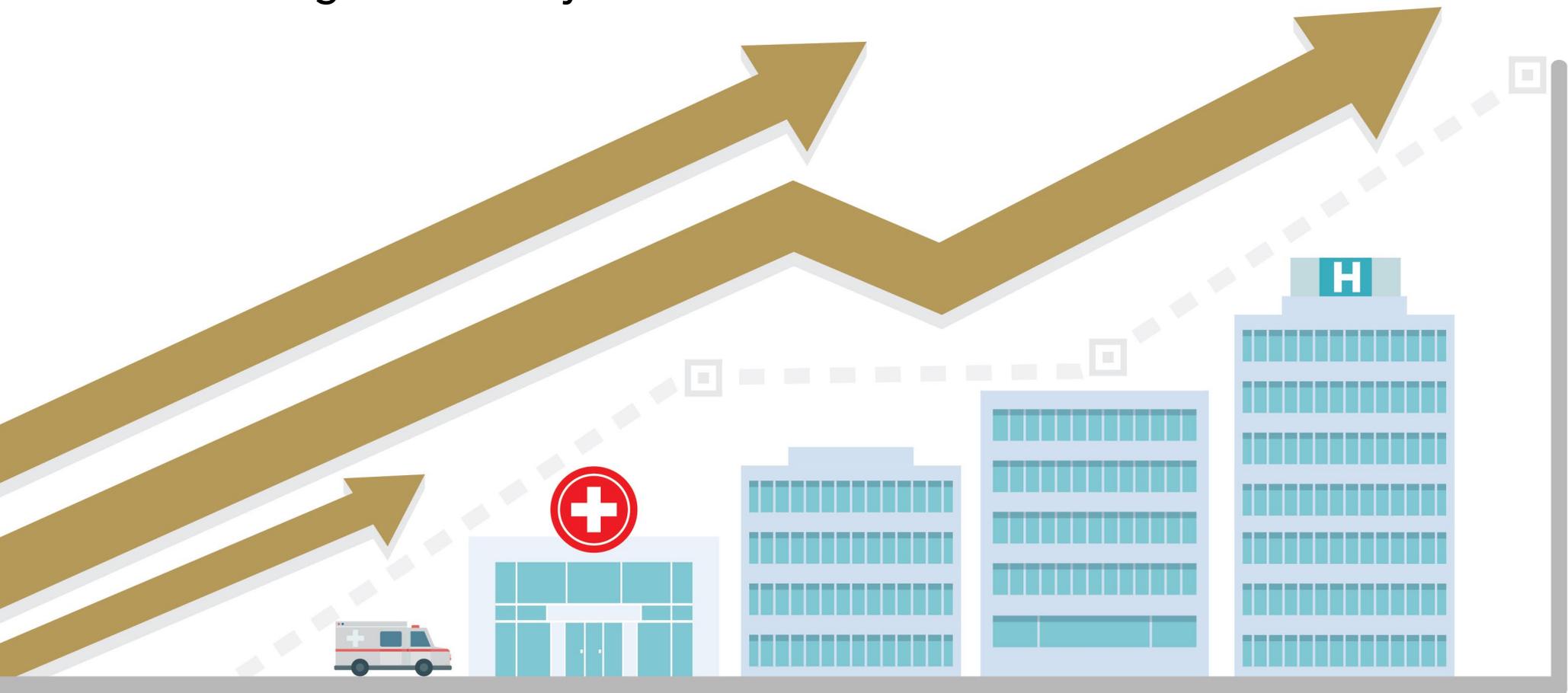


Cost Savings Guide



Boosting Margins Through Innovation and Effective Program Delivery



Cost savings and improved margins are an outcome of effective programs – driven by innovation and technology



Cost containment remains a top priority for hospitals and health systems nationwide. The past few years have devastated healthcare finances with many facilities reporting negative operating margins. During the pandemic, average operating margins for hospitals dropped to -11.7%. While some facilities are operating in the black again, approximately half of the hospitals in the U.S. are still operating in the red.

That leaves healthcare administrators looking for levers to pull that can improve operational finances and ensure the ability to deliver sustainable care.

Cost savings and improved margins are an outcome of effective programs – driven by innovation and technology – rather than a goal in of themselves. This guide shares practical methods to help you get the most out of your food and support service programs. We'll uncover how to save costs without compromising patient care, clinician satisfaction, or safety through innovation and technology improvements.

We have also included key questions you should ask about your organization that will help determine what tactics are best suited to improve operating margins.

Workforce Management



Better managing the healthcare workforce represents one of the largest opportunities to control costs in healthcare. Centralizing HR functions for food and support services under the right outsourced partner can bring more effective recruitment, training and retention programs, plus innovative workforce management technology that reduces cost and reliance on frontline staff all while leading to better results for patients and the facility's bottom line.

Sustainable Staffing Requires a Three-Pronged Approach

- 1. Retention**—Providing a positive work environment and employee satisfaction can combat turnover and reduce costs. This takes the form of making sure healthcare staff is getting the proper amount of break time or time off between shifts; monitoring things like overtime to prevent burnout; and gauging employee satisfaction through surveys and regular touchpoints.
- 2. Recognition**—Consistently celebrating associates for great work has a measurable impact on associate engagement and retention. We found that hourly associates who received a corporate award were 20% more likely to be employed at the end of a 38-month period. Receiving an award has proven to be a better indicator of employee retention than variables such as age or hourly pay rate.
- 3. Optimization**—Previous staffing plans are often not the best guide for current staffing. Diving into census and workflow data allows administrators to determine appropriate staffing levels that maximize efficiency and utilize resources to their fullest. Better understanding workflows can alleviate staffing strain, and in some cases, reduce the number of FTEs required to deliver the same level of care to patients.

Investing in technology can deliver cost savings in workforce management by improving the employee experience and processes to reduce turnover. Additionally, it can play a large role in recruitment. Applying analytics and AI to recruitment in healthcare foodservice and support services is an absolute must to efficiently find the best talent within a large pool of candidates.

Instead of spending hours screening resumes, AI can locate a broad candidate pool in seconds. Devices can even analyze if applicants will fit into the organizational culture based on data signals. Healthcare recruitment teams that use AI to find food and support service talent can recruit at scale because AI analyzes massive data sets much faster and automatically helps recruiters make objective decisions about who should be moved further into the recruitment process.

AI also helps HR teams focus their energy on more meaningful recruitment tasks and decreases the amount of time it takes to fill open positions. Through AI, teams can automate and optimize the recruitment process allowing hiring teams to do their job more efficiently, improving cost per hire, time to fill, and quality of hire while simultaneously reducing hiring bias.

Staffing costs represent the largest expenditure for healthcare organizations. By improving employee satisfaction and morale while utilizing technology to boost recruitment efforts, hospitals have an opportunity to significantly reduce costs and create a more efficient, sustainable operation.



Questions to Consider

- How long does it take to onboard an associate and what does it cost?
- What are your current time to fill metrics and where can improvements be made in the process?

Supply Chain Management

Another area which significantly impacts a hospital's bottom line is supply chain management. More efficient food and support service operations can lower costs through inventory control, group purchasing and food waste reduction.



Purchasing Power—Hospitals that utilize strength through volume purchasing are better positioned to weather the storm of inflation and market fluctuation. Group Purchasing Organizations (GPOs) can beat industry averages and deliver greater value when compared with competitors. According to a report by the Healthcare Supply Chain Association, GPOs saved the U.S. healthcare market as much as \$55 billion a year. GPOs provide a competitive advantage that is not replicated anywhere in the industry, allowing hospitals to drive margin improvements while still delivering high-quality outcomes and experiences. Compass One Healthcare and its GPO, Foodbuy consistently show better sourcing ability than self-op organizations.

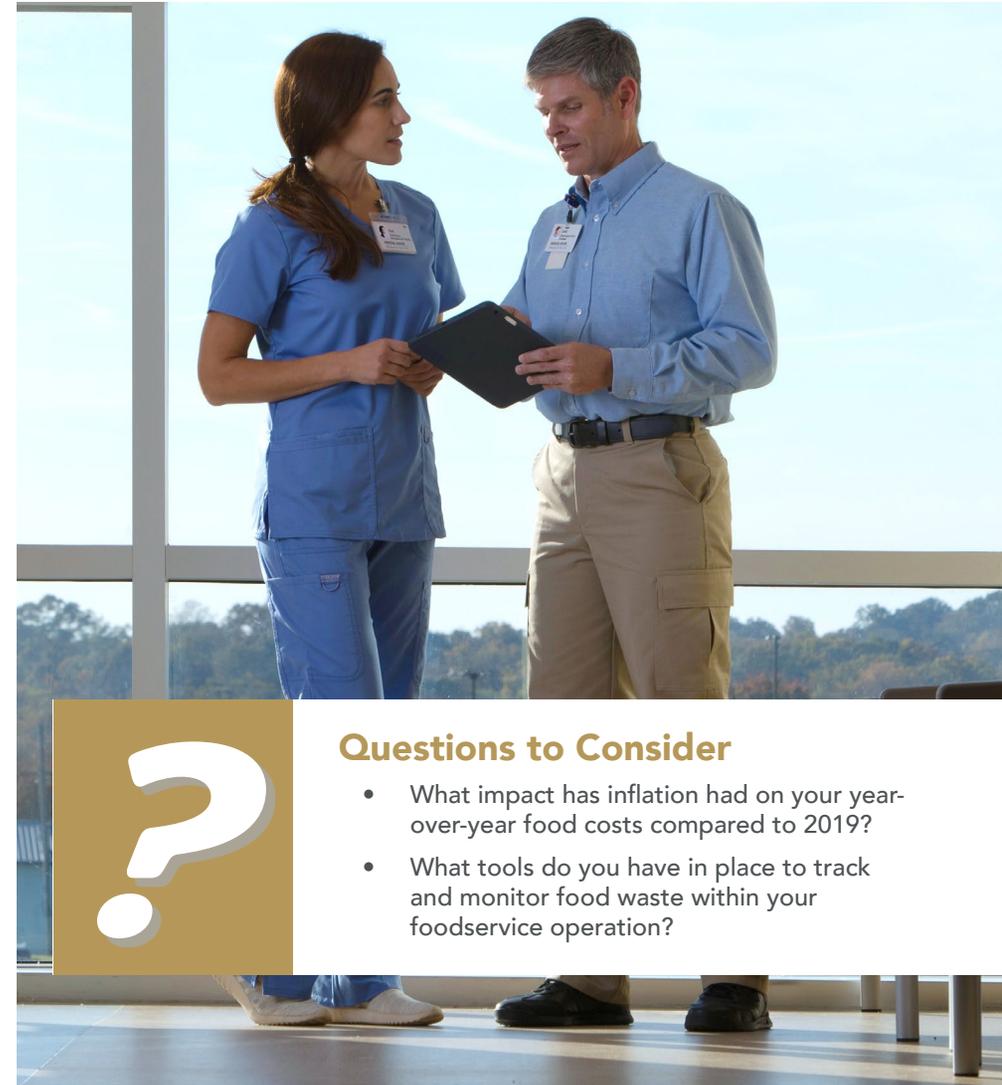


Inventory Control—It is critical to know where you are spending and how much inventory you have on hand. Proper inventory management can save time and money, while ensuring consistent care to patients. Beyond technology to track resources, proper planning can greatly impact inventory allotment. In the foodservice sector, menu development that factors in availability and sustainability of ingredients can greatly impact the amount of inventory needed at any given time.



Food Waste Reduction—Nearly 40% of food produced is wasted. In hospitals, food waste accounts for 10-15% of the facility's daily waste. Reducing food waste can help hospitals cut food purchasing budgets by as much as six percent, leaving administrators with an opportunity to make a tangible impact on their communities and their food expenditure by better utilizing resources. A successful food waste reduction strategy integrates technology with other facility KPIs, causing a shift in culture and providing purpose to frontline associates.

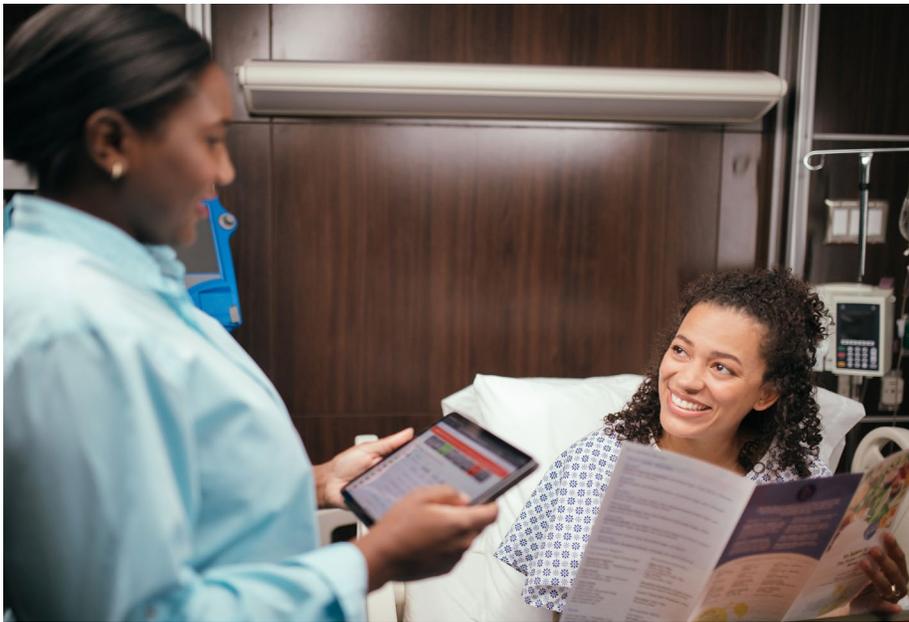
The pandemic highlighted the importance of a resilient supply chain. A sustainable supply chain is critical for hospitals to ensure access to the products and produce required to run the most efficient and effective food and support service programs. Ultimately, getting a handle on procurement yields better costs and operational performance.



Questions to Consider

- What impact has inflation had on your year-over-year food costs compared to 2019?
- What tools do you have in place to track and monitor food waste within your foodservice operation?

The Right Technology



Technology is a critical component of achieving operational efficiency and cost containment in healthcare. The right technology investments, specifically in food and support services, lead to more efficient use of staffing resources through better scheduling, efficiency, and patient management. By deploying the right innovations, Compass One is reducing reliance on FTEs, and delivering a streamlined food and support service operations.

Malnutrition Management

Malnutrition represents a substantial burden to hospitals, requiring targeted initiatives to drive change within the hospital walls and beyond. The data demonstrates a marked increase in hospital mortality readmission and length of stay due to malnutrition. With an intentional malnutrition strategy that integrates technology and a data-focused approach, hospitals have an opportunity to take advantage of significant cost savings that result from improved patient outcomes, an additional opportunity for reimbursement.

Savings Potential Through Better Malnutrition Management*



\$4.8 Million

in **cost savings** generated by a 4-hospital system that implemented a nutrition-focused **quality improvement program**.



27%

reduction in **30-day readmission rates** for a multi-hospital Accountable Care Organization that **optimized its malnutrition care**.



24%

relative reduction in readmission risk for malnourished patients with a nutrition care plan versus those patients without a care plan.

*Data from research published in American Health & Drug Benefits journal



EVS Productivity

With staffing remaining a major concern in healthcare, technology can play a major role in creating new efficiencies and improving the experience for frontline associates. With solutions, like Compass One's HealthClean, which utilizes the Virtual Manager platform, administrators have real-time visibility into workflows

by providing productivity metrics, validation of tasks and robust data to make smart decisions immediately. Frontline Associates are armed with iPads, connecting them to hospital operations regardless of floor or location within the facility.

Reduce Cleaning Time

Efficiencies in room and discharge cleaning can add up to significant savings. The HealthClean analysis allows for the unitization of traditional task assignments for occupied rooms and discharge cleaning. With full compliance to room quality standards and no interruptions in quality expectations, we have found that HealthClean can bring improvements including:

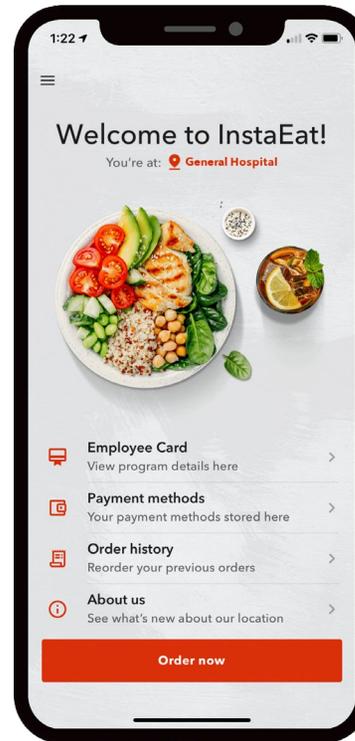
- **20%** reduction in standard room cleaning
- **25%** reduction in discharge cleaning



Crothall Case Study
Reinvesting the Benefits of Workforce Automation

Mobile Food Ordering

By integrating technology into the food ordering process, hospitals can make a tangible impact on their FTE expenditure and operational efficiency. Mobile food ordering is popular with clinicians as well as families, allowing for easy pick up or delivery. Hospitals that have integrated this technology have seen immediate financial benefits.



With InstaEat, staff and hospital guests are able to pre-order and pre-pay for their favorite meals. The app reduces wait times for hospital staff and offers ordering flexibility for visitors with a boost in retail sales that benefits our hospital partners.

- **Launched at Cleveland Clinic**
- **In the first 12 months of pilot, Retail sales increased from \$2,500 to \$20,000/month**
- **Check average increased 8.5%**



Questions to Consider

- What technology have you implemented in patient services and retail to improve the patient/customer experience?
- Are there opportunities to improve the flow of customers in your retail dining spaces?

Capital Asset Management

Proper capital asset management or Healthcare Technology Management (HTM) is critical to support clinicians, enhance patient care, and maximize medical resources.

By maximizing efficiency in this area, hospitals can better manage medical assets by following a data-driven maintenance schedule and servicing a device until it reaches its true end of life, rather than replacing it when it is simply no longer supported by the manufacturer. This can lead to significant cost savings.

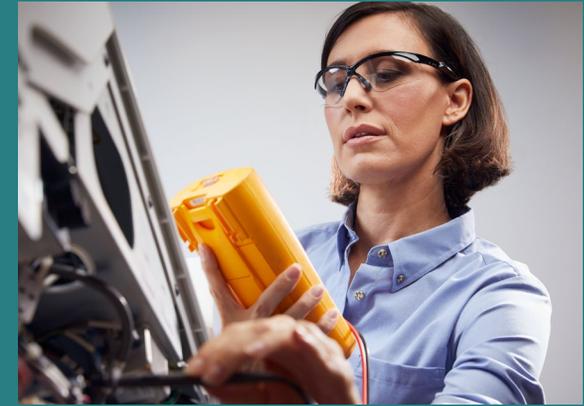
Additionally, standardizing medical equipment management reduces costs while maintaining uptime. A simple equipment and service cost approach is a good starting point for evaluating a newer technology or an existing portfolio of assets. Typically, administrators can expect equipment to last 10 years, which necessitates a broad, multi-year view of cost when evaluating strategies. Optimizing the cost of medical equipment service, especially imaging equipment service, likely requires a comprehensive strategy that utilizes in-house teams, the original equipment manufacturers (OEM), and independent service organizations (ISO). As a result, a facility can lower the procurement, maintenance, and repair costs for critical equipment.

In many cases, hospitals can identify underutilized devices, which can play a major role in avoiding unnecessary capitol purchases. Too often, hospitals move to new equipment when there is existing devices available. A wholistic vision of the organization and its resources can lead to unexpected financial savings.



Questions to Consider

- Do you have a capital asset replacement plan for your support services departments?
- How much do you spend each year on major equipment repairs for food and support services departments?



Making the Most of Existing Clinical Equipment

NY Health + Hospitals had an urgent need for additional infusion pumps at one of its facilities.

Instead of ordering new equipment, Compass One Healthcare's Healthcare Technology Solutions team located unused pumps in the system's current inventory. With a coordinated, comprehensive, and cost-effective solution, NY Health + Hospitals avoided unnecessary capital purchases of new equipment and prevented increased operating expenses from managing additional medical devices.

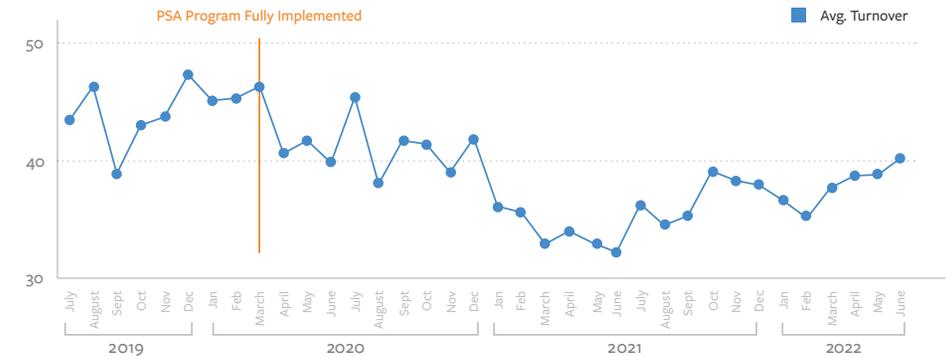


Operating Room Turnaround Times

By turning attention to turnaround times in the OR, hospitals can reduce times between cases and see more patients. It takes an innovative approach to find new efficiencies, but it can have a tangible financial impact.

Some facilities have found success by creating a new, hybrid position called Perioperative Support Associate (PSA). Unlike a traditional case technician, who receives extensive observed competency training, the responsibilities include assisting with patient transportation to the operating room and helping position them on the operating table; taking blood specimens from the operating room to the laboratory; taking medical instruments to the Sterile Processing Services department; and maintaining inventory of surgical supplies and equipment.

PSAs can have a significant impact on OR turnaround times and efficiency. One facility in particular reported enhanced teamwork and collaboration with the EVS team and caregivers, which led to increased surgeon and nursing satisfaction. Most importantly, it decreased OR turnover times, showing a **24%** improvement over two years, and reducing costly and dissatisfying surgical delays.



Increasing efficiency in the OR can have a significant impact on hospital operations by allowing for more patients to receive treatment. That has the benefit of increasing revenue, but most importantly it increases access to care for the community.



Questions to Consider

- What is your average OR turnaround time and has it improved or decreased in the last year?
- Do you have dedicated labor to clean your OR spaces or is this an added responsibility for OR techs?



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Transform your operations to be more efficient and effective with Compass One's tech and innovation. Contact us to start designing your personalized solution where cost control is the outcome of a best-in-class program.

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