



ENGAGEMENT PURPOSE

An academic health system sought to reduce non-labor costs across select departments and service lines, without affecting patient care nor patient experience.

MARWOOD APPROACH

- Assessed the health system’s annual operating and capital expenses
- Reviewed and benchmarked \$47.1M in annual expense across select departments and service lines
- Reviewed high-risk initiatives in detail, including in-depth interviews with physicians, administrators, and key stakeholders
- Implemented action plans and achieved \$3M in non-labor cost reduction within the first year of implementation

Clinical Implants Initiative

#	Sub-Initiative
I.	Neuromodulation
II.	Spine
III.	Cardiac Rhythm Management
IV.	Trauma
V.	Peripheral Vascular
VI.	Interventional Cardiology
VII.	Joint Arthroplasty
Grand Total	

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Implementation Timeline

Phase (Measured in months)	
1. Assessment	
-	Data collection
-	Spend & Opportunity Landscape
2. Prioritization & Strategy	
-	Detailed Initiative Profiles
-	Governance, Oversight, & Project Management
-	Prioritization & Strategy
3. Cost Reduction Implementation	
-	Medical / Surgical Supplies
-	Perioperative Services
-	Pharmacy
-	Purchased Services
-	Laboratory

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Cost Reduction Overview & Timeline

#	Initiative	Annual Spend	Savings	Timeline
I.	Medical / Surgical Supplies	\$17.4M	\$1.2M	3 Months
-	Enhanced Contracting	\$12.4M	\$1.0M	
-	Conversions	\$5.0M	\$200K	
II.	Perioperative Services	\$15.7M	\$1.1M	2 - 4 Months
-	Clinical Implants	\$6.9M	\$658K	4 Months
-	OR Process Improvement	\$8.8M	\$443K	2 Months
III.	Pharmacy	\$11.2M	\$326K	6 Months
IV.	Purchased Services	\$2.0M	\$300K	6 - 8 Months
V.	Laboratory	\$800K	\$75K	5 Months
Grand Total		\$47.1M	\$3.0M	

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KEY FINDINGS

Marwood identified savings opportunities across multiple departments and service lines through process improvement, contracting and procurement, and conversion initiatives. Of the \$47.1M evaluated in the first year, the organization was able to save \$3.0M (6.4%) without affecting patient care nor patient experience.



ENGAGEMENT PURPOSE

An independent group of not-for-profit nursing homes sought to consolidate their individual support services departments through the formation of a shared services center.

MARWOOD APPROACH

- Assessed multiple support service departments (Finance, Food & Nutrition, Supply Chain) across 30 independent not-for-profit nursing homes and identified functions to consolidate into a shared services program
- Identified necessary compliance, technology, and operational requirements
- Implemented a content management system that normalized data and provided expense transparency
- Identified areas for cost reduction and developed action plans

Content Management System

Outside Vendors

Inputs & Outputs

Internal & external data
Normalized descriptions
Manufacturer data
Functional equivalent identification
GPO
Value analysis

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Implementation Timeline – Procurement Initiative

Initiative	Start	End	Responsible Party
1. Develop RFP requirements	Completed	Completed	Completed
2. Develop RFP questions	Completed	Completed	Completed
3. Develop RFP responses	Completed	Completed	Completed
4. Develop RFP proposals	Completed	Completed	Completed
5. Develop RFP proposals	Completed	Completed	Completed
6. Develop RFP proposals	Completed	Completed	Completed
7. Develop RFP proposals	Completed	Completed	Completed
8. Develop RFP proposals	Completed	Completed	Completed
9. Develop RFP proposals	Completed	Completed	Completed
10. Develop RFP proposals	Completed	Completed	Completed
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25. Develop RFP proposals	Completed	Completed	Completed
26. Develop RFP proposals	Completed	Completed	Completed
27. Develop RFP proposals	Completed	Completed	Completed
28. Develop RFP proposals	Completed	Completed	Completed
29. Develop RFP proposals	Completed	Completed	Completed
30. Develop RFP proposals	Completed	Completed	Completed

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Shared Services Overview & Timeline

# Initiative	Annual Spend	Savings	Timeline
I. Procurement Initiatives	\$38.7M	\$5.0M	18 Months
II. Food Services	\$18.9M	\$2.6M	12 Months
III. Staffing Initiatives	\$9.6M	\$600K	24 Months
IV. Pharmacy	\$8.1M	\$1.0M	12 Months
V. Purchased Services	\$4.1M	\$700K	9 Months
VI. Content Management System	-	-	6 Months
Grand Total	\$79.4M	\$10.0M	

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KEY FINDINGS

Marwood found that independent nursing homes were able to maintain autonomy and reduce costs while participating in a shared service program. Within the first year of the program, the team was able to analyze \$79.4M in operating expense and identified \$10.0M (12.6%) in savings.



ENGAGEMENT PURPOSE

A multi-hospital system sought to improve revenue cycle activities and improve cash flow across their inpatient departments, outpatient departments, and physician practices.

MARWOOD APPROACH

- Assessed the health system's revenue cycle activities across all departments and physician practices
- Reviewed and benchmarked 11 key performance indicators covering all major categories of the revenue cycle
- Identified specific issues related to cash collections and implemented a plan to accelerate cash
- Identified \$4.8M in revenue opportunity through revenue cycle operational improvements

Denial Management Analysis

Category	% of Total
Patient Access	50%
Insurance Verification	10%
New-Covered Service	10%
No Authorization	7%
Payment Included in Global Fee	7%
Coordination of Benefits	5%
Applied to Deductible / Co-insurance	2%
Medical Necessity	1%
Other	24%
Patient Non-Compliance	10%
Cancelled Fee Arrangement	2%
No Denial Reason Listed	2%
Insurance Verification	<1%
Care Management	10%
Medical Necessity	5%
No Authorization	2%
Patient Accounting	8%
Transfer Billing	2%
Lack of Tertiary/Quaternary Follow Up	2%
Health Information Management	6%
Records Requested but Not Received	6%
GRAND TOTAL	100%

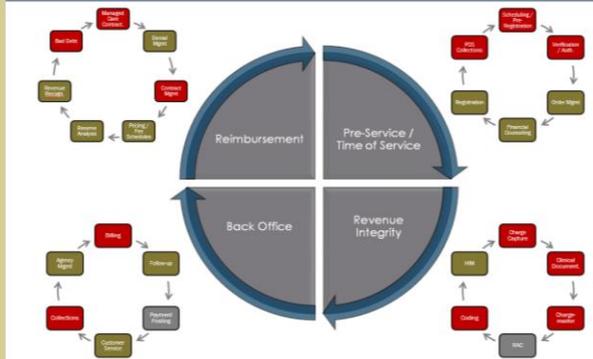
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Revenue Cycle Index Benchmark

#	Metric	Result	Best
1	Net Days in AR	57.6	
2	AR > 90-days	32.5%	
3	POS Collections	0.0%	
4	Cost to Collect	2.1%	
5	Cash to Net Revenue	92%	
6	Bad Debt Write-offs	1.1%	
7	Charity Care Write-offs	1.2%	
8	DNFB	7.35	
9	Clean Claims	87%	
10	Electronic Remit	9	
11	Days Cash on Hand	77.4	

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Revenue Cycle Overview



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KEY FINDINGS

Marwood found opportunities across key areas in the revenue cycle, specifically in Denial Management activities. Of the \$4.8M in identified opportunities, no-pay and partial-pay improvements consisted of \$3.8M of the total revenue optimization opportunity for the health system.