



Monadnock Community Hospital Avoids Ruin with Margin Improvements

Since 1992, the State of New Hampshire and the state's hospitals have engaged in what has been called "an accounting sleight of hand" whereby the state taxed hospitals under something called the "Medicare Enhancement Tax," originally established to allow the state to qualify for federal matching funds. The state would immediately refund the taxes paid by state hospitals to keep up the illusion of raising money for Medicaid services. This practice, known as "Medi-Scam," ended in 2013, leaving hospitals with a large tax burden they were unaccustomed to paying. This change in New Hampshire policy inflicted financial hardships on many hospitals, including Monadnock Community, a 25-bed critical access hospital in Peterborough, New Hampshire..

Monadnock Needs

- Recover from new tax liability hardship.
- Increase the speed of implementation of changes
- Improve team analysis capabilities
- Gain rapid operational savings
- Improve patient access by eliminating barriers

Monadnock Turns to CBA for Rapid Margin Improvement via the 100-Day Workout

Monadnock's senior leadership wanted to implement rapid and sustainable changes that ensured improved operational methods while also improving patient access and manager communications. They turned to CBA to create the right goals and team structures while implementing the 100-Day Workout. The 100-Day Workout structure provided an excellent platform for a hospital-wide initiative that promoted interdepartmental collaboration. It also provided the opportunity to identify the real issues and demonstrate the effectiveness of solutions through extensive rapid cycle testing. This allowed the team to test their ideas in an open environment and share results. With the CBA team's help, Monadnock embarked upon optimizing capacity, improving in-quality staffing, developing systems for quality waste recovery, developed action targets and received mentoring in Rapid Cycle Testing to create a culture that values experimentation and increases speed to sustainable results.

Performance Improvement that Works: With the support of CBA, Monadnock required every manager and senior leader to be responsible for two action targets every month. These targets would ensure that two changes were made each month that produced tangible financial gains. The teams began assessing, developing, and implementing changes, resulting in aggressive changes to positively impact improvement as well as optimize capacity. The teams reduced barriers to patient access, and engaged managers as franchise owners to empower them as leaders while also improving communication. In addition, a strong emphasis was placed on patient retention.

Implementation of Rapid Cycle Testing: Caldwell Butler & Associates mentored the Monadnock team on Rapid Cycle Testing, transcending their original beliefs that created solutions based on false assessment of the root cause. The end result was identification of true solutions that minimized patient leak in ancillary departments while improving scheduling and hand-offs. CBA also lead the teams through exercises to hard wire the gains.

Methods Applied

- 100-Day Workout Structure
- Rapid Cycle Testing
- Action Targets
- EXCEerator
- Capacity Optimization

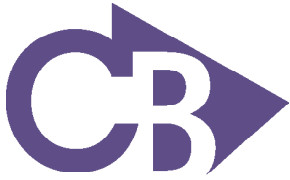
Demonstrated Statistically Significant Results of Monadnock Community Hospital Implemen-

Measurable Benefits:

- \$13 million in improvement on a \$66 million budget
- 401 total Quality Waste Recovery plans that positively impacted multiple areas including:
 - \$486,498 in Material and Information movement
 - \$603,560 in Out of Quality Staffing
 - \$323,438 in Over-Processing
- \$6,312,939 in In-Quality Staffing by matching staffing to demand, adjusting to peak & trough demand, and consolidating job functions.
- \$2,144,265 in operational savings through standardizing and creating formal processes, adjusting to peak demands, removing bottlenecks, and elimination of things not used.

Intangible Benefits:

- Rapid Cycle Testing altered the existing belief system to create a culture of change and improvement.
- Changes were driven by the managers in contrast to forcing solutions from senior leadership. The net impact was to build a greater belief in change that increased the sustainability of the gains in performance.
- Increased employee and clinical staff engagement through true empowerment.



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Caldwell Butler & Associates, LLC

Caldwell Butler and Associates is exclusively committed to margin improvement and operational excellence for healthcare. Our proprietary systems utilize a comprehensive approach that achieves maximum ROI and margin improvement while creating sustainable business practices. Our clients receive rapid and tangible financial results utilizing our Transformation Management System, which focuses on creating a top-performing healthcare system by identifying top performers via 360° Assessments and Proprietary workshops developed to meet your unique healthcare needs. For more information, review our website at www.caldwellbutler.com.

Unlike traditional consulting firms, Caldwell Butler & Associates believes on-site mentoring and apprenticing are the most effective methods for achieving sustainable gains in performance. Our on-site programs empower your employees by providing them with the tools to attain new levels of performance. We offer proven techniques and methods for enhancing personal accountability, monitoring progress of initiatives and tracking your ROI on each project. Where most consulting firms are satisfied with finding "identified savings," Caldwell Butler & Associates works along side your team throughout implementation thus providing you with a sustainable process for creating a transformation management system for operational excellence.

Caldwell Butler & Associates specializes in:

- Designing accountability structures
- Increasing speed to execution and bias to act
- Ensuring that changes result in tangible ROIs
- Effective use of advance quality methods
- Methods of reducing departmental silos and increasing inter-department collaboration
- Methods for anticipating and overcoming resistance
- Improving prioritization and focus of organizations