

Kona Community Hospital

Challenge

As a safety-net hospital, Kona Community Hospital (KCH) faced declining government reimbursement combined with reduced state appropriations. To meet these challenges and prepare for the future, leadership at KCH sought to increase revenue and decrease reliance on state funding.

Our Approach

KCH partnered with Huron, launching a strategic performance improvement initiative to increase revenue and decrease costs, while maintaining or improving the quality of care delivery. The engagement focused in key areas such as the revenue cycle, non-labor expenses, labor expenses, clinical operations and clinical documentation improvement (CDI).

“The Huron project identified over \$5 million in recurring labor and nonlabor savings as well as an additional \$4.6 million in one-time savings through accelerated cash collections. The Huron team worked collaboratively with hospital teams, creating employee ownership of project initiatives, which produced lasting results.”

JAY KREUZER, REGIONAL CHIEF, EXECUTIVE OFFICER KONA COMMUNITY HOSPITAL

Results

\$3.5M increase in revenue cycle recurring net revenue

\$4.6M one-time balance sheet cash benefit

\$1.9M reduction in annual operational expense

Optimizing the revenue cycle: Working with KCH leadership and staff, Huron implemented its sustainable revenue cycle solutions, enhancing the existing health information system to optimize work drivers and reporting. This effort resulted in a 15-day reduction in the discharged not billed backlog and a recurring nine percent increase in year-over-year cash factor. Huron’s strategic pricing expertise resulted in over \$500,000 in increased annual net revenue.

Reducing non-labor expense: Huron’s nonlabor solution allowed KCH to optimize its 340B purchasing compliance, achieving significant savings. The engagement also identified and implemented cost savings across purchased services, clinical operations and food services. The non-labor initiatives generated a \$1.39 million annually recurring benefit.

Managing labor expense: Labor and benefit costs approached 80 percent of KCH’s net revenue. Huron provided training on how to effectively utilize productivity reporting and shift management tools to more proactively control labor costs.

This effort ensured appropriate alignment of resources to volumes and more deliberate use of overtime expenditures, generating over \$500,000 in savings.

Improving clinical documentation: Huron's CDI program allowed KCH to more accurately capture services provided, resources consumed, severity of illness, risk of mortality and complexity of care, resulting in an \$800,000 increase in annual net revenue.

Enhancing coordination of care: Huron helped KCH implement a comprehensive case management redesign, instituting clinical high-risk meetings and daily care coordination meetings to move patients through the continuum of care more efficiently, reduce average length of stay and decrease payer denials.



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