

Healthcare

Service Lines: Reduce Costs & Increase Revenue

Academic medical center partners with Edgewater to measure financial performance of services lines

OBJECTIVE: Reduce time to measure financial performance to identify opportunities for increasing profitability.

The Challenge

With recent economic troubles, coupled with the healthcare reform legislation, hospitals and healthcare centers are looking for ways to increase their profitability without sacrificing quality patient care. One such Academic Medical Center (AMC) in the Northeast was trying to maximize their profitability, but they had some obstacles to overcome. They were faced with financial information coming from multiple facilities, multiple source systems, and third-party vendors and could not see profitability and related financial metrics by specialties or service lines (e.g. Cancer, Cardiovascular, Neuro).

Solution

With Edgewater Technology's healthcare expertise and technology independent approach we were able to utilize the tools and technologies that the health system had in place and were currently supporting.

- ▶ **Cost savings approach:** Leverage existing technology to minimize additional software costs as well as ease knowledge and skills transfer to the client resources for future maintenance and enhancement.

To address the problems of multiple facilities, source systems, and third party data, Edgewater:

- ▶ Created a data mart to consolidate and report against
- ▶ Leveraged IBM's DataStage ETL tool to consolidate the multiple sources and standardize the data formats
- ▶ Loaded high quality, reliable data into the data mart using Oracle's PL/SQL

In order to assign each Encounter to a Service Line, a business rules engine (BRE) was created, that:

- ▶ Contains multiple business rules, based on data including DRG, ICD9, and Discharge Service to name a few, which uniquely define each service line
- ▶ Prioritizes each Service Line according to the client criteria:
Cancer --> Cardiovascular --> Neuro Musculoskeletal --> Women's Health --> Endo / GI --> Respiratory --> Urology / Renal --> Psychiatry --> All Other
- ▶ Creates a hierarchy for classifying each patient encounter. This logic automatically assigns an Encounter to one and only one service line at the highest level to ensure proper accounting, and allows for overlap at lower levels to track patient volumes and referral patterns between Service Lines

Edgewater created multiple BusinessObjects Universes to address individual subject area reporting and analytic needs related to profitability:

- ▶ Standard and custom Web Intelligence Reports, Crystal Reports, and Xcelsius Dashboards were created see profitability across the whole health system and with drill down capabilities.



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Benefits

The full Business Intelligence (BI) solution allows the client to view profitability in new ways and combinations that were previously not possible. They are now able to view their profitability by a single dimension or combination of dimensions:

- ▶ By Facility; By DRG; By Service Line; By Physician; By Diagnosis; By Geographic Region; By Patient; By Procedure; etc.

Due to the multiple facilities, sources, and third party providers, it took the AMC weeks to consolidate and create a profitability report based on one or two dimensions.

- ▶ **Cost Savings:** We reduced the time to calculate Net Patient Revenue, Contribution Margin, Total Costs per Encounter and other metrics from months to minutes.

Analysts are now able to focus the majority of their time on performing analysis instead of data collection and report generation and get the data that matters most to their decision makers to act.

