

MIDDLETOWN REGIONAL HOSPITAL



“WITH THE FINANCIAL DATA REPOSITORY AND COGNOS, STAFF CAN USE REAL-TIME WAGE INFORMATION BASED ON ACTUAL CLOCKED HOURS AGAINST ACTUAL MONTH AND ACTUAL VOLUME. ACCRUAL IS NO LONGER NECESSARY FOR ANALYSIS.”

KEVIN MURPHY, CHIEF FINANCIAL OFFICER, MIDDLETOWN REGIONAL HOSPITAL

Middletown Regional Hospital is a modern, 310-bed acute-care facility that serves several counties in southwest Ohio. Located midway between the metropolitan centers of Cincinnati and Dayton, the hospital offers the most recent medical advancements and diagnostic and treatment technologies. It is Middletown's second largest employer.

With Cognos, Middletown Hospital has implemented a business intelligence solution to stay on top of revenue and costs associated with patient care. The solution provides accurate, timely information to finance and clinical staff, and saves thousands of reporting and reconciliation hours per year.

Industry

- Healthcare

Geography

- United States

Information needs

- Real-time and trending information on key expense drivers—labor and supply
- More timely and flexible budgeting
- Elimination of spreadsheets
- Decreased manual intervention for data analysis

Platform

- AS400
- SQL server
- Windows 2000
- Financial data repository
- GL, supply chain, billing, patient information system

Solution

- Cognos PowerPlay
- Cognos Impromptu

Solution provider

- PCMS Analytics

Users

- 150

Benefits

- Access to a comprehensive view of process and system information
- Flexible and real-time budgeting, spending projection, and trending
- Real-time labor expense reconciliation
- Elimination of duplicate payments and missed charges
- Daily cash balancing
- Streamlined reporting

CHALLENGE FACED

Prior to Cognos, hospital executives needed 15 days to close the books each month. Only after this delay could staff see how many patients had been in the hospital, the acuity level of those patients, and their associated care.

This made it almost impossible to gain an accurate view of revenue and costs on a daily basis. A more timely information management solution had become a critical requirement.

STRATEGY FOLLOWED

To address the issue, Middletown undertook a search for a BI vendor that could provide the right reporting and analysis solution. “We engaged our FDR team to help with the search,” says Kevin Murphy, Chief Financial Officer, Middletown Regional Hospital. “They did the research on what tools were out there and who was providing them. Based on capabilities and our requirements, Cognos was the clear winner.”

Murphy adds that the FDR (Financial Data Repository) team's input was important because the data warehouse would be built in conjunction with the Cognos implementation. This way, the two systems could be integrated and work in tandem with each other.



THE NEXT LEVEL OF PERFORMANCE™

Designed to control labor and supply costs against volumes, the FDR consolidates data from Middletown Hospital's operational systems. It contains G/L and billing information as well as patient, physician, carrier, and labor statistics data.

In addition to critical data access, the FDR and Cognos solution would give the organization a much-needed trending capability. "If staff wanted to see hospital admissions for 2004 to 2005, they would have to run 12 unique reports and see where and when results differed," says Murphy. "Questions such as 'What admissions records changed?' could not be answered in a timely and accurate manner."

The organization anticipated that an integrated BI platform would also reduce the need for spreadsheets and eliminate manual bottlenecks in terms of information flow. "Data analysis used to come from two analysts in the finance area, which created a funnel effect," says Murphy. "This was a source of tension because clinical people couldn't do anything until finance had the numbers."

By having Cognos analytics on their desktops, clinical managers would benefit from timely access to the system information needed to more effectively manage hospital budgets, revenues, and staffing. Information could also be shared across departments and functions to further improve hospital processes and efficiencies.

PCMS Analytics Group, a Cognos Platinum Partner, was also involved in the project. The organization leveraged their expertise and assisted with support as Middletown expanded its usage of the FDR.

BENEFITS REALIZED

Cognos analysis and reporting is now used at many levels of the organization. General accounting and finance depends on it for statistics gathering, profitability analysis, and net revenue modeling. Resource management can review utilization and gather labor information, such as staff hours worked and overtime. Other departments use the solution to improve coding procedures and to monitor physician practices (such as diagnostic tools used, insurance reimbursement, and overhead).

Success is seen across the hospital, most notably in the reduction of time to close the books each month—from 15 days to 3. Executives at Middletown now understand the daily costs and revenues associated with patient care. Managers are catching duplicate payments and missed charges right away. And a cash balancing capability allows staff to reconcile cash and remittances on a daily basis.

Another benefit is the ability to reflect wages and supply expenses accurately and in real time. "With FDR and Cognos, staff can use real-time wage information based on actual clocked hours against actual month and actual volume," says Murphy. "Accrual estimates are no longer necessary."

The solution provides finance with flexible budgeting capability, so they can do trend analysis and spending projections. "A fixed budget says the supply for January should be x," says Murphy. "With a flexible budget, we can project expenses more easily. We can project spending to date. We know ahead of time what we need to meet month end, and we can make the necessary adjustments."

Middletown has also reduced its dependence on spreadsheets for financials and reporting. "One department manager was spending 8 to 10 hours putting a labor report together each month," says Angie Stocker, Director, PCMS Analytics Group. "She would have to track employee location and hours, and then export this information to a spreadsheet. Reporting time has now been reduced to two hours."

She adds: "That same manager used the Cognos tool for validation when she overhauled the charging system. Cognos provided the capabilities to monitor the changes and ensure her team was educated properly on the new system."

With Cognos, Middletown Hospital benefits from more timely and dependable cost and revenue management. Through analysis of processes and systems, the facility has also been able to find better ways to work. Ultimately, patients benefit too, since a more efficient organization means improved services and less waiting time in hospital.

ABOUT PCMS

PCMS is the North American subsidiary of PCMS Group Plc. Located in Cincinnati, Ohio, PCMS is the leading provider of integrated software and services, including performance management products, since 1998 for multiple industries.

ABOUT COGNOS

Cognos is the world leader in business intelligence and enterprise planning software. Our solutions for corporate performance management let organizations drive performance with planning, budgeting and consolidation, monitor it with scorecarding, and understand it with business intelligence reporting and analysis. Cognos is the only vendor to support all of these key management activities in a complete, integrated solution. Founded in 1969, Cognos now serves more than 23,000 customers in over 135 countries.



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