

# Operational Excellence Workout Reduces Hospital Center's Waste-Lines

Half-way through fiscal year 2011, Washington Hospital Center is about half-way through a new waste-reduction initiative.

The objective of the "Operational Excellence 100-Day Waste Reduction Workout" is for leaders and associates to identify and eliminate at least \$8 million of waste from hospital operations in this fiscal year, while maintaining the highest levels of quality and patient safety.

"We're looking for ways to work smarter and more efficiently," said **Cathie Monge**, senior vice president, Operations, who is spearheading the initiative along with Hospital Center President **John Sullivan**, and assisted by the health care management firm Chip Caldwell and Associates. Cathie continued, "We want to eliminate non-value added activities, focus on process-thinking and consider everything we do as stewardship of Hospital Center assets."

Chances are you have already learned of the initiative, since each department within the Hospital Center is responsible for identifying at least eight waste-reduction plans over a 100-day period. "Even small changes that might save less than \$5,000 a year will help, since little things add up," Cathie said. "The bottom line is to eliminate waste, which will result in cost savings and greater efficiency."

Each month, members of the leadership team come together to share accomplishments, generate ideas and evaluate results credited to the vital teamwork in each respective area. By the 30-day check-in on Dec. 20, 2010, nearly 280 plans had been entered into Excellerator, the tracking software. These plans identified more than \$12 million of cost-savings. Of those, 39 plans had already been implemented, realizing \$2 million in savings.



Construction Technicians **Claude Williams** and **Jose Gonzalez**, Engineering, build a new supply room on the fourth floor of the North Addition. This three-day project formerly would have been completed by a contractor, but having in-house staff do the work increases Hospital Center efficiency and reduces costs.

Waste-reduction plans highlighted at the 30-day check-in include:

- **Sue Williams**, manager, EP Lab: "We found \$67,000 in savings by purchasing supplies in bulk, and by using less expensive products of the same quality."
- **Gayle Thompson**, director, Radiology: "Since patient volumes are down, Central Scheduling may be able to also schedule for cardiac CT and MRI scans. If so, we could eliminate one MOA II position, saving those costs."
- **Linda Donithan**, director, Central Patient Transport: "We now have transporters move patients back to rooms rather than nurses, saving on nurse overtime pay."

## IDENTIFIED COST SAVINGS

Dollar Impact	Name
\$4,502,905	Waiting
\$2,966,400	Out of Quality Staffing
\$2,122,617	Over-Inventory
\$2,015,950	Material & Information movement
\$985,727	Over-Processing
\$796,330	Over-Correction/Inspection
\$684,200	Motion

- **George Thorne**, director, Engineering: "We have moved some formerly outsourced jobs to in-house staff, such as replacing ceiling tiles. We anticipate saving about \$100,000 a year."
- **Jay Barbaccia**, PharmD, director, Pharmacy: "We will implement 340B split billing software to capture revenue from patients who transition from an ambulatory to inpatient"

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status. Currently these patients are not captured in our REV3 process. Savings will be two-fold: 1) We budgeted \$151,000 for this software in FY11, but the eAudit software selected costs \$35,000, resulting in \$116,000 savings. 2) Due to an increased number of observation patients, we would expect this software to increase revenues by an additional \$100,000 a year.

- **Ariam Gebrehiwot**, senior nursing director: "We are enforcing the HR policy of not badging in more than six minutes before a shift starts, and ensuring our nurses clock out on time. This reduces overtime pay and will save the salary of 1.5 FTEs a week."
- **Brad Kappalman**, vice president, Perioperative Services, reported: "In Hearing & Speech, we are now faxing reports to referring physicians rather than mailing them, saving a significant postage expense."

A wrap-up meeting is scheduled for March 8. To help identify additional waste-reduction plans, associates are urged to think about any work process changes that will:

- ✓ **Eliminate items that aren't used**
- ✓ **Standardize processes**
- ✓ **Reduce or eliminate excess**
- ✓ **Recycle, reuse or substitute**
- ✓ **Minimize hand-offs**
- ✓ **Adjust to peak and valley demands**
- ✓ **Reduce setup or start-up times**
- ✓ **Move steps in a process closer together**
- ✓ **Find and remove bottlenecks**
- ✓ **Match staffing to demand and even shape demand**