

Productivity, Labor, Non-Labor and Revenue Cycle Improvements Result in Cost Savings and Financial Gains

Huron partnered with North Hawaii Community Hospital (NHCH) to immediately enact process improvement while also identifying opportunities in labor costs, non-labor expenses, revenue cycle and physician services. Improvements far exceeded the project goals with more than \$5.75 million realized.

Challenge

North Hawaii Community Hospital holds a reputation for high quality care and committed service to the community of Waimea and the Big Island. However, NHCH had operated at a loss since opening in 1996.

“I’d recommend Huron without reservation. They are highly skilled, extremely collaborative, and experts at navigating the sensitivities surrounding performance improvement in the healthcare environment. But most importantly, they deliver.”

BOB MOMSEN, CHAIRMAN OF THE BOARD,
NORTH HAWAII COMMUNITY HOSPITALE

Approach

Huron rapidly entered a nine-month implementation phase with NHCH, acting on immediate improvement opportunities while simultaneously assessing additional opportunities. By addressing challenges related to productivity, labor costs, non-labor expenses, revenue cycle and physician services, Huron implemented improvements resulting in \$5.75 million in total benefits – exceeding the project’s goals.

Improved labor productivity: Huron increased accountability by implementing a productivity tracker across hospital departments. Additional productivity improvements were achieved through reductions in overtime hours, the creation of a consistent vacancy review methodology and new shift management tools and flexing guidelines that helped NHCH adjust staff to volume.

Revamping physician governance: By establishing a new physician governance structure, Huron helped NHCH create cohesion between group practices. The implementation of best practices in the clinic billing office led to a 10 percent cash factor improvement.

Additional improvements were achieved through centralization of preregistration functions on scheduled services for all clinics and increased utilization of employed hospitalists over locums.

Optimizing the revenue cycle: By implementing operational changes in the patient financial services office, Huron helped NHCH achieve a 1.51 percent cash factor increase. In addition, a strategic price increase resulted in a five percent net revenue increase. And, by negotiating increased reimbursement rates and implementing a clinical documentation initiative, Huron helped NHCH improve revenue cycle efficiency.

Managing non-Labor expenses: Huron implemented cost savings initiatives in key non-labor areas including purchased services, clinical, pharmacy and food services, generating \$980,000 in improvements. The creation of an inventory monitoring and sustainability program helped ensure these improvements are sustainable.

Results

\$2.46M in revenue cycle cash flow

\$952,000 in labor improvements

\$980,000 in non-labor expense improvements

\$800,000 in physician improvements

\$555,000 in one-time cash benefit

North Hawaii Community Hospital is a 33-bed, not-for-profit, acute care hospital located in Kamuela/Waimea on the Big Island of Hawaii. It is the only full-service rural hospital within 50 miles.



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