

## CASE STUDY



CATHOLIC HEALTH EAST

**Category:** Healthcare**Business Type:** Multi-institutional health system**Employees:** 54,000**Locations:** Services communities through regional health systems in 11 eastern states: Alabama, Connecticut, Delaware, Florida, Georgia, Maine, Massachusetts, New Jersey, New York, North Carolina, and Pennsylvania.**Products:** Visionware**PROJECT BENEFITS**

- Empowered managers to align staffing with fluctuating work volume
- Controlled labor costs — without compromising patient care or employee morale
- Saved \$34 million in one year by reducing acute salaries and benefits to 45.1 percent of operating revenues

**Multi-Institutional Health System Saves Millions in Labor Costs by Using Visionware**

Catholic Health East (CHE) is a multi-institutional, faith-based health system headquartered in Newtown Square, Pa. With 54,000 full-time employees, CHE serves communities through regional health systems in 11 eastern states.

Like other U.S. integrated healthcare delivery systems, CHE has been operating in a challenging environment characterized by an ongoing nursing shortage, rising labor costs, reduced collections from third-party payers, and ever-increasing patient demand. These trends, combined with the fact that annual acute labor costs of \$1.6 billion represented roughly half of all of CHE's annual expenses, prompted CHE to re-examine its labor management approach and the technical solutions being used to support it.

**Making productivity a top priority**

In early 2005, with an executive sponsor and cross-functional executive team in place, CHE established a "Mission Synergy Initiative" to take a fresh look at labor management throughout its system of healthcare facilities. After carefully reviewing internal and external benchmarks, CHE's "Mission Synergy Initiative" team determined that an enterprisewide productivity program based on standardized definitions and metrics was needed to improve labor management and to control escalating labor costs.

"As we looked at our productivity systems across CHE, we realized that none of us had a standardized tool that we could use to monitor our productivity results and measure our outcomes," said Debbie Coakley, CHE's director of divisional services and a co-leader of the "Mission Synergy Initiative" team. "We needed a software tool that our managers could use on a day-to-day basis to really improve labor management."

**Selecting an enterprisewide productivity management tool**

After evaluating a number of solutions, CHE selected Visionware® as its centralized productivity tool. Visionware provided a reliable reporting tool that department managers could easily understand to make improvements. In addition, it could be standardized easily and applied to the disparate information systems throughout the CHE system.

CHE decided to take a two-phased approach to implementing its productivity improvement program. In the first phase, which began in July 2005, CHE conducted pilot programs to test productivity methodology and programs and implemented Visionware in 19 of the system's acute-care hospitals. In the second phase, which began in 2008, the program was initiated in the non-acute facilities.

**Standardizing definitions and units of service**

As part of its "Mission Synergy Initiative," CHE developed standardized definitions and units of service for 100 hospital departments. Because all departments are considered 100 percent variable, each department manager is expected to flex staffing to align with fluctuating workload volume. CHE selected volume indicators that could be tied directly to patient revenue for automation and auditing purposes.



*“At CHE, we understand that labor costs, quality patient care, and employee morale all depend on the appropriate deployment of labor resources for the given work volume. Visionware is empowering our managers to maintain this balance on a daily basis despite fluctuating demand.”*

**Anna Marie Butrie,**  
**Vice President, Operations Improvement**

“With Visionware, we were able to standardize our definitions and units of service,” said Anna Marie Butrie, CHE’s vice president of operations improvement. “This allows us to compare one entity against another at a department level to identify outliers and variances and if, needed develop performance improvement plans.”

**Keeping productivity up and labor costs down**

CHE is able to perform apples-to-apples analyses and comparisons across all 19 acute-care hospitals where the productivity software is implemented. Visionware collects transactional performance data at the department level within each facility and measures productivity results against established goals. The system also employs best-practice labor management methodologies to monitor productivity and performance over time. It provides CHE’s department managers with comprehensive reports and dashboard-driven views into productivity data, enabling the managers to easily identify trends or problems, perform root-cause analysis, and drive targeted financial results.

“With access to real-time labor data and the ability to drill down to identify the root cause, our managers are able to take immediate actions to address any workforce-related productivity issues,” explained Butrie.

**Saving millions through improved productivity management**

Within a year of implementing Visionware in 19 of its acute-care hospitals, CHE saved approximately \$34 million by reducing acute salaries and benefits to 45.1 percent of total operating revenue in 2007 — a 1 percent reduction from 2006. Data also show a similar trend with regard to acute paid FTEs per adjusted occupied bed. These dramatic savings were the direct result of using productivity data to help department managers align staffing with fluctuating volume.

“At CHE, we understand that labor costs, quality patient care, and employee morale all depend on the appropriate deployment of labor resources for the given work volume,” concluded Butrie. “Visionware is empowering our managers to maintain this balance on a daily basis despite fluctuating demand.”

Based on the successful deployment of the productivity software tool component of its “Mission Synergy Initiative,” CHE received a 2008 Kronos Best Practices Award for Implementation. These awards are presented annually to organizations that demonstrate excellence in the application of Kronos solutions.



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