

Case Study



Saint Agnes Medical Center

At a Glance

Organization

Saint Agnes Medical Center
Fresno, Calif.

- 436-bed acute-care medical center
- State-of-the-art heart and vascular center
- Inpatient visits per year: 25,000
- Outpatient visits per year: 330,000

Solution Spotlight

- Horizon Anesthesia Documentation
- Horizon Business Insight
- Horizon Performance Manager
- Horizon Surgical Manager
- Pathways Contract Management
- Pathways Healthcare Scheduling
- Pathways Materials Management

Critical Issues

- Expensive onsite inventory
- High surgical operating costs
- Inefficient accounts receivable/revenue recovery
- Lack of solid information for management

Results

- Reduced supply inventory by 55.2%, a \$2.1 million savings
- Reduced orthopedic and cardiovascular implant costs by \$2.3 million
- Gained lost charges of \$1.5 million
- Recovered managed care and contract charges of \$5.8 million
- Enhanced access to business-critical reporting data

McKESSON

Empowering Healthcare

Saint Agnes Medical Center Revolutionizes Its Surgical and Supply Chain Processes

Saint Agnes Medical Center faced excess inventory, inconsistent documentation of supplies, varying practices and lost charges in its surgical and supply departments. Using McKesson solutions, the medical center achieved its vision for a seamless, fully automated and integrated surgery and supply chain process. Results include standardized practices, optimized inventory management, a 20% increase in charge capture, and savings of more than \$11.5 million.

Challenge

With such distinctions as a Top 100 Hospital for Cardiac Bypass Surgery in America and a Consumer Choice Award winner for 11 consecutive years, 436-bed Saint Agnes Medical Center has long been the hospital of choice in Fresno, Calif. But with new hospitals in the area, Saint Agnes faces fierce competition for patients and revenue. Hospital management pinpointed the need to more effectively and efficiently manage surgical and supply costs to remain competitive.

“A large percentage of charges for a hospital are surgical charges, and a large percentage of those are associated with supplies,” explains Kathleen Dole, manager of product support systems. “Our goal was to integrate surgery and materials management. Without that, we would continue to experience lost charges, billing errors, inconsistent availability of supplies, and lack of business-critical reporting data.”

Saint Agnes identified a number of key goals:

- Reduce extensive, expensive onsite inventory
- Decrease surgical operating costs
- Reduce variation in physician practice
- Decrease error rates for surgery time and medication charging
- Increase availability of necessary surgical supplies
- Improve consistency, legibility, accuracy and completeness of documentation
- Enhance management access to data

Answers

Saint Agnes has a long history of successfully using McKesson’s legacy solutions. To realize its goals, the hospital upgraded to McKesson’s integrated surgical and supply chain solutions to collect, transfer and manage key patient information — from scheduling to admission to recovery to discharge. Through the integration of McKesson’s performance management solutions, Saint Agnes can warehouse and access data to support its strategic goals. And McKesson’s surgical and anesthesia documentation tools help clinicians produce legible and complete documentation, ultimately automating the charging process and eliminating billing errors.

“The most valuable aspect of the integration between McKesson’s surgical, performance and supply chain suite is that it allows the clinical,

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"I recently talked to one of my area competitors and he shared that some of his biggest worries were about his supply chain and revenue cycle. Those are the least of my worries, thanks to McKesson's solutions."

Kathleen Cain

Chief Financial Officer

Saint Agnes Medical Center

financial and decision support sides to speak the same language," says Diane Kasten, RN, surgical systems specialist. "Now we speak with one voice."

Results

The integrated surgery and supply chain process enabled Saint Agnes to leverage resources, reduce costs and improve decision making. Results include:

Cash Flow – With the support of McKesson technology, Saint Agnes dramatically reduced slow-moving surgical inventory and eliminated "just-in-case" supplies. Inventory was reduced 55.2%, saving \$2.1 million.

Operating Costs – Horizon Business Insight™ provides valuable information to Saint Agnes personnel, including data that convinced physicians to adopt standardized surgical practice patterns. The hospital reduced orthopedic and cardiovascular implant costs by \$2.3 million.

Operating Revenue – Horizon Surgical Manager™ automates all OR and recovery time charges, virtually eliminating errors, and eliminates rekeying of pharmacy charges. Horizon Anesthesia Documentation™ eliminates separate entry of anesthesia charges. With Pathways Contract Management™, Saint Agnes monitors contract compliance and compares daily payments received against contract terms. Results include an ongoing recovery of payments owed,

including \$1.5 million in formerly lost charges; and \$5.8 million in managed care and contract charges.

Resource and Supply Utilization – Saint Agnes is now able to identify needed supplies at scheduling. Pathways Materials Management™ reduces the inventory on hand for requested supplies as soon as pick tickets are printed. A custom variance report compares Horizon Surgical Manager and Pathways Materials Management pick tickets, lists the items missing from the cart and allows procurement from OR supply locations.

Patient Satisfaction/Accuracy of Billing – Horizon Anesthesia Documentation and Perioperative Documentation produce legible and complete documentation, automating charging processes to eliminate billing errors.

Strategic Management and Decision Making – Horizon Performance Manager™ and Horizon Business Insight allow data access that creates business-critical management reports — daily, monthly or whenever needed.

"I recently talked to one of my area competitors and he shared that some of his biggest worries were about his supply chain and revenue cycle," says Kathleen Cain, Saint Agnes chief financial officer. "Those are the least of my worries, thanks to McKesson's solutions."

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PRT291-07/07

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