

Case Study

Organization

Cape Cod Healthcare
Hyannis, Mass.

- 400 physicians
- 4,600 employees
- Two critical care hospitals
- Cape Cod's largest home health services agency, Visiting Nurses Association of Cape Cod

Solution Spotlight

- McKesson Performance Analytics™

Critical Issues

- \$22 million operating deficit
- Need to control costs
- Need to enhance revenues of service lines

Results

- \$35 million profit in 2012
- Incorporated clinical data in analytics for improved decision making
- Opened Seifer Women's Health and Imaging Center at Falmouth Hospital to better serve female patients
- Improved patient coordination of the Total Joint Centers

Cape Cod Healthcare wins financial stability and clinical improvement with analytics

In 2008, Massachusetts' Cape Cod Healthcare (CCHC) faced a financial crisis, having lost more than \$22 million. To stem the tide of red ink and secure its financial future, CCHC rolled out the McKesson Performance Analytics™ performance management system. By reducing expenses, growing volume, improving relations with physicians and obtaining more favorable reimbursement terms from payers, CCHC turned a severe operating loss into a \$35 million profit in 2012.

Challenges

Facing growing financial losses, Cape Cod Healthcare hired a new management team. Leadership knew it had to move quickly if the health system – which included the only critical care hospitals in the area – was to survive.

"We didn't really have time for a true process improvement reengineering at that point," says Tina Shaw, director, resource center, CCHC. "In healthcare's current landscape, both nationally and locally, there are no safety nets. You run out of money and technically, you're bankrupt. It's that simple."

The first step was to closely analyze the organization's revenue cycle. Though CCHC had collected vast amounts of financial information, it did not have a system to organize data for interpretation — or to make projections about future operations. While short-term steps could bring losses under control, the system needed to understand where it stood, both financially and clinically, in order to plan strategically for the future.

Answers

To create real actionable information, CCHC selected McKesson Performance Analytics. The solution draws data from disparate systems across the enterprise into a central repository, where it can be analyzed. Officials can drill down into billing and accounts receivable to really grasp the revenue cycle.

To make the data usable, CCHC created an extensive array of 40 highlights and one major scorecard that provided a daily work list for the revenue cycle. By managing the revenue cycle in real time, managers could follow a bill from coding through to release, receiving and then posting of payment. One of the early discoveries was a 10-day

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Tina Shaw
Director, Resource Center
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PRT484- 09/13



time lag in posting payments that sometimes resulted in billing staff working paid accounts.

As the system's financial health became more stable, CCHC launched an in-depth analysis of its clinical processes. Along with readmission data, it integrated both Press Ganey patient satisfaction and Hospital Consumer Assessment of Healthcare Providers and Systems reports into McKesson Performance Analytics. By importing clinical and financial data such as service line profit and loss statements on its departments, officials could focus on enhancing revenue.

A similar process for payers helped CCHC understand which third-party payers represented major segments of the patient base and which did not. Fully 60% of the patient population at Cape Cod and Falmouth hospitals was insured by Medicare and the state's Medicaid program or the Massachusetts Health Connector Plan for private insurance customers.

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Analytics also provided an understanding of what services were being used by particular patient populations, such as women seeking MRIs or patients receiving total joint replacements. These service lines could then be better organized to meet the needs of these patients.

Results

McKesson Performance Analytics helped CCHC turn a \$22 million deficit into a \$35 million profit by changing its financial and clinical processes to enhance revenue and better serve patients.

By facilitating a better understanding of the needs of its patient population, the system helped CCHC's leaders make strategic decisions to drive greater service, quality and revenue. One example is the new Seifer Women's Health and Imaging Center at Falmouth Hospital, created as an outpatient facility to house all the services commonly used by female patients under one roof, thereby enhancing service and convenience. Analytic studies also helped CCHC develop better coordination for its two Total Joint Centers — increasing patient volume and satisfaction.

“We were able to support the business development department by making sure we had the right complement of services,” says Shaw. With a deeper understanding of its operations and its challenges, CCHC has been able to achieve financial success while creating strategic plans to ensure its future.