Orchestrating a Financial Turnaround

Ohio Valley Health Services and Education Corp.

Ohio Valley Health Services and Education Corp. (OVHS&E), the parent company of Ohio Valley Medical Center (OVMC) and East Ohio Regional Hospital (EORH), hired ALTIUS team members in February 2010 to facilitate its complete financial turnaround.

This was a huge undertaking that involved establishing an interim management team, creating a strategic plan for the process, and developing services to improve productivity. Our team members maintained a strong on-site presence throughout the process, and our dedication to the ultimate success of OVHS&E was rewarded with a strong buy-in from its leadership and staff, which assured the success of the tools and processes that were implemented.

The result? OVHS&E has enhanced its financial performance and ensured its future viability.

Our SOLUTIONS

ALTIUS began its work with OHVS&E by taking a Snapshot for Organizational Success (SOS), an assessment of the operational and financial stability of the organization. This snapshot, coupled with the ALTIUS strategic planning services, laid the groundwork for collaboration with OVHS&E.

Changes to the OVHS&E operating structure, however, were driven by our labor management assessment model, a productivity and labor management system developed by ALTIUS. This powerful model helps us to get quick control over personnel expenses by properly aligning staffing levels with patient demand.

The model was implemented in three phases:

First, our consultants worked with the management teams of Ohio Valley Medical Center and East Ohio Regional Hospital to gain a thorough understanding of current operations and efficiency barriers. Based on this understanding, realistic and appropriate targets were established for each department.

Second, action plans were developed. These plans included management education so current leadership could help guide the staff toward meeting its goals. Our team made recommendations that focused on combining services and management between the two facilities, which led to greater efficiencies and produced a more unified approach to care delivery.

**ACCOMPLISHMENTS**

- **REALIZED COST SAVINGS** of $16M (total annual savings) for the financial turnaround, $9.4M per year attributed to efficiency improvements

  - **FTE/ADJUSTED OCCUPIED BED** reduced from 6.15 in FY 2009 to 4.5 in FY 2011 (these figures include all system employees)

  - **PERSONNEL EXPENSE AS A PERCENT OF OPERATING EXPENSE** systematically declined from 53.64% in 2009 to under 50% in 2011

  - **TOTAL IMPACT:** The Labor Management Model resulted in a reduction of 200 FTEs through attrition and a minor lay-off of 23
During this phase, ALTIUS:

• **built proper schedules** centered around time-of-day / day-of-week trends on the nursing units;

• **developed daily monitoring tools and staffing guides** to support better scheduling practices and skill mixes in the patient care areas;

• **installed a job vacancy committee** that met weekly to review the necessity of all open positions; and

• **initiated a temporary hiring freeze**

And finally, the ALTIUS team introduced productivity reports, which were issued biweekly as a supplement to the payroll statement. These reports provided a real-time view of efficiency on both the departmental and organizational levels and effectively monitored the progress of our program, providing a reliable accountability model to support the OVHS&E position control system.

OVHS&E established a review committee, guided by the information supplied by these reports, to oversee the recruitment and retention of staff and to help prevent future labor challenges.

The RESULTS

ALTIUS provided hands-on training in the use of the Labor Management Model and proved that its data was relevant, which led to ensuring OVHS&E that the process would be effective.

After actively working with ALTIUS for a little more than 12 months, OVHS&E began to realize substantial progress toward its goal of financial stability:

* A **$4.2M profit** was reported in June of 2011. This marked the **sixth consecutive month of profitability** for the healthcare system.

• OVHS&E currently operates with **5 days cash-on-hand** — a **500% increase** since partnering with ALTIUS.

• **Nine of the 12 initiatives outlined in our strategic plan for OVHS&E have been completed.**

ALTIUS continues to work with OVHS&E, providing biweekly productivity monitoring reports and holding routine strategic planning meetings to ensure the organization stays on track and continues toward its goals.

Learn more about our services and successes at altiushcg.com

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*All services outlined in this case study were performed by the team at American Healthcare Solutions, which is now operating under the name ALTIUS Healthcare Consulting Group, LLC.*