



Power+Press Inaugural Issue

Welcome to the inaugural edition of **Power+Press**, published quarterly by PowerHealth Solutions. With this publication, we will provide our healthcare constituents with targeted healthcare information and timely news. While we will provide as much information as possible, we want you to view PowerHealth Solutions as a reliable and available resource that you can tap into for additional information. We are just a phone call away.

Our mission is to help hospitals deliver the highest quality care at the lowest operational cost. Our specialized costing and reporting systems can improve your hospital's business performance by giving you the vital information – correlated financial, operational, and clinical data – to make important executive decisions.

We hope you find this quarterly publication helpful and informative. Please send your feedback or comments to Paul.Evans@powerhealthsolutions.com.

- Paul Evans, President & CEO,
PowerHealth Solutions

Applying Business Intelligence to help weather the economic storm

Opportunities exist if you know where to find them

There are some business leaders who make decisions based on instinct – that is, *some* leaders make *some* decisions this way. Most business minds, however, rely on key reporting, metrics, and data that is captured and massaged to give them the information they need to be competitive.

We're talking about Business Intelligence (BI), which in its simplest form is used to extract good information from data. It is information, not data, that is then used to make most business decisions. Collecting more data can only serve to give you a greater source from which to tap into. But, without BI tools, the data is virtually worthless.



"Businesses operate well in a strong economy with good business information," said Paul Evans, President & CEO of PowerHealth Solutions. "In a weak economy, however, businesses must have access to pertinent information that will help leaders find effective, economical, and innovative ways to operate smartly and stay in the game."

With today's economic uncertainty, corporate management is now trying to determine how to use BI tools to not only help get through the days ahead without drastic business changes, but to also uncover opportunities – opportunities that have surfaced historically in similar economic downturns.

In a white paper by Dr. Mark Whitehorn, PenguinSoft Consulting Ltd., entitled *Surviving and Thriving in Tough Times*, he writes about the trends that are easy to predict: rising unemployment, a bottoming-out of the real estate market, increased cost of living. Whitehorn goes on to speak about potential opportunities that can be uncovered with strong and dialed in BI.

"In the UK, as in the US, the building of new houses has showed a significant downturn. One insulation company noticed that sales of its

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Business Intelligence, cont. From page 1

products to builders were, as expected, dropping alarmingly. However one of the existing Key Performance Indicators (KPIs) was set up to monitor changes in market segments. It flagged a small but significant increase in sales of insulation material to existing home owners." Whitehorn explained that the information revealed that while new houses were not being built, existing home owners noticed the rocketing price of fuel, and were thinking ahead to the winter and increasing the insulation in their homes.

"So, for that company at least, the downturn wasn't a death knell. Instead of firing people it has rewritten its marketing campaign and is actually capitalizing on the situation," said Whitehorn.

Another significant point raised by Whitehorn is the need to fine-tune current programs to ensure that necessary information is being captured by a BI system created in stable economic conditions. Recessions highlight the need for BI, but they also highlight the need for a highly adaptable breed of BI system. Disastrous results are inevitable, especially in the healthcare arena, if new assumptions are not built into pre-cast systems designed prior to this recession. The new systems must be able to anticipate the unknown because the fundamental business assumptions are changing and some of the former KPIs may not even make sense any more.

"Entire communities of users could be making bad business decisions based on incorrect assumptions that no longer hold true," said Whitehorn.

The key to surviving and thriving is to recognize that during hard times, leaders cannot rely on old systems and assumptions. The strong will survive and conquer by adapting their systems to spin raw data into a fine cloth of new opportunities.

METRICS

Types of Metrics Most Commonly Measured

- + Volume - 90%
- + Profitability - 58%
- + Balance Sheet - 48%
- + Revenue Cycle - 65%
- + Patient Care/Quality - 65%
- + Patient Satisfaction - 68%
- + Labor Productivity - 55%
- + Employee Turnover - 45%
- + Other - 20%

Source: 2008 survey of MA-RI HFMA members conducted in preparation for the Feb. 15, 2008 Enterprise, Performance Management educational program "Measure Up to Your Full Potential."



Successful performance made possible with successful measurement

Healthcare organizations are realizing the power of measurement

While performance management is a critical component of any successful organization's future sustainability and growth, it is becoming an even more critical piece of healthcare operations. Literally, in the healthcare arena, understanding business strengths and weaknesses can be a matter of life and death.

With valiant efforts to create changes that increase performance and processes, healthcare organizations often fall short because they have inadequate measurement tools in place. This, combined with the inexperience needed to determine measurement metrics, makes it difficult for healthcare organizations to feel confident in their change initiatives or performance improvement efforts.

"To be effective, healthcare management innately recognizes that each improvement initiative must have at least one performance metric by which to gauge success or failure," said Paul Evans of PowerHealth Solutions. "And, each measurement must have an established target, timeframe, baseline, and threshold for acceptable variance."

"These metrics must be measured and reviewed on a regular timetable," added Kristy Gillmann, VP Business Development. "Then, actions need to be taken to correct for negative variance."

Successful performance, cont. on page 3

Successful performance, cont. From page 2

Understandably, with healthcare organizations' main focus on patient care and lifesaving, they require a more systematic way to collect and calculate key performance indicators (KPIs). From there, management can operate much more efficiently with a simple and straightforward aggregation and dashboard display of data that aligns with the strategic goals and objectives.

Another challenge for hospitals and healthcare organizations is that the myriad data is being collected from disparate transaction systems – data that cannot be compared or tracked consistently. Hours and hours of time and effort are then spent trying to analyze and compare the data – often as a reaction to an urgent problem or issue. Instead of having the information readily available, the challenging systems are frustrating for staff and management, which in turn, create a reluctance to proactively prepare reporting to help foresee problems and proactively address them.

All is not lost, however. There are solutions available to help healthcare organizations collect and process data to help drive efficiency. From departmental reporting to service line analysis, costing to revenue management, and from utilization to comparative quality programs, PowerHealth Solutions' programs integrate with current network solutions to uncover your organization's true potential. Call us today to find out more.

Source: Rewritten in part from "The Importance of Being Measured," by Kristy Gillmann, Vice President, PowerHealth Solutions and Gail Robbins, Administrative Director, Financial Planning Services, Jordan Hospital

What to look for when integrating performance management solutions

Tools to help hospitals operate successfully as businesses

At PowerHealth Solutions, our mission is to help hospitals deliver the highest quality care at the lowest operational cost through our specialized reporting, costing, and revenue management systems. We can help you improve your hospital's business performance by capturing the vital information you need to make sound, executive financial and operational decisions.

If you are a healthcare administrator or decision-maker, here's what to look for when you are ready to improve your organization's effectiveness in operational and financial and performance through business improvement solutions:



Effortless and Effective Integration

First and foremost when choosing performance management solutions, a primary goal is to integrate a program that captures, consolidates and streamlines data from disparate systems to build a coherent and accurate source of the facts. There are new options available that can help significantly reduce the total cost of ownership by using a modern interface to your legacy systems.

KPI Reporting

Make sure the solution you choose allows you the flexibility to monitor your business with KPI dashboards,

electronically distributed reports and interactive analysis reporting. Your organization will benefit from automated alerts and tiered metric abilities so that each manager gets the information important for peak performance.

Cost Accounting Management and Reporting

A suitable healthcare performance management solution should help you identify cost savings and improve operational and clinical resource efficiencies. The solution should be easy to use with sophisticated costing methods based on

hospital-wide standards for your specific costing approach, rules and exceptions.

Revenue Reporting

With IT staff often stretched to the limit, it's critical to choose a solution that enables you to identify profit and loss areas without technical support or intervention. There are solutions available that capture the information necessary to analyze payor revenue expectations by managing existing contract terms and revenues, including the complexities of managed care negotiations or proposed new terms.

Technology can aid hospitals suffering from a difficult economy

The economy is taking its toll on hospitals too, but technology could be the answer

With the unsteady economy, healthcare facilities that depend on alternative funding and philanthropic contributions to help finance operations are at risk. So are those that have increasing debts due to the rise in uninsured patients.

"Hospitals are feeling the pain of the current economic downturn," said Sam J. Alberts, Esq., a partner at White & Case, LLP, in Washington, D.C., who specializes in bankruptcy and financial restructuring. He described just how serious the problem is at many hospitals that face bankruptcy or insolvency. "The list of challenges is long and complex, and with no regulatory relief in sight, bankruptcy will become a reality for some of them."

Several factors such as an aging population, increased medical costs and more availability of medical care, are putting increased pressures on hospitals, as well. "There is increased demand for exceptional services that weren't available a few years ago, but are now more expensive," he said.

"Hospitals are fundamentally different than other business. First of all, you are dealing with life-and-death issues, and historically hospitals existed to care for patients; costs were secondary."

Things changed when the Balanced Budget Act Amendment of 1997 passed, which led hospitals to look closer at their management and operate much more like a business. This put even greater pressure on hospitals to focus on the bottom line.

Yes, there is pressure on these organizations, but Alberts believes there are short term actions that can be taken to improve the financial stability of healthcare organizations. One step, according to Alberts, is for healthcare organizations to review their stock and investment portfolios and examine their corporate structure to determine whether they can outlast a prolonged financial downturn. "Sometimes a turnaround specialist can make the recommendations and implement them, creating political cover for the hospital leadership," Alberts said.

Another important piece of the financial puzzle revolves around technology. "I think technology is important to adding efficiencies, and to the extent that a facility can improve how it codes patient care and sends out bills, the better off it will be financially," said Alberts. Not only does it take longer for the hospital to get its money, "but the ability to collect goes down," he said. It's important that the hospital truly understands its patient mix, how things are changing and where opportunities exist. "There is a real benefit to technology."

Source: Robert N. Mitchell, managing editor of ADVANCE for Health Information Executives
<http://health-care-it.advanceweb.com/Article/Threats-of-Hospital-Bankruptcies-on-the-Horizon.aspx>

With MEDITECH in Mind

Thanks to the PowerHealth Solutions and Iatric Systems partnership, MEDITECH platform users can now conduct in-depth financial and operational analysis on demand to answer questions quickly and efficiently – without manual processes and IT involvement. With a prebuilt interface between MEDITECH and PowerHealth Solutions, MEDITECH data can now be quickly accessed in an enterprise reporting PowerHealth web format.

Through PowerHealth, healthcare professionals using the MEDITECH platform can benefit from:

- + Reporting information from across multiple MEDITECH applications
- + PowerDashboard with instantaneous graphing of KPIs
- + Fully-automated daily statistics reporting
- + Streamlined operational analysis
- + Comprehensive cost accounting and contract management applications
- + Quality and market analysis

"Iatric Systems and PowerHealth Solutions offer a way to combine the best of both worlds – the reality of our MEDITECH data and the ability to examine it from an analytical perspective. PowerHealth Solutions has helped us align performance analysis with cost accounting data, combining the general ledger and patient information into a single view of day-to-day operations."

- Dennis Keating, Senior Financial Analyst from Good Samaritan Hospital