

Investigating a new service using PPM



ST ANDREW'S HOSPITAL

Who Are We ?

- St Andrew's hospital
 - 209 beds private hospital
 - Not for profit
 - Acute medical / surgical
 - Affiliated with Uniting Church
 - located in southern parklands Adelaide



ST ANDREW'S HOSPITAL

What do we look like?

- 209 beds
- 22,500 admissions per annum, 48% overnight stay
- 60,000 bed days per annum
- 12,000 operating procedures per annum
- 5,000 day procedures per annum
- 7 operating theatres / 2 procedure rooms



ST ANDREW'S HOSPITAL

Other Clinical Services

- Emergency Service (0800 – 2200)
- Critical Care Unit (14 beds)
- Day Procedure Suite / Chemotherapy suite
- Angiography Suite
- 2 MRI's / 2 CT Scans (Dr Jones & Partners)
- 3 Linear Accelerators (Adelaide Radiotherapy Centre)



ST ANDREW'S HOSPITAL

Using PCM

- Using PCM since 2003, 1st Private Hospital to use the product
- Used for looking at funding versus revenue
- Where to improve services / utilisation
- Review / evaluate services – current and new
- Health Fund contract negotiations
- National costings



Look at redeveloping an existing service - Angio Suite

- Issues
 - Poorly utilised
 - Uneconomical to run
 - Not owned by the hospital
 - Equipment past used by date
- Benefits
 - Opportunity to improve service utilisation
 - Provide state of art service for patients
 - More economical / cost control
 - Hospital control of service



Modelling a new service

- Establish costing / revenue model
 - For SPU / Angio components - unbundling
- Investigate national studies
 - Lack of suitable weights especially wr to SPU
 - Low separation of SPU costings both public and private
 - No sameday split published



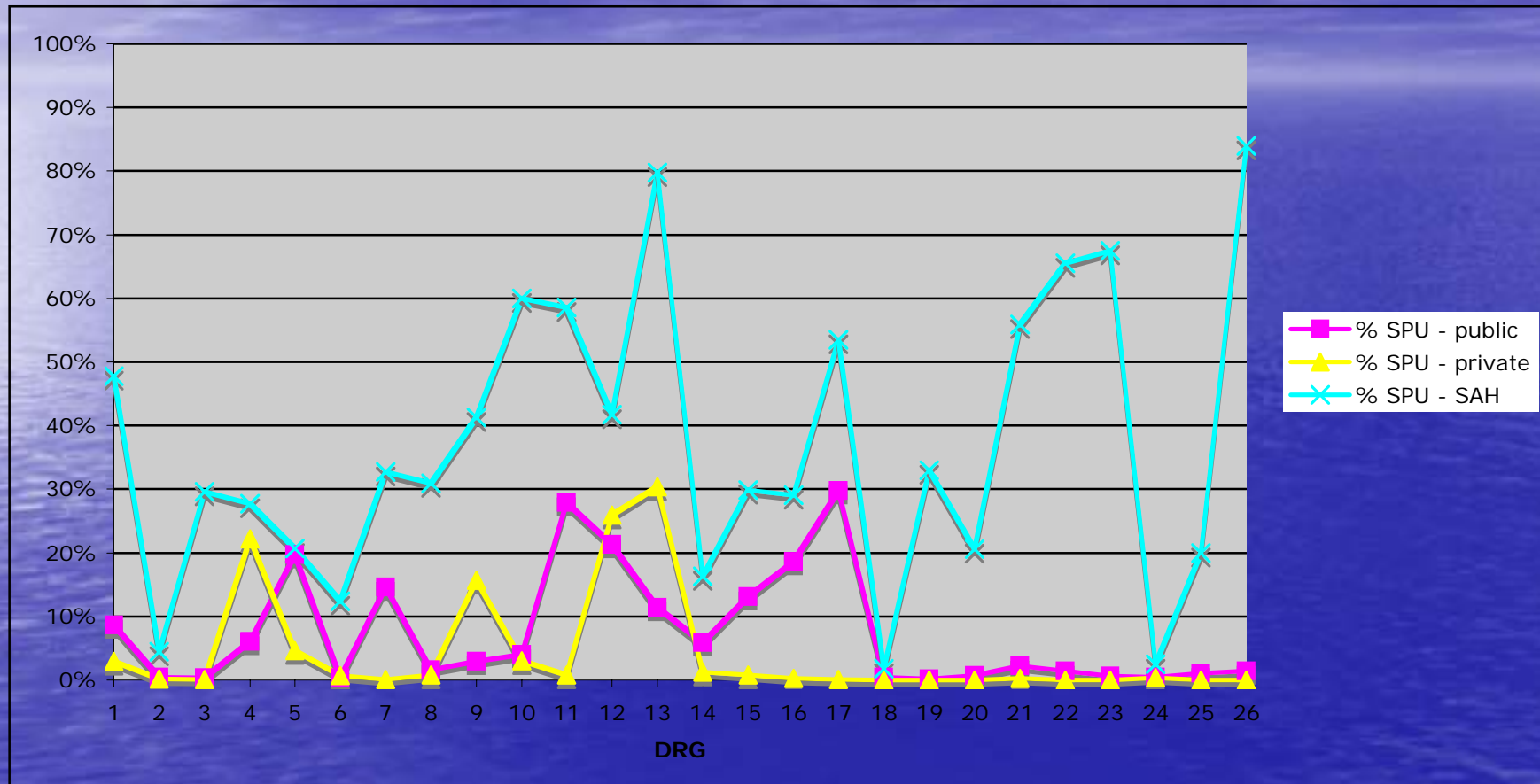
Modelling a new service

- How to apportion revenue
 - No revenue modelling currently in existence
 - Revenue not tracked to cost centres
 - How to unbundle revenue and apportion to clinical service areas ie angio suite etc....



DRG	% SPU - public	% SPU - private	% SPU - SAH
1	8.64%	2.93%	47.74%
2	0.47%	0.17%	4.45%
3	0.34%	0.05%	29.62%
4	6.03%	22.15%	27.75%
5	19.71%	4.63%	20.65%
6	0.38%	0.73%	12.42%
7	14.66%	0.07%	32.70%
8	1.56%	0.77%	30.97%
9	2.98%	15.66%	41.24%
10	4.03%	3.00%	59.97%
11	27.90%	0.77%	58.57%
12	21.33%	25.91%	41.74%
13	11.42%	30.41%	79.76%
14	5.84%	1.24%	16.35%
15	13.14%	0.77%	29.86%
16	18.67%	0.23%	29.05%
17	29.79%	0.07%	53.49%
18	0.41%	0.03%	1.82%
19	0.15%	0.00%	33.00%
20	0.72%	0.01%	20.60%
21	2.20%	0.27%	55.85%
22	1.47%	0.00%	65.54%
23	0.65%	0.00%	67.45%
24	0.44%	0.39%	2.52%
25	1.03%	0.01%	19.99%
26	1.45%	0.01%	83.92%

% SPU by group of DRGs



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Modelling a new service

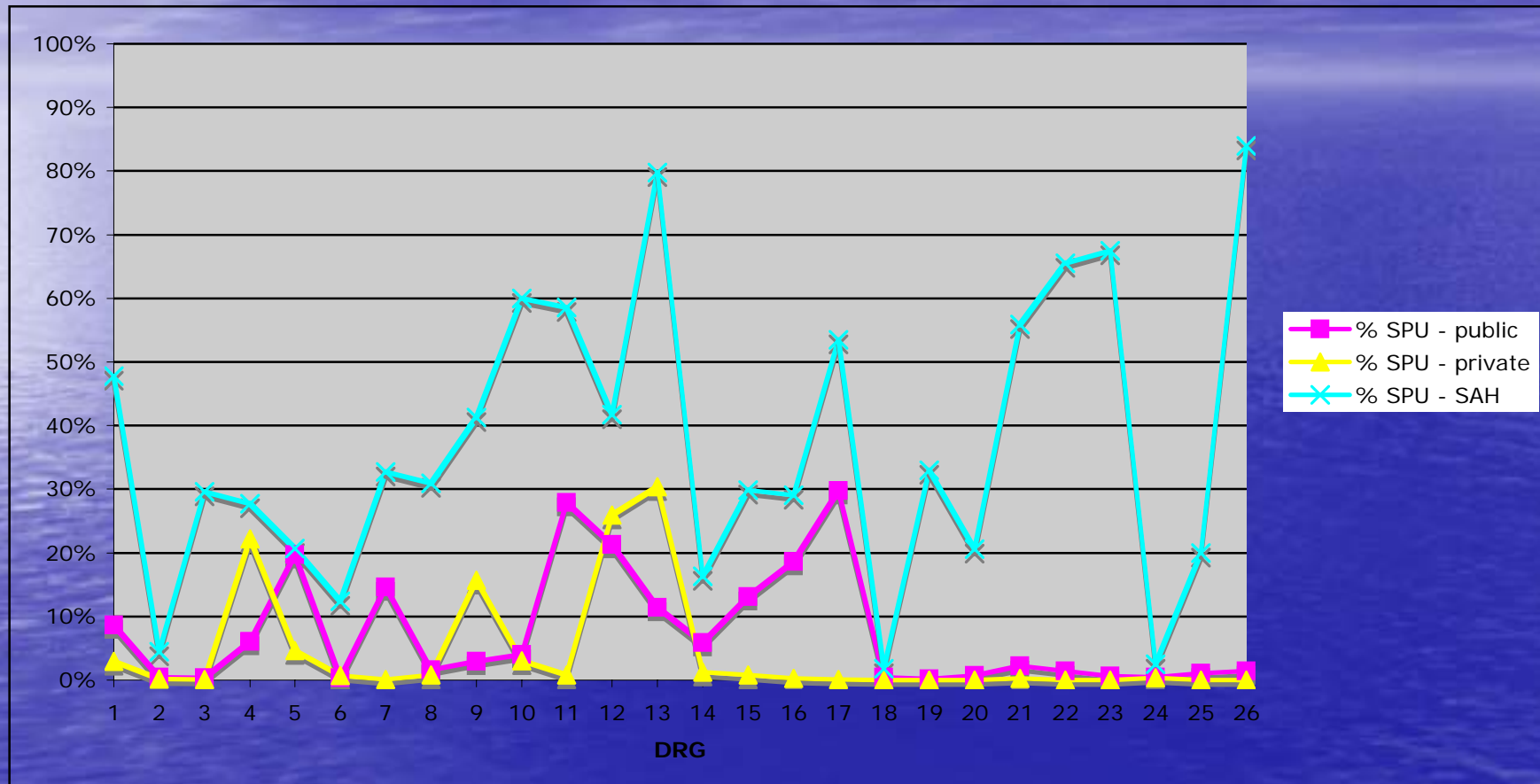
- Develop own weights from costings
 - calculate SPU % of costs and then used to apportion revenue
 - Further aggregated into patient cohorts of:
 - Overnight / Sameday
 - Elective / Non-Elective
 - Procedural types
 - Specialty groups



For further analysis



% SPU by group of DRGs



ST ANDREW'S HOSPITAL

Selling the New Service / Model

- In our business case it was crucial in enabling us to model for different options
 - Financial benefits including
 - IRR%
 - Cashflow
 - Payback period
 - EBIT
 - Sensitivity
 - Contribution margin
 - Service related benefits



Where to from here

- Ongoing review of costs / revenue for revamped service
- PCM is an important tool in our organisation for making pivotal business decisions



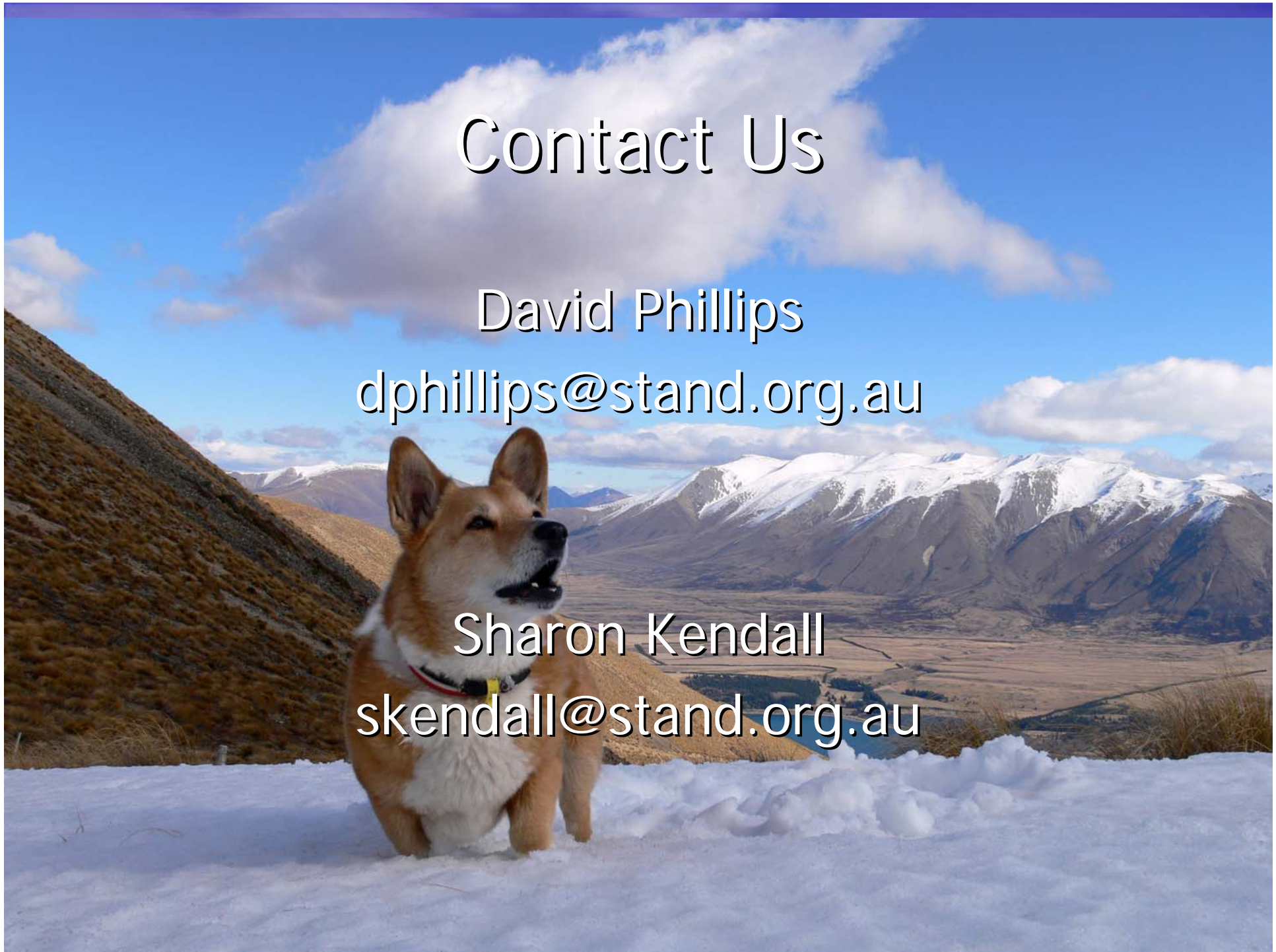
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Any Questions

- You have 60 seconds

