

Case Study



MedQuest
RADIOLOGY MANAGEMENT SERVICES

MedQuest Assessment Pinpoints \$4 Million in Additional Profitability for Regional Healthcare System

Situation Overview

It was late 2012, and a large regional healthcare system was facing challenging economic environments in multiple markets. The radiology service line, which traditionally had been a strong profit center, was not delivering expected returns.

The healthcare system initiated transformation-oriented business reviews throughout the system; however, after a year of meetings and work, the radiology transformation team had not achieved its goals.

By the Numbers

- 16 medical centers
- 2,984 licensed beds
- 343 physician clinic locations
- 2,133 medical group physicians
- 24,400 employees in 4 states

The Task

The health system turned to MedQuest to assist with identifying potential efficiencies, cost-saving opportunities and revenue-generating activities across the system for radiology, while simultaneously enhancing current operations.

With a budget cycle quickly approaching, there was a need to identify and budget for measurable Operating Cash Flow (OCF) impact from the radiology transformation efforts. As part of its overall transformational goals, the system was targeting \$4 million in annual OCF improvement in radiology.

MedQuest was asked to step in, work with the internal team and accelerate identification of improvement opportunities to meet the budget cycle deadline. The challenge was to define opportunities not yet addressed, prioritize improvement areas and deliver an achievable plan to leadership in less than six months.

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Actions

MedQuest began by meeting with the team and reviewed the general improvement categories they had previously identified.

The team at the health system was struggling with systematically assessing and managing the project in addition to their existing workload. MedQuest assigned a project manager and senior sponsors to work directly with the system's radiology leaders. MedQuest also assembled a cross-functional assessment team consisting of system managers and MedQuest subject matter experts.

MedQuest identified more than 75 potential target areas and then worked to rank them based on the overall project improvement goals. Based on MedQuest's analysis, the transformation team ultimately narrowed the focus to two projects:

- Staffing – greatest potential for cost savings
- Scheduling operations – highest opportunity for incremental revenue

Both of these areas could be addressed quickly to achieve targeted annual OCF improvement objectives, and they were also sufficiently within the control of radiology managers so that they could be implemented faster and more efficiently.

A joint charter was developed, and the larger team was divided into smaller project teams focused on each identified opportunity.

Staffing

The system was managing clinical radiology staffing by productivity metrics derived from a nursing model.

Drawing upon its deep radiology expertise, MedQuest reviewed the model and determined that it was not accurately capturing the nuances of the radiology department and that the targets were not appropriate for truly managing expenses against best practices. The existing targets only took into account historical productivity performance at each facility.

MedQuest quickly determined that its unique RVU peer analysis model would provide a more accurate depiction of the system's capabilities and capacity. This proprietary model utilizes a sophisticated analysis and custom RVU weighting to allow direct comparison by modality across facilities of varying size and complexity. The result is a clear view and validation of benchmarks already present in the system, which removes barriers and fosters quick transformation.

MedQuest specifically focused on evaluating productive hours spent per RVU and annual RVUs per PTE hour in each modality. This method required the MedQuest team to first look at cost center HR and payroll data to determine the consistency of job descriptions and actual duties across facilities. Once the payroll data was normalized across facilities, MedQuest compared it to modality-level RVUs to provide a view of productive technologist hours per weighted RVU completed. In the initial model, it was apparent there were significant productivity variations among facilities that needed to be investigated.

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The MedQuest team conducted additional, detailed onsite evaluations of staffing levels and associated drivers. The primary focus was to validate productivity data and identify any other items that needed to be factored into the analysis. Once the assessments were complete, the team achieved consensus on the assumptions and again refined the data model.

Scheduling

MedQuest's direct evaluation of operations illuminated the fact that the system hospitals did not have consistent or optimal operational processes for order management and recovery of cancellations or

no-shows. MedQuest led the team to identify enhanced revenue opportunities from conversion of more valid physician orders to patient appointments, as well as re-capture of lost revenue resulting from patient cancellations or no-shows.

MedQuest utilized its internally developed best practices to set targets for each facility. The team established that 14% of scheduled appointments were no-shows, and that converting just 1% of those no-shows to completed scans translated to an additional \$1 million in revenues.

Results

With the guidance of MedQuest, the health system was able to reach its goal of identifying opportunities for \$4 million in annual OCF improvement in radiology.

Staffing

The peer analysis RVU model yielded a target weighted average for each modality specific to what was achievable in this health system given the system's constraints and other operational and cultural factors. The target was applied across every hospital to highlight outliers. The analysis identified a potential of \$2.3 million in annual staffing cost savings from bringing outliers in line with the target.

Scheduling

The scheduling and order management analysis generated a projected potential of \$1.8 million in annual OCF across the system. MedQuest implemented processes to measure progress against the targets and designed activities of the staff to optimize order management and recovery of cancellations and no-shows.

