



Managing Complexity in Real Time

University of Pennsylvania Health System leverages Hyperion Planning to reduce costs and improve quality of care

The University of Pennsylvania Health System (UPHS) is dedicated to high-quality patient care and service, advancing medical science through research, and educating the next generation of leaders in medicine. The Health System consists of seven entities which includes three hospitals, clinical practices, homecare, corporate, and the largest primary care network in the Philadelphia region

THE CHALLENGE

The annual budget is prepared separately by each of the seven UPHS entities, allowing each organization to plan its own staffing, revenue, ancillary expenses and capital projects. The Health System needed to control costs while optimizing staffing, projecting accurate revenues and overseeing unprecedented capital expansion. The challenge was how to manage the vastness and complexity of the budgeting process, while maintaining the flexibility required for the individual organizations.

THE SOLUTION

UPHS implemented Hyperion Planning with the assistance of ISA Consulting. ISA recommended a staged project management methodology where functionality was rolled out in phases, delivering innovation without unnecessary disruption to departmental staff. The implementation team – a tight group of ISA and UPHS personnel – designed the budgeting application together. ISA provided Hyperion expertise, project management oversight and design recommendations. The UPHS team contributed subject-matter expertise, hands-on development and testing resources throughout the project.

EMPLOYEE PLANNING

Accurate labor planning for variable areas, like Nursing, is essential not only for UPHS, but all of its peers in the healthcare industry. With a total of over 15,000 employees, the Health System's nursing payroll makes up a significant percentage of the overall budget.

Hyperion Planning was built to calculate nursing and other variable labor costs based on drivers like patient days, skill mix and direct care hours per patient day. Now, departmental managers can compare actual performance to planned activity, drill-down to investigate variances and take corrective action before the impact is too great.

Key Benefits:

- Integrated variable revenue and expense
- Close monitoring of capital expenditures
- Integrated reporting with Microsoft Office
- Workflow management to coordinate across multiple organizations

INTEGRATED REVENUE AND EXPENSES

In the healthcare industry, many types of revenue and expense line items will vary based on the volume of patients and the extent of healthcare services they receive within the institution. The team at UPHS implemented Hyperion Planning to drive the total revenues and expenses based on projected volumes such as patient admissions and number of procedures. As a result, departmental managers can focus on what they know – their expected volumes. The system takes over to calculate the resulting revenue by service line and the expected variable expense line items. As the year unfolds, departments can adjust volumes, drill-into variances and adjust for real-world conditions.

Furthermore, net patient revenue is integrated and tracked by payer in Hyperion so the Health System can understand the bottom line impact of the volume changes proposed by the departmental managers. Additionally, this application is one of the tools used to optimize contract terms with providers.

CAPITAL PLANNING

One of the most exciting improvements is in capital planning. With a capital budget of over \$400 million, prudent management of multi-year projects is essential. In the past, the process was very manual and it was difficult to analyze and prioritize projects across multiple entities. With the implementation of Hyperion Planning, UPHS can now track ongoing projects across fiscal years, identifying which projects are off schedule with enough time to take corrective action to avoid further overruns. Capital reports are built directly against the database (Essbase) and presented to the CFOs, COOs and Controllers of each entity so they can make informed decisions throughout the year.

THE BENEFITS

An automated budgeting system, like Hyperion Planning, is essential for an organization as complex and dynamic as the University of Pennsylvania Health System. It would not be possible to track the progress of 400 users through multiple versions of the annual budgeting cycle without it. “Hyperion Planning has taken us closer to managing our complex organization in real time,” says John Kilroy, Director of Operational Budget, Planning and Capital. “We can see integrated information sooner, and ISA was instrumental in our success, contributing their knowledge of Hyperion and best practices.”

“We have a comprehensive view of the organization including revenue, labor, ancillary expenses and capital. We can anticipate staffing requirements and react more quickly to changes in volumes that affect revenue and variable expenses. With this analysis, we are much better equipped to manage inventories, control rising costs and maintain our focus on quality care”

ABOUT ISA CONSULTING

ISA Consulting is the premier provider of Business Intelligence, Performance Management and Data Integration consulting services in the East. ISA responds to the individualized needs of every customer by providing in-depth business knowledge, significant technical expertise and valuable lessons learned from years of working with other industry leading organizations. Creating value through a flexible and focused process, ISA serves customers globally with offices in Boston, New York, Philadelphia and Washington, DC.

For more information, please contact us at www.isaconsulting.com

“I relied on ISA for technical knowledge and how to manage the project in phases. Their advice ensured that this complex project went smoothly.”

– John Kilroy, Director of Operational Budget, Planning and Capital



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