

Safety-net hospital launches performance improvement initiatives to achieve financial stability*

Client's challenge

A large public, "safety-net" hospital faced a complex set of challenges. As its region's only Level 1 trauma center, this hospital served dual critical missions to provide healthcare for the uninsured and for those in need of trauma services. The growing cost of caring for a disproportionate share of uninsured patients, combined with public funding from only two counties for services vital to patients throughout a multicounty region, presented the provider with increasing financial difficulties. The institution recorded financial deficits for 10 out of 11 years, with a budget gap estimated at more than \$50 million for the most recent year. As a result of this revenue shortfall, the client had long ignored capital needs. It also was indebted to two schools of medicine that used its facilities as their academic training ground. The financial stability of this organization was critical to the entire region for providing continued access to quality care for the people who need it most and can afford it least.

PricewaterhouseCoopers' Advisory solution

The client engaged PricewaterhouseCoopers (PwC) to restructure its operations, focusing on four key objectives:

- Collect monies due the healthcare institution to create an immediate cash infusion.
- Correct processes at the healthcare institution to prevent the recurrence of cash-flow and accounts-receivable issues.
- Create sustainable operational efficiencies across the system.
- Develop platforms for future growth.

PwC launched 37 performance improvement initiatives to focus on short-term projects to generate funds for the client and long-term projects to help it become more efficient going forward. These initiatives involved improvements in:

- Billing
- Charge description master (CDM) and charge integrity, posting and reconciliation
- Central scheduling and financial counseling
- Collections approach and strategy
- Vendor management
- Denials management
- Discharged-not-final-billed (DNFB) levels
- Patient access
- Group purchasing
- Inventory management
- Nonlabor cost
- Bad debt levels
- Cost reporting
- Disproportionate-share funding
- IT planning and process
- Emergency department, clinics, perioperative, and care management

Impact on client's business

As part of a 24-month transformation effort, PwC is helping the client build a financially stable healthcare system. This institution is continuing to fulfill its mission of serving the indigent and uninsured citizens of the region while preserving a critical academic training ground for medical practitioners. Early indicators point to improved financial performance, with a significant increase in annual patient revenue.

Contact

Bill Luallen
317-860-2102
bill.luallen@us.pwc.com