STROUDWATER

ASSESS, ALIGN, ACCELERATE: IMPROVING RURAL HOSPITAL PERFORMANCE

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OUR APPROACH

Objective evaluation of current hospital operations

- Grounded in data
- Improvement focused
- Proven track record
- Guided by best practices

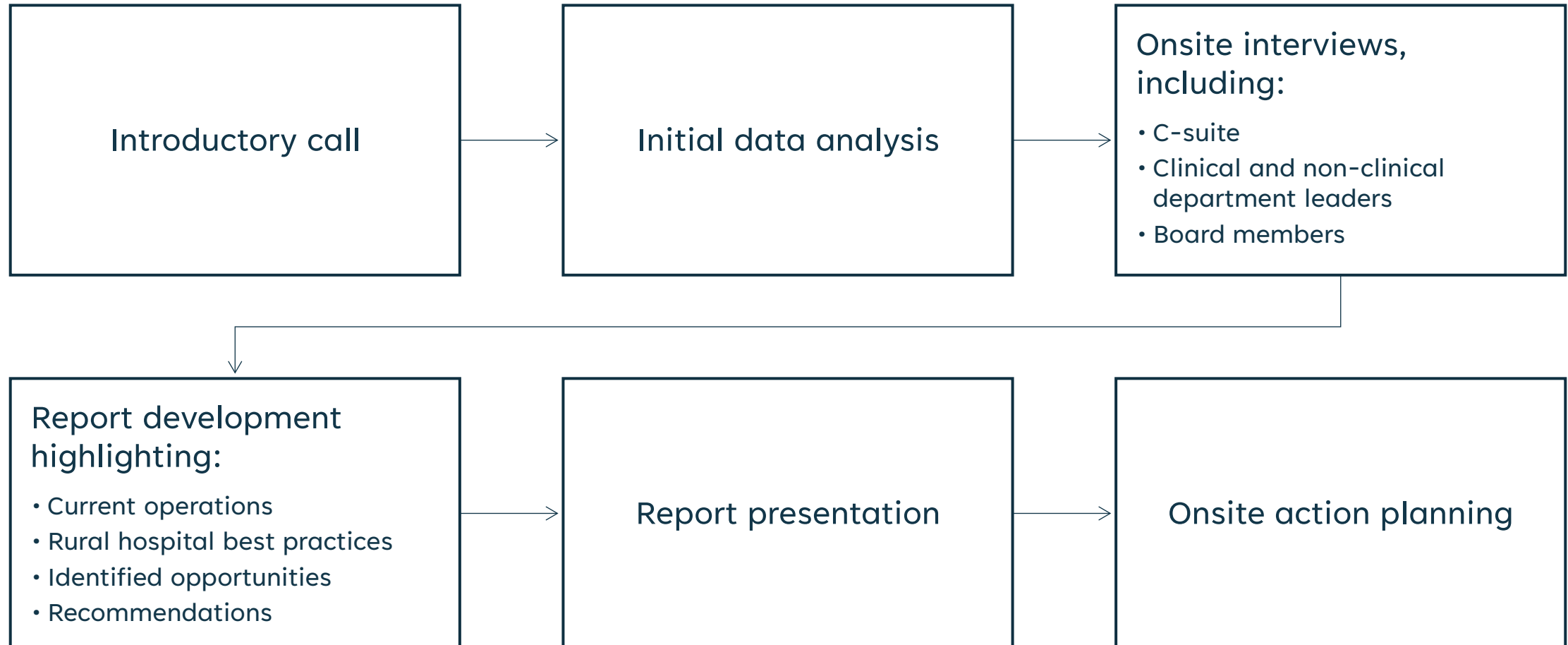**Development of detailed performance improvement plans that are**

- High-impact
- Meaningful
- Actionable

Three keys to rural hospital success:

- Abundance mindset
- Fundamental understanding of hospital economics
- Measurement culture

PROCESS

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│                    │      │                    │      │ Onsite interviews, │
│                    │      │                    │      │ including:         │
│ Introductory call  │ ───► │ Initial data       │ ───► │ • C-suite          │
│                    │      │ analysis           │      │ • Clinical and     │
│                    │      │                    │      │   non-clinical     │
│                    │      │                    │      │   department       │
│                    │      │                    │      │   leaders          │
│                    │      │                    │      │ • Board members    │
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│ Report development │      │                    │      │                    │
│ highlighting:      │      │                    │      │                    │
│ • Current          │ ───► │ Report             │ ───► │ Onsite action      │
│   operations       │      │ presentation       │      │ planning           │
│ • Rural hospital   │      │                    │      │                    │
│   best practices   │      │                    │      │                    │
│ • Identified       │      │                    │      │                    │
│   opportunities    │      │                    │      │                    │
│ • Recommendations  │      │                    │      │                    │
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TRANSCENDING INDIVIDUAL AND ORGANIZATIONAL VALUES

Impact	Interdependence	Respect	Abundance
• Leave better than before	• We before me • Small cog in a larger system	• For oneself, others, environment, etc. • Golden Rule	• Stephen Covey coined the idea of *abundance mentality* or *abundance mindset*, a concept in which a person believes there are enough resources and successes to share with others. • This is contrasted with the *scarcity mindset* (i.e., destructive and unnecessary competition), which is founded on the idea that, if someone else wins or is successful in a situation, that means you lose; not considering the possibility of all parties winning (in some way or another) in a given situation (zero-sum game).

ECONOMIC PHILOSOPHY

- Understand the difference between contribution margin and profit on fully allocated costs
  - Variable Cost
    - Definition: Expenses that change with changes in activity
    - E.g., *Pharmaceuticals, reagents, film, food*
  - Fixed Cost
    - Definition: Expenses that do not change with changes in activity
    - E.g.: *Salaries and benefits (??), rent, utilities*
  - Rural hospitals have inordinately high fixed costs relative to revenue (E.g., ER Standby, acute care nursing costs, etc.)
  - Unit contribution margin
    - The amount from each unit of service available to cover fixed costs and provide operating profits
    - Example: If Department X's unit service price is $200 and its unit variable cost is $30, the unit contribution margin is $170 ($200 – $30)
    - A rural hospital is made up of 1000s of Unit Contribution Margins

OPERATING EFFICIENCIES, PATIENT SAFETY AND QUALITY

- Hospitals not operating at efficient levels are currently, or will be, struggling financially
- "Efficient" is defined as
  - Appropriate patient volumes meeting the needs of their service area
  - Revenue cycle practices operating with best practice processes
  - Expenses managed aggressively
  - Physician practices are managed effectively
  - Effective organizational design

VOLUME AND PAYMENT

Grow patient volume to meet community needs

- *"Catching to pitching"*
- Opportunities often include:
  - ER Admissions
  - Swing bed
  - Ancillary services (imaging, lab, ER, etc.)
  - Understanding market share
  - Developing targeted marketing strategies

Increase efficiency of revenue cycle function

- Adopt revenue cycle best practices
- *Effective measurement system*
- "Supercharging" front-end processes, including online insurance verification, point of service collections
- Education on the necessity for upfront collections
- Ensure the chargemaster is up to date and reflects market reality

VOLUME AND PAYMENT

- Understanding, selecting and implementing applicable designations and associated payment models
  - Freestanding Clinics
  - Provider-Based Clinics
  - Rural Health Clinics

ORGANIZATIONAL DESIGN/MEASUREMENT

Have an effective organizational design that drives accountability into the organization

Decision Rights	Performance Measurement	Compensation
• Drive decision rights down to clinical/operation level • Education to department managers on business of healthcare • Avoid separation of clinical and financial functions	• Department managers to be involved in developing annual budgets • Budget to actual reports to be sent to department managers monthly • Variance analysis to be performed through regularly scheduled meetings between CFO/CEO and department managers	• Recognize performance in line with organizational goals

MANAGEMENT ACCOUNTING

- The hospital has developed a best practice process where all department managers actively participate in working with the CFO/Controller to set department budgets

- Reported that monthly, department managers receive "Responsibility Reports," which report actual month and year-to-date revenue and expense compared to budget and prior year

  - Managers are required to report variances from budget and have access to monthly financials through the shared drive, and are supposed to report variances from budget of greater than $500 or 10%

- The hospital has also developed a program where all managers are required to develop plans to either increase revenue or decrease expenses by 5%

- Best performing peer rural hospitals establish the following practices to foster a culture of accountability—managers participate in budget development, financials are distributed monthly with the expectation of variance monitoring/reporting, departmental performance dashboards are established, Department Operations Reviews (DORs) meetings are held monthly with managers to ensure accountability for performance

STAFFING EFFICIENCIES

- Increase monitoring of staffing levels to the "sweet spot"

- Staffing education for DONs/Clinical managers

- Salary Survey/Staffing Levels/ Benchmarks that are relevant

Department	Performance Indicator	FY 2020 Volume	Hourly Standard[1]	FTEs @ Standard	Actual FTEs[2]	Variance
Sample of Selected Departments						
Nursing - Med Surg	Per Patient Day	4,525	12.00	26.11	33.89	7.78
Nursing - Obstetrical/Postpartum ւ	Per Patient Day	289	10.00	1.39	7.44	6.05
Nursing - Nursery	Per Patient Day	260	5.00	0.63	-	(0.63)
Inpatient Subtotal				28.12	41.33	13.21
Nursing - Surgery - Major	Per Case	250	11.00	1.32	16.32	15.00
Nursing - Surgery - Minor	Per Case	1,918	5.50	5.07	-	(5.07)
Nursing - Recovery Room	Per Case	2,168	3.30	3.44	-	(3.44)
Surgery Subtotal				9.83	16.32	6.49
Emergency Room	Per Visit	7,718	2.75	10.20	14.54	4.34
UR/Case Mgr/Soc Ser	Patient Days	5,074	0.75	1.83	6.60	4.77
Nursing Administration	Per Adj. Admissions	6,988	1.75	5.88	4.08	(1.80)
Subtotal Nursing				55.87	82.87	27.01
Radiology	Per Procedure	35,451	1.36	23.22	14.88	(8.34)
Lab/Blood Bank	Per Test	202,460	0.25	24.33	16.62	(7.71)
Occupational Therapy	Per Treatment	23,763	0.50	5.71	7.29	1.58
Speech Therapy	Per Treatment	2,902	1.00	1.40	1.55	0.16
Cardio/Pulmonary	Per Procedure	25,810	0.71	8.84	14.36	5.52
Pharmacy	Per Adjusted Day	22,854	0.60	6.59	16.41	9.82
Subtotal Ancillary				70.09	71.11	1.02
Subtotal - Clinical				125.96	153.98	28.02
Hospital Administration	Per Adj. Admissions	6,988	1.65	5.54	7.56	2.01
Information Systems / Telecom	Per Adj. Admissions	6,988	1.36	4.57	4.31	(0.26)
Human Resources	Per Adj. Admissions	6,988	1.10	3.70	-	(3.70)
Marketing/Public Rel/Volunteers	Per Adj. Admissions	6,988	1.03	3.46	-	(3.46)
General Accounting	Per Adj. Admissions	6,988	1.23	4.13	2.15	(1.98)
Security	Gross Square Feet	181,263	0.02	1.74	0.63	(1.11)
Patient Accounting	Per Adj. Admissions	6,988	3.00	10.08	10.57	0.49
Admitting/Patient Registration	Per Adj. Admissions	6,988	3.79	12.72	13.95	1.23
Medical Records	Per Adj. Admissions	6,988	3.00	10.08	7.30	(2.78)
Cent Supply/Mtl Mgmt/Sterile	Per Adjusted Day	22,854	0.20	2.20	6.07	3.87
Housekeeping	Net Square Feet	108,758	0.25	13.07	15.61	2.54
Dietary	Meals Served	46,377	0.20	4.46	10.20	5.74
Plant Ops/Maintenance	Gross Square Feet	181,263	0.08	6.97	5.61	(1.36)
Laundry and Linen	Lbs of Laundry	186,232	0.02	1.79	1.77	(0.02)
Subtotal Support				84.51	85.74	1.23
				210.47	239.72	29.26

[1] Hourly Standards based on Stroudwater sample of hospitals

[2] FY 2018 internal information provided by hospital administration

REVENUE CYCLE

- Effective Revenue Cycle Key Performance Indicators (KPI) Dashboard
  - Important Elements
    - Metrics for all phases of the revenue cycle
    - Targets established
    - Trend over time
    - Individual accountability
  - Variance from targets used to drive weekly revenue cycle team meetings

KPI	Responsible	Bench mark	June	July	August	Sept.	October	November	December	Purpose of Data
A/R > 90 Days	Trudy / Patti / BO	20%	37%	42%	37%	41%	33%	34%	36%	Monitor account follow-up processes and practices for extreme efficiencies
Gross Cash Collections to Total Revenue	Patti Sullivan	64%	42%	52%	49%	49%	50%	46%	49%	Total revenue being collected
Bill Hold Days	Patti Sullivan	3 days	4 days	4 days	4 days	4 days	4	4	4	Time frame that bills are held in order to collect accurate data imput, medical record coding and charges
Percentage of Unbilled Receivable	Patti Sullivan	<10%	13%	10%	12%	13%	12%	12%	12%	Strictly monitor in-house, recurring and missing diagnosis accounts.
Average Daily Revenue in held Medical Records	Rheadawn Street	5 days	3.5 days	3.14 days	3 days	2 days	2 days	2 days	3	Total days in revenue that are held for coding delays.
Registration Error Rate	Stephanie / Patti	2%	5%	3%	4%	3%	3%	3%	5%	Registration error rate as a percentage of total registrations.
Percentage of Bad Debt to Gross Revenue	Ann Brown	2.5%	5%	1%	1.66%	1.8	0	1.00%	1%	Monitor uncollectible accounts to ensure they have been appropriately handled.
Charity Percentage to Gross Revenue	Ann Brown	2.5%	3%	3%	0.03%	2	3%	1.00%	1%	Monitor charity write-off and ensure financial counseling is accomplished.
Days in A/R	Crystal Bruner	60	68.75	68	64	59.23	52	58.13		Average days to collect the receivable.
Percentage Clean Claims from Bill Editor	Patti Sullivan	95%	99%	99%	99%	99%	99%	99%	99%	Number of errors on accounts due to data input, charging and coding
Return on Worker's Compensation, Third Party Liability and Auto Insurance Accounts	Patti Sullivan	85%	85%	85%	85%	85%	85%	85%		Effectiveness of difficult third party liability claims collection.
Up-front Deductible and Co-payment Collections	Stephanie Smithson	50%	Unable to track	Unable to track	unable to track	unable to track	unable to track	unable to track	No way to track yet	Improvements to cashflow, acknowledging the financial obligation with the patient at the time of service.
Average Daily Revenue in Credit Balances	Patti Sullivan	<1 day	4.54	4.82	5.24	4.49 days	4.65	4.96	5.55%	Credit Balances negatively effect the total A/R.
Claim Denial Rate	Patti Sullivan	4%	Unable to track	Unable to track	unable to track	unable to track	1%	unable to track	2%	Total denied claims as a percentage of total claims
Percentage of Scheduled Services that are Pre-Registered	Stephanie Smithson	95%	92% ancillary 78% OR 65% Angio	Overall avg 88%	88% overall	93% overall	90%	94%	94%	Improving patient information data gathering including demographics, medical necessity and insurance eligibility.
Percentage of Self-pay Patients that Receive Financial Counseling	Stephanie / Ann	95%	Unable to track	Unable to track	unable to track	unable to track	unable to track	unable to track	No way to track yet	Providing patients with payment options and/or charity consideration.
Hospital-wide Education Regarding Charity Policy and Payment Options for Patients	Ann Brown	100%				Brochure in process				Ensuring that Hospital Payment and Charity Care Policies are well understood by all hospital staff.

QUALITY

- Effective Quality Dashboard
  - Important Elements
    - Metrics for all phases of the Quality program
    - Targets established
    - Trend over time
    - Color to identify performance against goals
  - Variance from targets used to drive monthly quality council meetings

Health System Quality/Risk Management Dashboard 2020

Clinical Quality - Hospital - Outpatient

Core Measures	Goal	FY 2020 Average	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	FY 2021 Target
AMI-Median Time to Fibrinolysis	30 Minutes	45	N/A	N/A	57	N/A	N/A	N/A	N/A	N/A	43	34			30 Minutes
AMI-ASA	100%	75%	50%	100%	100%	100%	0%	0%	100%	100%	100%	100%			100%
AMI-Time to ECG	8 Minutes	14	31	20	5	10	14	28	4	14	8	8			10 Minutes

ED Throughput

ED Core Measure	Goal		Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	FY 2021 Target
ED Arrival to ED Departure (Admission)	120 Minutes	190	176	189	183	219	137	175	208	187	197	224			150 Minutes
Admit Decision to ED Departure	60 Minutes	80	65	95	64	93	43	93	70	66	66	142			70 Minutes
ED Arrival to ED Departure	120 Minutes	129	103	121	76	170	87	123	110	87	336	80			120 Minutes

Readmissions

Rate	Goal		Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	FY 2021 Target
30 Day Same Cause	< 10%	2%	0%	0%	0%	0%	0%	0%	14%	0%	0%				< 10%
30 Day All Cause	< 10%	6%	0%	25%	0%	0%	0%	29%	0%	0%	0%				< 10%

Hospital Acquired Conditions

Adverse Drug Events	Goal		Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	FY 2021 Target
Excessive Anticoagulation with Warfarin	0	0	0	0	0	0	0	0	0	0	0	0			0
Opioid Reversal	0	0	0	0	0	0	0	0	0	0	0	0			0
CAUTI	Goal														
# of CAUTI's	0	0	0	2	0	0	0	0	0	0	0	0			0
CLABSI	Goal														
# of CLABSI's	0	0	0	0	0	0	0	0	0	0	0	0			0
Falls	Goal														
# of Falls with Injury	0	0	0	0	0	0	0	0	0	0	1	0			0
Pressure Ulcers	Goal														
# of Stage II or Greater	0	0	0	0	0	0	0	0	2	0	0	1			0
VTE	Goal														
# of Potentially Preventable VTE's	0	0	0	0	0	0	0	0	0	0	0	0			0
Total # of HAC Events	0	1	0	2	0	0	0	0	2	0	1	1			0

MBQIP

EDTC	Goal	FY 2020 Average	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	FY 2021 Target
Medical Records Indicated Communication of All Necessary Patient's Data upon Patient's Departure from the ED	100%	97%	87%	100%	87%	100%	100%	100%	100%	100%	100%				95%

Patient Satisfaction - Hospital

HCAHPS/Returned	Goal		2	3	1	1	0	1	1	3	1	0			
Q 22	100%	94%	50%	100%	100%	100%	N/A	100%	100%	100%	100%	N/A			95%

RHC

Immunizations	Goal		Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	FY 2021 Target
Pnuemonia (Adults)	60%	55%	54%			55%			54%			55%			55%
Influenza (Adults)	45%	45%	45%			44%			N/A			47%			35%
Immunizations by 2nd Birthday (Children)	50%	36%	46%			38%			31%			29%			40%

PROVIDER COMPLEMENT MATCHING DEMAND

Physician Shortage/Surplus — Adjusted Service Area Population: **23,616**

	Supply Study Range		Existing[1]	(Shortage)/Surplus Range[2]	
Primary Care					
Family Practice	3.2 -	11.1	6.60	(4.5) -	3.4
Internal Medicine	2.8 -	6.6	0.00	(6.6) -	(2.8)
Pediatrics	1.8 -	2.8	1.55	(1.3) -	(0.3)
Physician Primary Care Range	**12.6 -**	**15.7**	**8.15**	**(7.6) -**	**(4.5)**
Non-Phys Providers	1.6 -	5.4	3.40	(2.0) -	1.8
TOTAL Primary Care Range	**15.7 -**	**21.1**	**11.55**	**(9.6) -**	**(4.1)**
Medical Specialties					
Allergy	0.2 -	0.3	0.00	(0.3) -	(0.2)
Cardiology	**0.7 -**	**0.9**	1.22	0.4 -	0.5
Dermatology	0.4 -	0.6	0.00	(0.6) -	(0.4)
Endocrinology	**0.1 -**	**0.3**	0.00	(0.3) -	(0.1)
Gastroenterology	0.5 -	0.6	0.00	(0.6) -	(0.5)
Hem/Oncology	**0.5 -**	**0.5**	0.20	(0.3) -	(0.3)
Infectious Disease	0.1 -	0.2	0.00	(0.2) -	(0.1)
Nephrology	**0.3 -**	**0.4**	0.00	(0.4) -	(0.3)
Neurology	0.4 -	0.7	0.00	(0.7) -	(0.4)
Pulmonary	**0.2 -**	**0.5**	0.00	(0.5) -	(0.2)
Rheumatology	0.2 -	0.3	0.00	(0.3) -	(0.2)
Surgical Specialties					
ENT	0.1 -	0.7	0.10	(0.6) -	(0.0)
General Surgery	**1.4 -**	**1.7**	2.40	0.7 -	1.0
Neurosurgery	0.2 -	0.2	0.10	(0.1) -	(0.1)
OB/GYN	**1.8 -**	**2.5**	2.00	(0.5) -	0.2
Ophthalmology	0.9 -	0.9	0.23	(0.7) -	(0.6)
Orthopedic	**1.0 -**	**1.6**	0.27	(1.4) -	(0.7)
Plastic Surgery	0.2 -	0.5	0.00	(0.5) -	(0.2)
Urology	**0.6 -**	**0.7**	0.00	(0.7) -	(0.6)

1 Physician FTEs calculated as 5 days per week = 1.0 FTE or 18 days per month = 1.0 FTE
2 See Appendix for detail of Supply Studies.

Findings and Analysis

- Primary care current needs analysis, based on adjusted service-area population, indicates a deficiency of between **(4.1)** and **(9.6)** primary care provider FTEs
  - Reported that two Family Practice providers have expressed interest in the service area
- Specialty Care needs analysis suggests shortages in most listed specialties, with the highest need in OB/GYN, Orthopedics, and Ophthalmology
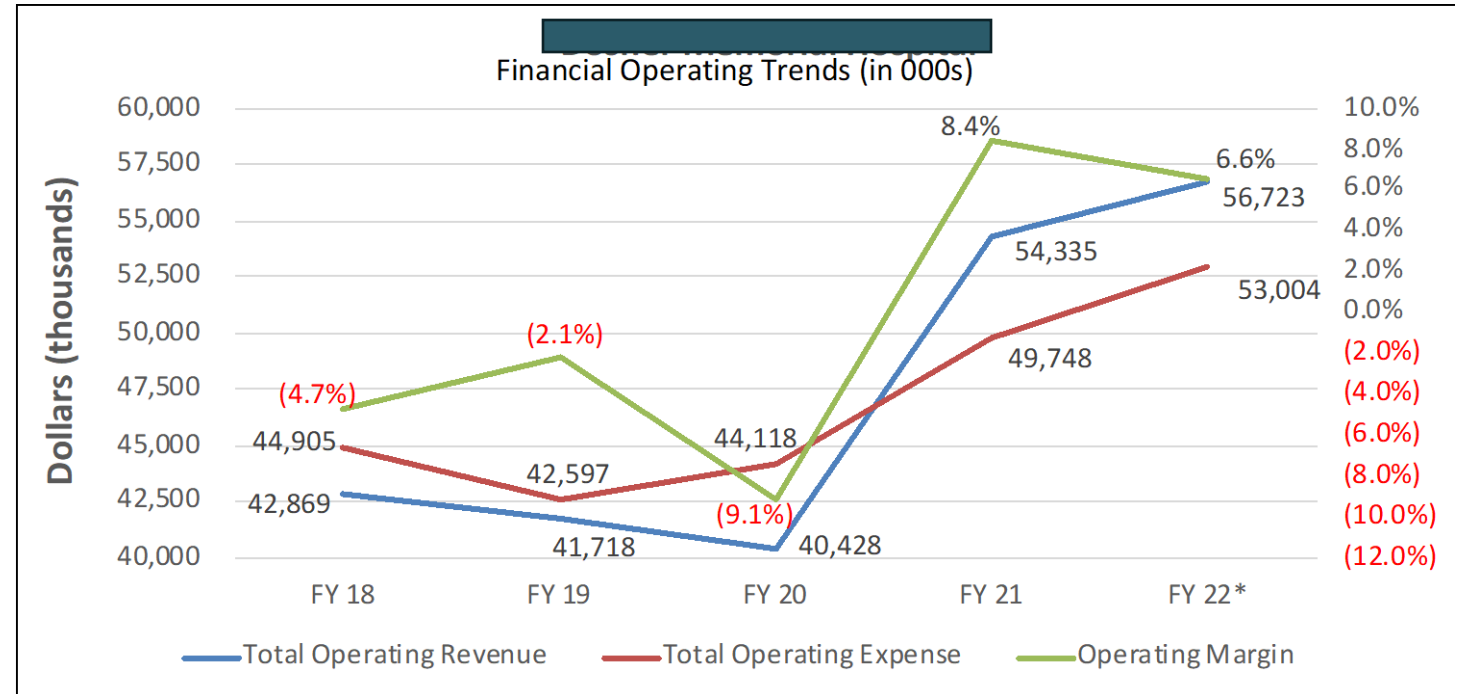
CASE STUDY #1 – ABUNDANCE

- CAH in the Midwest
  - New CEO March 2018
    - Abundance-based, growth focus
    - Worked with medical staff to set clinic volume expectations
    - Significantly improved revenue cycle functions
  - Financial Management
    - Department managers were provided with Profit and Loss (P&L) statements that compare actual results with budgeted numbers
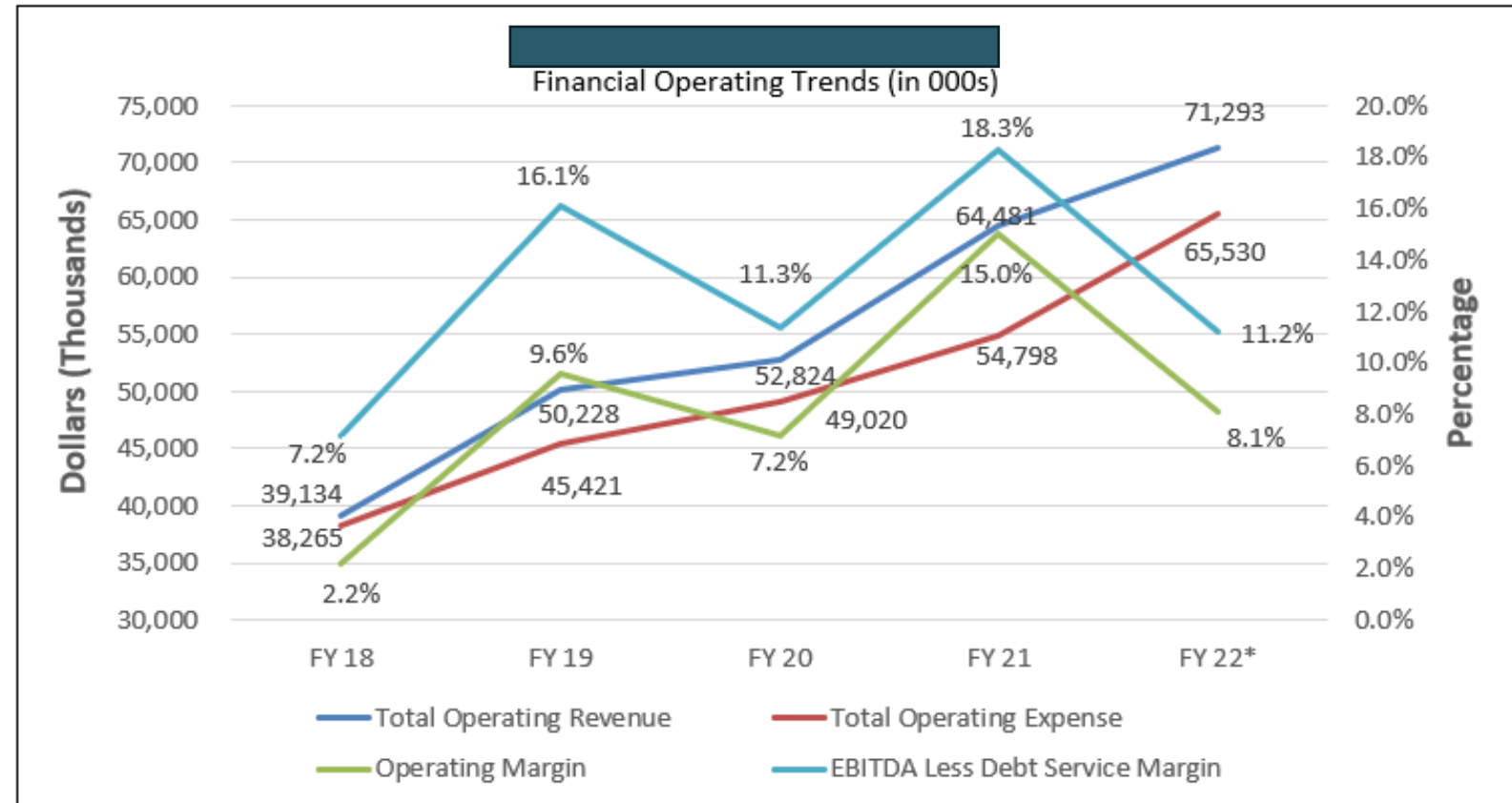   - Department managers engaged in setting the revenue and expense budget

Financial Operating Trends (in 000s)
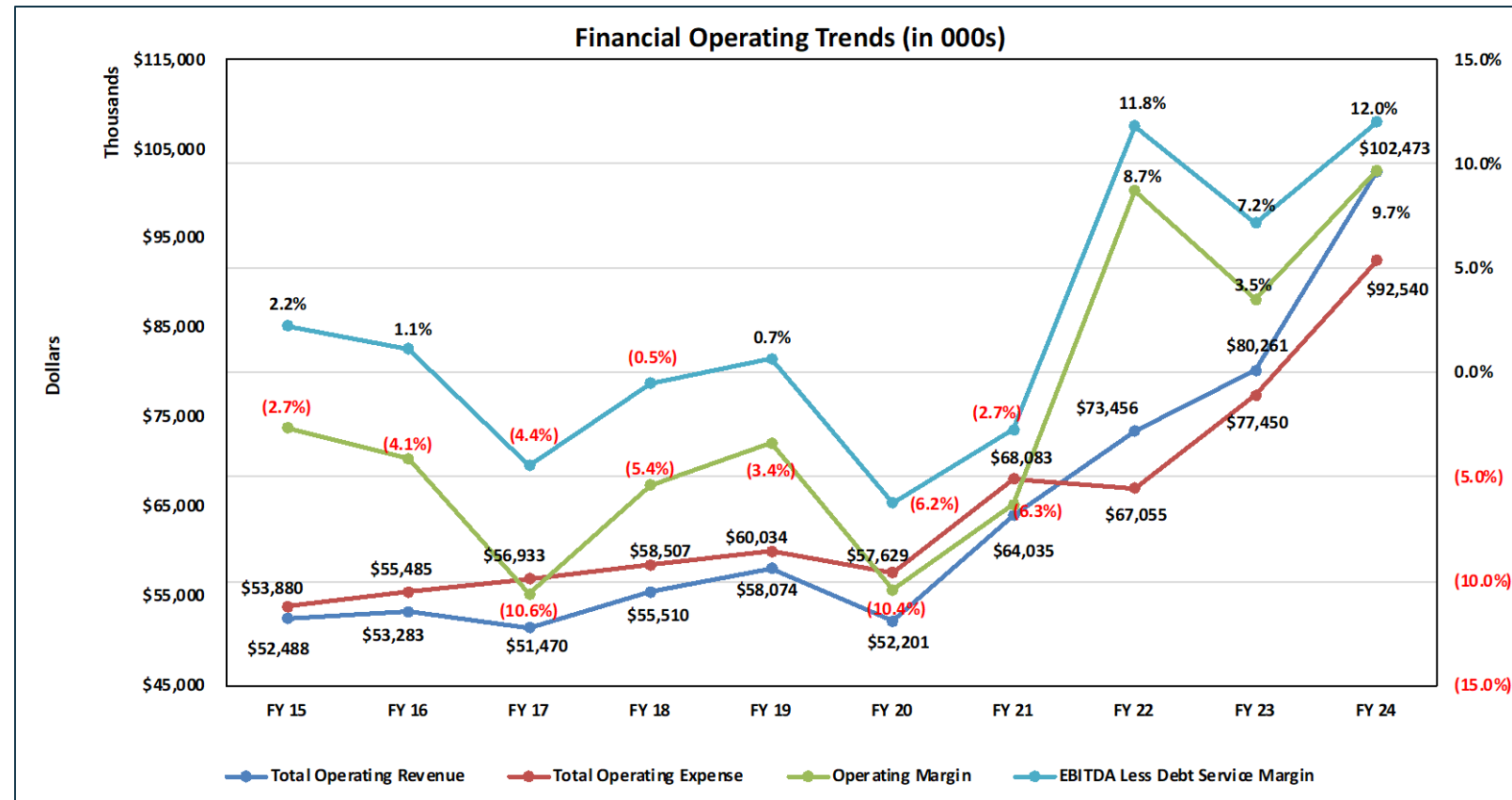
CASE STUDY #2 – ABUNDANCE AND MEASUREMENT

- CAH in the Southeast
  - New CEO in 2020, replacing a scarcity-based leader
    - Abundance-based, growth focus
    - Developed orthopedic program
    - Significantly improved revenue cycle functions
      - Measurement culture developed in revenue cycle

Financial Operating Trends (in 000s)

Chart data points:

	FY 18	FY 19	FY 20	FY 21	FY 22*
Total Operating Revenue	42,869	41,718	40,428	54,335	56,723
Total Operating Expense	44,905	42,597	44,118	49,748	53,004
Operating Margin	(4.7%)	(2.1%)	(9.1%)	8.4%	6.6%

Legend: Total Operating Revenue — Total Operating Expense — Operating Margin

CASE STUDY #3 – ABUNDANCE AND MEASUREMENT

- CAH in the Northwest
  - Abundance-based, growth focus
  - Negotiated cost+ contract with MCO
    - Including PMPM for primary care practices
  - Significant investment in primary care/urgent care
  - Commitment to community wellness
    - Blue Zone Effort
    - 3-story wellness center

Financial Operating Trends (in 000s)

Chart data points:

Total Operating Revenue: FY 18: 39,134; FY 19: 50,228; FY 20: 52,824; FY 21: 64,481; FY 22*: 71,293

Total Operating Expense: FY 18: 38,265; FY 19: 45,421; FY 20: 49,020; FY 21: 54,798; FY 22*: 65,530

Operating Margin: FY 18: 2.2%; FY 19: 9.6%; FY 20: 7.2%; FY 21: 15.0%; FY 22*: 8.1%

EBITDA Less Debt Service Margin: FY 18: 7.2%; FY 19: 16.1%; FY 20: 11.3%; FY 21: 18.3%; FY 22*: 11.2%

Legend:
— Total Operating Revenue
— Total Operating Expense
— Operating Margin
— EBITDA Less Debt Service Margin

FINDINGS FROM SFOAS

Common topics

- Lack of measurement tools and reporting
- Lack of market share data/knowledge
- Inadequate or non-existent strategic plans
- Broken revenue cycles
  - Front end
  - Mid cycle
  - Back end
- Productivity management opportunities

CONCLUSIONS/RECOMMENDATIONS

Key Strategies

Values – Abundance-focused mindset

Understand basic economic fundamentals
- Volume is critical

Organizational design that promotes accountability
- Effective measurement system

ACTION PLANNING

ACTION PLANNING AGENDA

- Goal:
  - From the numerous recommendations in the SFOA report, work with the senior team to identify a set of prioritized recommendations
- Once priority recommendations are identified, develop action plans to achieve results

Time	Activity	Resp.
8:30 – 8:45	Introductions and Context Setting	Dennis/Eric
8:45 – 10:45	Overview of Report and Critical Findings	Eric
10:45 – 11:00	Break	
11:00 – 11:55	Discussion and Prioritization of Recommendations	Eric
12:00 - 1:00	Board/Med Exec. Presentation	Break
1:10 – 2:30	Action Planning for Short and Long-Term Implementation Items	Eric
2:30 – 2:45	Break	
2:45 – 3:40	Action Planning for Short and Long-Term Implementation Items	Eric
3:40 – 3:45	Summary and Conclusion	Dennis/Eric

EXAMPLE PRIORITIZED RECOMMENDATIONS

Top 10 Team Recommendations (Priority Vote Order)	ROI
1.) Inpatient Census (ICU/Med Surg/Swing Bed)	
2.) Increase ED Admissions (i.e. decrease observation as applicable, transfer out, etc.)	1.3 million
3.) Care Gaps in Clinics (AWV, CCM, TCM, BHM, Well Child Visits)	500K
4.) Cost Report Improvement Opportunities	550K
5.) Surgical Services Volume Growth (referrals, etc.)	1.4 million
6.) Conversions to RHCs (Prompt Care, Surgery, Women's)	500K
7.) System Leakage & Referral Analysis	x factor
8.) Optimize Self Insured Health Insurance (claims analysis, benefit redesign, etc.)	320K
9.) Lab Volume Growth	500K
10.) Revenue Cycle Service Line Improvements (KPI's,Variance Meetings, Pre Reg Processes, budget setting, standardization in reporting, etc.)	x factor

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EXAMPLE ACTION PLANS

Action Plan # 3	Care Gaps in Clinics (AWV, CCM, TCM, BHM, Well Child Visits)	Owner		Angie
Issue(s)	Lack of proactive outreach resulting in decreased market share, and lack of full capture on incentive based programs			
Goal	Increase proactive patient clinic visits to 25% per clinic (wellness focus)	Target Date		10/1/23

#	What is Action Step?	Who is the Owner?	By When?	Follow-Up and Next Steps
1.)	spread best practices on new patients (TAT) from FMOG to all others	Angie		With assistance from Dr. Amos and practice managers.
2.)	est. staffing plan for CCM	Angie/Amy Quiz		Dr. Amos and Dr. Quiz
3.)	define provider active panels (standard:active panel 18 months or less)	Alissa/Jamaica		Working with Morgan Allen to obtain insurance contacts.
4.)	determine data source to identify pts about to fall off active panel	Alissa/Jamaica		Morgan Allen assisting with reporting
5.)	childhood vaccinations--proactive calls & scheduling	Alissa/Jamaica	7/19/23	Provide training to clinic managers how to run reporting
6.)	manage to program/QI quality metrics (Humana, etc.)	Alissa/Jamaica		
7.)	target patients by age/miletsones (i.e. vaccines, mammo, scopes, etc. HEDIS) and send follow up letters and or phone calls	Alissa/Jamaica		
8.)	eval PCMH			Alan, Morgan, & consultants to assist in potential status changes of clinic.
9.)	QPP	Wendi		
10.)	Team			Angie, Alissa, Jamaica, Wendi, Morgan, Amy Jones, AdHoc: Dennis, Alan, Dr. Amos,

EXAMPLE ACTION PLANS (CONTINUED)

Action Plan # 4	Cost Report Improvement Opportunities		Owner	Alan
Issue(s)	Not being reimbursed fully for costs incurrred			
Goal	Optimize cost report to capture 80% of identified opportunities (or a gross reimbursement improvement of $550,000)		Target Date	10/1/23

#	What is Action Step?	Who is the Owner?	By When?	Follow-Up and Next Steps
1.)	Reevaluate the current allocation of square feet to ensure all appropriate inpatient space is allocated to the Med/Surg Unit	Jeff Mace	Oct. 31, 2023	1) Consult with Bradley 2) Perform square footage study 3) Update records 4) Provide updates to Bradley
2.)	Consider consolidating ICU and the M/S Unit into a singular space.	Alan Nerone	Dec. 31, 2023	1) Consult with Bradley 2) Evaluate next steps as needed 3) Provide updates to Bradley
3.)	Review the current community relations costs - remove only the costs associated with advertising, leave public awareness costs.	Brooke Trissel / Suzanne Sieg	Dec. 31, 2024	1) Consult with Bradley 2) Breakout costs 3) Submit revisions to Bradley
4.)	Physician Professional Time - Update time studies to approptiately capture data.	Jen Balka / Suzanne Sieg	Dec. 31, 2023	1) Consult with Bradley 2) Provide Education to Dept and Providers 3) Submit new method to Bradley
5.)	Rheumatology Clinic - Cost report 2021, why no technical charges?	Alan Nerone / Morgan	Oct. 31, 2023	1) Consult with Bradley 2) Review Rheum Technical Charges in Allscripts 3) Provide update to Bradley
6.)	Medicaid Swing Beds - Remove the Medicaid swing bed days currently reported on schedule S-3 row 5, column 7 and include them on Row 6.	Alan Nerone	N/A	1) Consult with Bradley 2) Bradley to make changes

ACTION PLANNING TAKEAWAYS

Takeaways

- Requires dedication of resources
  - Human
  - Financial
- Buy-in and accountability are key
- Changes in results are not realized without changes in actions

DISCUSSION

MEAGAN WEBER, DPT, MBA

- Therapy Director at SCH 2010-2022

- Started the CEO role in August of 2022

- In my second week as CEO, I was lucky enough to have Eric and Wade on-site to start our ACTION planning after the SFOA

- In the two years after Stroudwater's action plans were implemented, SCH secured an additional $500k from cost report amendments, improved cash on hand from 8 to 40 days, improved swing bed census, implemented a successful hospitalist program, and empowered the leadership team with an approachable strategy

SCOTLAND COUNTY HOSPITAL

- 25-bed Critical Access Hospital

- Located in Memphis, Missouri

- Serving population of ~ 12,000
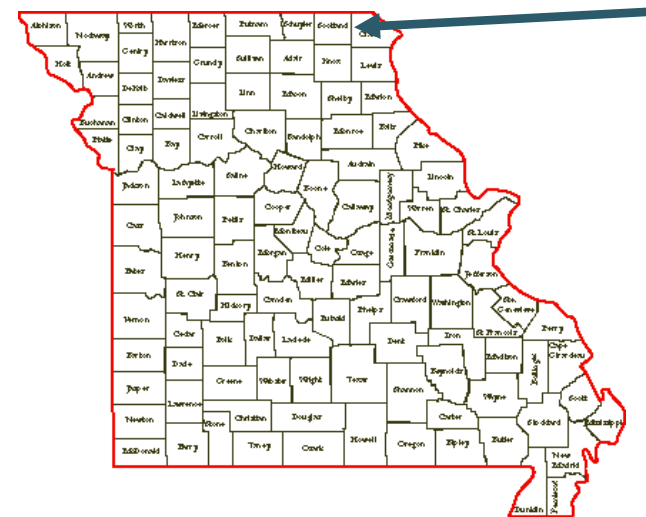
SERVICE AREA OVERVIEW

Scotland County Hospital's Primary Service Area (PSA) comprises 10 ZIP codes

The service area was derived by looking at ZIP codes where Scotland County Hospital had 10% or more Medicare market share in 2020 or had a significant amount of Medicare cases for FY2019 or FY2020

Critical Access

Short Term Acute

Primary Service Area
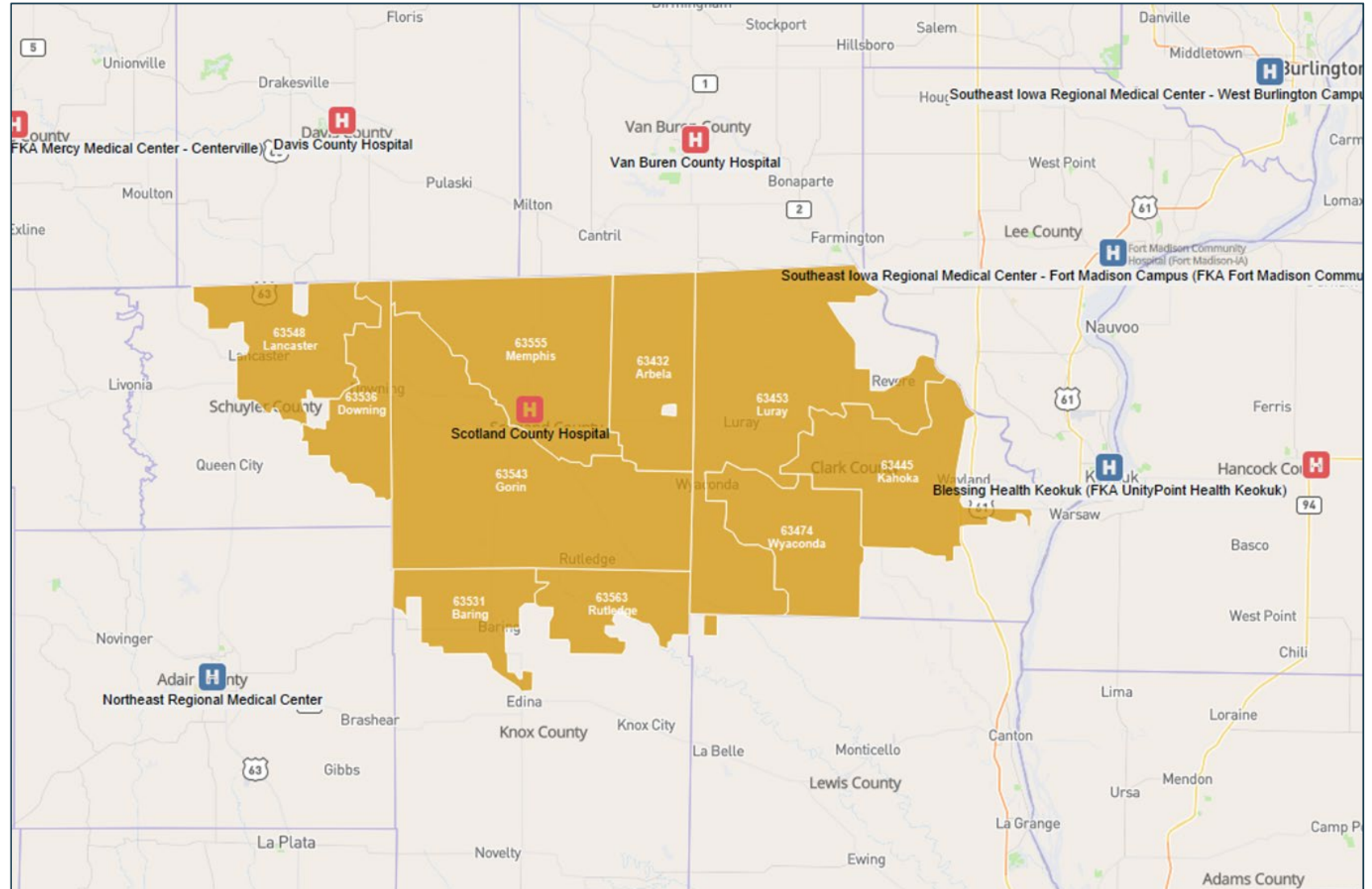
SERVICE AREA OVERVIEW

		2020 Population Estimates					
Primary Service Area	Name	00-17	18-44	45-64	65+	Total	% of PSA
63555	Memphis	1,042	1,153	813	690	3,698	30%
63432	Arbela	173	149	115	102	539	4%
63543	Gorin	114	102	76	69	361	3%
63474	Wyaconda	70	93	106	85	354	3%
63563	Rutledge	194	172	117	86	569	5%
63453	Luray	129	148	167	128	572	5%
63531	Baring	78	110	98	70	356	3%
63548	Lancaster	296	327	231	186	1,040	8%
63536	Downing	278	362	298	212	1,150	9%
63445	Kahoka	847	1,080	958	805	3,690	30%
	PSA Total	*3,221*	*3,696*	*2,979*	*2,433*	*12,329*	*100%*
	Total Service Area	**3,221**	**3,696**	**2,979**	**2,433**	**12,329**	
	Total Service Area	26%	30%	24%	20%	100%	
	Missouri	22%	35%	25%	18%	100%	
	United States	22%	36%	25%	17%	100%	

Source: IBM Watson Health

Service Area Age Distribution 2020

- Primary Service Area
- Missouri
- United States
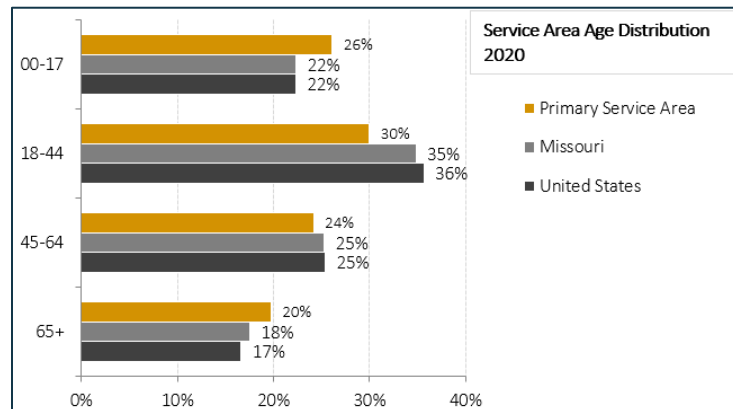
- The Total Service Area population was approximately 12,329 in 2020

  - Fifty-six percent (56%) of the total population is younger than 45 years of age

  - The under-18 age cohort has a larger percentage of people (26%) compared to the State (22%) and the United States (22%)

  - The 18-44 age cohort has a smaller percentage of people (30%) than the State (35%) and the United States (36%)

  - The 45-64 age cohort has a smaller percentage of people (24%) compared to the State (25%) and the United States (25%)

  - The 65+ age cohort has a larger percentage of people (20%) compared to the State (18%) and the United States average (17%)

  - Thirty percent (30%) of the population resides in Memphis, which is the home ZIP code for Scotland County Hospital
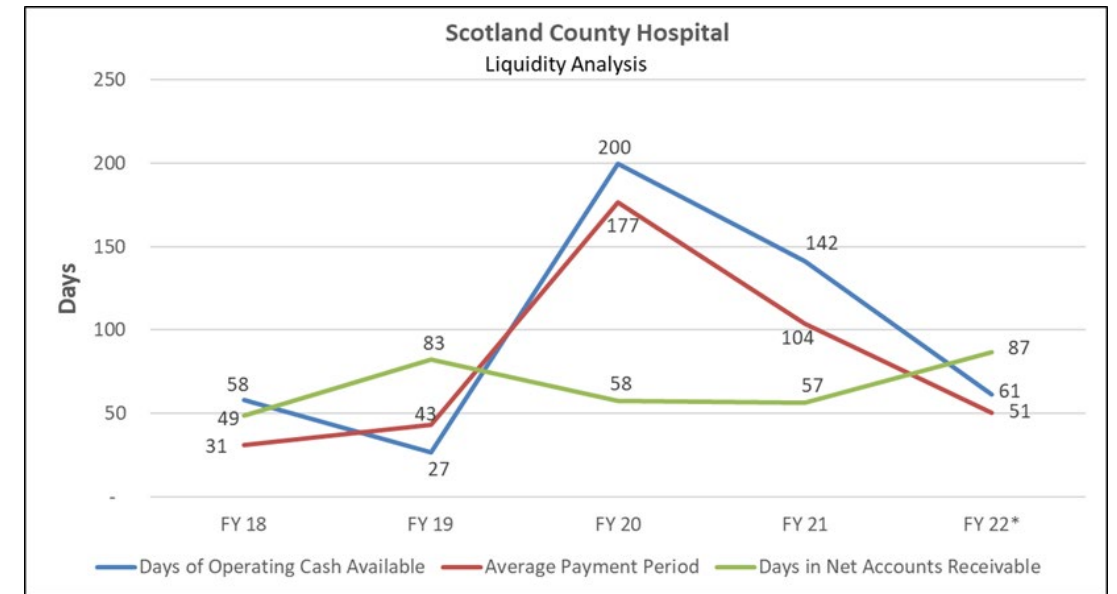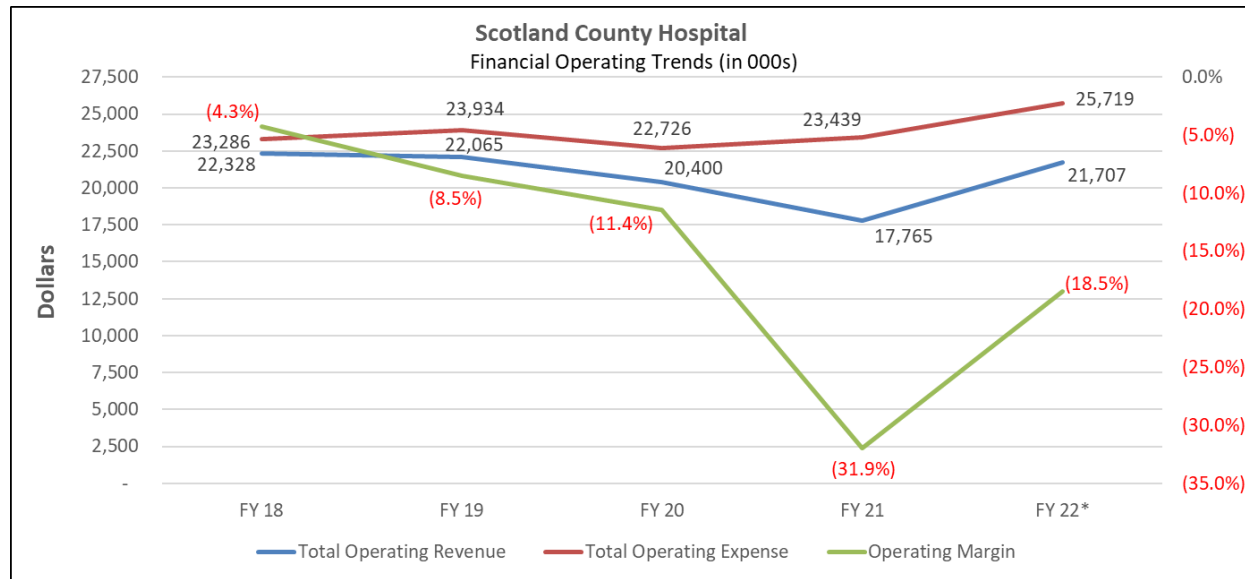
SFOA COMMENTS FROM A CEO

SFOA BENEFITS FROM A CEO PERSPECTIVE

- Action steps were laid out by leadership team with Eric and Wade leading discussion and all steps were trackable/measureable.

- Leadership team worked together to come up with priorities, so the group effort was meaningful.

- To this day, hospital leadership uses this strategy to implement change with action plans and action steps throughout the organization.

THINGS I WOULD CHANGE "IN HINDSIGHT"

- Create an action plan committee with a standing monthly meeting to touch base on progress and target dates.

- Ensure that quick follow up is taken if a team member that owns some of the action steps leaves the organization.

SCOTLAND COUNTY HOSPITAL

Action Plans that the hospital implemented from Stroudwater's Strategic Financial and Operational Assessment were developed with the hospital leadership team.

- Action Plan #1: Grow swing bed to an average daily census of 6.6.
  This would estimate a growth in revenue of approximately $250,000 per CY.

- Action Plan #2: Implement RC measurement culture.
  Goal: Days in gross AR at 45/CA% of Gross charges at 45%.

- Action Plan #3: Grow acute care services to ADC of 5.6.
  This would estimate a growth in revenue of approximately $350,000 per CY.

- Action Plan #4: Establish Patient Centered Medical Home in RHC.
  This would increase revenue by approximately $30,000/month.

- Action Plan #5: Cost Report Improvements
  We were missing out on cost report opportunities and were able to improve our return by $500,000 in the first year.

ACTION PLAN #1

Action Plan # 1	Grow swing bed program ($250K)		Owner	Ashley
Issue(s)	Patients having to receive inpatient skilled services outside of service area for services that can be provided locally			
Goal	Swing bed ADC of 6.6		Target Date	4/1/2023

#	What is Action Step?	Who is the Owner?	By When?	Follow-Up and Next Steps
1.)	Provider education - develop "one-pager" on program and share at med staff meetings	Meagan	1/1/2023	
2.)	Establish case manager relationships with 5 surrounding hospitals seeking active solicitation approach	Meagan	1/31/2023	
3.)	Name program and develop team with specific responsibilities	Ashley	12/15/2022	
4.)	Track transfers out of ER for SB potential	Shelley/Ashley	12/1/2022	