

Saving A Major Healthcare Hospital System

A financial/operational restructure project

EY engaged to support Chicago healthcare system to identify and execute on performance optimization activities to improve EBIDA and extend clients liquidity

Background

- ❑ I was engaged with the client's leadership team to stand up a transformation management office (TMO) to provide program management strategy support along with one of three functional workstreams, supply chain optimization

Workstream	Objectives	Key Findings	Critical Outcomes
Transformation Management Office (TMO)	<ul style="list-style-type: none">❑ Stand up transformation management office and provide end to end project oversight, coordination, and support to EY supported workstreams❑ Support and drive on ad hoc strategic engagements in collaboration with client stakeholders	<ul style="list-style-type: none">❑ Identified ~69M in EBIDA loss for FY24❑ Non-clinical and administration staff were aligned with 75th percentile benchmarks, indicating a \$4M cost reduction opportunity❑ Client lacked capabilities to stand up a full PMO to manage rapid improvement	<ul style="list-style-type: none">❑ Executed \$4M workforce reduction❑ Structured and launched a comprehensive TMO to effectively manage 3 EY workstreams and 3 client-led workstreams with tools embedded for sustained management
Supply Chain Optimization	<ul style="list-style-type: none">❑ Renegotiate and optimize supplies, services and pharmacy contacts, pricing, and processes to drive down spend across all categories❑ Develop tools and processes to effectively manage all vendor relationships	<ul style="list-style-type: none">❑ Significant challenges with vendor adherence to contracts due to lack of vendor management structures at client❑ Identified \$3.1-\$6.2M cost savings opportunities across services and supply vendors	<ul style="list-style-type: none">❑ Executed an estimated \$1.8M+ in EBIDA improvement across supplies and service contracts, with 2M+ additional❑ Implemented vendor management framework and governance structure to effectively manage vendor contracts, SLAS, etc.

EY established a Transformation Management Office (TMO) to manage and execute across 6 EBIDA workstreams while driving all strategic analysis for client

Project Management



- ❑ Established TMO structure and provided TMO oversight, planning, and organization for planned and in-flight initiatives to alleviate capacity constraints and implement best practices
- ❑ Partnered closely with client's PMO teams to ensure continuity across ongoing EY and client-led initiatives
- ❑ Provided tools and templates for workstream coordination and stakeholder reporting (e.g., executive status updates, steering committee meetings, board reports)
- ❑ Identified, prioritized, and escalated risks to drive on-time completion of tasks and initiatives
- ❑ Developed materials/advised on kick-off events, weekly leadership meetings, board/finance committee meetings, and government support asks

Strategic Analyses



- ❑ Identified and quantified emergency cost reduction measures including hospital system restructure, non-clinical workforce reductions, and service line modifications
- ❑ Projected FY23 and FY24 financial performance and developed presentation materials in support of board & finance committee meetings and state support ask
- ❑ Conducted non-clinical workforce benchmarking assessment to identify and validate \$4M in salary and benefit reductions through reviews with functional leadership. Work included validation and legal HR teams, execution planning, and management over 3 months
- ❑ Partnered with clinical leadership on analyses and discussions for service line growth and consolidation

Work Accomplished



- ❑ Developed executive dashboards for benefit realization and operating performance tracking
- ❑ Identified and planned a workforce rightsizing expected to drive \$4M in EBIDA benefit
- ❑ Conducted assessment of hospital facility and identified plan for an additional \$10M+ in EBIDA improvement
- ❑ Partnered with clinical leadership to develop service line analysis for identification of areas for consolidation and expansion by clinical service
- ❑ Confirmed FY23 and FY24 financial projections, and roadmap for EBIDA improvement with Board of Directors
- ❑ Supported client in achieving 20M+ capital infusion from state government to continue operations

The supply chain workstream primary focus was to validate opportunities with clinical and key stakeholders to develop a strategic savings roadmap, this allowed the SC team to identify the financial impact of each supply, service, and pharmacy agreements to initiate an EBIDA savings of \$3.1 - \$6.2 million in improvements

Key Findings & Operational Characteristics	Work Completed	Outcomes
<ul style="list-style-type: none">❑ EY identified that the supplies agreements were equal to an estimated 10% of total operating expenses (better than 35th percentile)❑ There is an estimated \$4.7M FY22 inventory value for all facilities which is below benchmarks❑ Ey Identified potential supply, service, and pharmacy expense reductions through sourcing, negotiation, and reduction of wholesaler pricing<ul style="list-style-type: none">❑ Supplies- \$0.7M-\$1.2M❑ Services- \$1.6M-\$2.9M❑ Pharmacy- \$0.8M-\$1.4M	<ul style="list-style-type: none">❑ Launched 30 EBIDA improvement initiatives across supplies and services pricing reduction❑ Created a vendor management framework to improve contract adherence with new and existing vendors❑ Leading assessment of EVS, food, patient transport services, and biomed to implement opportunities for operational improvements❑ Initiated action plan for security services contract: either (1) renegotiate or (2) submit RFP for improved pricing	<ul style="list-style-type: none">❑ Launched and implemented \$380k of total EBIDA improvement across supplies❑ Launched and implemented \$2.7M of total EBIDA improvement across services