

# From Red to Black:

## How Chartis Partnered with a Community Health System to Drive Financial Stability



### The Client Challenge






A small not-for-profit health system with 4 acute care facilities, a medical group, post-acute care, and ambulatory footprint in the Northeast was experiencing financial challenges exacerbated by the pandemic and other external factors. As its financial situation continued to trend unfavorably, the health system's leadership knew it needed a large-scale margin improvement effort to stabilize the organization and position it for growth.

### Navigating to Next: The Solution

The health system partnered with Chartis to conduct a rapid assessment of financial performance improvement opportunities, consisting of both revenue enhancements and cost reductions. Given the magnitude of opportunity required to meet organizational goals, the assessment was comprehensive of all operations, identifying as many opportunities as possible for leadership to prioritize. Given the urgency to realize results, design of tactical work plans began concurrently with implementation and execution of certain opportunities.

As a result of the rapid assessment, the health system was able to quickly develop a balanced portfolio of financial improvement initiatives. It became clear through the assessment that while some new and innovative solutions would drive meaningful change, a significant amount of change could be accomplished by strengthening foundational management principles. Because the health system's operational leaders were actively engaged in the review, workplan development, and calculation of targets, they were advocates for leading the change.

#### KEY CHALLENGES TO DRIVING FINANCIAL IMPROVEMENTS:

-  Urgent imperative to return to profitability
-  Varying opinions on intervention priorities
-  Strained leadership and operational bandwidth to lead change
-  Limited data and reporting to support decision-making
-  External forces causing fluid operating parameters

#### NAVIGATING TO NEXT: KEY COMPONENTS



#### REVENUE CYCLE

Implemented avoidable write off and bad debt, staff efficiency, and pre-service collection improvements.



#### WORKFORCE PRODUCTIVITY

Partnered with department leaders to refine staffing models, and enhance workforce analytics.



#### WORKFORCE ENGAGEMENT

Established a new governance structure to sustain ongoing engagement improvement efforts.



#### HUMAN RESOURCES

Optimized employee pay practices.



#### PROVIDER ENTERPRISE

Implemented patient access, provider productivity, and support staff efficiency improvements.



#### INFORMATION TECHNOLOGY

Carried out staff productivity, application rationalization, and purchased services improvements.



#### SUPPLY CHAIN

Implemented supply pricing, clinical standardization/ utilization, and purchased services improvements.



#### PHARMACY

Executed 340B, specialty pharmacy, and clinical utilization improvements.

## Client Impact

As a result of the margin improvement initiative, the health system implemented more than \$59 million in financial benefit in the first year, and it is projected to implement more than \$17 million in additional financial benefit in the second year of the plan. In addition to financial improvements, the health system established the necessary structure to sustain financial stability going forward. This included creating a Project Management Office for continual performance improvement oversight, implementing new processes to govern workforce engagement, and enhancing reporting tools to provide more visibility into operations.



### How We Are Making Healthcare Better

“With health systems facing unprecedented financial challenges in today’s environment, they must double down on operational efficiencies to provide the necessary margin required to invest in its workforce and growth strategies.”

—Rob Gamble, Director Performance Practice Leader, Chartis

The disciplined execution of the comprehensive performance improvement plan produced dramatic results in less than 2 years:

# \$800M

in operating revenue

# \$59M

in annual & one-time income statement improvements implemented

# \$17M

in one-time balance sheet improvements implemented

## NEXT INTELLIGENCE:

Transformational financial performance can be achieved by:

### An engaged leadership team:

Setting up the undertaking with leadership aligned on the plan and priorities.

### A robust change management plan:

Ensuring transparency with staff and their full engagement in the process.

### A rigorous accountability platform:

Creating visibility and action by monitoring work plan progression and metric performance.

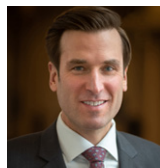
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