

Operational Assessment: Hillcrest Health System

The Situation

Hospital executives today face unprecedented challenges. An uncertain economic environment and limited access to capital make it more difficult than ever for community hospital executives to run a medical facility that delivers high quality care with cost-efficient operations.

When the board of trustees at Hillcrest Health System began analyzing its strategic direction, they engaged Community Hospital Corporation (CHC), because of the firm's direct and ongoing experience successfully managing other community hospitals. CHC owns and manages 12 hospitals located in Texas, Nevada, New Mexico and Louisiana and focuses exclusively on serving the needs of community-based hospitals.

Initially, Hillcrest Health System leadership requested the services of Community Hospital Consulting (CH Consulting), the management and consulting arm of CHC, to help them evaluate the operations of Hillcrest Baptist Medical Center, a 236-bed acute care facility. The Hillcrest leadership team wanted to compare their performance to a series of benchmarks in order to know where to make improvements that would positively impact their bottom line.

“We looked for opportunities for greater productivity and cost savings, while keeping quality of care ‘front and center’ for the organization,” says Mike Bowers, VP of Business Development for CH Consulting. “Our role is to objectively evaluate the organization and make the best strategic recommendations to the hospital leadership team that will positively impact the bottom line and enhance quality patient care.”

Background

Based in Waco, Texas, Hillcrest Health System is a community-owned health care organization and a ministry of Texas Baptists. The Hillcrest System includes Hillcrest Baptist Medical Center (HBMC), a fully-accredited acute care hospital; HBMC – Herring Avenue, a post-acute care campus comprised of more than 50 inpatient beds, including the only acute care Inpatient Rehabilitation Center in Waco; and Hillcrest Family Health Center, a network of primary care clinics located in Bellmead, China Spring, Hewitt, Gatesville, Woodway and Waco. Hillcrest Baptist Medical Center is home to Waco's only Neonatal Intensive Care Unit and is the area's only Level II Trauma Center. Hillcrest is also the Official Healthcare Provider for Baylor University Athletics.

The Plan

CH Consulting's operational assessment encompassed a review and assessment of operations, staffing, supply chain, revenue cycle, growth strategies, medical staff issues and facility leadership. The process began with an extensive review of data and documents, coupled with one-on-one interviews with individuals on the hospital's management team and physician staff. The analysis deliverable noted areas for improvement, goals and recommendations, along with a tactical plan to achieve these objectives.

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CASE STUDY

The goal for the Hillcrest Health System assessment was to evaluate operational procedures and expenses to determine potential streamlining, savings and cost reduction opportunities. The following list includes several of the objectives established for the Hillcrest assessment:

- Review revenue cycle benchmarks and key measurements to determine opportunities for further focus and additional cash flow improvements for the organization
- Identify supply chain areas where improvements could be implemented to positively impact the financial goals of the facility
- Identify and highlight departments with greatest labor and productivity savings opportunities

Following the on-site evaluation, CH Consulting developed a summary report outlining the observations and provided key strategic recommendations for the Hillcrest Board and leadership to consider.

Several actions were recommended to uncover additional opportunities for cash flow improvement in the Hillcrest organization, and to:

- Reduce NET number of days in Accounts Receivable and number of days unbilled through Revenue Cycle improvements
- Streamline HIM coding processes, business office coding and billing processes
- Flag upfront cash collections, follow-up and collections processes, as well as reserve calculations

For supply chain improvement, CH Consulting recommended several initiatives and actions, such as:

- Aggressive implementation of inventory reduction targets
- Returning all excess / no move and overstock inventory to vendors for credit
- Identification and disposal of obsolete inventory and prior to next physical count
- Establishing par levels for all supplies throughout the facility reflecting current ADC and OR case volume

In the areas of labor and productivity, CH Consulting recommended that Hillcrest make improvements in the following areas:

- Implementation of productivity reporting system
- Better utilization of existing human resources
- Process redesign and improvement initiatives

The Results

After thoroughly evaluating operations and presenting the findings to the board, CH Consulting worked together with the Hillcrest team to drive the implementation. Together, they carefully considered the recommendations and worked diligently to make the changes necessary to reach the goals.

“CHC delivered on their promises and helped our organization implement a plan that has saved us over \$16 million.”

~ Glenn Robinson, CEO
Hillcrest Baptist Medical Center, Waco, Texas

The hard work paid off. The Hillcrest team can now proudly say that they've successfully streamlined operations and increased cost savings, dramatically impacting the financial performance of the organization. CH Consulting evaluated and diagnosed the situation, providing recommendations and accountable action plans, and worked with the Hillcrest team to deliver an effective treatment – leading to a healthier bottom line.