



Magee Rehabilitation Hospital

How a small hospital fought back

Magee Rehabilitation Hospital, a founding member of the Thomas Jefferson Hospital (TJH) System, is a 96 bed “not for profit” organization, located in Philadelphia, PA. It is one of the top rehabilitation facilities in the USA, providing treatment and wellness programs for persons with disabilities including brain, spinal cord, orthopedic and stroke injuries. Renoir Corporation was asked to look at financial and performance improvements across the facility, resulting in an engagement that delivered substantial financial and behavioral results.

OVERVIEW

Decreasing margins and financial performance threatened Magee’s independence within the TJH system but Magee also faced other issues: increased competition for patients, inadequate reimbursement from insurers, increases in liability insurance and radical changes to Medicare rules, affecting their ability to treat many patients, including those in need of rehabilitation following joint replacement.

ANALYSIS

Renoir conducted a comprehensive review of costs, business processes, management planning, controls and reporting systems. Behavior and company culture - top to bottom- was also assessed. They concluded that:

- The admissions process was unnecessarily complex and clinically versus marketing focused.
- The scheduling process and management of nursing staff was causing excessive agency costs.
- Nursing behavior was creating communication issues.
- The organizational structure was not effective at managing processes, nor was it aligned top to bottom with common goals & objectives.

FOCUS PROCESS™

Using the “hands-on” Focus Process™ and Renoir’s proven implementation methodology, the Renoir team worked together with Magee management and staff to implement recommendations. The organization went through an intensive learning and change process at a much faster pace than the management team thought possible and the program was structured so that the entire Magee management team was involved in all initiatives. Renoir drove, motivated and coached the team to learn to analyze problems and opportunities and turn them into tangible, sustainable results for the business.

IMPLEMENTATION

- Specific “Customer Relationship Management” plans were created for each referring facility. The plans included specific data to manage more effectively, enabling short and longer term actions.

Key Results

Inpatient census + 15%

Outpatient census + 20%

Outpatient cancels - 55%

Referrals + 40%

Therapy on time + 60%

Inventory turns + 60%

Net inpatient rev(mil) +\$4.5*

Net outpatient rev(mil) +\$.2*

Labor cost (mil) - \$1.0*

1st year ROI 9:1

Project life ROI 2:1

*Annualized

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“Change is difficult but Renoir’s focus on process and not people has made it less threatening to staff. Our staff now understands that it is not inconsistent to be a charitable organization and a business; and, in fact, a not-for-profit hospital needs to make a profit in order to give back to the Community.

We would definitely look to Renoir for future projects should the need arise.”

**William E Staas Jr.
M.D. FACP**

**President & Medical Director,
Magee Rehabilitation Hospital**

- Scorecards, data and performance indicators were established for each focus area, better enabling the management team to establish targets, plan, control, report and take action.
- Algorithms were developed to determine nurse:patient ratios based on census and acuity, improving forecasts, plans & staff scheduling.
- A “Dream Schedule” concept was developed for the nursing staff that, delighted the workforce, was more predictable & consistent, identified shortages, established incentives for hiring and decreased agency and permanent nursing costs.
- “Short Interval Controls” were implemented and follow-up routines established to increase patient safety and highlight and resolve issues immediately. Nurse Managers were more focused and visible on the floors.
- Through training, coaching and role & responsibility redefinition, managers and staff behaviors were changed to be more pro-active in resolving issues and focused on the patients.
- Supply Chain processes were streamlined, eliminating cost in purchasing and inventory holding.
- Each patient interaction was reviewed and opportunities for improvement addressed, resulting in improved patient interaction, improved patient satisfaction scores and fewer cancellations.

THE RENOIR GROUP

Renoir Consulting is a world leader in sustainable, implemented change. Founded in 1994, Renoir has offices located in North and South America, UK, Europe, Turkey, Middle East, Southern Africa, India, Pakistan, China, South East Asia and Australasia. With over 350 fully employed and highly trained consultants, their work across a wide range of industry sectors gives them a broader perspective of the issues facing your business, allowing them to be sensitive to your unique challenges, culture and specific business issues. This cross-pollination ensures truly effective, rapid and sustainable solutions.

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