



St John's Hospital

St. John's Hospital in Springfield is a regional healthcare center serving central and southern Illinois. The hospital is licensed for over 700 beds, making it the largest hospital in downstate Illinois. St John's employs over 3000 people, consisting of over 600 physicians representing approximately 30 specialties and sub-specialties. Founded in 1875 by the Hospital Sisters of the Third Order of St. Francis, it is also one of the largest Catholic hospitals in the United States.

The Challenge

About 3 years ago a new COO brought in Cardinal Health, Industry Experts to develop standards to be used in the management of the hospital. These standards were the first step in the performance evaluation of the Hospital operations. Hospital performance was always measured, but due to the number of sub-specialties many questions were raised rather or not the standards tied to patient safety and financial performance. Therefore after a successful implementation of setting the various required worked hours standards, these standards could be used in the evaluation of and planning of the hospitals financial health along with upholding accountability.

St John's objective was to use these standards to forecast the appropriate FTE levels to support their planned volumes, and eliminate the sandbagging process during the budget & planning cycle. With less focus on trying to maintain existing FTEs, the focus is directed towards growing the business (using the business owner concepts). This driver-planned approach eliminates the inefficiencies that plague most planning cycles by removing the subjectivity and remain focused on the facts. This approach creates an environment that harvest new opportunity and revenue maximization. The goal is to improve labor cost management by having managers operate as business owners, and better match resources with demand.

Resource management is critical in healthcare in order to be

financially viable in this challenging healthcare climate. Therefore using this Driver-Based method would eliminate departments over staffing and it would provide a direct correlation to the volumes expected in each area of the hospital. Once they realized they would have the key business driver, volumes, and the FTE Standards, extending their driver based planning process to revenue and expenses were a no brainer. Proposing to plan this way was easy, finding a tool and the actual process to achieve this was not.

The Solution

QueBIT has had a relationship with St John's since 1997 when they implemented their first planning models. St Johns choose the Cognos Enterprise Planning to deploy there latest planning and forecasting process. George Von Mock, St John's directory of Budgeting and planning, knew all to well that selecting the right implementer was key in the success of the project. George recognized QueBIT as:

"Excellent, they bring a lot of industry experience and are experts in model design. It is one thing to buy the right software, but another to have the right consultants. QueBIT knows how to design solutions, period!"

St John's objective was to provide the directors with a pre-populated position (income statement) with revenues, salary and expense planning model which were tied to the forecasted volumes. QueBIT designed an application where Directors would have to plan FTEs necessary to support projected volumes they could no longer negotiate for additional heads without the corresponding volume increases. For each department a reconciliation between the FTE's calculated using WHPUOS (work hours per standard unit of service) and the FTE's each department had budgets. If there was a disconnect the department managers had to justify or request a volume adjustment. Volume adjustments could be made, but the application did not allow for any additions to go thru with out the appropriate validations. For example if department was planning a significant capital purchase of equipment which would create an increase in procedures, they would enter the addition with an explanation. If no explanation existed, the increase in volume would not be accepted. This approach accomplished the following:

- Volume adjustments were supported
- Justifications were captured and could be reported to management
- Unnecessary sand bagging was avoided



The directors still had the ability to determine the staffing mix, but at the end of the day they had to adhere to the standard FTE ratio. QueBIT was able to design an application that gave the non-financial managers meaning full information which was reasonable and already calculated with seasonality incorporated. The information presented to the non-financial managers included:

- PY Volumes
- CY Forecasted volumes
- Budgeted volumes
- Inflationary factors

This information was a critical factor in the success of the process, previously someone in finance crunched some numbers and they became the basis without any of the historical trends or detail behind it, the non-financial managers did not always put much credence in the information. This led to sand bagging and unrelated expense planning. QueBIT was able to design a simple model which was overwhelmingly accepted, Buy-in was achieved.

St John's spent at lot of time preparing data for distribution and then more hours on the back end to take the results and allocate by month and apply seasonality. This process could take days, collecting, validating, calculating, aggregating and validating again. This number crunching process was done by the Planning department. This took valuable time away from actually analyzing and validating the budget numbers. They had very little time to "make sense" of the budget. QueBIT was able to automate these processes, which has added an enormous amount of value. Von Mock applauded Gary Quirke (QueBIT),

"Gary was able to identify our bottlenecks and automate tedious tasks, giving me and my department an added value, one we were not even expecting. His ability to apply techniques way beyond the required tasks sets him/QueBIT apart. They are very good at listing in order to understand what is important to a client."

Benefits

- The benefits St John's experienced were:
- Workflow
- Consistent forecasting methodologies
- Improve expense and revenue budgeting
- Payer mix modeling
- Flexibility - & long-term solution
- Capital plan feed operational budgets
- Flexible reporting

- Reduction in Man hours
- Increased participation and ownership

The amount of man hours saved was enormous, many of the tedious and tasks were eliminated, accuracy was increased and more time was available to analyze.

The ability to deliver all the information necessary for the department managers to make informed decisions, was a key benefit of the application. We attribute that directly to QueBIT's ability to identify critical information for non-financial managers and their design experience in presenting the information in a concise and understandable format. Without this, directors may not have been so eager to participate as much as they did.

As a result of this success, St John's is already planning their next phase of improvements. They would like to turn their successful budgeting process.



About QueBIT

QueBIT is the leader in Enterprise Planning consulting for mid-market companies. Specializing in Cognos Enterprise Planning throughout North America, QueBit partners with clients to develop customized solutions that work. QueBit utilizes best practices and the latest technology to provide companies with efficient, easy-to-use solutions at exceptional value. For more information, contact us: 1-800-QUEBIT or visit our website at: www.quebit.com



About Cognos

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