

Making a Financial Impact

Boost in Business Acumen Sets Hospital Leaders on Path to Better Financial Health

The leadership team at Mary Greeley Medical Center in Ames, Iowa, is approaching staffing, supply, and medical unit management differently since a Celemi Apples & Oranges™ Health Care simulation showed them how even subtle efficiency and strategic shifts can affect the hospital's revenue cycle.

Now they are connecting dots, asking questions, generating ideas, and initiating changes that are improving patient satisfaction, engaging employees, and getting budget goals back on track. In six months, their operating margin went from -2.0 percent to +3.4 percent, resulting in a 5.4 percent gain.

"While Celemi Apples & Oranges cannot be credited with single-handedly turning around our margin, there are plenty of signs that managers are operating with increased awareness—such as reducing overtime and constantly looking for lower cost supplies and drugs—while still maintaining high quality of care," says Chief Financial Officer Gary Botine. "They are also 'low censusing' staff more and sending people home when volumes are low, and have even closed an entire surgical unit when necessary."

A Shot of Business Acumen Adrenaline

The group of close to 70 leaders—from the hospital CEO to vice presidents, directors, managers, and supervisors—knew they needed to understand the hospital's finances better. When the team—which is 70 percent clinical and includes nurses, technicians, radiologists, dietary directors, business office managers, and working supervisors—responded to a recent needs assessment, it prioritized these four areas for improvement:

- Ability to read financial statements
- How operations impact cost reporting
- Calculating return on investment for proposals
- Ability to support the revenue cycle

This assessment came after the staff had received a general overview of hospital financials during a quarterly leadership training program.

Botine was familiar with Celemi Apples & Oranges, and saw how the realistic simulation helped a global team of mid- to upper-level leaders at his previous employer, a global manufacturer, grasp the business acumen they needed to work through a financial crisis. When he heard there was a health care version, he knew it would be a good fit. "The health care industry is



I came away with a much better understanding of why we staff the way we do, how having the right mix is important, and why we 'low census' people to go home if we don't have enough patients.

– Nursing Leader, Mary Greeley Medical Center

I have three key takeaways and I won't forget them—rightsize consumables, reduce unused capacity, and seek out opportunities for incremental revenue.

– Leadership Team Member, Mary Greeley Medical Center

under a lot of pressure and poised for significant change," says Botine. "Margins are tighter and reimbursements are going down, which puts more strain on our financial well-being. We need solid, sustained performance if we want to keep operating long-term."

Digging Deeper

The Celemi Apples & Oranges Health Care simulation, which takes teams of participants through several cycles, or "years," of managing a health care organization, provided a perfect platform for raising employee awareness and empowering change. Exercises related to health care delivery and economics address key drivers, including patient satisfaction, quality penalties, staffing strategies, utilization, census, and payer mix. These factors and strategies apply to a broad spectrum of providers, including hospitals, nursing homes, clinics, surgical centers, mental health facilities, and even suppliers.

"Let's face it, financials are not for everybody," says Vice President and Quality Improvement Officer Karen Kiel Rosser, who runs Mary Greeley Medical Center's quarterly Leadership Institute. "Even though we tried to make our first financial training session fun and engaging, there is just so much you can do with balance and income statements."



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 THE POWER OF LEARNING

“Putting your hands on playing pieces and using coins and jars to represent expenditures, was powerful because participants could see that if they bought too many supplies at once and didn’t use them all, they would run out of money for other necessities,” says Kiel Rosser. “Celemi Apples & Oranges helped participants dig deeper and added another level of learning in a fun, competitive environment that will stay with them as they put their training into action.”

Understanding Staffing Strategy: An ‘Aha!’ Moment

During the simulation, participants must decide what kind of staffing model would best accommodate spikes in patient flow and demand. They can hire employees, use agency nurses, or defer patients.

Botine’s team used agency staff to meet demand—an option Mary Greeley’s chief nursing officer generally did not support. “Nursing leaders feared using temporary staff, who don’t know the hospital’s culture, would have a negative impact on patient satisfaction scores,” he explains. “The Celemi Apples & Oranges exercise showed us how hiring agency staff can actually increase satisfaction scores when we have the right mix of professionals to treat all our patients.”

The hospital put this lesson into practice right away in its Birthways obstetrics unit, which was struggling after losing several employees. Adding agency staff during the summer boosted employee morale and helped significantly increase patient satisfaction scores.

After starting the year with a single-digit patient satisfaction ranking, Birthways finished the last quarter above the 90th percentile. “While we can’t attribute all of this to Celemi Apples & Oranges, we can conclude that incorporating agency staff did not detract from patient satisfaction. In fact, it seemed to help tremendously by solidifying nurse/patient ratios and giving staff who had been working extended hours a break,” says Botine.

Empowered to Initiate Change

Mary Greeley CEO and President Brian Dieter concluded the hospital’s Celemi Apples & Oranges session with a clear call to action. “Learning should serve to empower you,” said Dieter. “With empowerment comes accountability and expectation. Now we’re all empowered. We have the information. We expect to take this learning and initiate change.”

Hospital employees are now:

1. Paying more attention to medication, supply, and vendor costs: Clinical teams are encouraging doctors to prescribe less expensive medications that achieve the same outcomes. Employees are monitoring supplies better and waiting to place orders until they truly need to replenish stock. The dietary team is reevaluating vendors to ensure the best quality for the lowest price.

2. Using resources more efficiently: In the past, when the hospital challenged leaders to reduce costs or increase revenue, it would identify one-time projects, such as selling an expensive piece of equipment. Now it’s looking for ongoing, recurring returns, such as doing more marketing, or offering additional services to increase volume and bring in more revenue to offset fixed expenses. For example, because the 24-hour cafeteria tends to have more food left over on certain days, the manager is reaching out to community groups to host meetings there, which could bring in an extra \$500 per week.

3. Adjusting staffing: Senior leaders have a better awareness of how full-time equivalent levels can affect the budget and are making adjustments. For instance, they no longer automatically backfill positions when employees leave. Additionally, when the business office director realized that an employee at the lab desk was only registering five people during a six-hour Saturday shift, she shifted lab check-ins to the emergency department staff around the corner.

4. Sharing information and asking questions: Hospital leaders are sharing information with their staff, explaining new concepts, and encouraging them to find ways to control consumable expenses and turn unused potential into revenue-generating opportunities.

“We’re challenging our sacred cows,” says Botine. “Employees at all levels are asking more well-informed questions about how their choices will impact patient satisfaction scores and quality outcomes. Nothing is untouchable.”

Mastering the Business of Health Care

“The health care sector, in general, is investing more time and resources to help leaders be more effective,” says Celemi Partner and Training Consultant Dan Topf of Management Development International, Inc., who led the session at Mary Greeley. “There seems to be a lot of pressure to improve business acumen, in particular, and the messages conveyed in Celemi Apples & Oranges are very timely, very real. People are ready to learn it. They want to learn it. They see the relevance.”

About Mary Greeley Medical Center

Mary Greeley is a 220-bed regional hospital that provides health care to residents in 13 counties in central Iowa. As a nonprofit medical center, all its revenues go back into hospital operations to improve facilities, technology, and staff training and provide consistently excellent patient care.

