

TRUE NORTH TACTIC: Financial Stewardship

OWNER(S): Valerie Inouye

I. BACKGROUND AND PROBLEM STATEMENT

Background:

Historically, SFGH management has not been held accountable for their individual department financial results. As reimbursement for hospital services move from fee-for-service to capitation, DRG and pay-for-performance, the hospital must be aware of its cost structure and control costs by operating as efficiently as possible. This starts with understanding their departmental budgets.

Since FY1314, the M&S budget process has become more transparent, data has been made available and managers held accountable. The focus of this A-3 is understanding and controlling salaries and fringe costs, which comprises 55% or \$451M, of the operating budget. The contract budget accountability is out of scope, as 21% or \$170M of the expense budget is the UCSF Affiliation Agreement, and is not controllable by managers.

Problem Statement:

Managers are unprepared and don't have the support to effectively manage their salary budgets, and they don't know if their salary budget is right-sized according to their operations.

II. TARGET STATEMENT

Targets:

1. Establish 10% fiscal YTD thresholds for reporting negative salary variances by June 30, 2015.
2. 100% of managers, or their designee, will access the decision support system by August 2015.
3. 100% of Depts meeting the 10% fiscal YTD negative salary variance present salary performance action plan starting August 2015.
4. For 75% of the Depts over the 10% YTD negative variance in FY 15-16, Admin Ops will determine if changes are needed to their salary budget by July 2016.
5. Develop a plan by July 2016 to determine the correct salary budget for each cost center.

III. COUNTERMEASURE IMPLEMENTATION

Action	Who	When	Status
Ongoing Training & Bi-weekly Reporting	Budget Team	Bi-weekly	Completed
Admin Ops Redesign to focus on Financial Stewardship	I. Nazeeri-Simmons / V. Inouye	Monthly	Completed
Develop plan to right-size salary budgets	I. Nazeeri-Simmons / V. Inouye	Monthly	Ongoing
Standard Heads Up Display (HUD)	D. Payton/K. McGuire	Monthly	Ongoing
Gemba visits to create customized HUD	V. Inouye/D. Payton	As needed	Planned

IV. IMPACT (BASELINE/TARGET/ACTUAL/YTD):

- 100% of managers accessed the software in January or February 2016.
- Removed barriers
 - Regular OI Trainings (2x/month), 1:1 sessions, distribute bi-weekly reports, Management Forum email reminders, and Budget Workshops inform and equip managers with salary variance data.
 - **Phase 1:** Analyze, stratify and assist ≥ 10% negative variance depts to identify top contributors.
 - **Phase 2:** Analyze, stratify and assist ≥ 10% positive variance depts to identify top contributors.

• 14 departments,

Department	Actual \$	Bud \$	Variance	Variance %
HIGHOPR001 - 6280 GA PEDIATRICS	2,699,309	2,044,500	654,809	32.03%
HIGHOPR002 - 7608 IMAGING ADMINISTRATION	1,824,923	909,000	915,923	47.31%
HIGHOPR003 - 6840 2A PSYCHIATRY	2,870,443	1,775,410	1,095,033	44.79%
HIGHOPR004 - 7608 DIAGNOSTIC ULTRASOUND	988,620	411,000	577,620	49.29%
HIGHOPR005 - 7608 MAGNETIC RESONANCE	738,711	509,041	229,670	30.75%
HIGHOPR006 - 7608 COMPUTED TOMOGRAPHY	1,256,669	969,911	286,758	29.57%
HIGHOPR007 - 6840 PSYCH MENTAL HEALTH REHAB (MHRS)	1,498,707	1,136,402	362,305	24.83%
HIGHOPR008 - 7607 ORAL SURGERY	113,482	95,302	18,180	19.08%
HIGHOPR009 - 6840 4B TRAUMA	3,000,000	4,004,076	(1,004,076)	-33.43%
HIGHOPR010 - 7300 3D GASTROENTEROLOGY (GI)	1,000,000	900,071	99,929	11.10%
HIGHOPR011 - 6840 MED CONTROL & STAFFING	391,415	399,074	(7,659)	-1.92%
HIGHOPR012 - 6840 2C PSYCHIATRY	1,000,000	1,000,000	0	0.00%
HIGHOPR013 - 7300 4B DIALYSIS - INPATIENT	484,107	430,138	53,969	12.54%
HIGHOPR014 - 6840 7C PSYCHIATRY	1,730,786	1,572,091	158,695	10.10%

• All reported to Admin Ops

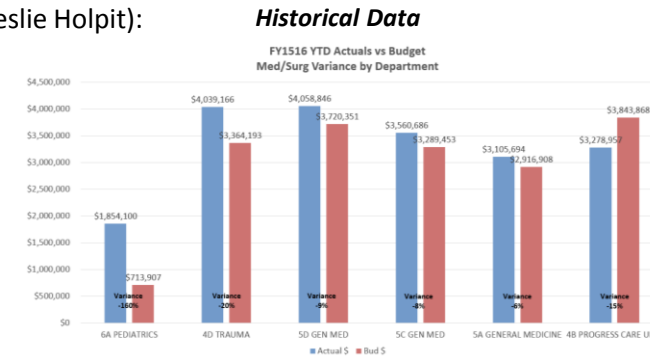
• 87 departments;

Department	Actual \$	Bud \$	Variance	Variance %
HIGHOPR015 - 6280 NURSING CONSULT & LIAISON	202,611	267,000	(64,389)	-24.14%
HIGHOPR016 - 7423 RECOVERY ROOM	2,022,701	2,666,000	(643,299)	-24.14%
HIGHOPR017 - 6840 IPHC ADMINISTRATION	429,890	560,741	(130,851)	-24.42%
HIGHOPR018 - 6730 NURSING FLOAT PERSONNEL	351,690	487,200	(135,510)	-27.81%
HIGHOPR019 - 7630 GENERAL RADIOGRAPHY	1,635,536	2,273,000	(637,464)	-28.05%
HIGHOPR020 - 6730 PATIENT COMMUNITY WELLNESS	150,980	216,100	(65,120)	-30.14%
HIGHOPR021 - 6840 INTERPRETER SERVICE	780,796	1,229,340	(448,544)	-36.49%
HIGHOPR022 - 7095 NUTRITION SERVICES	136,260	221,360	(85,100)	-38.44%
HIGHOPR023 - PRE-OP CLINIC	136,260	206,360	(70,100)	-33.97%
HIGHOPR024 - 6734 PTA MANAGEMENT	239,920	399,420	(159,500)	-39.93%
HIGHOPR025 - 6280 7C PSYCH	930,380	977,200	(46,820)	-4.78%
HIGHOPR026 - 6870 PATIENT EXPERIENCE/COLLECTOR SVCS	86,061	206,119	(120,058)	-58.25%
HIGHOPR027 - 6840 ELECTRONIC HEALTH RECORDS	269,361	669,648	(400,287)	-59.79%

• 2 Departments reported to Admin Ops

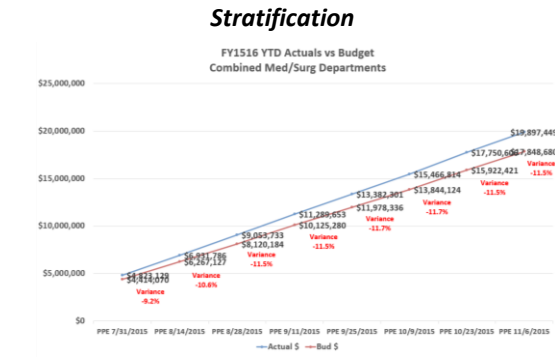
IV. IMPACT (BASELINE/TARGET/ACTUAL/YTD), continued:

- **Phase 1:** Dept with ≥ 10% negative variance, researched and reported, e.g., *Countermeasure Summary Report, Med/Surg* (Leslie Holpit):



Top Contributors

Scenario	Med/Surg Actuals YTD	Med/Surg Bdg YTD	Variance
Scenario 1 (Current Reports)			
Med/Surg Total YTD Bdg vs Actuals	19,897,449	17,848,680	(2,048,769)
YTD Variance %			-11%
Scenario 2 (Reverse 6.0 FTEs due to New Hospital reduced census assumptions)			
Med/Surg Total YTD Bdg vs Actuals	19,897,449	17,848,680	(2,048,769)
6.0 FTEs, 2320 at 9.26 pay periods		297,513	
Med/Surg Revised Bdg	19,897,449	18,146,193	(1,751,256)
YTD Variance %			-10%



Action Plan

No.	Problem	Root Cause	Countermeasure	Owner	Date
1	Med/Surg's labor variance exceeds the 10% threshold	6.0 FTEs cut from Med/Surg with New Hospital (Building 25) census assumptions	Further Staffing Model review compared to Census	Leslie Holpit	Mar-16
2		Currently backfilling vacancies with P103	Review vacancies and work with HR to fill vacancies		Mar-16
3		B25 Training / Preparation required backfill and absorbed by department	B25 Training / Preparation Recharge to Transition		Mar-16

- **Phase 2:** Depts with ≥ 10% positive variance, begin research and reporting sessions at then end of Jan 2016.

V. FURTHER ANALYSIS AND STRATIFICATION OF GAPS; LEARNINGS:

- Imaging and UM inadequately budgeted non-productive time in current staffing model.
- BHC and Med/Surg historically deleted positions but plans not realized in actual operations.
- 4B Dialysis I/P staffing/hours of operations changed without business initiative submitted, hence FTE shortfall.

VI. NEW COUNTERMEASURES/ ADJUSTMENTS

Action (Summary of Countermeasures Implemented)	Who	When	Status
Refine FTE assignment based on modality (new cost centers.) Change shifts to reduce Prem Pay. Fill vacancies and assign to weekend and "mid-shifts." Reevaluate staffing model's non-productive time and salary savings assumptions.	Imaging (David Sostarich)	As needed	Ongoing
Evaluate and combine 7A, 7B and 7C. Remodel Psych with Nursing Leadership to determine if there is Temp availability for PCAs.	Psychiatry (Kathy Ballou)	As needed	Ongoing
Compare Staffing Model to Census. Review vacancies with HR. B25 Training Recharge to Transition.	Med/Surg (Leslie Holpit)	As needed	Ongoing
Review of Staffing Needs exceeds Existing Staffing Model. Right-size from other departments and evaluation by Exec Leadership.	4B (Leslie Holpit)	As needed	Ongoing
Submitted request to Exec Leadership for evaluation. Quantified current staffing needs (per required # of cases reviewed, by shift) resulting in mathematical shortfall. Quantified FTE needs to support future PES and O/P cases.	Utilization Management (Ana Sampera)	Pending	Pending Exec Admin decision
Review PA operations compared to HRIMS Position Control Report vacancies and assist in building staff model.	Patient Accounting (Jim Parker)	Work session: 1/4/16 Admin Ops present: 1/26	Upcoming
Review FHC operations compared to HRIMS Position Control Report vacancies, and assist in building staff model.	Family Health Center (Judith Sansone)	Work session: 1/5/16 Admin Ops present: TBD	Upcoming

VII. UNRESOLVED ISSUES

- Develop a plan by July 2016 to determine the correct FY1617 salary budget for each cost center.
 - 1st Step:** Review and justify current vacancies
 - 2nd Step:** Identify departments with inadequate staff model (non-productive time, changed operations, etc.)
 - 3rd Step:** Assess operations after Building 25, New Hospital
 - 4th Step:** Incorporate benchmark data to inform right-sizing considerations

