


51st
ASHE
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Technical Exhibition
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SURVIVAL
For **FITTEST**


Presenters

- Leo Gehring; CHFM, CHC, FASHE
 - Gehring Health Facility Resources
 - President IFMA-Health Care Institute
- Todd Wilkening; CHFM, CHST
 - Ridgeview Medical Center; Director of Facilities
 - VP IFMA-Health Care Institute/Benchmarking Chair

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Agenda

- Benchmarking and Measurements
- Value Proposition
- Expense Reduction Equals Revenue
- The Next Generation of Benchmarking
 - A Taste Of Things
- A Case Study
 - Putting It All Together
- How To Compete With Revenue Departments

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Learning Objectives

- Discover the needs for business analytics
- Do's and don'ts of Benchmarking
- How to develop key benchmarks into FM strategies
- Increase your influence as a business partner with the C-Suite



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Performance Criteria for Healthcare FMs



<http://hci.ifma.org>






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Why Benchmark?


- Compare your performance with other organizations using the most widely accepted facility management metrics, which will...
- Uncover costs, which by comparison, may be excessive in relation to performance, and help you...
- Identify ways to improve your organization's performance and contribute to the bottom line, and...
- Determine opportunities for improvement and uncover best practices, and...
- Locate hidden opportunities to assist you in demonstrating your department's value, and allow you to have empowering influence with the C-Suite.



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Benchmarking Process


- What are you trying to improve?
- What metrics will you use to compare?
 - Traditional Benchmarking Metric's = Square Footage
- Study inputs, methods and outputs as a system – focus on process.
- It is a gauge to performance.
- Benchmarking is a process, not an activity (and certainly not a one-time activity)



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The Challenges

- Reimbursement uncertainty has placed an emphasis on performance improvement and efficiency.
- Facilities typically seen as a cost department rather than a department that can contribute positively to the bottom line.
- Difficult to effectively and efficiently communicate performance criteria, metrics and trending to executive leadership.




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Food for Thought

"The **value**, at the end of the day, has to **translate to revenue or cost**. The ultimate value has to be **described in common-sense business terms**."
John Hill
Siemens Business Services

"Without a concerted effort to **show the business, in terms it understands** and what your department is doing to further the business' goals, the chances of having any say down the road about **the future of your department will begin to slim**."
Allen Benard

"Square footage **doesn't mean a damn thing**. You need to **focus on annual cost of adjusted patient discharges**. CFOs don't look at anything else."
Al Moradi, Director,
University of Alabama at Birmingham



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Inputs Match Outputs
for
Optimum Value

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Todd

Show Me The Money

- Real Estate & Construction World
 - Cost or unit per Square Foot = /sq. ft.
- Facilities/Environmental Management World
 - Cost or unit = /dkthm, /kwh, /gal, etc.
 - Cost or unit = /gallon, /vial, /bag,
 - Pay back
- CEOs/CFOs World
 - Cost per patient day, adjusted patient day, discharge, etc
 - Patient care volumes, procedures, visits, etc.
 - Return on investment (ROI)
 - Cumulative Cash Flow (CCF)
 - Branding and Marketing
 - Strategic and political

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Focus On Value

Turned the focus away from “expense” and onto added “value” (revenue and cash flow).

- Expenses
 - **at the expense of**, at the sacrifice of; to the detriment of: *quantity at the expense of quality.*
- Value
 - **Value** is that quality of anything which renders it desirable or useful.

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Accountable Care Act

Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS)

FINANCIAL

- Higher Patient Margins
- Reduced Readmission Rates
- Pay-for-Performance Programs
- Clinical Financial Alignment

CLINICAL CARE

- High Quality of Care
- Clinical Care Excellence
- Patient-Centered Delivery
- Patient Safety/Prevention
- Hospital Physician Integration

PATIENT EXPERIENCE

- Improved Outcomes
- Higher Patient Satisfaction
- Positive Patient Experiences

COST/VALUE

- Strong Market Position
- Strong Price Realization
- Strong Physician Alignment
- Growth Potential
- Ready for Health Reform

Accountable Care

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Do You Know How To Perform?

- Internally
- Geographically
- Industry Norms
- Being amongst the top 10%
 - 2% CMS with holding


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The \$0.30 Challenge

Transforming Expense Reduction into Equivalent Revenue

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Performance Criteria for Healthcare FMs



Next Generation FM Benchmarking
Health care is undergoing a transformation. As manufacturers, universities, grocers, retailers and other non-health care facilities face financial challenges, they are expected to become more efficient without sacrificing quality.
The role of the facility director is evolving, requiring more intimate knowledge of the business and bottom line. To successfully navigate these changes requires a strong performance improvement plan, along with the tools to efficiently and effectively communicate data to executive leadership. Luckily, the next generation of FM Benchmarking is here to help!

Benefits
✔ Intuitive and Easy To Use
✔ Real-time Dashboards
✔ Executive Report Templates
✔ Instant Comparisons to Similar Facilities

Value
✔ Better contracts for capital dollars
✔ Improve Performance with a Higher ROI





eMediTrack

- Region
- Facility Type
- Utilities and Engineering
- Maintenance
- Clinical Engineering
- Environmental Services
- Waste
- Linen Services
- Cost of Operations
- Risk Management
- Facility Condition Index
- Current Replacement Value
- Real Estate & Property Mgmt.
- Construction

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Performance Criteria for Healthcare FMs

- Online and on demand web based submission of data
- Online and on demand web based report generation
- Contains BM 1.0 and 2.0 data for comparison
- Performance Criteria = Live data flow in real time
- Health Care Institute partnership with Soleran's 
- Real time roll out July 2014 at the ASHE Annual

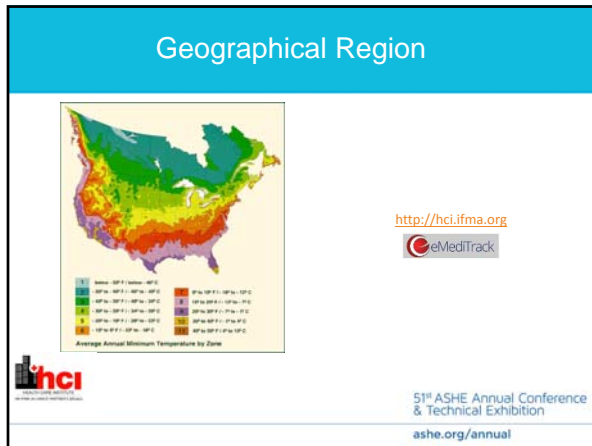


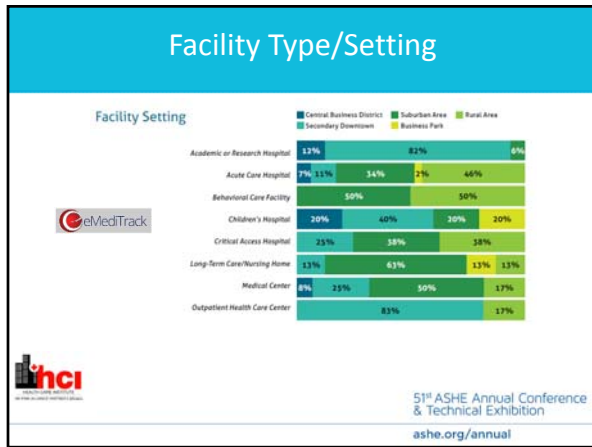
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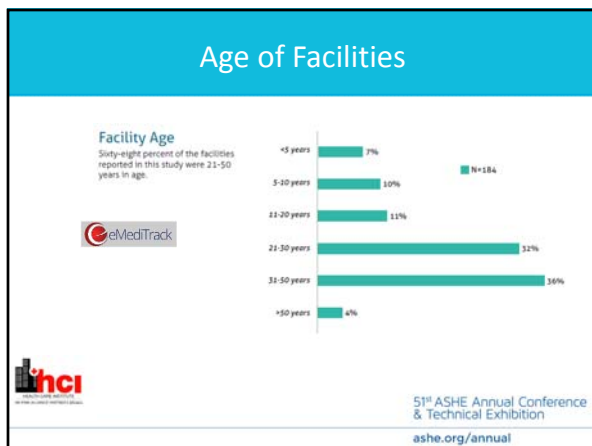
Performance Criteria for Healthcare FMs

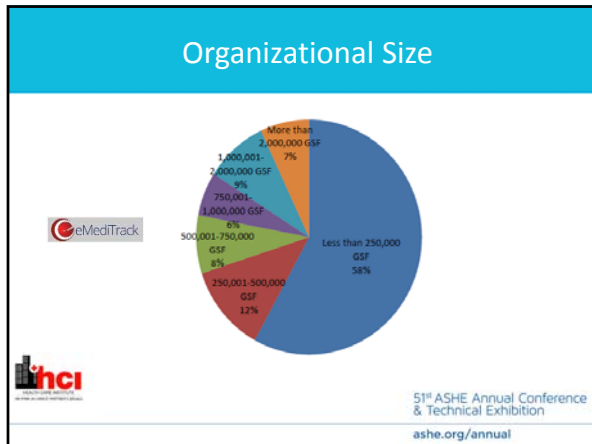
- Real-time automated dashboards and reports comparing your performance criteria against other similar facilities.
- Automatically create executive summary reports to effectively communicate important FM data to leadership.
- Continuously identify organization strengths and weaknesses, and use data and trending to develop the best PI strategies.

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Business Type and Ownership

Institution	N	Leased, owner occupied with sublet space to other tenant(s)	Owned, completely leased	Owned, owner occupied with leased space to tenant(s)	Owned, owner occupied
Academic or Research Hospital	17	6%	12%	29%	53%
Acute Care Hospital	118	0%	1%	18%	81%
Children's Hospital	9	0%	0%	33%	67%
Outpatient Health Care Center	6	0%	0%	33%	67%
Critical Access Hospital	9	0%	0%	22%	78%
Long-term Care/ Nursing Home	8	12.5%	0%	12.5%	75%
Medical Center	13	0%	8%	23%	69%

Note: Hospitals with a sample size of less than 5 are not included in the table.

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Size Matters


Facility Size (GSF)	N	# of FTEs
Less than 250,000	94	4.12
250,001-500,000	20	14.59
500,001-750,000	14	19.73
750,001-1,000,000	8	26.00
1,000,001-2,000,000	15	46.42
More than 2,000,000	11	83.50

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Cost Per Gross Square Footage


Percentile	\$/GSF					
	Total Maintenance	External Building	Interior Systems	Roads and Grounds	Utility/Central Systems	Process Treatment and Environmental Systems
90	8.96	0.33	4.05	0.63	1.41	0.16
75	7.26	0.20	3.19	0.45	0.56	0.10
50	4.77	0.09	2.23	0.26	0.25	0.05
25	2.78	0.06	0.77	0.12	0.12	0.02
10	1.39	0.03	0.38	0.09	0.08	0.01
Mean	5.04	0.14	2.27	0.32	0.50	0.07
N*	140	47	56	58	34	36





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Cost Per Discharge


Percentile	\$/Discharge					
	Total Maintenance	External Building	Interior Systems	Roads and Grounds	Utility/Central Systems	Process Treatment and Environmental Systems
90	420.63	13.85	226.56	30.51	85.07	8.93
75	457.88	8.54	156.72	15.12	36.53	4.99
50	234.68	2.86	78.39	8.51	10.23	1.20
25	82.30	1.80	24.71	4.39	3.20	0.57
10	24.94	1.15	9.61	2.57	1.36	0.30
Mean	291.47	6.39	102.11	12.48	25.83	5.78
N*	82	35	43	44	27	31





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Cost Per Gross Square Footage

Percentile	\$/GSF															
	Total Utilities		Electricity		Fuel Oil		Natural Gas		Chilled Water		Steam		Domestic Water		Sewer	
	2009	2012	2009	2012	2009	2012	2009	2012	2009	2012	2009	2012	2009	2012	2009	2012
90	7.56	4.91	4.65	3.36	0.44	0.06	1.98	1.25	--	2.28	3.36	1.54	0.49	0.61	0.35	0.38
75	5.82	4.07	3.35	2.85	0.11	0.04	1.58	1.02	--	0.46	2.08	1.30	0.35	0.44	0.23	0.25
50	4.06	3.35	2.22	2.35	0.03	0.014	1.15	0.85	--	0.24	0.74	1.20	0.23	0.29	0.16	0.15
25	3.01	2.44	1.50	1.81	0.02	0.01	0.69	0.61	--	0.08	0.07	0.84	0.13	0.17	0.10	0.09
10	2.14	1.26	1.05	1.03	0.005	0.004	0.14	0.24	--	0.03	0.002	0.20	0.06	0.06	0.03	0.02
Mean	4.63	3.23	2.49	2.30	0.12	0.03	1.18	0.81	--	1.01	1.22	1.05	0.25	0.32	0.18	0.19
N#	169	129	156	52	57	134	144	--	9	13	8	130	146	63	24	




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Cost Per Discharge

Percentile	\$/Discharge															
	Total Utilities		Electricity		Fuel Oil		Natural Gas		Chilled Water		Steam		Domestic Water		Sewer	
	2009	2012	2009	2012	2009	2012	2009	2012	2009	2012	2009	2012	2009	2012	2009	2012
90	367.96	484.41	247.21	369.17	13.43	2.57	117.80	159.62	--	100.40	--	212.35	25.13	53.04	22.25	26.55
75	249.23	323.73	182.39	252.35	3.59	1.42	66.64	78.90	--	33.54	--	107.38	13.35	28.92	10.92	18.14
50	140.17	190.09	88.72	129.23	0.70	0.57	40.61	43.01	--	12.31	--	84.60	7.96	15.51	6.36	5.88
25	91.85	90.48	55.72	40.22	0.33	0.17	23.39	15.40	--	1.53	--	15.15	4.39	8.51	3.41	3.80
10	50.47	14.40	27.01	16.80	0.21	0.12	4.52	3.68	--	0.76	--	11.43	2.93	1.87	1.02	1.06
Mean	120.49	131.12	165.78	411	1.09	52.24	63.32	--	32.28	--	93.65	10.90	21.25	9.65	10.80	
N =	69	109	97	97	27	44	96	92	--	10	--	9	54	54	53	18

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Consumption Per Gross Square Foot

Percentile	Annual Consumption/GSF						
	Electricity kWh/GSF	Fuel Oil Gallons/G SF	Natural Gas Therms/GS F	Chilled Water Ton Hours/GSF	Steam M-LBS/GSF	Domestic Water Gallons/GS F	Sewer Gallons/GSF
90	34.22	0.02	2.34	31.84	0.34	71.26	66.75
75	28.93	0.01	1.97	2.29	0.16	52.17	54.61
50	24.33	0.01	1.54	0.36	0.10	35.27	29.26
25	18.55	0.002	0.94	0.0008	0.07	19.05	5.33
10	11.78	0.001	0.15	0	0.0001	2.31	0.09
Mean	23.60	0.01	1.45	6.88	3.27	38.40	35.12

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Consumption Per Discharge


Percentile	Annual Consumption/Discharge						
	Electricity kWh	Fuel Oil Gallons	Natural Gas Therms	Chilled Water Ton Hours	Steam M-LBS	Domestic Water Gallons	Sewer Gallons
90	3380.40	0.72	190.72	898.47	838.84	5583.76	4106.94
75	2455.43	0.42	126.17	307.84	12.36	3724.04	2403.96
50	1463.77	0.19	62.59	4.71	5.53	1889.20	671.46
25	827.56	0.05	22.31	0.12	1.63	671.99	51.35
10	368.04	0.03	1.41	0.0009	0.73	33.03	8.58
Mean	1829.04	0.28	92.30	295.29	463.20	2529.97	1559.70

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Case Study

- Energy Upgrade Project
 - Total Project Cost \$1,998,900
 - Lighting retrofit
 - HVAC Controls
 - Ventilation Optimization
 - Water Conservation
 - Heating and Cooling Modernization




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Case Study

- Building Size = 241,851 sq. ft.
 - Utility Rebates = \$150,000
 - Annual savings = \$228,800
- Operating expense reduction (total utility)
 - \$0.95/square foot
 - 8.08 Year Payback


3% Margin



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Internal Competition?

- ✓ Clinical Services
- ✓ Cardiovascular
- ✓ Surgical
- ✓ Emergency
- ✓ Neurosciences
- ✓ Oncology
- ✓ Orthopedics
- ✓ Radiology/Nuclear Medicine/Imaging
- ✓ Rehabilitation
- ✓ Wound Care
- ✓ Others



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Think Again!

Inpatient Utilization Statistics by Medical Service

Medical Service	Number of Discharges	Average Length of Stay	Average Charges	Revenue Center Index (RCI)
Cardiology	301	2.80	\$15,126	1.5206
Cardiovascular Surgery	37	2.38	\$42,675	2.2462
Opthomology	25	1.72	\$15,543	1.6777
Medicine	474	3.30	\$15,605	1.6928
Neurology	103	2.50	\$13,283	1.0488
Oncology	39	4.10	\$19,263	1.5221
Orthopedic Surgery	206	3.31	\$28,858	2.0066
Orthopedics	83	3.19	\$13,431	1.0041
Psychiatry	22	2.77	\$10,562	0.8642
Pulmonology	248	3.71	\$17,575	1.3087
Surgery	121	5.83	\$37,134	2.5007
Surgery for Malignancy	12	3.08	\$21,645	1.3568
Urology	81	3.27	\$13,637	1.0262
Total	1,911	3.36	\$19,959	1.4114



1.5% of Gross Revenue

\$4,552,926 Annual Revenue



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Case Study

Comparison to a Service Line

Patient Care Service Line

Cardiology (CMS Revenue) **\$4,552,926**
301 patients @ \$15,126

Energy Upgrade

Equivalent Annual Revenue **\$7,626,667**
\$228,800 ÷ 3% Total Margin

\$0.30 Expense = \$10.00 Revenue



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Performance Criteria for Healthcare FMs

- Helps FMs by connecting them with the business side of health care.
 - While costs per square footage is in the report, adjusted discharges can be used as an additional, more intuitive benchmark.
 - Draws focus away from department expense
 - Puts focus on departmental added value – revenue center equivalent

Remember the boss wants to get rid of expenses, but not cash flow or revenue (value).




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Performance Criteria for Healthcare FMs

- As an architect, engineer, constructor, speak the values of the CEO and the Facilities Manager.
- Uncover costs, which by comparison, may be excessive in relation to performance in business terms.
- Identify better ways to improve an organization's performance and contribute to the bottom line.
- Determine opportunities for improvement and uncover "best practices" and "Best in Class"
- Seriously assist in helping to increase profit margins.
- Doing good financials, sells your needs.




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Benefits and Value

- Better compete internally for capital resources and budget.
- "Do More With Less" – continuously improve process and operational efficiency while also improving performance indicators.
- Transform facilities management from a cost department to a department essential to winning the fight against financial uncertainty.



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Next Generation FM Benchmarking

Health Care is undergoing a transformation. As reimbursement uncertainty grows, risks and responsibilities are changing, health care facilities facing financial challenges are expected to become more efficient without sacrificing quality.

The role of the facility director is evolving, requiring a more formal knowledge of the business and beyond. The facility director performance improvement path, along with the tools, are efficient, cost effectively communicate data to evaluate benchmarking. The next generation of FM Benchmarking is here to help.



Benefits

- ✔ Mobile and Easy To Use
- ✔ Real-time Dashboards
- ✔ Executive Report Templates
- ✔ Instant Comparison to Similar Facilities

Value

- ✔ Better compete for capital dollars
- ✔ Higher Performance with a Higher ROI

Questions?

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