

# Margin Improvements

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# Full Disclosure

(in the spirit of not incurring additional expense exposure)



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(I “borrowed” the highly expensive UF image/brand consultant’s slide template)



# Three Slide Environmental Scan

The warning signs were there all along...



*(As far as we know, photo is public domain)*

# Three Slide Environmental Scan

- Medicare:
  - May 9, 2009 - New York Times: “...the Medicare fund that pays hospital bills for older Americans is expected to run out of money in 2017, two years sooner than projected last year.”
  - May 13, 2011 - USA Today: “Medicare’s trust fund will run dry in 2024, five years earlier than forecasted... Medicare is paying out more in benefits each year than it takes-in in taxes.”
  - 2011- Actuarial Publications: Status of the Social Security and Medicare Programs: “Projected long-run program costs for both Medicare and Social Security are not sustainable under currently scheduled financing, and will require legislative corrections...”

# Three Slide Environmental Scan

- Medicaid:
  - 2010 - Actuarial Report on the Outlook for Medicaid: “The economic recession has added a considerable amount of financial stress to the States’ Medicaid programs, and its effects are expected to continue to increase Medicaid caseloads while at the same time putting pressure on government revenues.”
  - January 22, 2010 – Atlanta Journal-Constitution: “Georgia is projecting a \$608 million deficit in Medicaid, and Governor Sonny Perdue is proposing a tax on hospitals and managed care insurers to help bridge the gap, officials said Thursday.”
  - February 9, 2010 – Huffington Post: “Nevada officials on Tuesday outlined drastic cuts to the **State’s Medicaid program that include plans to ration adult diapers**, eliminate denture and hearing-aid programs and **force personal care assistants to buy their own gloves.**”

# Margin Improvements



# Revenue Enhancement/Expense Reduction

- Transforming threats into opportunities



# Aggregate Impact - Revenue

- \$35,805,000

# Best Initiatives - Revenue

- Implant savings plan (hip, knee & spine) - \$2,600,000 – *savings come back to department through gain-sharing*
- DME Program \$55,000 (first year)
- New dispensing/pharmacy provider for post-op meds - \$500,000
- Drive business to specialty hospitals via “demand matching” - \$20,000,000
- Orthopaedic injury clinic; 400-500 visits, 8% surgery conversion rate & 10 MRIs per week - \$150,000

# Best Initiatives - Revenue

- Becoming a DME supplier - \$500,000
- O&P services at 4 sites - \$1,800,000
- New funds flow model - \$3,000,000
- Orthopaedic inpatient incentives (example: LOS, discharge time, etc.) - \$200,000
- Compensation plan change - \$7,000,000

# Aggregate Impact - Expense

- \$6,660,000

# Best Initiatives - Expense

- Transitioning to a virtual desktop environment and devices - \$1,000,000
- Transitioning to cloud-based applications - \$2,000,000
- Revised compensation plan - \$200,000
- Reorganized administrative and clinic staff - \$100,000
- Converting RN positions to CMA positions - \$160,000
- Right-sizing staff through volume metrics - \$2,000,000
- Re-negotiated implant contracts - \$1,200,000

# Best Initiatives - Expense

- Perioperative surgical home model – reduced LOS on total hip and knee patients without increasing the readmission rate – savings not quantified
- Reduced patient contractual services – savings not quantified

# Time to Vote

- From a bottom-line perspective, what was the most impactful idea (revenue or expense) that was shared today?