



Best Practices in Hospital Key Financial Indicators – Setting and Achieving Goals

Steven Berger, CHE, FHFMA, CPA

President

Healthcare Insights, LLC

510 Roosevelt Drive

Libertyville, IL 60048

847-362-1244

E-mail: sberger@hcillc.com

www.hcillc.com



HEALTHCARE
INSIGHTS®

About the Presenter

Steven Berger is President of Healthcare Insights, LLC, which specializes in the teaching and consulting of healthcare financial management issues. In addition, Healthcare Insights has developed INSIGHTS, a management accountability and decision support software solution for the healthcare industry. Prior to his role at Healthcare Insights, Mr. Berger was Vice President, Finance for seven years at 250- bed Highland Park Hospital in suburban Chicago, Illinois. Before Highland Park Hospital and since 1978, he has been a hospital or health system finance officer in New York, New Jersey and Missouri.

Mr. Berger has over 30 years of healthcare financial management experience. He holds a Bachelors of Science degree in History and a Master of Science in Accounting from the State University of New York at Binghamton. He is a CPA, a Fellow of the Healthcare Financial Management Association (HFMA) where he has served as President of the First Illinois Chapter. Mr. Berger also served a three-year term on the HFMA's National Board of Examiners and was recently the Regional Executive of Region 7 of the HFMA. He is also a Fellow of the American College of Healthcare Executives (FACHE).

In addition, over the past several years he has presented many healthcare finance related seminars throughout the United States and Canada including several two-day classes such as Fundamentals of Healthcare Financial Management, Turning Data into Useful Information and Hospital Financial Management for the Non-Financial Manager. He has also been published several times in Healthcare Financial Management magazine, including an August 2004 Nationally Award Winning article on the Ten Ways to Improve Cost Management in Hospital, an April 2002 management column and a February 2000 commentary in Modern Healthcare on the lack of training in the healthcare industry

Additionally, Mr. Berger is the author of "Fundamentals of Healthcare Financial Management," originally published in 1999 by McGraw-Hill and the Healthcare Financial Management Association. This book was written from a practitioners point of view and is a distillation of Mr. Berger's many years on the inside of healthcare institutions. The third edition of the book was published in January 2008 and is available at www.josseybass.com. Additionally, Mr. Berger co-authored the 2002 text, "HFMA's Introduction to Hospital Accounting, 4th edition", published by Kendall Hunt, available at www.hfma.org. Mr. Berger's 2003 book, "Understanding Nonprofit Financial Statements", was published by BoardSource and is available at www.boardsource.org. His latest book, "The Power of Financial and Clinical Metrics: Achieving Superior Results in Your Hospital" was published in March 2005 and is available at

www.ache.org.

Objectives of the Course

- Hospital executives have a hard job to do!
- In attempting to create and achieve an effective strategic plan, there is a great need to determine specific outcomes that will be consistent with the organization's underlying mission, broad policies, culture and accepted industry norms....
- But what exactly does this mean?
- What are the elements that will be instantly recognizable as "a" or "the" key performance indicators (KPIs) of success across the hospital industry.
- This class will highlight the results of research with several hospitals that have undertaken to develop the proper metrics, set high goals and ensure that these goals have been met.
- **LEARNING OBJECTIVES:**
 - Understand the need to utilize key performance indicators in daily, biweekly, monthly, quarterly and annual reporting.
 - Recognize the key performance indicators that are being used at several other hospitals to achieve improved financial results.
 - Learn the best ways to present the KPIs for effective management outcomes.



Objective #1

*Understanding the Need to Utilize
Key Performance Indicators in Daily,
Biweekly, Monthly, Quarterly and
Annual Reporting*



What are

Key Performance Indicators (KPIs)?

- Key Performance Indicators (KPIs) are defined as measures or metrics that have been chosen, by an organization's leadership team, as representative of the most important outcomes to be achieved
- KPIs are developed to measure the results of organizational policies, practices and procedures
- KPIs represent key driver and critical success factors to the organization
- The organization needs to monitor the results of these performance metrics to determine the quality of its financial operations



How Can KPIs Be Used to Determine Financial Quality?

- KPIs allows the organization to
 - Recognize key organizational success drivers
 - Set the level of these drivers (goals)
 - Most often through strategic and operational benchmarking
 - Manage for achievement of these goals
 - Foster accountability through the recognition of the achievement
 - Set pay and bonus levels based on goals and outcomes



How Do Best Practice Hospitals Use KPIs in Their Operations?

- Best Practice Hospitals
 - Utilize a set of numbers (metrics) representing key success factors
 - Set goals through objectively derived benchmarks
 - Monitor the goals in a value-added manner
 - *Daily*
 - *Weekly*
 - *Biweekly*
 - *Monthly*
 - *Quarterly*
 - *Annually*
 - Take appropriate management actions as a result of the achievement or lack thereof.



What Do Best Practice KPI Hospitals Do Differently?

- Best Practice Hospitals
 - Use many tools and techniques to set and monitor goals
 - Pay great attention to the detailed outcomes
 - Employ a “best practices” orientation through the utilization of peer benchmarks
 - Apply management techniques including:
 - Accountability for meeting goals, and
 - positive and negative consequences
 - Achieve outcomes far in excess of the average



What are the Values of the KPIs?

- The KPIs provide significant value to any organization that utilizes them to
 - *Choose the most important indicators for the organization*
 - *Set the goals (using benchmarks)*
 - *Create action plans to achieve the goals*
 - *Implement the action plans*
 - *Monitor the results of the implementation*
 - *Communicate the results back to the affected parties (Feedback)*
 - *Development positive and negative consequences based on the results*



Success with KPIs

- In the 1970's and early 1980's, Humana corporate office mandated several targets that the individual hospital CEO's had to meet in order to get bonuses and stock
- The CEO's had targets for
 - Budgets
 - Census day volumes
 - Profit margins
- Because these goals were consistently met,
 - “Humana hospital administrators were known as the best paid administrators in the early 1980s”, and
 - “In 1987, of the 40 hospitals with the highest operating profit margins”, 17 were Humana facilities, according to a study by HCIA.
 - 22 of the remaining 23 hospitals on the list were also investor-owned.



How Other Industries Use KPIs to Achieve Superior Results

- Every industry has key performance indicators that represent success factors. For example,
 - Airlines
 - Revenue per passenger mile
 - Steel
 - Metric tons of steel produced
 - Retailing
 - Sales per square foot



Objective #2

Recognizing the Key Performance Indicators That are Being Used at Several Other Hospitals to Achieve Improved Financial Results



KPI Elements

- KPIs come in so many different types
- Every organization is likely to choose different KPIs
- KPIs, by the nature of their usefulness, will be affected by a variety of factors
 - Location
 - Urban, suburban, rural, state
 - Payer mix
 - Medicare, Medicaid, Managed Care, Self Pay
 - Tax status
 - For-profit, not-for-profit, governmental, military
 - Reporting periods
 - Daily, weekly, biweekly, monthly, quarterly, annually



Daily KPIs –

Hospital Wide Volume Indicators

- Inpatient
 - Patient days
 - Average length of stay
 - Admissions
 - Discharges
 - Transfers
 - Revenues (Gross Charges)
- Outpatient
 - Visits
 - Tests
 - Procedures
 - Modalities
 - Revenues (Gross Charges)



Daily KPIs –

Department Level Workload Units

- Some important departmental workload units are:
 - Nursing (Medical/Surgical, Critical Care, Telemetry, Maternity, Etc.)
 - Patient Days
 - Adjusted Patient Days
 - Severity Adjusted Patient Days
 - Admissions, Discharges, Transfers
 - Severity Adjusted ADT
 - Radiology, Laboratory, Cardiology
 - Tests
 - Procedures
 - Relative Value Units (RVUs)
 - Rehabilitation Services (Physical, Occupational, Speech Therapies)
 - Procedures
 - Modalities
 - Surgical Suite
 - Cases
 - Severity Adjusted Cases
 - Minutes Per Case



Daily Operating Summary

August	Births*	Peds Admissions+SCN (Sick babies)	Adult Admissions	Adult + Peds + SCN Admissions	Midnight Censns	Cumulative LOS	ED Visits (Based on Charges Posted)*	Outpatient Registrations*	Inpatient Surgeries*	Outpatient Surgeries*	Total Surgeries	Open Heart Surgeries	Cardiac Caths	Inpatient Revenue	
1	1	0	43	43	163	3.79	104	199	24	18	42	1	20	1,172,443	506,876
Saturday 2	3	2	42	44	149	3.59	80	40	6	1	7	0	1	602,849	129,647
Sunday 3	4	1	14	15	134	4.37	74	24	5	0	5	0	0	435,716	139,252
4	4	1	54	55	168	3.91	105	229	20	28	48	3	14	1,109,287	657,494
5	0	2	42	44	175	3.93	89	188	16	15	31	2	7	1,116,312	433,525
6	1	2	42	44	161	3.88	114	184	13	17	30	1	12	828,066	440,992
7	3	1	35	36	154	3.93	81	203	8	35	43	3	8	817,852	488,775
8	0	3	42	45	156	3.87	112	176	19	18	37	4	14	1,130,889	514,028
Saturday 9	3	1	20	21	124	3.99	95	51	5	1	6	0	0	451,820	104,396
Sunday 10	1	0	13	13	122	4.18	106	18	4	0	4	0	0	413,090	205,454
11	1	0	52	52	157	4.04	102	201	16	21	37	1	7	1,073,455	389,687
12				0		4.04					0				
13				0		4.04					0				
14				0		4.04					0				
15				0		4.04					0				
Saturday 16				0		4.04					0				
Sunday 17				0		4.04					0				
18				0		4.04					0				
19				0		4.04					0				
20				0		4.04					0				
21				0		4.04					0				
22				0		4.04					0				
Saturday 23				0		4.04					0				
Sunday 24				0		4.04					0				
25				0		4.04					0				
26				0		4.04					0				
27				0		4.04					0				
28				0		4.04					0				
29				0		4.04					0				
Saturday 30				0		4.04					0				
Sunday 31				0		4.04					0				
Month to Date Actuals	21	13	399	412	1,663	4.04	1,062	1,513	136	154	290	15	83	9,151,778	4,010,125
Month to Date Budget	31			430	1,893	4.40	1,222	2,045	164	186	351			10,111,295	4,117,665
Variance	-10			-18	-230	0.37	-160	-532	-28	-32	-61			-959,517	-107,539
% Variance	-31.2%			-4.2%	-12.2%	8.3%	-13.1%	-26.0%	-17.2%	-17.3%	-17.3%			-9.5%	-2.6%
Month Budget	86			1,212	5,335	4.40	1,815	2,444	3,444	5,762	463			28,495,468	11,604,328

Daily KPI (Most Practical) – Hours Per Units of Service (Productivity)

- Putting daily hours of service together with daily units of service can produce one of the most meaningful key financial (and operating) indicator
 - Hours (worked or paid) per unit of service
 - This is otherwise known as Productivity
- As we will see later, productivity can also be developed
 - Weekly (not common)
 - Biweekly
 - Monthly
 - Quarterly
 - Annually



Daily Labor Productivity by Department

	Average Daily Budget	Wednesday 8/6	Thursday 8/7	Friday 8/8	Saturday 8/9	Sunday 8/10	Monday 8/11	Tuesday 8/12	Wednesday 8/13	MTD Actual	Month Budget	% Var MTD	Notes
Lab													
Prod Standard	0.1600	0.1966	0.1674	0.1923	0.1688	0.1891	0.1764	0.1879	-	0.1768	0.1800	-2%	Cost Center Number 3400
Worked Hours	267.86	306.50	319.50	315.25	210.50	177.00	301.75	319.75	-	3,151.00	8,303.76		
Tests	1,488.13	1,559.00	1,705.00	1,639.00	1,247.00	936.00	1,711.00	1,702.00	-	17,816.00	46,132.00		
Agency Hours	-	-	-	-	-	-	-	-	-	-	-		
Overtime Hours	-	7.75	0.25	5.50	2.00	-	1.00	-	-	37.75	-		
MTO	-	-	-	5.00	-	-	-	-	-	5.00	-		
Training	-	18.00	20.00	31.00	-	-	20.00	24.00	-	177.25	-		
CT Scan													
Prod Standard	1.10	0.91	0.83	0.78	0.36	0.52	0.93	0.80	-	0.77	1.10	-30%	Cost Center Number 4200
Worked Hours	40.36	48.00	40.00	40.00	16.00	16.00	40.00	32.00	-	369.50	1,251.80		9-Aug 9 call ins - 18 hrs 10-Aug 3 call ins - 6 hrs
Procedures	36.71	53.00	48.00	51.00	44.00	31.00	43.00	40.00	-	504.00	1,138.00		
Agency Hours	-	-	-	-	-	-	-	-	-	-	-		
Overtime Hours	-	-	-	-	-	-	-	-	-	1.50	-		
MTO	-	-	-	-	-	-	-	-	-	-	-		
Training	-	-	-	-	-	-	-	-	-	-	-		
Rad-GFMO													
Prod Standard	0.75	0.95	0.83	0.78	0.64	0.57	0.87	0.90	-	0.79	0.75	5%	Cost Center Number 4202
Worked Hours	160.09	196.00	190.50	177.00	118.50	71.00	192.50	198.75	-	1,868.75	4,962.75		
Procedures	213.45	206.00	230.00	226.00	185.00	125.00	221.00	221.00	-	2,362.00	6,617.00		
Agency Hours	-	-	-	-	-	-	-	-	-	-	-		
Overtime Hours	-	-	-	8.00	-	-	-	-	-	8.00	-		
MTO	-	8.00	6.00	-	2.50	1.00	-	2.75	-	30.25	-		
Training	-	-	-	-	-	-	-	-	-	-	-		
Room Down-Hours	-	-	-	-	-	-	-	-	-	-	-		
Rad-Spec													
Prod Standard	3.30	6.50	4.54	5.07	-	-	2.91	2.05	-	2.71	3.30	-18%	Cost Center Number 4203
Worked Hours	15.33	13.00	22.70	35.50	-	-	23.30	22.50	-	213.60	475.20		
Procedures	4.65	2.00	5.00	7.00	-	-	8.00	11.00	-	79.00	144.00		
Agency Hours	-	-	-	-	-	-	-	-	-	-	-		
Overtime Hours	-	-	-	7.50	-	-	-	-	-	11.80	-		
MTO	-	11.50	5.30	-	-	-	-	2.50	-	19.30	-		
Training	-	-	-	-	-	-	-	-	-	-	-		
Hours of delays - MD	-	-	1.50	-	-	-	-	-	-	1.50	-		
Hours of delays - Other	-	-	-	1.50	-	-	-	-	-	1.50	-		
Rad-Ultra													
Prod Standard	0.96	1.00	0.72	1.10	0.77	-	0.73	0.71	-	0.77	0.96	-20%	Cost Center Number 4206
Worked Hours	21.68	21.00	21.00	25.30	9.20	-	16.00	22.00	-	175.50	672.00		7-Aug 3 cx
Procedures	22.58	21.00	29.00	23.00	12.00	-	22.00	31.00	-	229.00	700.00		
Agency Hours	-	-	-	-	-	-	-	-	-	-	-		
Overtime Hours	-	-	-	-	-	-	-	-	-	-	-		
MTO	-	3.50	3.00	1.50	-	-	-	-	-	10.00	-		
Training	-	-	-	-	-	-	-	2.00	-	-	-		
Number of Call Ins	-	-	-	3.00	2.00	3.00	-	-	-	9.00	-		
Rehab - PT													
Prod Standard	0.46	0.68	0.68	0.78	0.57	-	0.57	0.95	-	0.71	0.46	55%	Cost Center Number 4503
Worked Hours	47.41	107.90	119.60	97.00	30.60	-	117.80	118.25	-	964.90	1,469.70		5-Aug 4 missed visits due to short staff 6-Aug 19.5 hrs FMLA; JCAHO prep 7-Aug 19.5 hrs FMLA; 2 missed visits due to short sta 8-Aug 8 hrs FMLA
Billable Units	103.05	158.00	177.00	125.00	54.00	-	208.00	125.00	-	1,356.00	3,194.50		
Agency Hours	-	-	-	-	-	-	-	-	-	-	-		
Overtime Hours	-	-	1.00	-	-	-	-	1.25	-	2.25	-		
MTO	-	1.25	3.00	-	-	-	-	4.75	-	23.75	-		
Training	-	-	0.75	2.00	-	-	-	-	-	2.75	-		
Number of Cancellations	-	2.00	-	1.00	-	-	-	-	-	11.00	-		
Number of No Shows	-	4.00	3.00	1.00	-	-	-	4.00	-	21.00	-		

Weekly KPIs

- Any KPI that is produced on a daily basis can be aggregated on a weekly basis
- We will see an excellent representation of this later in the class



Biweekly KPIs

- When reporting biweekly results, the most common KPIs are labor related:
 - Payroll
 - Hours paid
 - Hours worked
 - Non payroll
 - Simple units of service (Tests, Procedures)
 - Complex units of service (Relative Value Units)
 - Productivity Based
 - Hour worked per units of service
 - Hours paid per units of service
 - Average dollars per units of service, and...
 - The variances
 - Efficiency Variance (this is also available on a daily basis, if desired)
 - Difference between budgeted and actual hours
 - Rate Variance
 - Difference between budgeted and actual average hourly rates
 - All of the other KPIs developed for daily reporting are applicable on a biweekly basis, including Charge Based (chargeable services rendered)
 - Inpatient gross revenues
 - Outpatient gross revenues



Monthly KPI Concepts

- Monthly is the time period most often associated with financial reporting
 - KPIs are often the result of monthly balance sheet and income statement reporting
 - The most important KPIs to report on a monthly basis are those that are deemed to be relevant to bond ratings (even if there are no bonds outstanding...maybe someday soon, the organization will want to go out to the debt market)
- It is important to set up the KPI reporting to maximize the understanding of the reader



Monthly KPIs – Volumes

- **Inpatient**

- Admissions
- Adjusted admissions
- Observation Days
- Discharges
- Adjusted discharge

- Average length of stay
- Patient days
- Average daily census

- **Payer Mix**

- Medicare
- Medicaid
- Managed Care
- Other

- **Outpatient**

- Emergency department (ED) admissions
- ED admissions as a percentage of total admissions
- ED admissions as a percentage ED visits

- Surgical Procedures and C-Sections
- Same Day Surgery Procedures
- Open Heart Surgery Procedures

- Deliveries
- Laboratory Procedures
- Radiology Procedures
- MRI Procedures
- Ultrasounds
- CT Scans
- Home Health Visits
- Family Care Center Visits



Monthly KPIs – Financial

- Days cash on hand
- Operating margin percentage
- Net (excess) margin percentage
- Debt service coverage
- Debt to capitalization percentage
- Cushion ratio
- Capital expense percentage
- Average age of plant
- Days of revenue in accounts receivable
- Bad debt & charity expense as a percentage of net patient revenue
- Current ratio



Monthly KPIs – Operational

- Salaries, fringe benefits and contract labor as a percentage of total revenue
- Salary expense per adjusted admission
- Supply expense per adjusted admission
- Total expense per adjusted admission
- Supply expense as a percentage of net patient revenue
- Outpatient revenue as a percentage of total revenue
- Case mix index (CMI)
- Net revenue per adjusted admission (case mix adjusted)
- Cost per adjusted admission (case mix adjusted)
- Total paid hours per adjusted patient day



Quarterly KPIs

- Quarterly KPIs are most often associated with bond debt reporting
- Bonds have covenants that must be met in order to ensure that the borrower (the hospital) is not defaulting
- The covenants are often in the form of ratios, such as
 - Current ratio
 - Cushion ratio
 - Debt to capitalization
 - Debt service coverage
 - Days cash on hand



Annual KPIs

- For annual KPIs, best practice hospitals are utilizing a variety of benchmarked metrics that are to the industry
- There are several different sets of Best Practice Key Financial Indicators to choose from. Here is a sampling:
 - Solucient's 100 Top Hospitals® Financial KPIs
 - Cleverley and Associates Financial Strength Measures
 - HMFA's Key Hospital Financial Statistics and Ratios
 - Standard and Poors
 - Fitch Ratings
 - Ingenix
 - Premier
 - Solucient



Thomson 100 Top Hospitals® Financial KPIs Calculations and Benchmarks

	<i>100 Top Hospital Winners</i>	<i>Peer Group of U.S. Hospitals</i>
1) Severity-adjusted average length of stay <u>Total Patient Days (adjusted for severity (RDRG))</u> Total Discharges	3.52	3.94
2) Expense per adjusted discharge, case mix- and wage adjusted <u>Total Operating Expenses</u> Number of Adjusted Discharges (case mix and wage adjusted)	\$ 4,147	\$ 4,950
3) Profitability (operating profit margin) % <u>Total Operating Revenue – Total Expenses</u> Total Operating Revenue	8.95	2.46
4) Cash flow to total debt ratio <u>Net Income + Depreciation Expense + Interest Expense</u> Total Liabilities	0.35	0.16
5) Tangible assets (net PPE) per adjusted discharge <u>Total Property, Plant and Equipment – Accumulated Depreciation</u> Total Number of Acute Care Discharges	\$ 3,026	\$ 2,727

Cleverley & Associates Financial Strength Measures and Benchmarks

<u>MEASURE</u>	<u>CALCULATION</u>	<u>LOW QUARTILE</u>	<u>HIGH QUARTILE</u>
1) Financial Strength Index	$\frac{\text{Total Margin} - 4.0}{4.0} + \frac{\text{Days Cash on Hand} - 50}{50} - \frac{\text{Debt Financing \%} - 50}{50} - \frac{\text{Accumulated Depreciation Expense \%} - 50}{50}$	-2.0	3.5
2) Total Margin	$\frac{\text{Excess of Revenues Over Expenses}}{\text{Total Revenue}} \times 100$	-2.4	10.8
3) Days Cash on Hand	$\frac{\text{Cash and Cash Equivalents} + \text{Long Term Investments}}{\text{Total Expenses} / 365}$	29	78
4) Debt Financing Percentage	$\frac{\text{Total Assets} - \text{Net Assets}}{\text{Total Assets}} \times 100$	53.8	26.1
5) Accumulated Depreciation Percentage	$\frac{\text{Accumulated Depreciation}}{\text{Gross Property Plant and Equipment}} \times 100$	56.2	49.4
6) Overall Charge Index	$\frac{\text{Average Charge per Medicare Discharge (CMI adjusted)}}{\text{US Median}} \times \text{Inpatient Revenue Percentage} + \frac{\text{Average Charge per APC (RW adjusted)}}{\text{US Median}} \times \text{Outpatient Revenue Percentage}$	100.4	113.1
7) Surgical Cases Percentage	$\frac{\text{Total Medicare Inpatient Surgical Cases}}{\text{Total Medicare Inpatient Cases}} \times 100$	17.3	22.8



HEALTHCARE
INSIGHTS®

*Reprinted with permission:
William O. Cleverley, Ph.D. President
Cleverley & Associates
1-888-779-5663 (Ext. 222)
wcleverley@cleverleyassociates.com*

Cleverley & Associates Financial Strength Measures and Benchmarks

8)	Market Share Percentage	$\frac{\text{Net Patient Revenue}}{\text{Sum of Net Patient Revenues in County}} \times 100$	32	43
9)	Change in Medicare CMI Percentage	Percentage Change in Medicare Case Mix Index (two years)	0.1	1.0
10)	Non Government Payers Percentage	Percent of Revenue from Sources Other Than Medicare and Medicaid	31.8	36.1
11)	Overall Cost Index	$\left\{ \begin{array}{l} \frac{\text{Average Cost per Medicare Discharge (CMI adjusted)}}{\text{US Median}} \times \text{Inpatient Revenue Percentage} \\ + \\ \frac{\text{Average Cost per APC (RW adjusted)}}{\text{US Median}} \times \text{Outpatient Revenue Percentage} \end{array} \right.$	103.3	101.7
12)	Net Patient Revenue per Full Time Equivalents	$\frac{\text{Net Patient Revenues}}{\text{Full Time Equivalents}}$	99.0	126.8
13)	Medicare Length of Stay (CMI = 1.00)	$\frac{\text{Medicare Inpatient Days}}{\text{Medicare Discharges} \times \text{CMI}}$	4.3	3.9
14)	Overhead Cost Percentage	$\frac{\text{Overhead Expenses}}{\text{Total Expenses}} \times 100$	33.6	32.3
15)	Times Interest Earned	$\frac{\text{Excess of Revenues Over Expenses} + \text{Interest Expense}}{\text{Interest}}$	-0.5	10.3



*Reprinted with permission:
William O. Cleverley, Ph.D.
President
Cleverley & Associates
1-888-779-5663 (Ext. 222)
wcleverley@cleverleyassociates.com*

HFMA Knowledge Network®

Key Hospital Financial Statistics and Ratio Medians – December 2007

Measure	S & P (1) All Ratings	Fitch (2) All Ratings	Thomson (3) Solucient	Ingenix/ (4)	Premier, Inc (5)	Data Advantage Corp (6)
Sample size (n)	556	218	644	1,548	699	4,363
Average length of stay (%)	N/A	4.50	4.19	4.42	4.34	4.70
Maintained bed occupancy (%)	N/A	N/A	63.07	53.50	58.61	64.84
Operating margin (%)	2.90	2.80	2.98	2.82	2.61	(0.59)
Excess margin (5)	5.30	5.00	4.82	N/A	4.61	6.39
Debt service coverage (x)	3.90	3.80	3.42	3.74	N/A	N/A
Current ratio (x)	N/A	N/A	2.13	2.02	3.17	1.92
Cash on hand (days)	162.20	168.50	124.71	99.10	N/A	37.44
Cushion ratio (%)	13.20	12.70	N/A	7.76	N/A	N/A
Accounts receivable (days)	49.90	49.70	53.88	53.70	51.91	52.55
Average payment period (days)	58.10	62.30	50.83	51.40	N/A	67.28
Average age of plant (years)	9.60	9.80	9.68	9.73	N/A	14.33
Debt-to-capitalization (%)	37.40	40.80	37.19	28.00	35.89	30.84
Capital expense (%)	N/A	N/A	7.32	5.53	6.72	4.05

1. *Standard & Poor's US Not For Profit Healthcare 2007 Stand-Alone Hospital Medians*
2. *FITCH Ratings. 2007 Median Ratios for Nonprofit Hospitals and Health Care Systems*
3. *2007 Thomson Healthcare Action O-I Data*
4. *2007 Ingenix, Inc. Financial Analysis and Str. Op. Indicators Services and Medicare Cost Reports (2007 Almanac Version)*
5. *Premier, Inc. Operations Advisor for the Year Ended June 30, 2007 (Median Data)*
6. *Copyright 2007 by Data Advantage Corporation*



Key Hospital Financial Ratio Calculations

Operating margin (%)	$(\text{Total operating revenues} - \text{Total operating expenses}) / (\text{Total operating revenues}) \times 100$
Excess margin (%)	$(\text{Total operating revenues} + \text{Non-operating revenues} - \text{Total operating expenses}) / (\text{Total operating revenues} + \text{Non-operating revenues}) \times 100$
Debt service coverage (x)	$(\text{Excess of Revenues over Expenses} + \text{Deprec} + \text{Interest Exp}) / (\text{Principal} + \text{interest payments})$
Current ratio (x)	$(\text{Current Assets} / \text{Current Liabilities})$
Cash on hand (days)	$((\text{Cash and Cash Equivalents} + \text{Board Designated Funds for Capital}) * 365) / (\text{Total operating expenses} - \text{depreciation and amortization expenses})$
Cushion ratio (%)	$(\text{Cash} + \text{Short Term Investments} + \text{Unrestricted Long Term Inv}) / (\text{Principal} + \text{interest payments})$
Accounts receivable (days)	$(\text{Net patient accounts receivable} \times 365) / \text{net patient revenues}$
Average payment period (days)	$(\text{Current Liabilities}) / ((\text{Total Expenses} - \text{Depreciation}) / 365)$
Average age of plant (years)	$(\text{Accumulated Depreciation}) / (\text{Depreciation Expense})$
Debt-to-capitalization (%)	$(\text{Long term debt}) / (\text{Long term debt} + \text{Net Assets}) \times 100$
Capital expense (%)	$(\text{Interest Expense} + \text{Depreciation Expense}) / (\text{Total Expenses}) \times 100$



Poll Questions

- 1. Are you capturing and reporting the budgeted and actual results of the 11 financial metrics on a monthly basis?
 - Yes
 - No
- 2. Have you developed labor productivity standards at your hospital?
 - Yes
 - No
- 3. If yes, are you routinely (biweekly) reporting the budgeted and actual labor productivity results?
 - Yes
 - No





Objective #3

*Learning the Best Ways to Present
the Key Performance Indicators for
Effective Management Outcomes*



Understanding the Need to Utilize Key Performance Indicators in Reporting

There are so many different ways to present financial information

- Report designs should include a variety of options
 - Who is the recipient (i.e. who is the report being designed for?)
 - Who else will be receiving the report?
 - What is the purpose of the report (what is trying to be achieved?)
 - What is the scope of the report?
 - What time periods are needed in the report?
- Report designs should include a variety of looks
 - Trends
 - Color coding
 - Graphs and charts rather than tables and narratives, if appropriate
- Most importantly, all reports should be ***ACTIONABLE!!!***
 - Building reports around key financial indicators helps to achieve these goals



The Important Numbers Report

ACTIVITY	Current Month	Budget Month	Prior Year	Variance To Budget	Variance To Prior Year	Current YTD	Budget YTD	Prior Year YTD	Variance To Budget
Admissions (Excludes Nursery)	1,808.00	1,885.00	1,818.00	(77.00)	(10.00)	9,107.00	9,179.00	9,268.00	(572.00)
Admissions (Nursery)	145.00	153.00	141.00	(8.00)	4.00	746.00	770.00	714.00	(24.00)
Patient Days (Excludes Nursery)	7,585.00	7,701.00	7,214.00	(116.00)	371.00	38,274.00	39,559.00	37,948.00	(1,285.00)
Patient Days (Nursery)	366.00	360.00	339.00	6.00	27.00	1,763.00	1,826.00	1,661.00	(63.00)
Observation Days	205.00	187.00	178.00	18.00	27.00	1,211.00	1,047.00	1,199.00	165.00
Equivalent Discharge	2,644.14	2,872.20	2,877.00	(228.06)	(232.86)	13,476.87	14,726.10	14,156.00	(1,249.22)
Equivalent Patient Days	11,092.82	11,734.12	11,415.00	(641.30)	(322.18)	56,801.44	60,186.96	58,296.00	(3,385.52)
Equivalent Discharge (Includes Nursery)	2,750.17	2,988.76	2,988.00	(238.59)	(237.83)	14,069.02	15,311.85	14,867.00	(1,242.83)
Equivalent Patient Days (Includes Nursery)	11,360.45	12,008.39	11,683.00	(647.94)	(322.55)	58,109.65	61,576.04	59,572.00	(3,466.39)
ALOS (ALL)	4.20	4.09	3.97	0.11	0.23	4.20	4.09	4.09	0.12
ACUTE ALOS (Excludes Hospice, Rehab & Psy)	4.11	3.94	3.78	0.17	0.33	4.09	3.95	3.92	0.15
Average Daily Census	244.68	248.42	232.71	(3.74)	11.97	253.47	261.98	251.31	(8.51)
%Occupancy	0.70	0.71	0.65	(0.01)	0.04	0.72	0.75	0.72	(0.02)
OP Registrations(Including ER)	12,231.00	11,750.00	14,035.00	468.00	(1,804.00)	59,859.00	60,410.00	73,121.00	(551.00)
ER Visits Including IP Admits	5,060.00	5,167.00	5,017.00	(107.00)	43.00	24,907.00	25,565.00	24,820.00	(658.00)
ER IP Admits	1,074.00	1,070.00	1,063.00	4.00	11.00	5,382.00	5,297.00	5,200.00	85.00
Surgeries	1,096.00	1,258.00	1,239.00	(162.00)	(143.00)	5,547.00	6,465.00	6,379.00	(918.00)
Open Heart Surgeries (OF ONLY)	26.00	20.00	23.00	6.00	3.00	121.00	99.00	96.00	22.00
Home Health Visits	4,185.00	4,050.00	4,664.00	35.00	(579.00)	19,501.00	20,250.00	20,762.00	(749.00)
Home Health Census	332.00	319.00	339.00	3.00	(17.00)	324.00	319.00	323.00	5.00
Home Health Admissions	176.00	174.49	181.00	1.51	(5.00)	829.00	860.84	902.00	(31.84)
Physician Visits	2,145.00	1,818.00	2,023.00	327.00	122.00	10,717.00	9,090.00	9,922.00	1,627.00
Psych Admissions	-	48.00	52.00	(48.00)	(52.00)	4.00	233.00	210.00	(229.00)
Rehab Admissions	40.00	53.00	57.00	(13.00)	(17.00)	246.00	259.00	281.00	(13.00)
OP Procedures	63,181.00	68,155.00	59,883.00	(4,974.00)	3,298.00	321,351.00	325,418.00	297,720.00	(4,067.00)
OP Visits	17,291.00	18,748.00	19,433.00	(1,457.00)	(2,142.00)	93,876.00	95,064.00	97,256.00	(1,188.00)
Average Acuity -Total	1.19	1.12	0.97	0.07	0.22	1.16	1.12	1.13	(0.04)
Average Acuity - Medicare	1.43	1.34	1.38	0.09	0.05	1.35	1.34	1.37	(0.01)
Deliveries	143.00	153.00	141.00	(10.00)	2.00	730.00	770.00	704.00	(40.00)

What Not To Do!

!



The Important Numbers Report

ACTIVITY	Current Month	Budget Month	Prior /ariance To Year	Variance To Budget	Variance To Prior Year	Current YTD	Budget YTD	Prior Year YTD	Variance To Budget
BALANCE SHEET									
Net Days in Receivables						70	62	60	7
Net Days in Receivables (Regional Summary)*						70	62	58	
Capital Expenditures and Equity Transfers						30,513,618		6,307,832	
Equity Growth						-4.09%	3.01%	-1.23%	
Total Contributions - Restricted/Unrestricted						382,219		134,406	
*Includes Current YTD Net Patient Serv. Revenue (excludes Premium Revenue)									
OPERATIONS ALL									
Gross Revenues	49,757,630	46,366,746	44,239,820	3,390,884	5,517,810	244,654,967	231,558,312	215,098,122	10,075,655
Contractual Allowances+CGS	30,040,511	26,966,161	25,222,690	3,074,350	4,817,821	147,911,222	131,414,939	123,938,114	11,576,283
Net Patient Revenue	19,717,119	19,400,585	19,017,130	316,534	699,989	96,643,745	98,144,373	91,160,008	(1,500,628)
Other Revenue	1,052,379	796,248	461,124	256,131	591,255	4,141,651	3,992,939	2,261,950	156,712
Salary, Benefits and Contract L	10,585,072	10,086,119	9,583,229	498,953	1,001,843	49,934,732	49,795,099	44,870,888	139,633
Interest, Depreciation and Amo	1,391,636	1,392,883	1,353,030	(1,247)	38,606	6,959,504	6,964,415	6,765,332	(4,911)
Total Expenses	20,914,879	20,356,576	19,796,885	558,303	1,117,994	102,991,121	101,294,472	94,474,069	1,696,649
Total Operating Income	(145,381)	(159,743)	(318,631)	14,362	173,250	(2,197,725)	842,840	(1,052,111)	(3,040,565)
Investment Income	26,688	50,077	2,672	(23,389)	4,016	86,625	250,385	476,313	(163,760)
Contributions	5,015	85,243	3,867	(8,228)	1,148	28,098	426,215	3,633	(398,117)
Other Non Operating Income	19,248	-	8,670	19,248	15,578	18,808	-	8,308	18,808
Net Income	(94,430)	(24,423)	(308,422)	(70,007)	213,992	(2,064,194)	1,519,440	(563,857)	(3,583,634)
EBIDTA	1,246,255	1,233,140	1,034,395	13,115	211,856	4,761,779	7,807,255	5,713,221	(3,045,476)
EBIDTA Margin	6.00%	6.11%	5.31%	-0.11%	0.69%	4.72%	7.64%	6.12%	-2.92%
NET INCOME BY ENTITY									
Hospital and Other	(170,897)	(234,050)	(350,663)	63,153	179,766	(2,509,343)	382,926	(1,523,150)	(2,892,269)
Home Health	90,518	38,153	185,238	(47,540)	(94,720)	616,696	749,465	1,078,048	(132,769)
Outpatient Pharmacy	42,208	2,328	(5,067)	39,880	47,275	28,881	13,443	78,264	15,438
Buildings	(6,002)	(9,118)	(52,593)	(36,924)	6,551	(45,201)	(45,599)	(282,989)	398
Professional Practice	(61,163)	(56,961)	(95,546)	(4,207)	34,378	(288,758)	(257,395)	(402,284)	(31,363)
Operating Income/(Loss)	(145,381)	(159,743)	(318,631)	14,362	173,250	(2,197,725)	842,840	(1,052,111)	(3,040,565)
Operating Margin	-0.70%	-0.79%	-1.64%	0.09%	0.94%	-2.18%	0.83%	-1.13%	-3.01%
Non-Operating Hospital	50,951	135,320	10,209	(84,369)	40,742	133,531	676,600	488,254	(543,069)
Total	(94,430)	(24,423)	(308,422)	(70,007)	213,992	(2,064,194)	1,519,440	(563,857)	(3,583,634)
Total Margin Pct.	-0.45%	-0.12%	-1.58%	-0.33%	1.13%	-2.05%	1.49%	-0.60%	-3.54%
Return on Investment						-2.92%	2.15%	-0.52%	-5.08%
REVENUE									
% Inpatient	68.38%	65.63%	63.41%	2.75%	4.97%	67.38%	65.73%	65.31%	1.66%
%Outpatient	31.62%	34.37%	36.59%	-2.75%	-4.97%	32.62%	34.27%	34.69%	-1.66%



The Important Numbers Report

EXAMPLE HOSPITAL AND HEALTH CENTERS
THE IMPORTANT NUMBERS REPORT 2003
MAY, 2003 ACTUAL VS. PRIOR YEAR

ACTIVITY	Current Month	Budget Month	Prior Year	ariance To Budget	ariance To Prior Year	Current YTD	Budget YTD	Prior Year YTD	ariance To Budget
SALARY INFO									
FTE per Adjusted Occupied Bed	5.55	5.03	5.10	0.52	0.45	5.30	4.89	4.83	0.41
Employees Paid (Last Payroll)	2,256.00		2,188.00		68.00				
Paid FTE's	1,985.62	1,902.66	1,871.46	82.95	114.16	1,989.13	1,947.74	1,865.62	41.39
Worked FTE's	1,824.00	1,705.00	1,799.00			1,807.00	1,763.00	1,691.99	44.00
Compensation Ratio	54.97%	53.98%	53.79%	0.99%	1.18%	53.70%	52.70%	52.60%	1.00%
Salary/Benefit/Contract Labor per Operating Rev.	50.96%	49.94%		1.03%		49.54%	48.75%	48.03%	0.79%
Benefit Percentage of Salaries	29.21%	25.56%				26.29%	26.00%	24.93%	0.29%
Salary/Benefit per FTE	5,330.82	5,301.05		29.83		25,103.82	25,565.59	24,052.00	(461.78)
%OT	2.74%	2.42%		0.33%		2.74%	2.35%	5.35%	0.38%
%Non Productive	8.67%	7.17%		-1.50%		9.23%	9.94%	9.10%	-0.72%
Manhours Per Adjusted Admission *	132.66	117.03		15.64		126.64	113.81	112.77	12.83
Manhours Per Adjusted Patient Day *	31.62	28.64		2.98		30.13	27.85	27.54	2.29
* Includes contracted labor hours									
FTE's BY ENTITY (Paid) *									
Hospital and Other CH*	1,412.37	1,318.84	1,295.87	93.53	116.50	1,422.19	1,363.11	1,277.17	59.07
Hospital and Other OF*	502.63	517.45	506.05	(14.82)	(3.42)	495.99	517.19	519.06	(21.20)
Home Health	57.88	55.53	56.67	2.35	1.21	57.98	56.59	56.08	1.39
Professional Practice*	12.74	10.84	12.87	1.90	(0.13)	12.97	10.84	13.31	2.13
Total*	1,985.62	1,902.66	1,871.46	82.95	114.16	1,989.13	1,947.74	1,865.62	41.39
* Includes contracted labor hours									

What Not To Do!!!



The Important Numbers Report

EXAMPLE HOSPITAL AND HEALTH CENTERS
THE IMPORTANT NUMBERS REPORT 2003
MAY, 2003 ACTUAL VS. PRIOR YEAR

ACTIVITY	Current Month	Budget Month	Prior Year	ariance To Budget	ariance To Prior Year	Current YTD	Budget YTD	Prior Year YTD	ariance To Budget
OTHER INFO									
% Bad Debt	1.48%	1.49%	1.52%	-0.02%	-0.04%	1.83%	1.49%	1.62%	0.34%
% Charity	2.75%	2.77%	2.82%	-0.03%	-0.07%	3.40%	2.77%	3.01%	0.62%
Deductability Ratio W/Bad Debt	61.85%	59.65%	58.53%	2.20%	3.22%	62.32%	59.65%	59.23%	2.67%
Volunteer Hours	4,704.00	4,240.00	5,250.00	464.00	(546.00)	23,519.00	21,777.00	25,424.00	1,742.00
Capitated Lives/Member Months PHO	14,000.00	14,000.00	13,500.00	-	500.00	70,000.00	70,000.00	66,000.00	-
Net Revenue per Employee	10,459.98	10,615.03	11,408.05	(155.05)	51.93	50,672.12	52,438.91	50,076.00	(1,766.79)
Inpatient Nursing Unit Costs						420.64	414.20	374.01	6.44
Days In Accounts Receivable by Entity									
Hospital and Other						69.95	60.00	60.94	9.95
Home Health						57.36	48.83	48.36	8.53
MD						55.58	80.00	57.57	(24.42)
Total						69.57	62.21	59.71	7.36
OTHER INFO									
Drug Expense Per Adjusted Patient Day	75.18	71.60	70.50	3.58	4.68	65.49	71.02	66.32	(5.54)
Other Medical Expense Per Adjusted Patient Day	172.69	156.26	161.44	16.43	11.25	183.26	152.69	148.11	30.57
Gross Patient Revenue Per Adjusted Admission	18,818.06	16,143.28	15,379.00	2,674.78	3,439.06	18,152.20	15,928.14	15,108.00	2,224.06
Gross Revenue Per Adjusted Patient Day	4,485.57	3,951.45	3,876.00	534.12	609.57	4,306.84	3,897.18	3,690.00	409.67
Net Revenue Per Adjusted Admission	7,854.91	7,031.83	6,771.00	823.08	1,083.91	7,478.99	6,935.80	6,562.00	543.19
Net Revenue Per Adjusted Patient Day	1,872.34	1,721.21	1,706.00	151.13	166.34	1,774.49	1,697.00	1,603.00	77.49
Expense Per Adjusted Admission	7,909.89	7,087.45	6,882.00	822.44	1,027.89	7,642.06	6,878.57	6,636.00	763.49
Expense Per Adjusted Patient Day	1,885.44	1,734.82	1,734.00	150.62	151.44	1,813.18	1,683.00	1,621.00	130.18

*Instead, let's look at reports that use
key performance indicators
as their basis and...
expect actions to result
from every report outcome!*

- *King's Daughters Medical Center*
 - *JPS Health Network*
 - *Ingalls Health System*



King's Daughters Medical Center (Ashland KY) – Vital Statistics

FACILITIES:

Number of Hospitals in the Health System	1
Number of Total Entities in Health System	6
Total number of licensed beds (hospital only)	385
Annual Admissions	23,000
Annual Outpatient Visits	253,000
Annual Emergency Department Visits	69,000

FINANCIAL RESULTS:

Net Revenues	\$ 312,000,000
Operating Margin Percentage	7.5%
Days Cash on Hand	188.5

PAYER MIX PERCENTAGE:

Medicare	48.0%
Medicaid	15.3%
Managed Care	22.5%
Other	14.2%
Total	100.0%



King's Daughters Medical Center (KDMC) – Background

- Paul McDowell, CFO
 - *“I cannot think of a more important thing that we do in Finance than help managers determine their financial outcomes”*
- Background –
 - 5 years at King's Daughters
 - Previous employment at HMA, a for-profit health system for five years. Also at Promina Health System, a not-for-profit system in Atlanta for six years
- *“If the host IT system will create the report...great. If they do not, then the Finance staff will create the report to get actionable points across to the managers”*



KDMC Reporting Philosophy

- King's Daughters Medical Center has had very good financial success
- In the past, the financial reporting was either
 - Too little or
 - Too much
- Paul McDowell, the CFO, believes that the reporting of financial information must be:
 - Consistent
 - Concise, and
 - Meaningful
- According to McDowell
 - *“Reporting has helped King's Daughters to stay focused on financial performance in the midst of significant growth”*



KDMC – Daily Monitor – “Gauging the Pulse”

Day	Admits	Census						ER			Surgeries			Cath Lab	MRI
		IP Days	DBS Days	Total	Occ%	Births	Admits	Visits	Daily Adm %	I/P	O/P	Total			
FRI	1	78	343	10	353	90.98%	4	27	149	18.12%	48	79	127	45	40
SAT	2	36	278	5	283	72.94%	0	39	164	23.78%	9	4	13	2	21
SUN	3	29	269	-	269	69.33%	3	36	172	20.93%	13	4	17	0	8
MON	4	93	327	11	338	87.11%	4	56	234	23.93%	20	62	82	48	32
TUE	5	82	323	15	338	87.11%	3	38	196	19.39%	44	81	125	53	42
WED	6	96	335	18	353	90.98%	2	40	210	19.05%	50	24	74	33	29
THU	7	91	375	13	388	100.00%	8	45	202	22.28%	42	48	90	44	34
FRI	8	74	339	18	357	92.01%	4	51	231	22.08%	39	25	64	44	41
SAT	9	26	282	8	290	74.74%	2	38	141	26.95%	17	2	19	6	14
SUN	10	33	286	-	286	73.71%	0	50	204	24.51%	2	-	2	3	3
MON	11	79	332	13	345	88.92%	6	42	280	15.00%	46	92	138	57	31
TUE	12	104	408	12	420	108.25%	6	44	197	22.34%	61	64	125	57	38
WED	13	96	371	15	386	99.48%	4	44	226	19.47%	71	91	162	50	30
THU	14	80	339	12	351	90.46%	2	47	191	24.61%	44	114	158	32	38
FRI	15	69	315	11	326	84.02%	2	39	200	19.50%	49	69	118	46	41
SAT	16	28	250	4	254	65.46%	4	30	129	23.26%	9	6	15	4	13
SUN	17	17	239	-	239	61.60%	1	31	200	15.50%	10	5	15	2	11
MTD		1,111	5,411	165	5,576	84.54%	55	697	3,326	20.96%	574	770	1,344	526	466
EOM Proj		2,066	9,690	311	10,002	85.92%	102	1,241	5,930	20.93%	1,074	1,472	2,547	1,000	861
Budget		1,963	8,920	415	9,335	80.20%	122	958	5,809	16.50%	1,196	1,705	2,901	864	845
vs. EOM		103	770	(104)	667		(20)	283	121		(122)	(233)	(354)	136	16
Last Month		2,378	10,963	366	11,329	97.33%	132	1,313	5,946	22.08%	1,388	1,975	3,363	1,006	1,045
vs. EOM		(312)	(1,273)	(55)	(1,327)		(30)	(72)	(16)		(314)	(503)	(816)	(6)	(184)
YTD Actual		12,064	54,156	2,450	56,606	53.05%	768	7,188	34,739	20.69%	6,856	10,457	17,313	5,401	4,894
YTD Budget		11,430	52,465	2,524	54,989	51.54%	738	5,776	35,007	16.50%	6,567	9,863	16,430	4,968	4,950
YTD Var.		634	1,691	(74)	1,617	1.52%	30	1,412	(268)	4.19%	289	594	883	433	(56)



*EOM projections are based on a sophisticated model using prior 14 day periods and factoring in weekends
Sent to CEO and all VPs and Business Office.*

If the numbers start to fall out of goal range, action can immediately be initiated.

Many conversations start with the “Hey, I was looking at the Daily Monitor Report this morning, and...”

KDMC – Daily Team Huddle – Financial Issues

- March was a TREMENDOUS record-breaking month! Way to go Team KDMC... Here's what you did during the month of March:
 - **80,765 Laboratory tests performed** – an 8% increase over last March's tests of 74,826. The most tests ever performed in the history of the hospital.
 - **1,388 Surgical Procedures and C-Sections** – an almost 13% increase of the record set in October this year with 1,230 procedures. This is a **record** number of inpatient surgery procedures for a month.
 - **1,975 Same Day Surgery Procedures** – over 6% increase of last March's procedures of 1,852. This is a **record** number of outpatient surgery procedures for a month.
 - **10,495 Radiology Procedures** – over 11% increase more than December 2003 record procedures of 9,428. This is another **record** number of procedures for a month.
 - **3,078 CT Scans** – over 10% increase more than last April's record setting CT scans of 2,780. Yet another **record** set in the imaging services department.
 - **1,045 MRI procedures** – more than a 15% increase over last March's record breaking procedures of 907 setting a new **record** in the history of the diagnostic center.
 - **80 Open Heart Surgeries** - an over 8% increase more than the **record** set in October 2004 of 74.
 - **1,006 Cath Lab Procedures** – an over 4% increase more than the **record** set in September 2004 with 960 procedures. This is a **record** in the history of the heart program at KDMC.
 - **182 Angioplasty Procedures** – a 5% increase over last March's record number of 173 procedures. This is yet another **record** in the history of the heart program at KDMC.
- Many thanks to all of you who worked so very hard during this month.
- KEEP UP THE GREAT WORK!!!

The Daily Team Huddle is prepared each day for each of the different organizational priorities (Customer, Quality, Community, Finance, Culture)

- The Financial Issues page is prepared by the Finance Division

- Delivered to the staff through department management every Thursday

- Different financial issues are highlighted each week. It may not just be statistical. (ie. Supply utilization, Overtime monitoring, etc)



KDMC – Biweekly Activity Report

	Patient Days	ADC	DSCH	Adj Dsch	Gross Revenue	Rev/APD	M/C CMI	M/C ALOS	Total ALOS	YTD ALOS	Salaries	Sal/APD	Sal % Rev	Hours
Budget	4,231	302	930	1,496	23,817,445	3,499	1.62	5.01	4.22	4.22	4,112,951	604	18.1%	197,246
9-Apr	4,740	339	1029	1,583	23,642,413	3,240	1.65	5.12	4.26	4.17	3,788,237	519	16.8%	185,234
26-Mar	4,846	346	1028	1,552	26,311,027	3,597	1.70	5.44	4.47	4.17	3,918,430	536	15.6%	193,351
12-Mar	4,631	331	1076	1,623	25,191,074	3,606	1.66	5.05	4.06	4.14	3,926,091	562	16.4%	193,728
26-Feb	4,850	346	1085	1,639	24,595,750	3,358	1.55	5.08	4.28	4.15	3,949,007	539	16.9%	191,515
12-Feb	4,558	326	1024	1,549	24,293,088	3,523	1.60	4.67	4.19	4.14	3,906,335	567	16.9%	192,272
29-Jan	4,248	303	956	1,481	22,428,151	3,409	1.69	5.11	4.36	4.13	3,930,063	597	18.4%	191,402
15-Jan	4,370	312	942	1,506	23,374,107	3,346	1.71	4.72	3.94	4.10	3,875,184	555	17.4%	192,739
1-Jan	3,258	233	762	1,265	17,355,369	3,209	1.44	4.96	4.27	4.12	3,284,681	607	19.9%	161,567
18-Dec	4,078	291	829	1,335	22,832,786	3,476	1.77	4.97	4.32	4.10	3,880,175	591	17.8%	192,694
4-Dec	3,561	254	806	1,283	19,317,205	3,409	1.62	4.44	3.94	4.05	3,489,176	616	19.0%	172,031
20-Nov	3,882	277	886	1,421	21,193,561	3,404	1.66	4.32	3.90	4.08	4,178,884	671	20.7%	189,003
6-Nov	3,636	260	848	1,380	21,389,769	3,615	1.86	5.84	4.38	4.14	3,639,902	615	17.9%	185,477
23-Oct	3,903	279	852	1,347	21,644,155	3,507	1.73	4.46	3.98	4.03	3,583,377	581	17.4%	182,247
9-Oct	3,589	256	856	1,407	20,509,004	3,478	1.39	5.15	4.07	4.07	3,554,936	603	18.2%	183,685
25-Sep	3,988	285	931	1,480	22,161,491	3,496	1.76	4.42	3.87	4.20	3,623,279	572	17.2%	185,751
11-Sep	3,769	269	876	1,400	20,438,586	3,393	1.71	4.82	3.91	4.21	3,592,145	596	18.5%	181,557
28-Aug	3,757	268	867	1,422	20,031,816	3,250	1.56	4.52	4.00	4.22	3,590,471	582	18.8%	185,106
14-Aug	3,660	261	876	1,403	19,589,212	3,342	1.59	4.51	3.86	4.23	3,494,706	596	18.7%	180,619
31-Jul	3,802	272	911	1,470	20,388,398	3,324	1.66	4.84	4.23	4.25	3,472,912	566	17.9%	180,077
17-Jul	3,706	265	836	1,327	20,032,527	3,405	1.71	4.32	3.74	4.25	3,443,647	585	18.0%	175,380
3-Jul	3,610	258	887	1,434	19,477,485	3,337	1.63	4.60	4.05	4.27	3,448,446	591	18.6%	175,706
19-Jun	4,076	291	919	1,451	20,748,494	3,224	1.66	5.18	4.30	4.29	3,458,228	537	17.5%	176,952
5-Jun	3,882	277	849	1,317	19,630,918	3,260	1.60	4.81	4.36	4.28	3,392,819	563	18.1%	171,421
22-May	4,113	294	879	1,361	21,087,293	3,310	1.73	5.21	4.16	4.28	3,508,920	551	17.5%	177,557
8-May	3,994	285	879	1,350	21,276,421	3,469	1.71	4.83	4.33	4.29	3,456,636	564	17.1%	174,994
24-Apr	4,192	299	890	1,420	21,539,017	3,220	1.74	4.53	3.96	4.28	3,434,163	513	16.7%	174,501

*This is sent to all executives and management
It is a snapshot of actual versus budget. It helps the organization to review trends. Action can be taken as appropriate. This is sent out 4 – 5 days after the period closes due to pay period closing schedule.*

KDMC – Biweekly Productivity Reporting

	DEPT #	12/4	12/18	1/1	1/15	1/29	2/12	2/26	3/12	3/26	4/9	BUDG HPPD	% Var	FTE Var
Nursing Facility	70200	7.98	9.31	9.08	9.26	8.16	6.87	8.21	7.39	7.44	7.38	7.75	4.80%	0.60
Medical Step Down	70400	8.94	8.78	9.40	8.73	9.32	8.02	7.73	8.04	8.08	8.12	9.00	9.81%	3.58
Resp Step Down	70500	9.19	9.61	10.58	9.91	10.15	9.45	8.83	8.34	9.08	8.71	10.00	12.92%	5.67
Cardiac Surgery Unit	70600	11.89	12.71	13.44	10.96	11.31	10.55	9.94	11.20	10.16	9.53	11.88	19.77%	9.33
Chest Pain Center	70701	13.95	13.41	17.08	12.88	13.40	12.50	11.17	10.51	10.42	10.74	12.04	10.77%	2.18
Surgical North	70800	11.02	10.66	12.28	10.07	9.93	9.55	8.79	8.10	8.53	9.17	9.60	4.46%	1.45
Cardiac Stepdown	71200	11.14	10.02	9.89	10.06	11.25	9.45	8.91	8.31	8.40	7.94	10.00	20.61%	9.49
Cardiac Cath Recovery	71300	17.93	15.69	29.73	13.84	12.91	13.86	11.92	12.11	13.06	11.95	13.78	13.27%	3.57
Cancer Resource Center	71400	10.12	9.45	9.66	8.44	9.74	7.80	8.13	7.86	9.03	8.10	9.00	10.04%	3.55
Observation	71600	12.20	11.18	13.28	9.75	8.80	8.28	8.16	7.38	7.72	7.75	9.50	18.47%	8.23
Family Practice	71800	9.62	7.59	8.71	8.19	7.96	7.48	7.70	7.13	7.18	7.07	9.00	21.42%	10.35
OBGYN	72000	11.12	9.22	9.39	9.07	10.05	10.79	7.61	8.37	9.28	8.65	9.70	10.79%	1.91
NRSY	72200	6.64	5.90	6.74	6.81	8.89	7.06	6.49	7.02	5.78	7.53	7.00	-7.56%	(0.66)
Pediatrics	72400	8.90	8.74	9.61	8.72	8.48	8.14	7.65	8.57	8.48	8.19	9.00	9.01%	2.53
Rehabilitation	72500	12.63	13.16	14.21	13.15	12.25	12.80	11.67	11.87	11.20	10.72	11.90	9.92%	5.22
Behavioral Medicine	72600	12.65	11.64	14.60	10.02	10.51	10.87	9.81	10.41	10.40	9.60	11.00	12.73%	5.74
ICU	73000	25.64	25.09	25.26	24.35	24.19	24.01	23.99	25.08	24.02	24.02	25.50	5.80%	5.69
Cardiovascular ICU	73100	24.43	20.98	27.12	24.43	27.46	26.23	25.99	25.41	24.40	20.78	26.50	21.57%	5.36
NICU	73400	14.57	20.50	22.07	15.74	13.32	18.41	18.20	14.13	16.24	15.71	17.00	7.61%	1.75



This is a major initiative at KDMC, since salaries are the biggest expense. Productivity reports are sent out 4 – 5 days after the period closes. Departments need to review their variances, high and low, and move back into compliance. Trends are the most important indicators on this page. If trend is down, then written explanations of productivity variances are required.

KDMC – Monthly

Summary of Operations (Key Indicators)

King's Daughters Medical Center Summary of Operations Period Ending September 30, 2007

Current Month					Year To Date			
Actual	Budget	Prior	% Var Budget	% Var Prior Yr.	Actual	Budget	Prior	
Consolidated Results:								
\$785,876	\$1,085,842	\$846,727	-27.6%	-7.2%	Net Income	\$27,473,861	\$14,515,421	\$12,510,734
\$336,229	\$856,856	\$698,907	-60.8%	-51.9%	Operating Income	\$23,536,569	\$11,767,513	\$12,244,699
1.3%	3.9%	3.2%	-2.6%	-1.9%	Operating Margin Percentage	7.5%	4.4%	4.8%
2.9%	4.9%	3.8%	-2.0%	-0.9%	Total Margin Percentage	8.8%	5.4%	4.9%
\$139,305,210	\$121,417,035	\$114,654,581	14.7%	21.5%	Cash Balance	\$139,305,210	\$121,417,035	\$114,654,581
King's Daughters Medical Center Results:								
1,923	1,635	1,717	17.6%	12.0%	Admissions	22,921	20,626	20,580
3,131	2,775	2,891	12.8%	8.3%	Adjusted Admissions	37,188	34,314	33,587
38.2%	40.7%	40.2%	-2.50%	-2.01%	O/P Revenue % Total Revenue	37.9%	39.5%	38.3%
49.5%	49.5%	48.8%	0.00%	0.70%	Medicare Utilization	48.0%	49.5%	49.2%
15.3%	15.7%	15.9%	-0.40%	-0.60%	Medicaid Utilization	15.3%	15.7%	15.8%
28.4%	29.6%	28.9%	-1.20%	-0.50%	Insurance Utilization	30.5%	29.6%	29.8%
6.8%	5.2%	6.4%	1.60%	0.40%	Self Pay Utilization	6.1%	5.2%	5.2%
4.68	4.98	5.25	6.02%	10.86%	Average Length of Stay- Medicare	5.00	4.98	5.03
3.93	4.26	4.42	7.75%	11.09%	Average Length of Stay- Combined	4.20	4.26	4.29
1.76	1.56	1.60	12.82%	10.34%	Case Mix Index - Medicare	1.62	1.56	1.57
1.41	1.31	1.33	7.56%	6.10%	Case Mix Index - Combined	1.35	1.31	1.31
\$5,866	\$5,878	\$5,569	-0.2%	5.3%	Net Revenue/Adj Admissions (Case Mix Adj)	\$6,010	\$5,814	\$5,648
\$5,803	\$5,656	\$5,380	-2.6%	-7.9%	Cost per Adjusted Admission (Case Mix Adj)	\$5,557	\$5,567	\$5,371
30.36	28.10	28.47	-8.06%	-6.65%	Total Paid Hours per Adjusted Patient Day	28.47	28.14	28.08
\$724,760	\$1,033,800	\$871,438	-29.9%	-16.8%	Net Income	\$26,756,117	\$13,861,417	\$12,463,415
1.1%	3.8%	3.4%	-2.7%	-2.3%	Operating Margin Percentage	7.5%	4.3%	4.9%
2.8%	4.8%	4.1%	-2.0%	-1.3%	Total Margin Percentage	8.8%	5.3%	5.0%



KDMC – Monthly Hospital Statistics Report

King's Daughters Medical Center Statistical Indicator Report Period Ending September 30, 2007

Current Month					Year to Date			
Actual	Budget	Prior	% Var Budget	% Var Prior Yr	Actual	Budget	Prior	% Var Budget
Hospital Volumes								
1,923	1,635	1,717	17.6%	12.0%	22,921	20,626	20,580	11.1%
3,131	2,775	2,891	12.8%	8.3%	37,188	34,314	33,587	8.4%
276	251	263	9.7%	4.9%	283	260	260	8.5%
1,193	884	1,009	35.0%	18.2%	13,359	11,790	11,771	13.3%
1,698	1,330	1,526	27.7%	11.3%	19,260	17,462	17,169	10.3%
66	53	50	24.5%	32.0%	697	620	576	12.4%
960	620	596	54.8%	61.1%	9,338	7,160	6,984	30.4%
160	99	77	62.1%	107.8%	1,602	1,140	1,125	40.5%
5,864	5,787	5,880	1.3%	-0.3%	69,398	67,048	67,094	3.5%
140	107	123	30.8%	13.8%	1,465	1,286	1,313	13.9%
474	420	462	12.9%	2.6%	5,093	5,104	5,039	-0.2%
65,678	59,110	62,444	11.1%	5.2%	798,613	710,270	705,946	12.4%
8,847	8,694	8,972	1.8%	-1.4%	108,122	107,178	104,592	0.9%
819	848	848	-3.4%	-3.4%	9,679	9,537	9,187	1.5%
1,501	1,206	1,380	24.5%	8.8%	17,303	15,600	14,797	10.9%
2,751	2,532	2,658	8.6%	3.5%	32,213	29,710	28,997	8.4%
2,389	1,911	2,583	25.0%	-7.5%	29,589	28,897	29,153	2.4%
9,963	11,209	10,642	-11.1%	-6.4%	130,540	135,020	109,923	-3.3%
Hospital Labor Costs								
2,391	2,102	2,209	-13.8%	-8.2%	2,289	2,140	2,089	-7.0%
5.33	4.93	5.00	-8.1%	-6.7%	5.00	4.94	4.93	-1.2%
30.36	28.10	28.47	-8.1%	-6.7%	28.47	28.14	28.08	-1.2%
\$2,551	\$2,556	\$2,527	0.2%	-1.0%	\$2,524	\$2,539	\$2,468	0.6%
\$20.11	\$20.40	\$19.91	1.4%	-1.0%	\$20.26	\$20.21	\$19.67	-0.2%
Hospital Credit & Collections								
53.6	59.5	60.3	10.0%	11.2%	53.6	59.5	60.3	10.0%
5.9%	5.2%	2.9%	-0.6%	-3.0%	5.3%	5.2%	4.7%	-0.1%
Hospital Supply Management								
10.60%	10.05%	11.39%	-0.5%	0.8%	10.21%	10.01%	11.39%	-0.2%
\$1,631	\$1,417	\$1,559	-15.1%	-4.6%	\$1,505	\$1,408	\$1,371	-6.9%



KDMC – Monthly Departmental Statistical Report

71400 Cancer Resource Center
Period Ending Marchc 2007

CURRENT MONTH				
Actual	Flex Bud	Last Year	Flex Var	Pct

717		676		
9		19		
726		695		
6,142	6,534	5,587	392	6
8.46	9.00	8.04	0.54	6
34.8	37	31.6	2.2	5.95
441.38	455.08	446.78	-13.7	-3.01
174.1	195.75	166.28	21.65	11.06
16.09	16.49	12.33	0.4	2.43
193.08	217.02	184.02	23.94	11.03

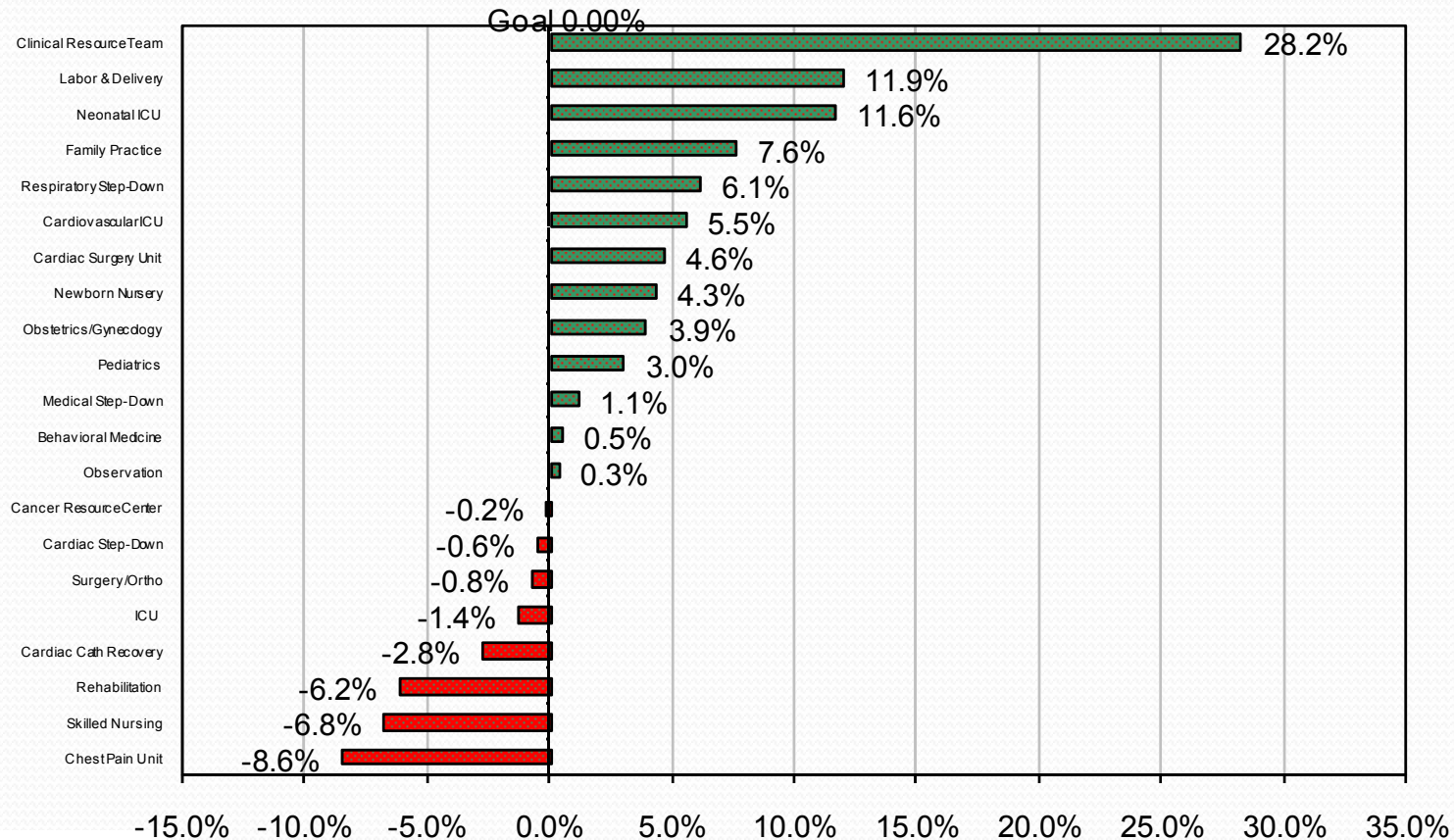
YEAR TO DATE				
Actual	Flex Bud	Last Year	Flex Var	Pct

DAYS & STATS				
DAYS	3,661	3,740		
OP STATS	86	156		
TOTAL STATISTICS	3,747	3,896		
HOURS	33,800	33,723	32,043	-77 -0.23
HOURS/STAT	9.02	9.00	8.22	-0.02 -0.22
FTES	32.6	32.5	30.9	-0.1 -0.31
TOTAL REVENUE/STAT	439.7	450.21	442.01	-10.51 -2.33
SALARIES/STAT	185.69	193.32	168.75	7.63 3.95
SUPPLIES/STAT	16.47	16.75	16.67	0.28 1.67
TOTAL EXPENSES/STAT	206.74	215.48	193.86	8.74 4.06



KDMC – Monthly Productivity Graph

HPPD StaffingTornado FYTD thru March 2007 for Nursing Units



This is used by executives and management to quickly show the department that did...or did not, meet their productivity goals. This is also used at the monthly leadership meeting for all the divisions. It is meant to create peer pressure and competition. "Nobody wants to be in the red," according to Paul McDowell.

JPS Health Network (Fort Worth TX) – Vital Statistics

FACILITIES:

Number of Hospitals in the Health System	1
Number of Total Entities in Health System	25
Total number of licensed beds	459
Total admissions	19,453
Annual Outpatient Visits	683,000
Annual Emergency Department Visits	63,700

FINANCIAL RESULTS:

Net Revenues	\$ 433,892,000
Operating Margin Percentage	8.3%
Days Cash on Hand	181

PAYER MIX PERCENTAGE:

Medicare	16.0%
Medicaid	37.0%
Managed Care	6.0%
Charity	29.0%
Uninsured	<u>12.0%</u>
Total	<u>100.0%</u>



JPS Health Network – Background

- Gale Pileggi, CFO
 - *“We owe it to our county residents to be the most efficient and effective facility we can possibly be. I believe that the proper reporting of information can help this greatly. Before I came here three years ago, very little reporting took place. A culture change was in order”*
- CFO at JPS for three years
 - Background in two different *for-profit systems*, over 11 years; 15 years in a non-profit Children’s Hospital
- JPS is a Hospital District, where Ad Valorem Taxes provide a substantial amount of tax money (\$205 million) to the operation of the facility.
- If the facility is able to operate more efficiently, the government money will be utilized to generate
 - More volumes (community goal)
 - At lower unit costs
 - Investment in capital equipment and facilities



JPS – Types of Financial Reports

- Daily - “the usual”
 - Volumes
 - Inpatient days, admissions and discharges
 - Outpatient volumes – generally charge based
 - *“Managers are directed back to their daily statistics if they argue about their biweekly or monthly volumes”*
 - Charge edit reports
- Weekly
 - CEO Executive Operating Summary
 - This has the elements from the monthly board and administrative reports – with weekly actual and budget information
 - This is used to determine that the organization stays within its goals on a timely basis, not waiting for the monthly report generation, when it is too late to affect the outcomes



JPS – Types of Financial Reports

- Biweekly
 - Labor Reporting
 - Productivity reporting
 - *“We invested a lot of time in developing productivity standards and we expect the management team to achieve these standards on a biweekly basis. Our management team find these reports invaluable in measuring past performance and planning future staffing. We believe in these reports more than the monthly labor reporting, because the accruals on the monthly reports include estimates that distort the variance analysis., while the biweekly totals are real.”*
- Monthly
 - Board Finance Package
 - Prepared for and sent to Administrators and Board members
 - Department Manager Package



JPS –

Use of Benchmarks

- JPS has used labor benchmarks developed by a consulting firm
- Recently joined one of the big three hospital benchmarking firms to expand on the use of labor and non labor benchmarks
- *JPS sets its benchmarked goals for new metrics at the 50th percentile*
- *There is a steady movement of this percentile goal from the 50th to the 75th, as the JPS administration believes that they can and should be considerably better than the median.*



JPS – Daily

Department Statistics Reporting

Departmental Stats - Units	4/27/2007	4/28/2007	4/29/2007	4/30/2007	5/1/2007	5/2/2007	5/3/2007
Actual Labor Hours - Productive Overtim		7	19	28	22		
Actual Labor Dollars - Productive Overtim		330	856	777	780		
Actual Overtime Rate/Hour		45	45	27	36		
Actual Labor Hours - Productive Regular	217	181	158	173	156	190	215
Actual Labor Dollars - Productive Regular	4,679	3,770	3,167	4,406	4,064	4,152	4,744
Actual Regular Rate/Hour	22	21	20	25	26	22	22
Total Actual Productive Hours	217	188	177	202	178	190	215
Total Actual Productive Dollars	4,679	4,100	4,023	5,183	4,843	4,152	4,744
Actual Productive Rate/Hour	21.58	21.82	22.70	25.69	27.21	21.87	22.11
Actual Productive Rate/Hour	22	22	23	26	27	22	22
Budgeted Rate/Hour	24	24	24	24	24	24	24
Actual Productive Hours/Unit	15	12	10	11	11	12	15
Budgeted Productive Hours/Unit	11	11	11	11	11	11	11
Actual Productive Cost/Unit	334	256	237	288	303	259	339
Budgeted Productive Cost/Unit	257	257	257	257	257	257	257
Budgeted Productive Hours	152	173.60	184.45	195.30	173.60	174	152
Actual Productive Hours	217	188	177	202	178	190	215
Productive Hours Variance	-65	-14	7	-6	-4	-16	-63
Efficiency Variance Cost	-1,539	-339	171	-154	-104	-384	-1,487
Budgeted Productive Dollars	5,141	4,455	4,203	4,784	4,220	4,500	5,088
Actual Productive Dollars	4,679	4,100	4,023	5,183	4,843	4,152	4,744
Productive Rate Variance	462	355	180	-399	-623	349	344
Total Variance Favorable (Unfavorable)	-1,077	16	350	-553	-727	-35	-1,143

This daily report is available, online, to the department managers, by mid morning of the following day.

Managers are expected to check the recorded volumes and ensure that they are correct.

Managers are not able to complain about their monthly statistics if they have not been reviewing their daily statistical indicators.



JPS – Weekly Executive Report

Current Period Actuals 2003	Current Period Actuals 2004*	Oct 2004 Actuals*	Nov 2004 Actuals*	Dec 2004 Actuals*	Jan 2005 Actuals*	Feb 2005 Actuals*	Mar 2005 Actuals*		4/1-4/2*	4/3-4/9*	4/10-4/16*	4/17-4/23*
								Admits				
15,007	16,815	1,500	1,501	1,540	1,503	1,397	1,533	Acute Care Admits	74	333	329	347
2,083	2,077	145	147	151	173	170	184	Behavioral Admits	7	36	40	38
5,814	5,947	525	470	494	454	456	427	Newborn Admits	24	104	83	113
256	264	25	23	26	20	26	27	SNF Admits	4	4	4	4
41.1	45.9	48.4	50.0	49.7	48.5	49.9	49.5	Avg Acute Admits	37.0	47.6	47.0	49.6
								LOS				
4.8	5.1	5.2	5.0	4.8	5.2	5.3	5.2	Acute LOS	6.4	5.2	5.5	5.5
16.4	17.8	16.6	17.5	16.4	21.5	15.0	16.6	SNF LOS	6.3	26.3	25.8	25.8
1.5	2.9	3.9	4.0	4.5	4.6	4.2	4.2	Medicaid LOS	3.5	4.9	4.6	4.5
6.3	6.4	6.9	6.4	5.9	6.2	7.4	7.2	Medicare LOS	10.1	6.2	6.9	6.4
								Patient Days				
71,890	85,583	7,800	7,451	7,422	7,864	7,335	7,955	Acute Days	475	1,738	1,798	1,902
13,722	14,479	1,182	1,017	1,117	1,219	1,290	1,430	Behavioral Days	75	298	312	302
16,496	17,436	1,684	1,189	1,424	1,411	1,169	1,294	Newborn Days	87	315	268	283
4,200	4,689	415	402	426	430	391	448	SNF Days	25	105	103	103
								Census				
71,075	86,131	7,793	7,490	7,448	7,863	7,309	7,927	Acute Census	476	1,745	1,765	1,888
12,335	12,941	1,038	990	1,042	1,089	1,135	1,267	Behavioral Census	64	262	285	268
17,100	17,712	1,718	1,213	1,429	1,407	1,161	1,290	Newborn Census	87	314	270	283
4,283	4,671	416	402	426	432	392	446	SNF Census	27	105	103	104
194.7	235.3	251.4	249.7	240.3	253.6	261.0	255.7	Avg Acute Census	238.0	249.3	252.1	269.7
33.8	35.4	33.5	33.0	33.6	35.1	40.5	40.9	Avg Behavioral Cen	32.0	37.4	40.7	38.3
46.8	48.4	55.4	40.4	46.1	45.4	41.5	41.6	Avg Newborn Cens	43.5	44.9	38.6	40.4
11.7	12.8	13.4	13.4	13.7	13.9	14.0	14.4	Avg SNF Census	13.5	15.0	14.7	14.9
								Surgical Procedure				
3,101	3,745	319	365	274	362	318	373	Inpatient Surgeries	10	65	95	88
3,291	3,607	326	311	261	268	301	325	Outpatient Surgeri	21	45	91	71
								Other Statistics				
5,262	5,984	572	497	490	452	473	431	Deliveries	27	102	99	116
51,881	54,028	4,512	4,221	4,474	4,548	4,044	4,941	ER Visits	199	1,105	1,231	1,243
13,380	13,510	1,236	1,198	1,182	1,267	1,218	1,304	Psych ER Visits	84	312	269	340
13,975	14,447	1,231	1,062	1,093	1,089	1,079	1,122	OB Triage Visits	60	263	234	245
0	1,072	427	370	442	322	324	363	Cath Lab Procedur	19	73	104	84
369,348	396,473	33,717	32,286	31,120	34,100	34,010	38,334	Clinic Visits	1,251	8,115	8,510	8,446
								Financial				
294,885.3	395,003.3	42,337.5	39,697.2	41,291.2	43,030.0	40,006.2	45,277.4	Inpatient Revenue	2,517.4	9,492.5	10,309.9	10,201.3
301,048.7	261,616.1	27,260.9	25,537.7	25,391.0	27,417.9	26,021.7	30,797.4	Outpatient Revenue	1,228.1	6,368.2	6,991.2	6,986.4
595,934.0	656,619.4	69,598.4	65,234.9	66,682.2	70,447.9	66,027.9	76,074.8	Gross Revenue	3,745.5	15,860.7	17,301.1	17,187.6
807.9	1,079.2	1,365.7	1,323.2	1,332.0	1,388.1	1,428.8	1,460.6	Avg Inpatient Reve	1,258.7	1,356.1	1,472.8	1,457.3
824.8	714.8	879.4	851.3	819.1	884.4	929.3	993.5	Avg Outpatient Re	614.0	909.7	998.7	998.1
1,632.7	1,794.0	2,245.1	2,174.5	2,151.0	2,272.5	2,358.1	2,454.0	Avg Gross Revenu	1,872.7	2,265.8	2,471.6	2,455.4

This report was created to give the CEO a snapshot of key indicators in a timely manner. It prepares the administrators for the monthly outcomes. It is used as an action report, requiring the managers to take remedial action to achieve monthly goals. "Ongoing staffing is driven by changes to this report," according to the CFO.

JPS – Biweekly Labor Report

Volume Adjusted Variances - Dollars

Salary and Wage Report Productive Only
 Volume Adjusted Variance Analysis
 Pay Period Ending Mar 13, 2007 YTD
 Routine Areas

			Units			Salary and Wage			SW per Unit		
<u>Admin</u>	<u>Center</u>	<u>Cost Center Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Var</u>	<u>Budget</u>	<u>Actual</u>	<u>Var</u>	<u>Budget</u>	<u>Actual</u>	<u>Var</u>
LOWE	CC612	PROGRESSIVE CARE WEST	3,382	3,557	175	841,740	988,240	146,500	248.89	277.83	28.94
LOWE	CC618	TOWER FIVE	3,404	3,843	439	658,578	777,915	119,336	193.47	202.42	8.95
LOWE	CC619	TELEMETRY NORTH	2,704	2,583	(121)	636,128	688,838	52,710	235.25	266.68	31.43
LOWE	CC621	TOWER SEVEN	4,609	4,168	(441)	959,343	975,706	16,363	208.15	234.09	25.95
LOWE	CC622	PROGRESSIVE CARE EAST	3,515	3,548	33	893,136	962,671	69,535	254.09	271.33	17.23
LOWE	CC626	TOWER ELEVEN	2,787	2,746	(41)	522,754	594,487	71,733	187.57	216.49	28.92
LOWE	CC640	ICU	3,019	3,007	(12)	1,699,252	1,667,444	(31,807)	562.85	554.52	(8.33)
LOWE	CC646	2 SOUTH	3,215	2,614	(601)	599,276	772,056	172,780	186.40	295.35	108.95
LOWE	CC648	2 NORTH	3,127	3,201	74	517,795	617,292	99,496	165.59	192.84	27.25
LOWE	CC650	NEWBORN NURSERY	3,464	4,183	719	386,537	467,996	81,459	111.59	111.88	0.29
LOWE	CC651	NEONATAL ICU	2,509	3,060	551	1,031,576	1,259,186	227,609	411.15	411.50	0.35
LOWE	CC654	CONTINUING CARE NURSERY	1,324	489	(835)	214,146	52,010	(162,136)	161.74	106.36	(55.38)
LOWE	CC663	TOWER SIX	4,346	4,302	(44)	823,695	804,362	(19,333)	189.53	186.97	(2.56)
LOWE	CC668	TOWER TWO	3,180	2,809	(371)	722,888	628,994	(93,895)	227.32	223.92	(3.40)
LOWE	CC670	LABOR & DELIVERY	4,449	4,316	(133)	1,422,463	1,301,131	(121,332)	319.73	301.47	(18.26)
LOWE	CC761	SKILLED NURSING FACILITY	2,362	2,317	(45)	344,807	370,161	25,354	145.98	159.76	13.78
						12,274,117	12,928,489	654,372			

Both this report (dollars) and the report on the next page (hours), are used extensively by the administrators to ensure that the managers are meeting their biweekly labor goals. These reports have even greater significance than the monthly labor reports because they do not contain any monthly accruals. (Accruals are “killers” according to the CFO)

The administrators rely on this report rather than the monthly report because it is

- More timely, and
- “absolutely accurate”

JPS – Biweekly Labor Report

Volume Adjusted Variances - Hours

Payroll Hours Report Productive Only
 Volume Adjusted Variance Analysis
 Pay Period Ending Mar 13, 2007
 Routine Areas

			Units			Hours			Hours per unit		
<u>Admin</u>	<u>Center</u>	<u>Cost Center Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Var</u>	<u>Budget</u>	<u>Actual</u>	<u>Var</u>	<u>Budget</u>	<u>Actual</u>	<u>Var</u>
LOWE	CC612	PROGRESSIVE CARE WES	301	294	(7)	3,106	3,328	222	10.32	11.32	1.00
LOWE	CC618	TOWER FIVE	285	327	42	2,455	2,907	451	8.62	8.89	0.27
LOWE	CC619	TELEMETRY NORTH	237	214	(23)	2,272	2,512	240	9.59	11.74	2.15
LOWE	CC621	TOWER SEVEN	386	358	(28)	3,290	3,509	219	8.52	9.80	1.28
LOWE	CC622	PROGRESSIVE CARE EAST	300	296	(4)	3,295	3,339	44	10.98	11.28	0.30
LOWE	CC626	TOWER ELEVEN	244	230	(14)	2,119	2,140	21	8.69	9.30	0.62
LOWE	CC640	ICU	260	242	(18)	4,960	4,912	(48)	19.08	20.30	1.22
LOWE	CC646	2 SOUTH	222	184	(38)	2,206	2,067	(138)	9.94	11.24	1.30
LOWE	CC648	2 NORTH	216	237	21	1,762	2,160	398	8.16	9.11	0.96
LOWE	CC650	NEWBORN NURSERY	209	270	61	1,122	1,529	408	5.37	5.66	0.30
LOWE	CC651	NEONATAL ICU	175	205	30	2,947	3,478	531	16.84	16.97	0.13
LOWE	CC654	CONTINUING CARE NURSEF	92	76	(16)	790	209	(581)	8.59	2.75	(5.83)
LOWE	CC663	TOWER SIX	360	365	5	2,972	3,141	168	8.26	8.61	0.35
LOWE	CC668	TOWER TWO	273	262	(11)	2,373	2,425	51	8.69	9.25	0.56
LOWE	CC670	LABOR & DELIVERY	279	279	0	4,514	4,346	(168)	16.18	15.58	(0.60)
LOWE	CC761	SKILLED NURSING FACILITY	203	198	(5)	1,378	1,434	55	6.79	7.24	0.45
						<u>41,563</u>	<u>43,437</u>	<u>1,874</u>			

See previous page for discussion on importance of this page



JPS – Biweekly Departmental Productivity

Labor Dollars - Productive Contr Contract Rate/Hour

Labor Hours - Productive Overti	230		230	4,064
Labor Dollars - Productive Overt	7,667	2,879	4,788	131,054
Overtime Rate/Hour	33		33	32
Labor Hours - Productive Regul	2,664.74	3,001.05	(336.31)	45,149.88
Labor Dollars - Productive Regu	62,262.31	71,081.26	(8,818.95)	1,081,660.11
Regular Rate/Hour	23	24	(0)	24
Total Productive Hours	2,894.58	3,001.05	(106.47)	49,213.67
Total Productive Dollars	69,929.56	73,960.17	(4,030.61)	1,212,714.28
Total Productive Rate/Hour	24	25	(0)	25
Productive Rate/Hour	24.16	24.64	(0.49)	24.64
Productive Hours/Unit	12.98	10.60	2.38	11.39
Productive Cost/Unit	314	261	52	281
Hours Variance	13,056.60		13,056.60	84,014.58
Rate Variance	(1,406.61)		(1,406.61)	10,462.51
Spending Variance	11,650		11,650	94,477
Volume Variance	(15,680.60)		(15,680.60)	37,533.42
Total Variance - Productive	(4,030.61)		(4,030.61)	132,010.51
Productive and Non Productive P	3,002.58	3,305.92	(303.34)	52,833.96
Payroll Dollars Productive and N	75,050.73	81,178.54	(6,127.81)	1,325,363.54
Total Rate/Hour	25.00	24.56	0.44	25.09
Total Hours/Unit	13	12	2	12
Total Cost/Unit	336.55	286.85	49.70	306.80
Hours Variance	9,762		9,762	59,996
Rate Variance	1,320.85		1,320.85	39,485.78
Total Spending Variance	11,083.19		11,083.19	99,481.50

This biweekly labor report is sent to the department managers on a timely basis.

The managers are expected to meet their labor goals.

Actions are initiated if the goals are not met.

JPS – Monthly Administrative & Board Reporting Page - Key Financial Ratios

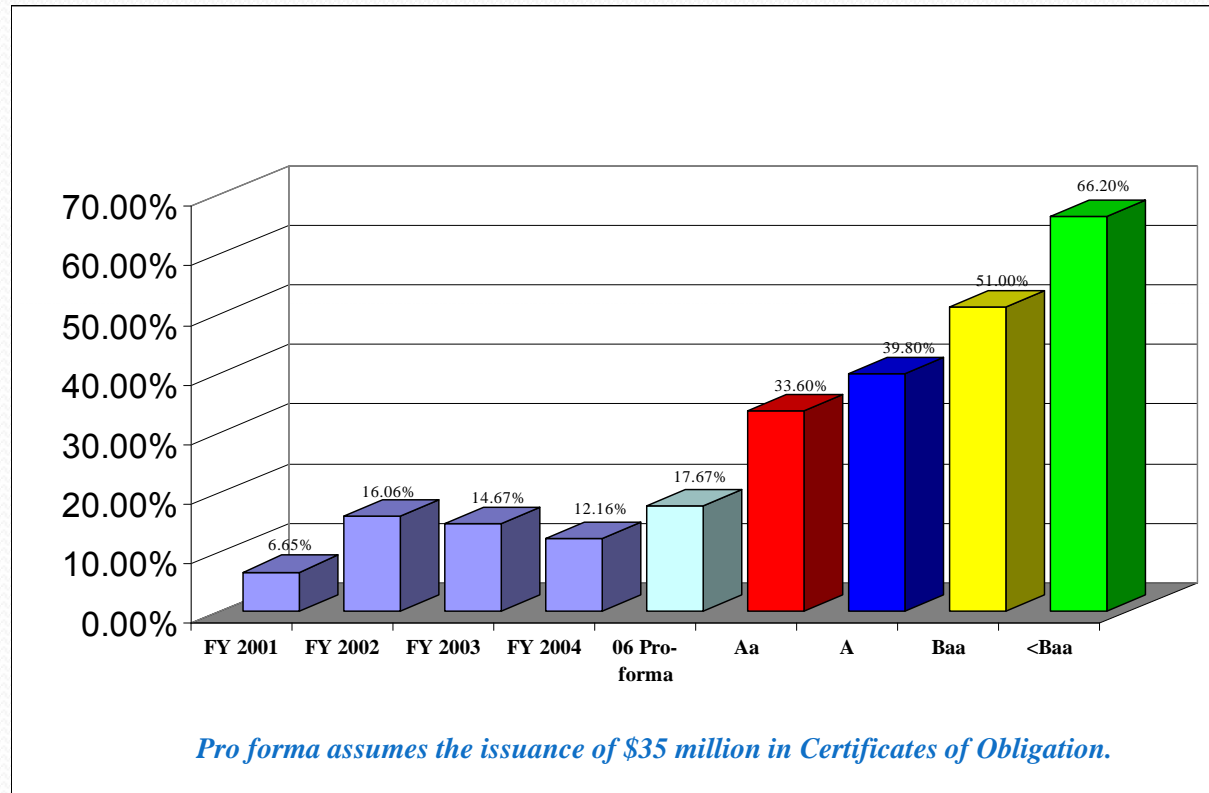
	<u>FYE 2007</u>	<u>Aa Rating</u>
Operating Margin	8.3%	3.3%
Current Ratio	3.5	1.8
Days of cash on hand	207	225
Days of cash on hand (excluding self insurance trust funds and prior year adjustments in FY03)	192	225
Accounts Receivable days	59 #	56
Debt-to-Capitalization	12%	34% <i>See next page</i>

Three month average

This is one of the first pages of the monthly Board report. It was developed to give the Leadership a snapshot of the hospital's financial position. In fact, these ratios were determined based on the ratios used by the BOND RATING AGENCIES, and are set to achieve high ratings. The current bond ratings for JPS are:

Moody's A2
Standard and Poors AA

JPS - Monthly Board Reporting Debt-to-Capitalization (%)



$$\text{Debt-to-capitalization (\%)} = \frac{\text{Long-term debt} + \text{short term-debt}}{\text{Long-term debt} + \text{short-term debt} + \text{unrestricted fund balance}}$$



This is one of several pages reported to the Board, providing additional trending information around the indicators on the previous page.

JPS - Monthly Board Reporting Page Key Operating Indicators For the Month

	November 2004	November Budget	Budget Variance %	November 2003	Prior Year Variance %
Admissions	1,695	1,623	4%	1,521	11%
Length of Stay (Acute Medical/Surgical)	6.7	6.2	8%	6.3	6%
Adjusted Pt Days	17,382	18,055	(4%)	16,066	8%
Total OP Visits	54,128	56,004	(3%)	51,487	5%
Net Rev/APD (net of bad debts)	\$649	\$560	16%	\$572	14%

The reports on this page and the next page represent truly important indicators to the Board and Administration of JPS. These raw numbers and ratios are the primary indicators that are used to develop the annual operating budgets. Standards are set around these indicators using

- in some cases, external benchmarks, and
- internal trends across years.



JPS - Monthly *Board* Reporting Page

Key Operating Indicators For the Month

	November 2007	November Budget	Budget Variance %	November 2006	Prior Year Variance %
FTE/APD	5.0	4.6	9%	5.2	(4%)
SWB/APD	\$783	\$770	2%	\$837	(6%)
Supplies/APD	\$304	\$293	4%	\$306	(1%)
Op Exp/APD*	\$1,688	\$1,627	4%	\$1,708	(1%)
Net Income (\$000)	\$1,148	\$497		\$525	



Ingalls Health System (Harvey IL) – Vital Statistics

FACILITIES:

Number of Hospitals in the Health System	1
Number of Total Entities in Health System	6
Total number of licensed beds (hospital only)	563
Annual Admissions	19,308
Annual Outpatient Visits	265,000
Annual Emergency Department Visits	39,100

FINANCIAL RESULTS:

Net Revenues	\$ 214,059,000
Operating Margin Percentage	1.32%
Days Cash on Hand	242

PAYER MIX PERCENTAGE:

Medicare	57.1%
Medicaid	13.4%
Managed Care	26.9%
Other	<u>2.6%</u>
Total	<u>100.0%</u>



Ingalls Health System (IHS) – Background

- Vince Pryor, CFO
 - *“Better reporting and monitoring has helped Ingalls to maintain its financial viability and continue to provide its community with high quality healthcare, despite a challenging payer mix”*
- CFO at Ingalls for three years
 - Previously served as Vice President of Finance at a large not-for-profit health system
- Ingalls was a Solucient 100 Top Hospital Most Improved in 2004
 - It was able to enhance Solucient’s five financial and four clinical indicators at a rate greater than its peers



IHS – Daily Executive Report

Daily Executive Report
 Report date: 05/10/05
 Activity from: 05/09/05

Description	Today		MTD	
	Actual	Budget	Actual	Budget
Average Daily Census			278	287
Inpt	297	287	2,506	2,581
Nursery	9	11	97	96
Observations (Midnight census)	8			
Inpatient Revenue	\$787,257	\$1,062,530	\$8,629,192	\$9,562,769
Outpatient Revenue	\$272,349	\$610,873	\$4,763,894	\$5,497,861
Total Revenue	\$1,059,606	\$1,673,403	\$13,393,086	\$15,060,630
Payments Posted to A/R	\$46,029		\$2,636,813	
Vouchers Posted to A/R	\$358,576		\$2,419,325	
Total Posting	\$404,605		\$5,056,138	
Yesterday's Admissions	62	56	461	501
Yesterday's NewBorns	2	4	35	36
Yesterday's Discharges	35		432	
NewBorn Discharges	0		37	
Yesterday's One Day Surgery	20		153	
Harvey ED - not admitted	102		756	
Cal City ED - not admitted	60		437	
Tinley ED - not admitted	38		350	
Outpatient Registrations	702		4,531	
Uncoded Records:				
Inpatients	\$3,485,317			
Outpatients	\$6,239,174			
Total	\$9,724,491			
Case Mix Index				
Previous Month (closing)	1.313			
Year-to-Date	1.3308			
Total AR	\$66,410,670			

The Daily Executive Report is sent to all Administrators and Managers. It is used primarily by the executives to “get a feel for performance.” It is meant to be a validation of total volumes and activity. There is no detail provided at the department level.

Department managers do receive detailed daily activity reports in order to validate charge entries.

There is no daily productivity reporting taking place.



IHS – Biweekly

Labor Management Report – by Division

4/25/05 1:38:43PM

Biweekly LM 4 - By Division by Cost Center

Hospital(s): Ingalls Hospital; Pay Period 4/3/05 - 4/16/05

Page 3 of 8

The Biweekly Labor Management Report is an integral part of each managers performance. Ingalls considers that the information on this report a direct relationship between revenue and labor performance.

The indicators are compared on a flexible budget basis. The managers are expected to perform to the budget by the next pay period.

If the variances are out of compliance with the flex budget, the managers must meet with the CFO and COO each pay period.

As a result...no manager has ever had to meet more than three pay periods in a row!

This is also a paper representation of an online labor management application that allows the managers to drill down to the person level.

	Avg. Hrly	WLU	Budget Paid Hrs / WLU	Act. Paid Hrs / WLU	Flex FTE	Act. FTE	FTE Variance	Salary \$ Variance	Fixed FTE
Total: Medical Surgical Unit	25.36				250.55	272.54	21.99	63,362	260.10
Women/Childrens Services									
60220 ADMIN WOMEN/CHILD	36.75				2.51	1.50	(1.01)	(2,532)	2.51
60700 WEST 4-PEDS/WHU	23.07	228	9.78	10.50	27.88	29.93	2.05	2,627	29.26
60850 OBSTETRICAL UNIT	25.41	234	7.43	6.62	21.72	19.36	(2.36)	(5,114)	22.06
60900 NURSERY UNIT	34.09	54	12.47	14.11	8.41	9.53	1.11	1,475	10.59
67000 DELIVERY ROOM	27.75	140	15.73	15.54	27.53	27.20	(0.33)	1,941	28.10
85800 MARKETING-WOMEN S	19.12				0.88	0.60	(0.28)	(474)	0.88
Total: Women/Childrens Services	26.43				88.93	88.11	(0.82)	(2,076)	93.40
Critical Care Services									
60320 WEST 2A	23.97	236	9.75	10.69	28.77	31.55	2.77	(3,647)	34.78
61200 INTENSIVE CARE	33.17	161	17.73	17.98	35.69	36.19	0.50	4,887	27.75
61250 CARDIAC CARE	30.42	22	17.93	26.74	4.93	7.35	2.42	5,425	22.68
61300 CARDIAC SURGERY UN	33.47	76	17.49	21.19	16.62	20.14	3.52	6,768	14.36
61310 STEP DOWN UNIT (OVER	40.00				0.00	0.15	0.15	488	0.00
71550 ADMIN CRITICAL CARE	32.21				4.36	4.37	0.01	(13)	4.36
Total: Critical Care Services	30.09				90.37	99.75	9.37	13,908	103.93
Psychiatric Services									
62700 PSYCHIATRY	25.01	202	7.58	7.86	19.15	19.85	0.70	2,943	27.05
62710 PSYCHIATRY-OLDER AD	22.64	84	11.91	14.18	12.51	14.89	2.38	5,828	16.50
63300 Psych-Intensive OP Progra	20.16	21	3.29	3.81	0.86	1.00	0.14	102	1.65
Total: Psychiatric Services	23.89				32.52	35.74	3.22	8,872	45.20
Health Management Center									
63650 Chemical Dependency-Inte	22.00	177	1.14	0.27	2.52	0.60	(1.92)	(3,537)	0.55
63800 HMC PATIENT ASSESSM	18.95				4.69	4.61	(0.08)	87	4.69
Total: Health Management Center	19.30				7.21	5.21	(2.00)	(3,450)	5.24



Drill Down to the Productive/Non-Productive Earnings Codes

Financial Review - Labor Mgmt.

Statement Type: Labor Mgmt. Level: 6805-Operating Room

Pay Prd: Monthly PP16 Act06 YTD Hours FTE \$\$\$ WLU Fixed Flex

WL Acct.: 9500006-MINUTES/10(WL Flex: 563 WL Act.: 563 FTE Hours= 80

10 Color Flip Screen Lock Auto Refresh Lock

	% Var. FTE's	Flex Bud. Dollars	Act. Dollars	% Var. Dollars	Flex Bud. Avg. Hourly Rate	Act. Avg. Hourly Rate	% Var. Avg. Hourly Rate
Total	(9.72%)	\$202,985	\$228,492	(12.57%)	\$23.19	\$23.79	(2.60%)
Productive	(15.97%)	\$175,028	\$206,399	(17.92%)	\$22.68	\$23.07	(1.69%)
9101 - REGULAR	(12.10%)	\$152,315	\$174,286	(14.43%)	\$21.19	\$21.63	(2.07%)
9102 - OT-N/E	(42.89%)	\$9,452	\$13,115	(38.75%)	\$33.66	\$32.69	2.89%
9105 - PROD ORIENTATION	(10,450.54%)	\$55	\$5,793	(10,417.14%)	\$19.88	\$19.82	.32%
9106 - CALL BACK	19.47%	\$8,832	\$7,771	12.02%	\$36.06	\$39.40	(9.25%)
9201 - EVENING SHIFT DIFF	.00%	\$2,670	\$3,202	(19.92%)	\$0.00	\$0.00	.00%
9202 - NIGHT SHIFT DIFF	.00%	\$810	\$1,125	(38.92%)	\$0.00	\$0.00	.00%
9203 - W/E HOL DIFF	.00%	\$775	\$795	(2.69%)	\$0.00	\$0.00	.00%
9206 - HOL PREM 1.5	.00%	\$119	\$312	(163.70%)	\$0.00	\$0.00	.00%
9207 - Float Pool	.00%	\$1	\$0	100.00%	\$0.00	\$0.00	.00%
9522 - PV PENSION HOURS	.00%	\$0	\$0	.00%	\$0.00	\$0.00	.00%
Non-Productive	36.84%	\$27,958	\$22,093	20.98%	\$26.98	\$33.76	(25.12%)
9104 - EDUCATION/MEETINGS	98.71%	\$438	\$4	99.09%	\$22.61	\$16.00	29.24%
9111 - NONPROD TRANSITION DL	100.00%	\$3,572	\$0	100.00%	\$107.75	\$0.00	100.00%
9204 - CHARGE PAY	.00%	\$200	\$244	(21.87%)	\$0.00	\$0.00	.00%
9304 - CALL-TRAVEL	.00%	\$307	\$276	10.03%	\$0.00	\$0.00	.00%
9305 - ON CALL	.00%	\$2,268	\$2,439	(7.50%)	\$0.00	\$0.00	.00%
9401 - ETO SCH	63.22%	\$14,128	\$5,281	62.62%	\$19.88	\$20.21	(1.64%)
9402 - ETO UNSCH	(34.51%)	\$3,082	\$4,453	(44.46%)	\$18.61	\$19.99	(7.40%)
9403 - ESB	(53.25%)	\$1,966	\$3,740	(90.22%)	\$20.64	\$25.62	(24.13%)
9409 - JURY DUTY	(421.17%)	\$66	\$208	(214.59%)	\$21.57	\$13.02	39.64%
9410 - FUNERAL	10.51%	\$179	\$265	(47.78%)	\$20.06	\$33.13	(65.14%)



Labor Drill Down to Hours and Dollars by Earnings Code and Job Title

INSIGHTSDEMO

File View Projects Financial H.R. Capital Budget What If Reports Maintenance Edit Tools Window Help

Job Hours

Job Hours

Account: 9102 Responsibility: 6805

OT-N/E Operating Room

Period: Pay Period Year PP16 Act06

From/To YTD

Labor Hours				Employee Hours						
Job No	Job Name	Pay Type	Hours	Amount	Hr Acct No	Hr Acct N...	End Date	\$ Acct No	\$ Acct	Cost Center
Grand Total			401.25	13,115.00						
2010	RN-FIRST ASST	OT-N/E ...	74.25	3727.96	9102	OT-N/E ...	2/6/2006	102	OT-N/E ...	6805
2000	RN	OT-N/E ...	62.5	2469.27	9102	OT-N/E ...	2/6/2006	102	OT-N/E ...	6805
3207	OR TECH CERTIFIED	OT-N/E ...	81.25	2093.65	9102	OT-N/E ...	2/6/2006	102	OT-N/E ...	6805
2124	TEAM LEADER-OR	OT-N/E ...	33.25	1583.9	9102	OT-N/E ...	2/6/2006	102	OT-N/E ...	6805
2956	PURCHASING COORD-HOSPICE ...	OT-N/E ...	11.5	563.45	9102	OT-N/E ...	2/6/2006	102	OT-N/E ...	6805
5597	INVENTORY TECH	OT-N/E ...	27.5	506.67	9102	OT-N/E ...	2/6/2006	102	OT-N/E ...	6805
5000	NURSE ASSISTANT	OT-N/E ...	27.25	445.2	9102	OT-N/E ...	2/6/2006	102	OT-N/E ...	6805
4027	UNIT SECRETARY	OT-N/E ...	24	432.82	9102	OT-N/E ...	2/6/2006	102	OT-N/E ...	6805
5009	ANESTHESIA TECH	OT-N/E ...	20.25	355.73	9102	OT-N/E ...	2/6/2006	102	OT-N/E ...	6805
2266	RNFA CLINICAL EDUCATOR	OT-N/E ...	6.25	310.6	9102	OT-N/E ...	2/6/2006	102	OT-N/E ...	6805
5014	SPECIALTY TECH	OT-N/E ...	20.75	308.15	9102	OT-N/E ...	2/6/2006	102	OT-N/E ...	6805
2005	NURSE PER DIEM	OT-N/E ...	3.75	129.92	9102	OT-N/E ...	2/6/2006	102	OT-N/E ...	6805
4505	CLERK-DATA ENTRY	OT-N/E ...	4.75	92.74	9102	OT-N/E ...	2/6/2006	102	OT-N/E ...	6805
3224	INVENTORY SPECIALIST	OT-N/E ...	3	72.11	9102	OT-N/E ...	2/6/2006	102	OT-N/E ...	6805
4310	OR SCHEDULER	OT-N/E ...	0.75	15.04	9102	OT-N/E ...	2/6/2006	102	OT-N/E ...	6805
3000	LPN	OT-N/E ...	0.25	7.79	9102	OT-N/E ...	2/6/2006	102	OT-N/E ...	6805



IHS – Monthly Unit Summary Report

Division(s): Respiratory Services; Account Type = All; Month Mar 05 Act

	<u>Mar 05 BdA</u>	<u>Mar 05 Bud</u>	<u>Mar 05 Flx</u>	<u>Mar 05 Act</u>	<u>Variance</u>
Patient Care Services					
Respiratory Services					
73700 PULMONARY FUNCTION					
FTE's	1.13	1.13	1.39	0.92	-0.47
Units per Manhour	2.06	2.06	2.07	3.12	1.05
Manhours per Unit	0.49	0.49	0.48	0.32	-0.16
Actual Manhours	200	200	246	163	-83
Actual Units	412	412	509	509	0
Total	0.49	0.49	0.49	0.32	-0.17
Patient Service Revenue	232.37	232.37	230.96	218.89	-12.07
Salaries & Benefits	11.87	11.87	11.87	8.33	-3.54
Professional Fees	3.05	3.05	2.47	0.01	-2.46
Supplies	0.65	0.62	0.50	0.96	0.46

This report allows the directors and the administrators to determine how well the department managers are performing based on the services rendered (units of service). It is used to evaluate overall labor outcomes.

IHS – Monthly (Page 1)

Departmental Revenue and Expense

Ingalls Health System
Resp 4a: Statement of Revenue & Expense

Page 1 of 5
4/29/2005 4:16:43PM

Division(s): Respiratory Services; Financial Rollup Type = Income Statement, Manhours, Units; Month Mar 05 Act

73600 RESPIRATORY CARE

	MONTH					YEAR-TO-DATE				
	Mar 05 Act	Mar 05 Bud	Budget Variance	Mar 05 Flr	Flex Budget Variance	Actual 2005	Budget FY05	Budget Variance	Flex FY05	Flex Budget Variance
Revenue										
Patient Service Revenue										
412000 INPATIENT - ANCILLAR	1,129,918	1,003,581	126,337	1,216,124	(86,206)	5,868,271	6,761,367	(893,096)	5,874,831	(6,560)
431100 OUTPATIENT - ANCILLA	33,552	32,015	1,537	34,596	(1,044)	204,162	217,985	(13,823)	215,842	(11,680)
Total Patient Service Revenue	1,163,470	1,035,596	127,874	1,250,720	(87,250)	6,072,433	6,979,352	(906,919)	6,090,673	(18,240)
Total Revenue	1,163,470	1,035,596	127,874	1,250,720	(87,250)	6,072,433	6,979,352	(906,919)	6,090,673	(18,240)
Expense										
Salaries & Benefits:										
611110 REGULAR PAY	80,184	82,229	(2,045)	99,334	(19,150)	466,332	554,163	(87,831)	483,445	(17,113)
611120 OTHER REG PAY	(242)	0	(242)	0	(242)	377	0	377	0	377
611140 OVERTIME PAY	5,427	7,747	(2,320)	9,358	(3,931)	34,517	52,209	(17,692)	45,544	(11,027)
611250 DIFFERENTIAL PAY	7,033	7,769	(736)	9,385	(2,352)	43,616	52,359	(8,743)	45,676	(2,060)
611320 PAID TIME OFF	4,764	7,987	(3,223)	9,648	(4,884)	21,793	53,827	(32,034)	46,956	(25,163)
611350 SICK PAY	(149)	0	(149)	0	(149)	6,232	0	6,232	0	6,232
611380 HOLIDAY PAY	0	0	0	0	0	4,227	4,731	(504)	4,731	(504)
611410 HOLIDAY PREMIUM PA	0	0	0	0	0	22,019	14,982	7,037	14,982	7,037
611470 REGISTRY	33,518	15,224	18,294	18,391	15,127	186,969	102,598	84,371	89,503	97,466
621210 CONTRACT SALARIES	14,883	0	14,883	0	14,883	32,533	0	32,533	0	32,533
621400 EMP BEN-OTH	0	0	0	0	0	0	0	0	0	0
Total Salaries & Benefits:	145,418	120,956	24,462	146,116	(698)	818,615	834,869	(16,254)	730,837	87,778
Professional Fees:										
633310 PROF FEE-PHY	4,000	2,626	1,374	2,626	1,374	18,775	15,756	3,019	15,756	3,019
633120 POSTAGE	0	0	0	0	0	0	0	0	0	0
653530 CONTRACT SVCS-OTHE	474	2,651	(2,177)	2,651	(2,177)	4,022	15,906	(11,884)	15,906	(11,884)
Total Professional Fees:	4,474	5,277	(803)	5,277	(803)	22,797	31,662	(8,865)	31,662	(8,865)
Supplies:										
641300 MED/SURG SUP	5,574	3,740	1,834	4,518	1,056	28,035	25,724	2,311	24,565	3,470
641310 BAND/DRESS/ADHES	0	30	(30)	30	(30)	42	202	(160)	196	(154)
641330 MED SUPPLIES-GLOVES	6	46	(40)	55	(49)	60	309	(249)	298	(238)
641340 NEEDLES/SYRINGES	484	2	482	2	482	887	15	872	13	874
641350 CATH/TRAYS/TUBES	0	0	0	0	0	0	0	0	0	0
641370 SOLUTIONS	0	0	0	0	0	3	5	(2)	5	(2)
641390 PATIENT CHARGEABLE S	0	1	(1)	1	(1)	0	6	(6)	6	(6)
642300 PHARM/BIO-SUP	0	8	(8)	8	(8)	0	57	(57)	57	(57)
646300 GENL RESP THERAPY S	10,940	9,341	1,599	11,284	(344)	49,454	62,952	(13,498)	54,915	(5,461)
646310 OXYGEN/GASES	6,770	9,769	(2,999)	11,801	(5,031)	54,459	65,836	(11,377)	57,432	(2,973)
651600 DIET SUPPLY TRANSFE	34	32	2	32	2	329	192	137	192	137

IHS – Monthly (Page 2)

Departmental Revenue and Expense

Ingalls Health System
 Resp 4a: Statement of Revenue & Expense

Page 2 of 5
 4/29/2005 4:18:06PM

Division(s): Respiratory Services; Financial Rollup Type = Income Statement, Manhours, Units; Month Mar 05 Act

73600 RESPIRATORY CARE

	MONTH					YEAR-TO-DATE				
	Mar 05 Act	Mar 05 Bud	Budget Variance	Mar 05 Fix	Flex Budget Variance	Actual 2005	Budget FY05	Budget Variance	Flex FY05	Flex Budget Variance
657100 OFFICE SUP	51	296	(245)	357	(306)	1,684	1,776	(92)	1,616	68
657150 OFF SUPPLY-PRINTING	0	269	(269)	269	(269)	1,736	1,614	122	1,614	122
657210 PAPER & DISP	0	1	(1)	1	(1)	0	6	(6)	6	(6)
657220 CLEANING SUP	0	2	(2)	2	(2)	24	12	12	12	12
657420 BOOKS/PERIODICALS	0	96	(96)	96	(96)	0	576	(576)	576	(576)
657440 MEETINGS - TRAVEL & M	0	162	(162)	162	(162)	0	972	(972)	972	(972)
657500 REP BLDG/EQU	2,654	1,644	1,010	1,644	1,010	11,321	9,864	1,457	9,864	1,457
657550 MISC EXPENSE	0	80	(80)	80	(80)	745	480	265	480	265
657594 REWARDS & RECOGNIT	0	43	(43)	43	(43)	556	519	37	519	37
Total Supplies	26,513	25,562	951	30,385	(3,872)	149,335	171,117	(21,782)	153,338	(4,003)
Total Expense	176,405	151,795	24,610	181,778	(5,373)	990,747	1,037,648	(46,901)	915,837	74,910
Other										
851110 REGULAR HOURS	3,283	3,475	(192)	4,197	(914)	19,032	23,416	(4,384)	20,425	(1,393)
851120 OTHER REG HRS	(10)	0	(10)	0	(10)	16	0	16	0	16
851141 OVERTIME HOURS	146	214	(68)	258	(112)	929	1,444	(515)	1,257	(328)
851171 CONTRACT HOURS	238	0	238	0	238	806	0	806	0	806
851320 PAID TIME OFF HOURS	230	362	(132)	437	(207)	904	2,441	(1,537)	2,127	(1,223)
851350 SICK HOURS	(5)	0	(5)	0	(5)	242	0	242	0	242
851380 HOLIDAY HOURS	0	0	0	0	0	180	222	(42)	222	(42)
851410 HOLIDAY PREMIUM HO	0	0	0	0	0	571	471	100	471	100
851470 REGISTRY HOURS	1,438	731	707	883	555	7,933	4,924	3,011	4,293	3,642
8514798 Productive Hours	5,105	4,420	685	5,338	(233)	29,273	30,255	(982)	26,446	2,827
8514799 Non-Productive Hours	215	362	(147)	437	(222)	1,342	2,663	(1,321)	2,349	(1,007)
8514800 TOTAL HOURS	5,320	4,782	538	5,775	(455)	30,615	32,918	(2,303)	28,795	1,820
3 PATIENT DAYS	0	0	0	0	0	0	0	0	0	0
5 IP UNITS OF SERVICE	17,829	14,713	3,116	17,829	0	86,128	99,125	(12,997)	86,128	0
6 PATIENT DAYS AND OB	0	0	0	0	0	0	0	0	0	0
15 O/P UNITS OF SERVICE	469	434	35	469	0	2,926	2,955	(29)	2,926	0
16 TOTAL IP AND O/P ANC	18,298	15,147	3,151	18,298	0	89,054	102,080	(13,026)	89,054	0

This two page monthly departmental profit and loss has a very important element for the managers and administrators. According to the CFO, “placing the flex budget on the same page as the fixed budget allows the managers to get a clear picture of their performance from a volume and expense standpoint.”

Additionally, managers at Ingalls have the opportunity to look at any variances online and be able to immediately drill down into the details.

Income Statement Drill Downs to Accounts Payable and Journal Entries

Financial Review New

Statement Type: Level:

%Var \$Var Draft
 Color Variance Lines Show All Detail
 >= <=

Month YTD Period:
 Variance: May 2001 Act May 2002 Bud May 2002 Flx

	May 2001 Act	May 2002 Bud	May 2002 Flx	May 2002 Act	Var. May 2002 Flx
6433000 - GENERAL LAB SUPPLIES	0	27	27	0	(\$27)
6443000 - GEN'L RADIOLOGY SUPPLIES	9	241	240	24	(\$216)
6463000 - GEN'L RESP THERAPY SUPP	267	311	310	66	(\$244)
6473000 - SURG INST	4,153	5,506	5,496	6,650	\$1,154
6483000 - IMPLANTS	94,457	90,253	90,105	206,612	\$116,507

Accounts Payable / Journal Entries

Account: Cost Center: Period: Month Year

IMPLANTS OPERATING ROOM

Accounts Payable | Journal Entries

Inv. Date	Inv. Paid	Inv. #	PO #	Amount	Vendor #	Vendor	Check #
1/15/02	5/27/02	356174	0210655	4390.00	*514130924	EBI MEDICAL SYSTEMS	0000241343
1/15/02	5/27/02	356174	0210655	25.00	*514130924	EBI MEDICAL SYSTEMS	0000241343
3/15/02	6/3/02	920713	02-13716	2396.24	*709114838	SMITH & NEPHEW, INC.	0000241864
3/15/02	6/3/02	920713	02-12886	160.00	*709114838	SMITH & NEPHEW, INC.	0000241864
3/22/02	5/20/02	920766	02-13746	134.23	*709114838	SMITH & NEPHEW, INC.	0000241141
4/1/02	5/13/02	022574	02-14315	925.00	*510102316	LIFENET	0000240707
4/22/02	5/20/02	1988	02-151025	235.00	*B08151611	MEDWEST ASSOCIATES, INC.	0000241092
4/25/02	5/20/02	289428	02-15508	97803.00	*130143113	MEDTRONIC USA INC	0000241091
4/25/02	5/20/02	921019	02-15568	988.53	*709114838	SMITH & NEPHEW, INC.	0000241141
4/26/02	5/20/02	6766	02-15622	327.00	*904143140	PACIFIC COAST TISSUE	0000241110
4/26/02	5/20/02	1993	02-14467	410.00	*B08151611	MEDWEST ASSOCIATES, INC.	0000241092
4/26/02	5/20/02	0145791	0215193	62.00	*228103150	ALLOSOURCE	0000240934

AP Total 157,749.39

Grand Total 206,612.39

IHS Monthly Administrative and Board Report Table of Contents

Ingalls Memorial Hospital Table of Contents

	<u>Page</u>
Executive Summary - Month of September	1 & 1a
Executive Summary - Year-to-Date	2 & 2a
Admissions	3
Average Daily Census	4
Average Length of Stay	5
Medicare Case Mix Index	6
Cost per Adjusted Admission	7
FTE/AOB	8
Operating Margin	9
Patient Accounts Receivable Days Outstanding	10
Financial Statements	
- Balance Sheet	11
- Statement of Income	12
- Cash Flow Statement	13
Summary of Patient Service Statistics	14
Patient Key Metrics Comparisons - Month of September	15
Patient Key Metrics Comparisons - Year-to-Date	16

It is clear from this Table of Contents that Ingalls Monthly Administrative and Board Finance Committee Report is only 16 pages and -The first ten pages are devoted to the reporting of key indicators -- The Balance Sheet and Income Statement are included, but not until page 11

IHS – Year To Date Executive Summary

Review of Financial Performance

Ingalls Memorial Hospital
Review of Financial Performance
For the Period Ended September 30, 2004
Executive Summary

Financial Highlights:

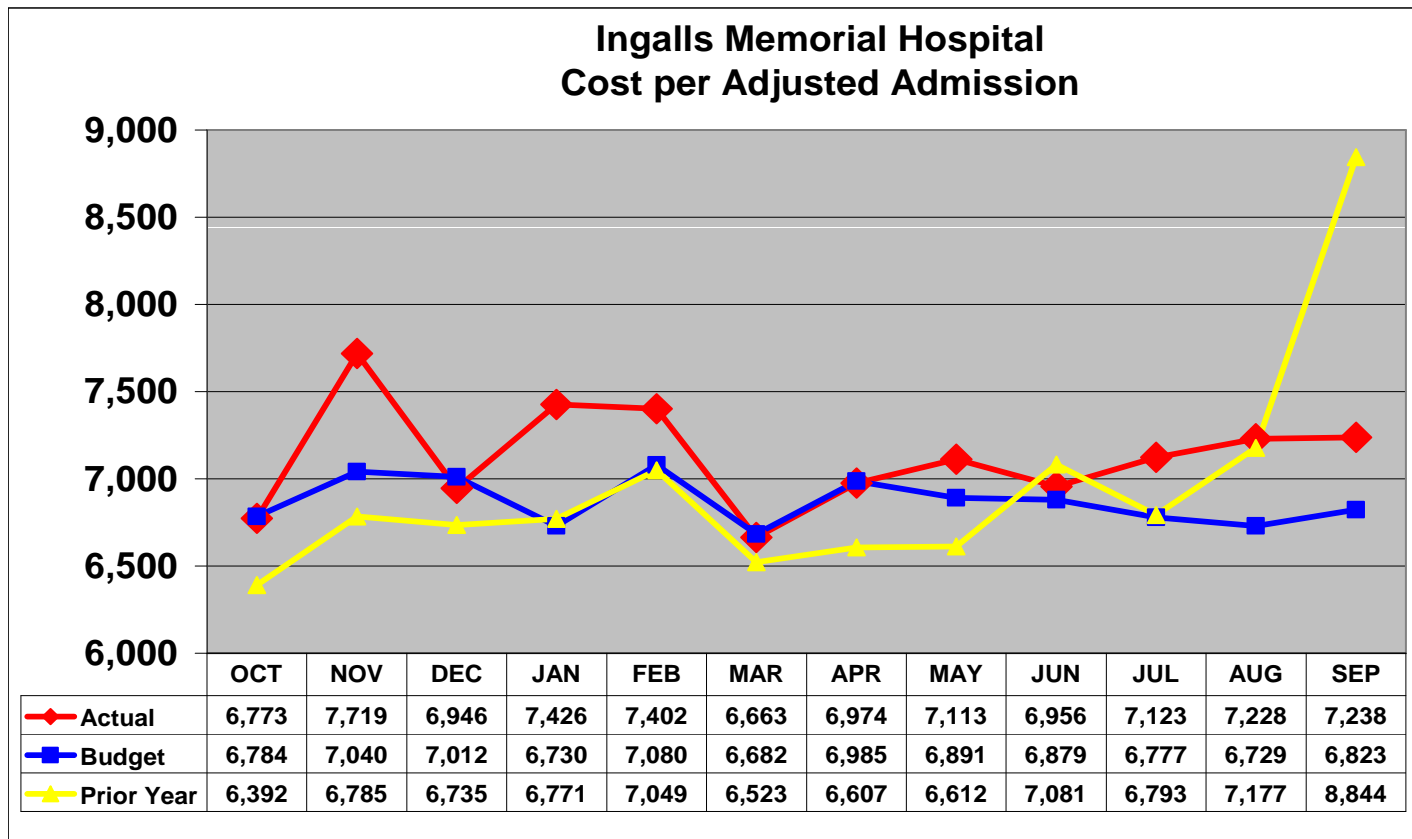
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%Variance</u>	<u>FY03</u>
Income (loss) from Operations	\$2,879,846	\$2,501,888	\$377,958	15.1%	\$4,108,011
Excess of Revenue and Gains	\$6,166,530	\$4,124,269	\$2,042,261	49.5%	\$4,837,680
Admissions					
Acute	17,196	17,434	(238)	(1.37%)	17,159
Rehab	970	1,072	(102)	(9.51%)	1,009
Psych	1,142	1,165	(23)	(1.97%)	1,209
Observation Patients	1,168	1,181	(13)	(1.10%)	1,122
Length of Stay					
Acute	4.59	4.45	0.13	3.03%	4.54
Rehab	14.06	11.65	2.42	20.75%	12.89
Psych	7.14	6.84	0.29	4.30%	6.58
Medicare PPS Length of Stay	5.94	5.68	0.26	4.58%	5.65
Hospital Outpatient Registrations	264,905	251,290	13,615	5.42%	247,218
FTE's	1,865	1,849	15.75	0.85%	1,862
FTE's per Adjusted Patient Day	4.33	4.37	(0.03)	(0.76%)	4.46
FTE's per Adjusted Admission	22.59	21.77	0.82	3.77%	22.74
Net Days in A/R	56.89	53.51	3.38	6.32%	56.78
DNFB	7.30	6.00	1.30	21.67%	9
Medicare CMI	1.3341	1.3314	0.0027	0.20%	1.3512
Total CMI	1.1071	1.1000	0.0071	0.65%	1.1083
Cost/Adj. Patient Day (CMI Adj.)	1,235	1,251	(16)	(1.26%)	1,229
Cost/Adj. Admission (CMI Adj.)	6,432	6,240	192	3.07%	6,259
Deduction from Revenue %	61.39%	59.87%	1.52%	2.54%	57.95%
Bad Debt as % of Gross Revenue	3.34%	3.71%	(0.37%)	(9.95%)	3.82%
Operating Margin %	1.319%	1.162%	0.16%	13.49%	1.94%

This report format, of a number of key financial metrics, is presented at the beginning of the monthly financial reporting package, developed for administration and the Board Finance Committee.

This primarily is a volume report, with some extra key financial indicators included, for review by the Leadership.

IHS – Monthly Trend Graph

Cost Per Adjusted Admission (CMI adjusted)



IHS – Monthly

Patient Key Metrics Comparison

Ingalls Memorial Hospital
Key Metrics Comparisons
For the Month Ended September 30, 2004

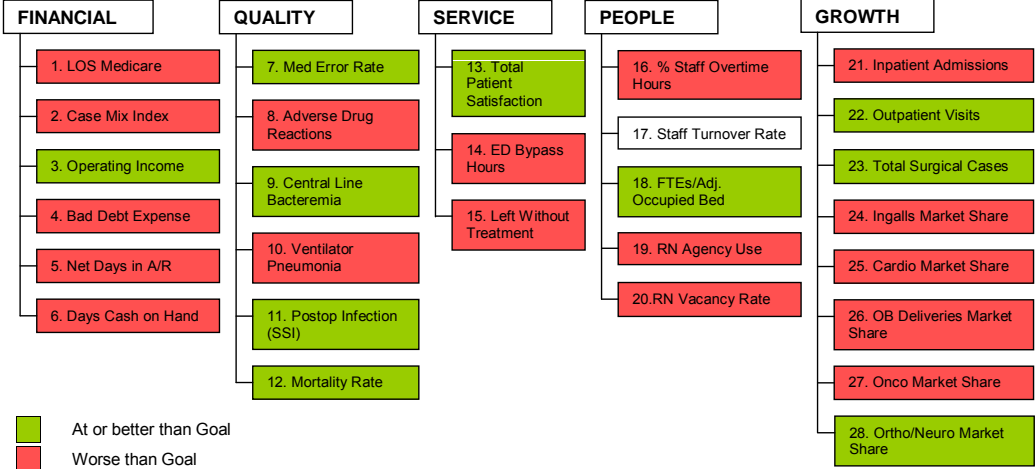
	<u>Actual</u>	<u>Budget</u>	<u>Fav/(Unfav)</u>	<u>% Variance</u>	<u>Moody's</u>
<u>Cash Flow</u>					
Days Cash on Hand	241.5	266.3	(24.7)	(9.29%)	151.9
Average Payment Period	44.9	64.7	(19.8)	(30.63%)	58.7
Net A/R Days	56.9	53.5	(3.4)	(6.32%)	58.1
<u>Net Revenue</u>					
Net to Total Gross Patient Revenue	38.81%	41.56%	(2.75%)	(6.62%)	
Net Revenue per Adjusted Patient Day	1,366	1,363	3	0.21%	
Net Revenue per Adjusted Admission	7,269	6,740	529	7.85%	
Medicare Case Mix	1.3116	1.3314	(0.0198)	(1.49%)	1.46
Total Facility Case Mix	1.1323	1.1000	0.0323	2.94%	
<u>Salaries/Wages/Benefits</u>					
SWB as Percentage of Net Revenue	49.32%	49.87%	0.55%	1.10%	
SWB per Adjusted Patient Day	674	680	6	0.88%	
SWB per Adjusted Admission	3,585	3,361	(224)	(6.66%)	
Benefits as a Percentage of Salaries	15.33%	20.06%	4.73%	23.58%	
FTE's per Adjusted Patient Day	4.27	4.38	0.12	2.70%	
FTE's per Adjusted Admission	22.40	21.68	(0.72)	(3.34%)	
<u>Expenses Indicators</u>					
Supplies as a Percentage of Net Revenue	17.74%	13.41%	(4.32%)	(32.22%)	
Supplies per Adjusted Patient Day	242	183	(59)	(32.51%)	
Supplies per Adjusted Admission	1,289	904	(385)	(42.60%)	
Bad Expense as a Percentage of Gross Revenue	3.29%	3.66%	0.38%	10.31%	
Cost Per Adjusted Patient Day CMI Adjusted	1,201	1,254	53	4.24%	
Cost Per Adjusted Admission CMI Adjusted	6,392	6,202	(190)	(3.06%)	
<u>Global Indicators</u>					
Medicare LOS	5.91	5.68	(0.23)	(4.05%)	
Hospital Length of Stay	5.25	4.94	(0.31)	(6.21%)	4.7
Operating Margin as a Percentage	1.15%	0.39%	0.75%	192.28%	2.0%
Average Age of Plant	11.6	10.9	(0.7)	(6.53%)	9.0

Unlike the more volume related reports at the beginning of the monthly administrative and Board Finance Committee package, this report is clearly titled as a "key metrics comparison" and is used to determine the variances between the goals and the actual outcomes.

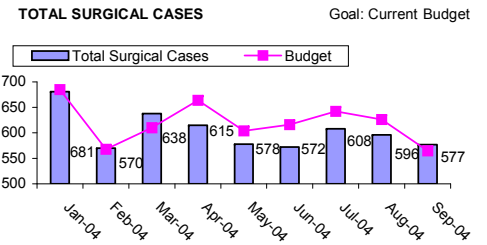
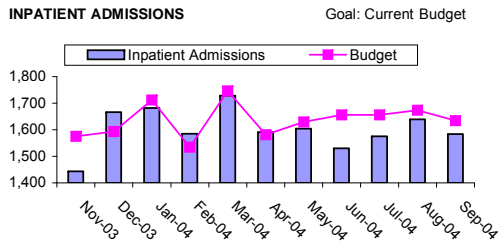
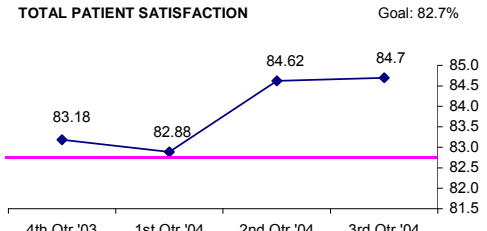
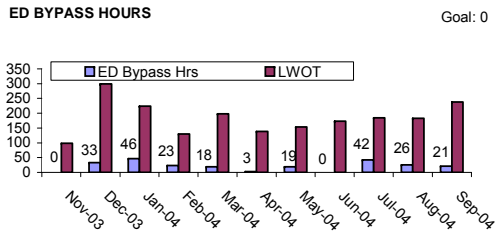
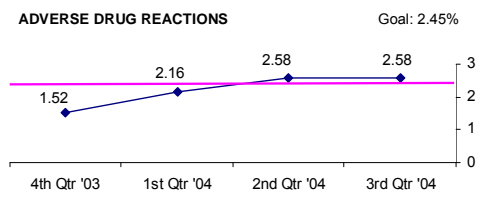
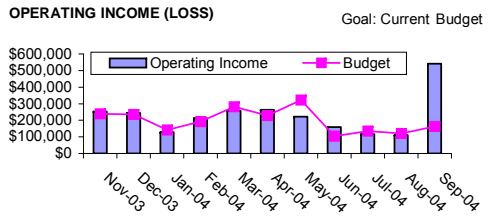
The CFO will prepare additional information based upon the outcome of these Performance Drivers.

According to Vince Pryor, Ingalls CFO, "Color coding the variances have proven to be extremely helpful to the Board Members in understanding the outcomes."

IHS – Monthly Performance Measure Report



Sample Performance Measures Data



This report has been primarily created for the full Board of Directors. It is designed to report the key indicators, financial and non-financial rather than the raw numbers, which have less meaning. Green indicates favorable outcomes for the time period; Red indicates unfavorable outcomes.

The CFO then chooses to provide additional information to the Board depending on the outcomes.



IHS – Monthly Partial Performance Measure Summary

*GOAL	Sep-04	Aug-04	Jul-04	Jun-04	May-04	Apr-04	Mar-04
	3rd Qtr '04			2nd Qtr '04			1st Qtr '04

Financial

Length of Stay (Medicare) ▲	5.68	5.91	5.88	5.96	5.70	5.50	5.77	6.18
Case Mix Index	1.33	1.31	1.30	1.4	1.29	1.34	1.32	1.36
Operating Income (Loss)	163,173	541,002	110,430	116,652	158,702	221,390	263,726	257,780
Bad Debt Expense □	1,525,468	1,552,003	1,514,875	1,522,505	1,244,481	1,056,836	1,700,781	1,393,544
Net Days in A/R □	53.51	56.89	56.48	60.00	55.27	60.05	59.65	59.28
Days Cash on Hand □	266.3	241.5	266.2	273.7	280.3	269.7	266.3	270.8

Quality

Medication Errors/1000 pt days	3.25	2.82				3.07		
Adverse Drug Reactions/1000 pt days ▲	2.45	2.58				2.58		

Nosocomial Infection Rates

-Central Line Bacteremia	6.8	1.2				1.0		
-Ventilator Pneumonia	11.2	12.6				13.0		
-Postop Infection (SSI) ▲	5.5	3.3				3.2		
Mortality Rate	< 2.1%	1.03	0.85	1.3	1.04	0.96	0.85	1.11

Service

Total Patient Satisfaction □	82.7%	84.7				84.62		
ED Bypass Hours	0	212	25.5	42.03	0	19.1	2.5	18.49
Left Without Treatment □	151	238	183	184	173	154	139	198

* Based on industry standards, annual performance goals or internal historical trend or average.

▲ JCAHO Staffing Effectiveness Indicator

□ New for 2004



The six financial metrics have been identified by Ingalls as its key indicators and reported to the full Board.

They are reported on a monthly basis and trended across time for better understanding and analysis by the Board members.

The goals are clearly identified in the first column and are expected to be met by the administrators and the managers.



IHS *Instant* Reporting – Alert Based Exceptions

To: 'Mary Grace Wilkus'
Cc:
Subject: INSIGHTS High Alert



Alert Title: High – 6A Medicine – YTD Salaries (Includes Contract Labor)
Financial Period: January 31 2005
Based On: YTD
Boundary Value From: > \$5,000
Boundary From: > 15%
Team: 6A Medicine 3
Actual: \$732,414
Flex Budget: \$625,000
YTD Variance: \$107,414
YTD Variance %: 17.19%
Annual Impact: \$184,138

*An alert will be sent to those
people responsible.*

This alerts based management exception report is utilized at all times by Ingalls management and administration to instantly know which departments are out of compliance with their goals – generally based on those key performance indicators that administration has deemed most important to the success of the operations.



What Do the Reports of All Three Hospitals Have In Common?

- All three of the best practice hospitals have developed similar reports that allow them to take ACTIONS
 - Daily reports that use ratios to track and trend actual activities against budget, prior periods and, in some cases, benchmarks
 - Biweekly productivity analysis, which use different looks trying to get to the same result – achieving budgetary goals
 - Monthly executive and administrative reports that utilize KPIs to a great degree, ensuring that the organization stays on track to meet its goals
 - The use of graphs and trend graphs to highlight the results of the indicators



Poll Questions

4. Do you set your hospital metrics goals at the median (50th percentile) or higher?
 - 50th percentile
 - Higher
5. Has the hospital developed a set of Balanced Scorecard metrics that are reported on a regular basis?
 - Yes
 - No



Conclusion

- Key performance indicators (KPIs) represent key driver and critical success factors to the organization
- The KPIs are developed in order to measure the results of organizational policies, practices and procedures
- Performance indicators can provide significant value to any organization that utilizes them, particularly to
 - Set the goals
 - Present the results in an clear manner to enhance decision making
- Healthcare organization's needs to ensure that they use KPIs to maximize their outcomes into the future

