



Bon Secours Health System saves \$125 million since 2002 using Premier labor productivity tool



OperationsAdvisor™ combined with Performance Partners pays dividends

The Bon Secours Health System's commitment to initiate a labor management program with maximum impact is paying big dividends. The Marriottsville, Md.-based health system has captured labor savings of more than \$125 million since 2002.

That was the year leaders of the Catholic system realized that to achieve their strategic goals of improving the health of communities they serve, they would have to implement a comprehensive labor management program. Bon Secours adopted Premier Informatics' OperationsAdvisor™ (OA) for productivity monitoring, comparative data and benchmarks and engaged with Premier's Performance Partners program (placing on-site management engineers).

Bon Secours, a \$2.4 billion not-for-profit system, owns, manages, or joint ventures 18 acute-care hospitals, a psychiatric hospital, five nursing care facilities, five assisted living facilities, and 15 home care and hospice programs, in seven states, primarily on the East Coast.

Ken Turner, who had been working as a management engineer with the three Bon Secours hospital in Virginia's Hampton Roads area, was promoted to BSHSI corporate offices as Director of Performance Reporting. Turner, who had been using OperationsAdvisor in Hampton Roads since 1995, was charged with deploying it in all the system's hospitals.

"We've been extremely pleased," Turner said. In addition to the dollar savings, the system has reduced headcount by approximately 700 FTEs and significantly reduced paid hours expense per case mix adjusted discharge.

Turner is the sole corporate employee working in this area. His role is to coordinate the labor management initiatives and process improvement. With 30 years of experience, Turner has a solid understanding of how labor productivity management works.

"OperationsAdvisor is totally integrated into our operations," Turner noted. "We use the tool as the kickoff for our annual budgeting process. In January we will refresh the productivity standards for all departments in all of our acute care facilities using OA. It's a process. Our corporate goal is for all ancillary and support departments to meet the Premier national 25th percentile target and nursing will meet a 33rd percentile. Every one of our department managers has those goals in their incentive objectives. That's been true for five years."

In March, Turner and the Premier Performance Partners meet with department managers and review historic biweekly productivity reports, with special emphasis on the most recent 13 pay periods.

"We negotiate with the department managers and their vice presidents about what the standard's going to be for the next year – hours worked per unit of service, dollars per unit of service for labor, and supply expense per unit of service," he explained. Standards are incorporated into each unit's volume-driven flex budget.

The organization monitors productivity every two weeks. Reports are distributed to all department managers and above including individual hospital CEOs and corporate officers.

“Our expectation is plus or minus 5 percent of the targeted goals in relation to the three indicators,” Turner explained. If a department is above its goals in salaries or hours worked in three consecutive periods, the department head is expected to develop an action plan to bring the department back into compliance.

Compensation and raises for department managers up to CEOs are tied directly to the productivity indicators as well as those for quality, patient satisfaction and mission.

All the productivity reports are shared electronically on a system shared drive. “The productivity system is paperless. We don’t print anything,” Turner said. “We send out an e-mail alerting staff to the availability of the reports – within four working days of the period’s ending.”

When the program began in 2002, there were four Premier Performance Partners; a fifth was added later. Their initial role was to help implement OperationsAdvisor and develop standardized reporting. As the implementation has matured and managers have become comfortable with the application’s use, Performance Partners’ roles have morphed into serving as labor management coaches and taking on special projects.

The Bon Secours system is divided into local systems, each with access to a Performance Partner. There is one for a Kentucky hospital and the two in Greenville, S.C.; one for the four

hospitals in Richmond, Va.; one for Hampton Roads’ three facilities as well as the Baltimore hospital; and one for the three New York hospitals. A fifth coordinates the four as well as handling special projects.

Performance Partners work closely with the OperationsAdvisor coordinators at each hospital to assure the data and the tool’s use are consistent. For instance, they are intimately involved in the budgeting process. They also work with those same coordinators and leadership to design, manage and implement hospital-specific projects. Bon Secours uses Six Sigma processes and all of the Performance Partners are black belts.

Most of their work is related to productivity, revenue enhancement or cost reduction. For example, Turner said, if there’s a gap in productivity, managers would be expected “to develop a very specific plan as to how those targets can be achieved. Performance Partners would make work flow and work process improvements to help department heads achieve productivity targets.

“We don’t spend much time with department heads on how to read reports,” he continued. “If you have to develop an action plan to get back on track, the Performance Partner will help the department manager do that.”

Turner said that one of the most advantageous thing about having a performance improvement

program is knowledge sharing. “We’re doing kaizen events,” he said, taking it apart and putting it back together in a better way. Bon Secours’ goal is to become world class in its emergency departments and surgical services.

“We identify best practices to increase patient throughput,” he said. “We’ve done 15 of these in our EDs and the Performance Partners are very much involved. We identify 60 or 70 best practices and share those. We’re developing a national brand for how to deliver emergency care in our facilities. We’ve gone to what we call a zero-one-two-zero wait time in our EDs, one hour total time for an outpatient, and two hours from door to admit. It can be done; it’s just a lot of work! We use a lot of external resources, including the Premier Rapid Improvement Portal and other sources.”

Turner said, “Yes, I definitely recommend OperationsAdvisor,” noting that during the past few years he has done overviews of how the product works for several potential clients.

Bon Secours is installing the newest version of the productivity tool now. “It will even be better than what we’ve had. It will standardize even more reports and give us better drill-downs on labor management performance.

“In our operation, labor is 60 percent of our expense so we have to monitor it very closely. OA allows us to do that in a very timely manner.”



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