-1500	13.0	8	2.5	260.00	32.5
1500-1700	6.0	2	2.5	30.00	3.8
1700-1900	3.0	2	2.5	15.00	1.9
1900-2300	1.0	4	2.0	8.00	1.0
2300-0700	1.0	8	2.0	16.00	2.0
<b>Subtotal Staffing Hours</b>				<b>329.00</b>	<b>41.1</b>

##### 2. Daily Supplemental (Relief) Staffing Requirements

Role	Duration of Hrs	Staff Req'd	Staffed Hrs Req'd	Est Wkd FTE's	
Manager	8	1.0	8.00	1.0	
Sup/Charge	8	2.0	16.00	2.0	
CNL	4	4.0	16.00	2.0	
Periop CNS	8	1.0	8.00	1.0	
First Asst	8	2.0	16.00	2.0	
Add'l Relief	8	3.0	24.00	3.0	
Unit Clerk	8	1.0	8.00	1.0	
Sys Admin	8	1.0	8.00	1.0	
Schedulers	8	3.0	24.00	3.0	
Anes Tech	8	2.0	16.00	2.0	
Aides	8	12.0	96.00	12.0	
Equip Tech	8	1.0	8.00	1.0	
<b>Subtotal Relief Hours</b>				<b>248.00</b>	<b>31.0</b>

# A Couple of Lessons:

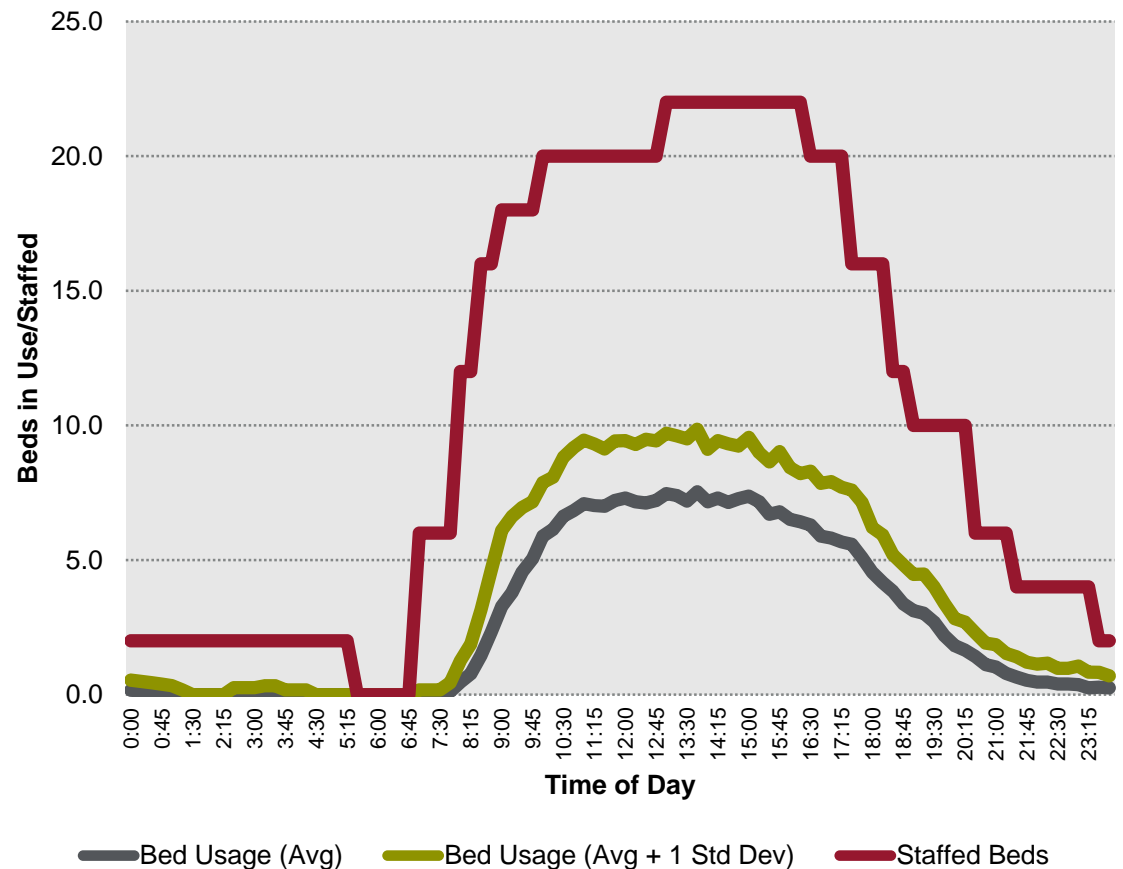
## Lessons

- Differentiate strategic versus tactical steps
- Know your staffing ratio's
- Don't over-estimate benefit time coverage in areas that do recognize holidays

### 1. Worked to Paid Ratio (Benefit Ratio)

Per Employee:	Vac Days	25
	Holidays	7
	Other	0
	Education	1
	Total Days	33
Paid Hrs/Day		8
Benefit Paid Hrs/Year		264
Paid Hrs/FTE		2080
Actual Benefit Ratio		0.13
FTE' to cover total benefit time		11.87
Proportion of benefit time to be covered		0.7

**Surgical Services - Main OR PACU- Bed Usage**  
 by Time of Day (15 minute increments)  
 Tuesday - RN to Patient Ratio: 2.00  
 (Data Period: 01/01/11 - 10/31/11; excludes holidays)



# Case Example - Emergency Services Comparative Benchmarking

## Current State

- Actual FTE's in line with flex budget
- Salary expense overall and per visit in excess of budget
- Department submitted a request for an additional 8 FTE's
  - Decrease patient wait times from triage to room
- Organization looking to achieve a significant reduction to budget FY 2012
- Your charge:
  - Work with the departmental manager to determine whether FTE's are justified
- Step 1: Re-assess and update benchmarks

Area	Metric	Hosp A	25th	Median	75th
ED	Worked Hrs/Visit	3.00	2.52	2.80	3.39

Area	Metric	Hosp A	25th	Median	75th
ED	Visits/Bay/Day	3.77	3.77	4.22	4.96
ED	Level III Visits	34%	34%	46%	50%
ED	Level IV Visits	45%	22%	29%	32%
ED	Admission Rate	20%	14%	19%	23%
ED	Walk Out Rate	4.8%	1.3%	2.0%	2.9%
ED	Pediatric Rate	35.3%	6.0%	15.7%	19.0%
ED	ALOS Overall	4.70	3.16	3.49	3.73
ED	ALOS ED to Admit	7.37	4.46	5.31	5.94
ED	ALOS ED to Discharge	3.84	2.73	3.07	3.22
ED	RN Skill Mix	54.0%	54.6%	60.2%	64.4%
ED	Contract Labor: Paid Hrs	5.7%	0.0%	0.0%	0.6%
ED	OT %	13.5%	4.0%	5.0%	6.5%

*"Best" Performance*

# Case Example - Emergency Services

## Linking Workload to Staffing

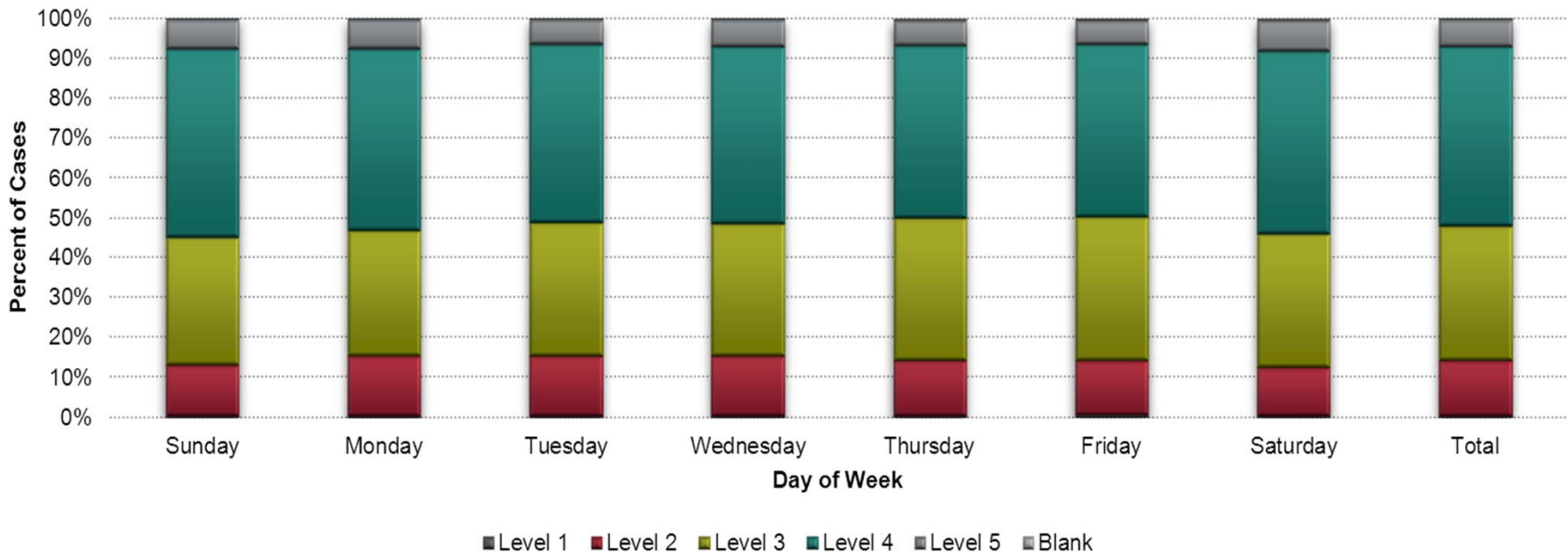
### Finding Opportunities

- Step 2: Assess distribution of volume by day of week

### Finding Opportunities

- Additional Areas to Probe:
  - Changes in intensity(patient acuity)
  - Availability of beds for admits
    - Urgent versus non-urgent

Overall % of Case by Triage Level and Day of Week  
Data Period: 1/1/11 - 6/30/11; Excludes Left on Own



# Case Example - Emergency Services

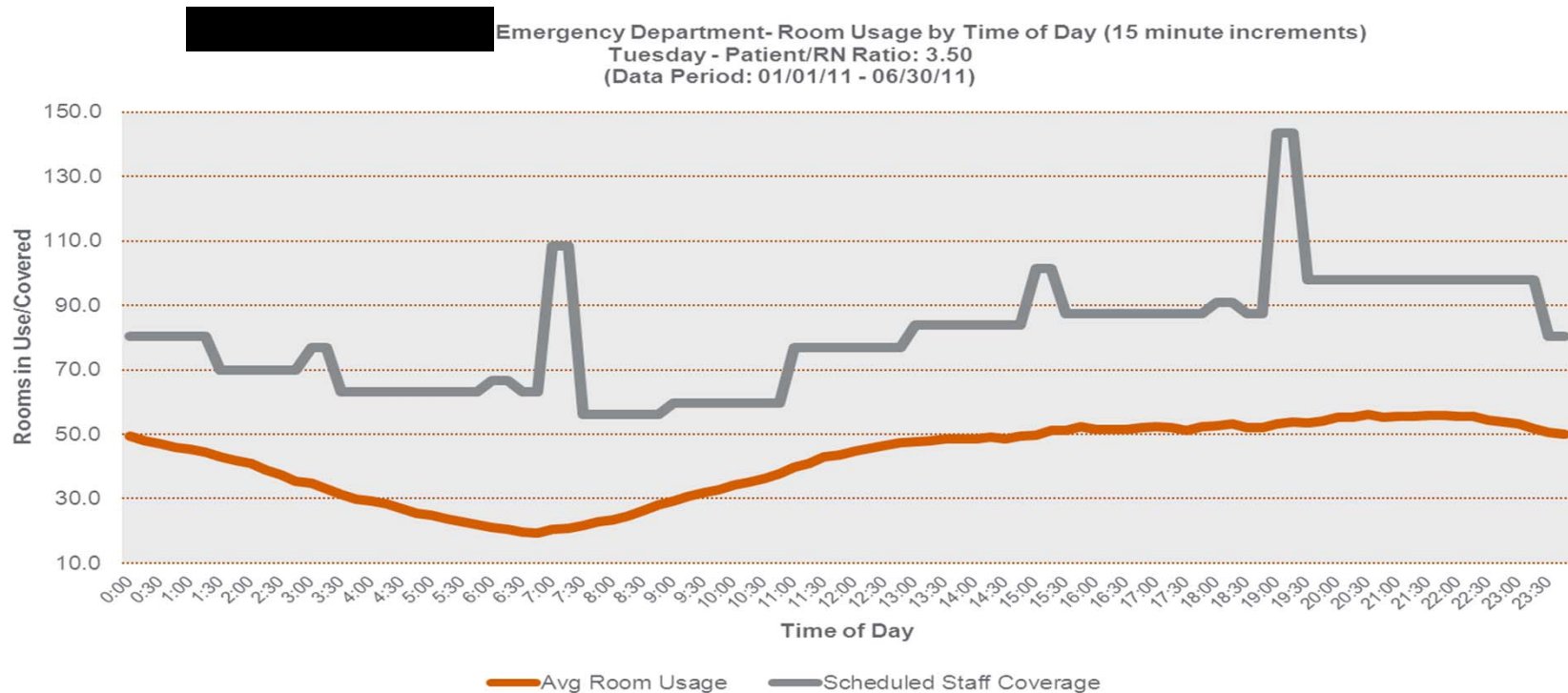
## Linking Workload to Staffing

### Finding Opportunities

- Step 3: Assess distribution of volume by time of day
- Step 4: Overlay current staffing plans

### Finding Opportunities

- Additional Areas to Probe:
  - Shift start and durations
  - Overtime (shift or end of shift)
  - Agency usage (which shifts)
  - RN to patient ratios



# Case Example - Emergency Services

## Linking Workload to Efficiency/Effectiveness

### Finding Opportunities

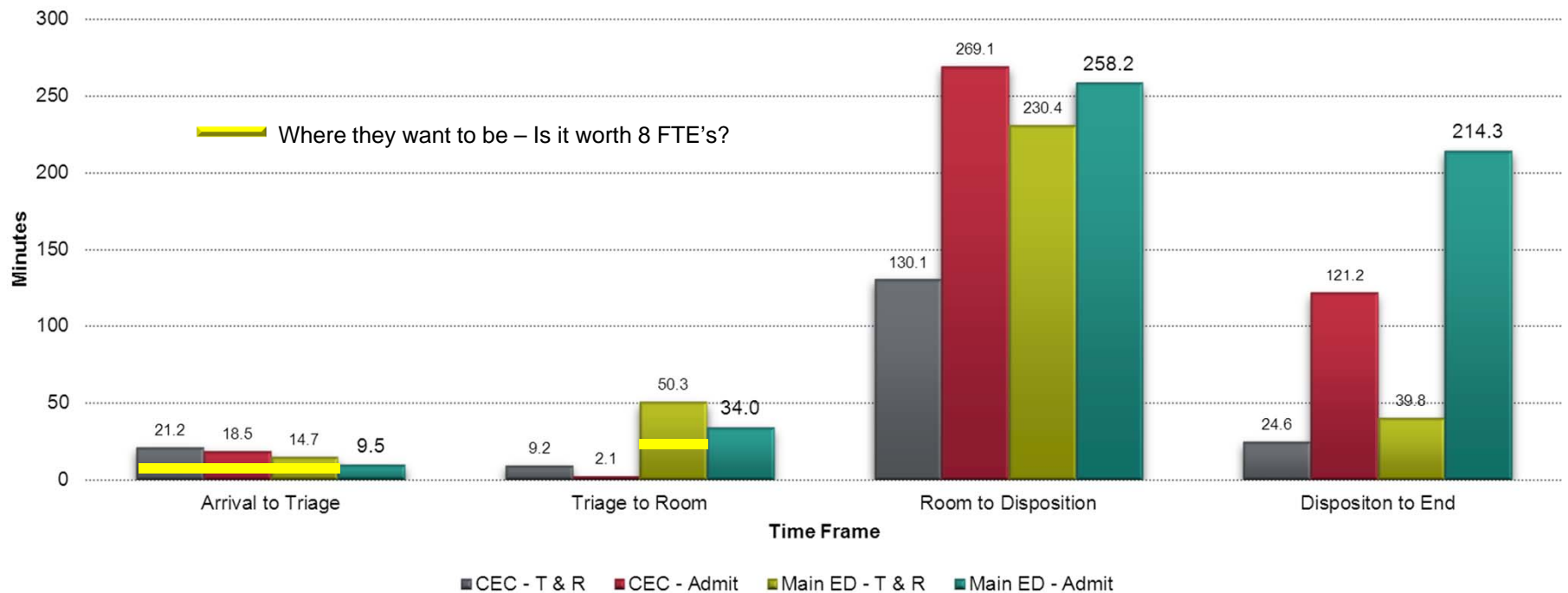
- Step 5: Assess operational efficiency
- Address:
  - Length of stay by segment

Segment Analysis - Industry Reported Times

Time Component	50th Percentile		
	Fast Track	Released	Admitted
Arrival to triage	12	12	12
Triage to room	22	24	37
Room to provider	26	26	26
Provider to Dispo*	48	107	198
Dispo to Leaves	24	32	45

\* for admitted patients, up to admission orders

Average Time (Minutes) by Care Interval by Discharge Disposition  
Data Period: 1/1/11 - 6/30/11



# Case Example – Operating Room

## Step 6: Quantify Opportunity

---

**Opportunity Summary\***  
(Non-Cumulative)

Opportunity	Current	Option 1		Option 2	
		Target	FTE	Target	FTE
Increase Productivity	3.0	2.8	7.9	2.7	11.9
			\$ 536,746		\$ 805,120

Opportunity	Current	Option 1	
		Target	Expense
Eliminate Agency	\$ 1,024,240	0	\$ 1,024,240

Opportunity	Current	Option 1		Option 2	
		Target	Expense	Target	Expense
Reduce Overtime	13.5%	5.0%	\$ 921,922	6.0%	\$ 813,587

\*Cost reduction estimates based on first half CY 2011 annualized payroll data

## A Couple of Lessons:

---

### Lessons

- Change staffed capacity based on demand
  - Compress to certain geographic areas
- Differentiate core staffing requirements from all staffing
  - Minimize 12 hour shift durations
  - Appeal to the “fatigue factor”
- Address the need to shorten shifts to improve surge demand
  - Use bid shifts in 4 hour increments
- Look for excess overtime being accrued by certain individuals
- Consider the degree of support supplementing RN care-givers (e.g. paramedics)
  - Adjust ratio’s as required
- Offer different channels
  - Same day clinic appointments
  - Link to community services



# Tips to Engage Others

---

- Use their data sources
  - Translate to operations
  - Make it meaningful & easy to interpret
- Perform observations
  - Provide insights
  - Ask specific questions
- Research leading practices
- Showcase their strengths
- Collaborate on implementation plans
  - Now, next, later
  - Strategic versus tactical



**Thank you**