

Annual Financial Check-in: Are you on track to reach your goals?

How to do a Financial Check-up and be an effective advocate for your Trauma Program

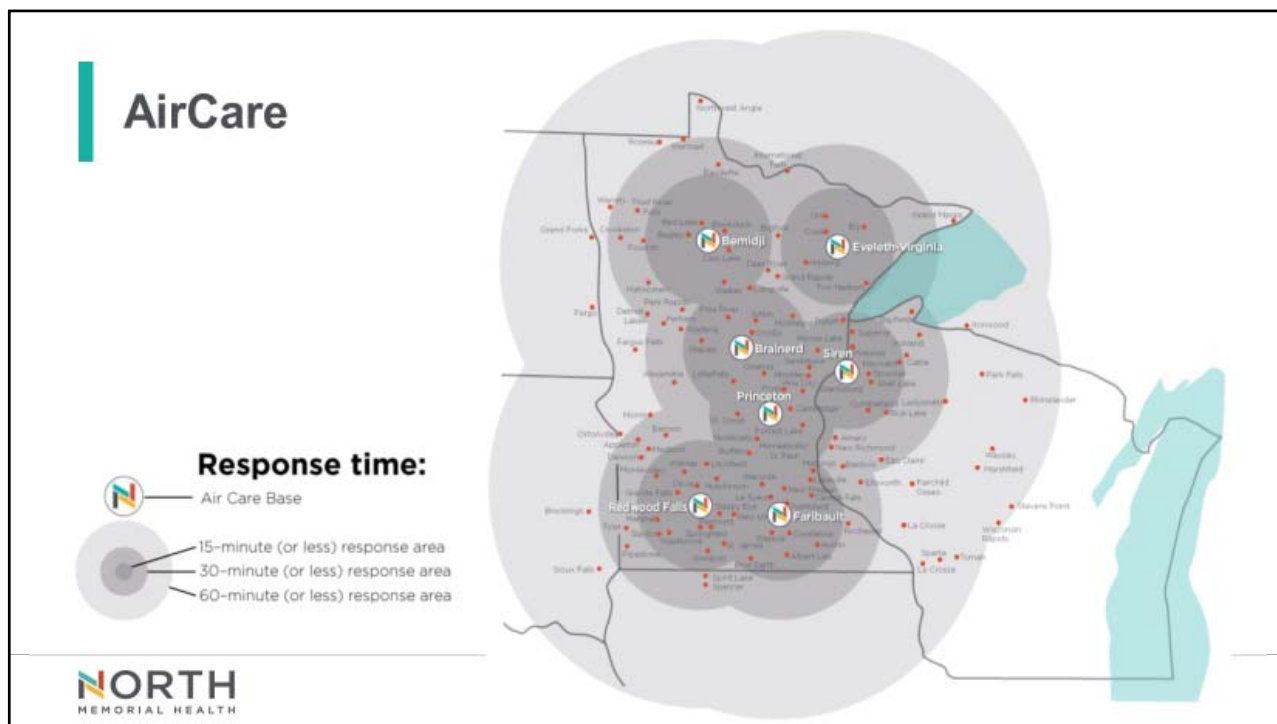
J. Kevin Croston, MD FACS
CEO, North Memorial Health
Robbinsdale, MN



Where is this guy from?

- North Memorial Health- Robbinsdale, MN -5000 FTE's/7500 employees
 - Two hospitals
 - North Memorial Health Hospital- Robbinsdale, MN- 550 beds
 - Level 1 trauma center
 - Comprehensive Stroke Center, Comprehensive Cancer Center, Cardiovascular Center
 - Maple Grove Hospital- Maple Grove, MN- 133 beds
 - 4800 deliveries in 2018
 - 25 ambulatory sites-across NW quadrant of the Twin Cities
 - 450 employed providers
 - Largest EMS provider in MN:
 - 126 Ambulances in 18 bases serving MN and WI
 - 9 helicopters at 7 bases
- \$1 Billion in Net Revenue





OK...Now, who is this guy?

- General Surgeon-President of Medical Group
- Trauma Medical Director-Level 1 Trauma Center
- State Trauma Advisory Committee Chairman
- Board of Trustees at NMHH-Robbinsdale 2007-2010
- Chief Medical Officer 2010-2014
- Chief Executive Officer 2015-Current

NORTH
MEMORIAL HEALTH

Trauma Program Goals

- **Deliver great patient outcomes!**
- Develop a “quality culture” within the institution.
- Be viewed as a “Great Community Asset”
- Attract the best physician talent.
- Attract the best possible supporting talent
- Maximize the financial outcomes.
 - Have access to capital when new resources are needed.
 - Be prioritized when competing with other great clinical programs



“ It is NOT necessary to do
extraordinary things to get
extraordinary results”

-Warren Buffet



Start with the Budget!

- Learn how your budget is built.
 - What are the assumptions?
 - How are volumes determined?
 - What were your volumes last year?
 - What are your key statistics?
 - How are your expenses calibrated/assigned?
 - Understand the reasons for Cost Centers
- Once your budget is **finalized** we know that.....
 - It's wrong.
 - You own it.
 - It isn't going to change for the entire year.
 - Your resources are tied to your budget performance.....next year (Hopefully)



“I just want to take great care of the patients”

- **Monthly Review with your TPM/Administrator**
 - May depend on areas your trauma program is responsible for/accountable to
 - Service Line report if applicable
 - Program level budget
 - Professional Provider budgets
 - Monthly Operating Reports
 - Revenue
 - Hospital Billing: Activation Charges
 - How many activations were called vs charged
 - Was the appropriate level charged
 - Professional Billing
 - Expenses
 - FTE
 - Call coverage or other purchased services
 - Marketing/outreach/education
 - Travel
 - Educational costs
 - Fees and memberships
 - Volumes
 - Program FTE evaluations



Other Evaluations

- Ensure proper billing info is on the UB- (FL14type 5)
- Ensure ICU accommodation reports (code 208 trauma ICU)
- Annual Evaluation
 - Charge setting with finance and chargemaster
 - Trauma Activation charges
- Product or Service Line Report
 - Cost accounting
 - Hospital Billing
 - Professional billing as appropriate
- Benchmarking
 - Internal vs external
 - LOS: IP and OBSR
 - Average Daily Census
 - Case Mix Index
 - Volumes
 - Operative information
 - Fair Market Value and Professional Compensation



Other Evaluations:

- Budgeting-thinking forward
 - FTE review:
 - Program FTE largely dependent on volume and ACS registrar requirements as well as other level requirements.
 - Productivity reviews of team by case volumes
 - Providers:
 - RVU
 - Other program requirements
 - In-house coverage
 - trauma program non RVU generating work
 - coverage of other services: EGS, Surgical Critical Care
 - Newly needed/expected workforce planning is better turnover calculations for LOAs, expected time away, and coverage expectations



Professional budget reviews and responsibilities- Be Involved!

- Ensure charge capture
 - Run reports on providers so they get all pB out timely
 - Provide providers monthly feedback on RVUs as well as documentation audits
- Review denials
 - Look for trends to change any process issues
 - pB billing denials/hB billing denials
 - Trauma Activation denials
 - Work with business office on appeals as needed working with finance team on any new initiatives r/t billing and coding:
 - CDI
 - Prior authorization
- Review month end information
 - Charges
 - Payments
 - Payer mix



Trauma Activations

- Understand Medicare cost Reporting
 - Build your cost centers to reflect your costs-(Program v. Provider)
 - Trauma Activation Revenue
 - Cost-analysis- How did you decide what to charge?
- Marketing, Outreach and Educational programs
 - Allocated or actual
 - Call pay



Know what to ask!

• Revenue

- Contribution Margin (Operating Margin without the Corporate Overhead)
 - Program in total
 - Service line contributions
 - Specialty "Opportunities"
- Net Margin- (Never whine to an administrator about Corporate overhead)
- Is there anything you can do to improve your revenue capture?
- Payer Mix?
- What is your margin per operative case? Non-operative case?



North Memorial Health Care
Trauma Inpatient MHA Group Statement by Charges
For the Period Ended December 31, 2010

	Orthopedics	General Surgery	Neurology	General Medicine	Pulmonary	ENT	Cardio	OPHTHALM OLOGY	Urology	Rehab	Chemical Dep	Psychiatry	Ob	Gyn	Total
REVENUE															
Gross Patient Revenue	\$ 43,767,595	\$ 30,216,394	\$ 17,876,685	\$ 14,700,540	\$ 4,490,181	\$ 1,982,344	\$ 1,492,201	\$ 564,847	\$ 534,061	\$ 305,915	\$ 265,491	\$ 157,003	\$ 104,803	\$ 18,731	\$ 116,476,792
Less: Deductions	(29,760,768)	(20,654,734)	(12,603,303)	(10,495,200)	(2,932,635)	(1,423,341)	(1,070,098)	(417,329)	(374,117)	(202,105)	(212,257)	(135,048)	(70,830)	(15,725)	(80,367,497)
Net Patient Revenue	14,006,827	9,561,660	5,273,382	4,205,334	1,557,546	559,003	422,103	147,518	159,944	103,810	53,234	21,955	33,973	3,006	36,109,295
Discount Percent	68.0%	68.4%	70.5%	71.4%	65.3%	71.8%	71.7%	73.9%	70.1%	66.1%	79.9%	86.0%	67.6%	84.0%	69.0%
EXPENSES															
Direct Expenses															
Salaries & Benefits	5,095,587	3,619,287	2,225,204	1,796,776	622,429	199,414	152,600	66,960	71,186	86,943	27,199	26,644	14,599	2,720	14,007,550
Supplies	2,295,862	1,291,764	564,748	376,288	160,093	115,703	73,529	26,069	18,202	2,812	4,493	3,837	1,930	607	4,935,937
Purchased Services	166,380	113,887	90,236	84,421	18,528	6,486	8,071	2,562	3,109	1,265	2,089	725	492	127	498,176
Other	561,194	294,790	166,356	133,637	44,245	26,222	16,824	6,873	5,150	5,475	2,290	1,391	1,056	111	1,266,214
Division Admin	160,240	105,927	63,445	52,631	15,446	6,654	5,978	2,077	2,031	2,238	782	553	395	94	418,493
Dept Admin	413,989	389,646	226,225	160,826	90,673	16,328	17,664	6,488	6,016	17,476	2,401	1,845	1,408	309	1,351,295
Other Admin	265,248	142,702	68,165	32,526	18,111	14,232	5,285	2,854	1,928	6,886	365	2,469	214	72	560,846
Subtotal Direct Expenses	8,958,499	5,957,693	3,404,380	2,637,105	970,225	385,039	279,951	113,983	107,621	123,195	39,620	37,065	20,295	4,040	23,038,510
Contribution Margin	5,048,328	3,603,967	1,869,002	1,568,229	587,321	173,964	142,152	33,535	52,323	(19,385)	13,614	(15,110)	13,678	(1,034)	13,070,785
Contribution Margin Percent	36.0%	37.5%	35.4%	37.3%	37.5%	31.1%	33.7%	22.7%	32.7%	(18.7%)	25.6%	(68.8%)	40.3%	(34.4%)	36.2%
Indirect Expenses															
Capital	209,132	100,390	65,989	50,975	27,555	8,232	12,432	3,647	2,807	7,614	484	1,819	422	389	491,487
Patient Services	417,952	420,848	232,930	183,517	63,602	29,283	22,244	7,867	6,979	3,868	3,379	2,135	1,219	251	1,596,176
Hotel Services	725,960	382,781	238,487	189,400	91,020	29,354	35,408	11,059	9,196	20,845	2,287	5,068	1,542	999	1,743,405
Administration	680,655	479,678	306,913	242,928	85,582	27,307	24,123	8,717	9,178	25,023	3,865	4,008	1,947	429	1,900,374
Subtotal Indirect Expenses	2,233,699	1,383,697	844,339	666,419	267,759	94,178	94,208	31,290	28,160	57,450	10,014	13,030	5,130	2,067	5,731,441
Total Expenses	11,192,199	7,341,390	4,248,719	3,303,524	1,237,784	479,217	374,159	145,273	135,782	180,644	49,634	50,095	25,425	6,107	28,769,951
NET OPERATING MARGIN	\$ 2,814,628	\$ 2,220,270	\$ 1,054,663	\$ 901,810	\$ 319,762	\$ 79,766	\$ 47,944	\$ 2,245	\$ 24,362	\$ (76,834)	\$ 3,600	\$ (28,140)	\$ 8,548	\$ (3,101)	\$ 7,339,344
Net Operating Margin Percent	20.1%	23.2%	19.4%	21.4%	20.5%	14.3%	11.4%	1.5%	15.1%	(74.0%)	6.8%	(128.2%)	25.2%	(103.2%)	20.3%
Cases	1,111	204	379	413	142	55	24	19	18	4	8	5	5	1	2,388
Patient Days	4,337	2,207	1,781	1,619	433	137	112	74	74	89	14	39	17	3	10,949
ALOS	3.9	10.8	4.7	3.9	3.0	2.5	4.7	3.9	4.1	23.3	1.8	7.8	3.4	3.0	4.6
Gross Revenue/Case	39,395	148,120	47,168	35,595	31,621	36,043	62,175	29,729	29,670	76,479	33,186	31,401	20,961	18,731	48,756
Net Revenue/Case	12,607	46,871	13,914	10,182	10,969	10,164	17,588	7,764	8,886	25,953	6,654	4,391	6,795	3,006	15,121
Direct Expense/Case	8,063	29,204	8,983	6,385	6,831	7,001	11,665	5,999	5,979	30,799	4,852	7,413	4,059	4,040	9,648
Contribution Margin/Case	4,544	17,667	4,931	3,797	4,137	3,163	5,923	1,765	2,907	(4,846)	1,702	(3,022)	2,736	(1,034)	5,474
Percent of Total Cases	47%	9%	16%	17%	6%	2%	1%	1%	0%	0%	0%	0%	0%	0%	100%
Percent of ED Cases	82%	92%	87%	89%	90%	89%	71%	79%	72%	0%	100%	60%	80%	0%	85%



Trauma Service Mix:

Trauma Service Area	Cases	Payments	/--Staffing, Supplies, Call, Tests--\			/--Departmental Fixed Direct Costs--\			Allocated Overhead	Total MARGIN	Total Margin %
			Variable Costs	Variable Cont Margin	Variable Margin %	Direct Costs	Direct Cont Margin	Direct Margin %			
Orthopedics/Ortho Surg	1,010	14,500,000	(57,500,000)	\$7,000,000	48.3%	(5580,000)	\$6,420,000	44.3%	(\$1,450,000)	\$4,970,000	34.3%
Emergency	752	2,100,000	(1,600,000)	500,000	23.8%	(84,000)	416,000	19.8%	(420,000)	(4,000)	-0.2%
Neurology/Neurosurg	461	9,000,000	(5,300,000)	3,800,000	41.8%	(364,000)	3,436,000	37.8%	(1,001,000)	2,435,000	26.8%
Medicine-PP/IM	250	2,000,000	(1,025,000)	975,000	48.8%	(80,000)	895,000	44.8%	(220,000)	675,000	33.8%
General Surgery/Vascular Surg	202	3,600,000	(2,000,000)	1,600,000	44.4%	(144,000)	1,456,000	40.4%	(396,000)	1,060,000	29.4%
Trauma/Trauma Surg	195	1,800,000	(800,000)	1,000,000	55.6%	(72,000)	928,000	51.6%	(198,000)	730,000	40.6%
Pulmonary/Pulm Surg	108	1,500,000	(800,000)	700,000	46.7%	(60,000)	640,000	42.7%	(165,000)	475,000	31.7%
Plastics/Plastic Surg	97	1,100,000	(460,000)	640,000	58.2%	(44,000)	596,000	54.2%	(121,000)	475,000	43.2%
Ped (29 days - 17 Yrs)/Peds Surg	91	1,000,000	(490,000)	510,000	51.0%	(40,000)	470,000	47.0%	(110,000)	360,000	36.0%
Dental/Oral Surg	44	500,000	(370,000)	130,000	26.0%	(35,000)	95,000	19.0%	(100,000)	(5,000)	-1.0%
Totals	3,210	\$37,200,000	(\$20,345,000)	\$16,855,000	45.3%	(\$1,503,000)	\$15,352,000	41.3%	(\$4,181,000)	\$11,171,000	30.0%

Trauma Service Area	Cases	Payments	Variable Costs			Variable Cont Margin			Direct Costs	Direct Cont Margin	Direct Margin %	Allocated Overhead	Total MARGIN	Total Margin %
			Variable Costs	Variable Cont Margin	Variable Margin %	Direct Costs	Direct Cont Margin	Direct Margin %						
Orthopedics/Ortho Surg	1,010	\$14,356	(\$7,426)	\$6,931	48.3%	(\$574)	\$6,356	44.3%	(\$1,436)	\$4,921	34.3%			
Emergency	752	2,793	(2,128)	665	23.8%	(112)	553	19.8%	(559)	(5)	-0.2%			
Neurology/Neurosurg	461	19,740	(11,497)	8,243	41.8%	(790)	7,453	37.8%	(2,171)	5,282	26.8%			
Medicine-PP/IM	250	8,000	(4,100)	3,900	48.8%	(320)	3,580	44.8%	(880)	2,700	33.8%			
General Surgery/Vascular Surg	202	17,822	(9,901)	7,921	44.4%	(711)	7,208	40.4%	(1,960)	5,248	29.4%			
Trauma/Trauma Surg	195	9,231	(4,103)	5,128	55.6%	(369)	4,759	51.6%	(1,015)	3,744	40.6%			
Pulmonary/Pulm Surg	108	13,889	(7,407)	6,481	46.7%	(556)	5,926	42.7%	(1,528)	4,398	31.7%			
Plastics/Plastic Surg	97	11,340	(4,742)	6,598	58.2%	(454)	6,144	54.2%	(1,247)	4,897	43.2%			
Ped (29 days - 17 Yrs)/Peds Surg	91	10,889	(5,388)	5,604	51.0%	(440)	5,165	47.0%	(1,209)	3,956	36.0%			
Dental/Oral Surg	44	11,364	(8,409)	2,955	26.0%	(795)	2,159	19.0%	(2,273)	(114)	-1.0%			
Totals	3,210	\$11,589	(\$6,338)	\$5,251	45.3%	(\$468)	\$4,783	41.3%	(\$1,302)	\$3,480	30.0%			



North Memorial Health Care Trauma Inpatient Payor Statement by Cases For the Period Ended December 31, 2010

	Medicare	Blue Cross	UCARE	Medica	Medical Assistance	Health Partners	Commercial	SELF PAY	Worker's Comp	Preferred One	Medica MA	Other	Patient Chex	Total
REVENUE														
Gross Patient Revenue	\$ 29,377,402	\$ 18,670,304	\$ 9,848,775	\$ 11,082,948	\$ 13,542,634	\$ 9,930,528	\$ 6,727,657	\$ 6,334,214	\$ 4,029,308	\$ 3,243,139	\$ 2,500,840	\$ 839,591	\$ 349,162	\$ 116,476,792
Less: Deductions	(22,002,116)	(12,072,652)	(7,340,738)	(7,145,637)	(10,972,383)	(6,547,385)	(3,286,473)	(5,671,303)	(1,045,811)	(1,700,912)	(1,765,131)	(621,481)	(195,475)	(80,367,497)
Net Patient Revenue	7,375,286	6,597,652	2,508,037	3,937,311	2,570,251	3,383,143	3,441,184	662,911	2,983,497	1,542,227	733,709	218,110	153,687	36,109,295
Discount Percent	74.9%	64.7%	74.5%	64.5%	81.0%	65.9%	48.9%	89.5%	26.0%	52.4%	70.6%	74.0%	56.0%	69.0%
EXPENSES														
Direct Expense														
Salaries & Benefits	3,648,098	2,243,965	1,206,531	1,294,449	1,614,423	1,207,436	803,762	717,913	446,577	363,367	316,950	104,172	39,906	10,007,550
Supplies	1,204,192	807,129	432,191	501,807	558,915	408,184	246,121	261,444	218,159	156,472	90,936	31,889	18,500	4,935,937
Purchased Services	135,773	73,554	39,968	41,549	57,228	46,927	31,061	27,888	12,098	17,082	10,696	3,374	978	498,176
Other	317,607	200,916	109,648	123,176	138,901	103,956	74,729	70,010	51,128	38,463	24,256	8,872	4,553	1,266,214
Division Admin	108,529	66,737	36,439	39,204	47,766	35,365	23,721	22,090	14,410	11,372	8,860	3,045	1,315	418,493
Dept Admin	345,546	234,209	107,198	120,312	159,217	119,001	84,218	62,502	33,884	34,019	38,245	10,173	2,772	1,351,295
Other Admin	132,618	95,250	47,213	57,266	61,424	46,898	33,043	28,643	24,373	17,893	10,842	3,335	2,050	560,846
Subtotal Direct Expenses	5,892,364	3,721,399	1,979,187	2,177,762	2,637,873	1,967,767	1,296,655	1,190,490	800,627	638,668	500,785	164,859	70,075	23,038,510
Contribution Margin	1,483,212	2,876,253	528,850	1,759,549	(67,622)	1,415,376	2,144,529	(527,579)	2,182,870	903,559	234,924	53,251	83,612	13,070,785
Contribution Margin Percent	20.1%	43.6%	21.1%	44.7%	(2.6%)	41.8%	62.3%	(79.6%)	73.2%	58.6%	31.9%	24.4%	54.4%	36.2%
Indirect Expenses														
Capital	139,464	74,918	51,904	43,347	47,674	39,416	27,866	22,444	15,279	13,092	11,571	3,144	1,368	491,487
Patient Services	398,744	258,896	135,308	153,503	185,399	136,366	88,909	86,052	56,765	45,949	34,468	11,058	4,759	1,596,176
Hotel Services	474,584	268,760	171,886	158,229	179,876	143,913	100,491	84,413	57,241	47,112	40,203	11,648	5,047	1,743,405
Administration	492,823	311,786	160,855	173,545	215,839	161,474	112,629	97,371	68,805	49,754	46,014	14,232	5,177	1,900,374
Subtotal Indirect Expenses	1,505,716	914,359	519,933	528,623	628,788	481,168	320,895	290,280	188,089	155,998	132,257	40,072	16,351	5,731,441
Total Expenses	7,398,080	4,635,758	2,499,120	2,706,386	3,266,662	2,448,935	1,626,550	1,480,770	988,716	794,576	633,042	204,931	86,427	28,769,951
NET OPERATING MARGIN	\$(22,500)	\$ 1,961,894	\$ 8,917	\$ 1,230,925	\$(696,411)	\$ 934,208	\$ 1,814,634	\$(817,859)	\$ 1,994,781	\$ 747,651	\$ 102,667	\$ 13,719	\$ 67,260	\$ 7,339,344
Net Operating Margin Percent	(0.3%)	29.7%	0.4%	31.3%	(27.1%)	27.6%	52.7%	(123.4%)	66.9%	48.5%	14.0%	6.0%	43.8%	20.3%
Cases	632	288	227	226	205	204	198	159	98	69	58	18	6	2,388
Patient Days	3,133	1,587	1,073	978	1,144	882	682	519	346	264	215	83	34	10,940
ALOS	5.0	5.5	4.7	4.3	5.6	4.3	3.4	3.3	3.5	3.8	3.7	4.6	5.7	4.6
Gross Revenue/Case	46,484	64,827	43,387	49,040	66,062	48,679	33,978	39,838	41,115	47,002	43,118	46,644	58,194	48,776
Net Revenue/Case	11,670	22,909	11,049	17,422	12,538	16,584	17,380	4,169	30,444	22,351	12,685	12,117	25,615	15,121
Direct Expense/Case	9,323	12,922	8,719	9,636	12,868	9,646	6,549	7,487	8,170	9,256	8,634	9,159	11,679	9,648
Contribution Margin/Case	2,347	9,987	2,330	7,786	(530)	6,938	10,831	(3,318)	22,274	13,095	4,050	2,958	13,935	5,474
Percent of Total Cases	20%	12%	10%	9%	9%	9%	8%	7%	4%	3%	2%	1%	0%	100%
Percent of ED Cases	82%	91%	84%	84%	93%	88%	79%	92%	85%	81%	83%	94%	83%	85%



Trauma Payor Mix:

Payor Mix is a Huge Driver of Profitability

Payor Class	Cases	% Payor Mix (Counts)	Payments	Collection Rate	% Payor Mix (Payments)	Variable Costs	Cont Margin	Cont Margin %	Cont Margin per Case	Allocated Overhead	Total Margin (Profit)	Total Margin
Commercial/Auto	1,176	35.6%	\$22,000,000	49.0%	54.4%	(\$11,500,000)	\$10,500,000	47.7%	\$8,929	(\$3,300,000)	\$7,200,000	32.7%
Medicare FFS	844	25.6%	8,800,000	29.0%	21.7%	(7,500,000)	1,300,000	14.8%	\$1,540	(2,640,000)	(1,340,000)	-15.2%
Medicare Plans	389	11.8%	4,000,000	31.0%	9.9%	(3,000,000)	1,000,000	25.0%	\$2,571	(1,200,000)	(200,000)	-5.0%
Medicaid	201	6.1%	2,100,000	22.0%	5.2%	(1,650,000)	450,000	21.4%	\$2,239	(800,000)	(350,000)	-16.7%
MA Plans	498	15.1%	3,500,000	26.0%	8.6%	(2,700,000)	800,000	22.9%	\$1,606	(1,200,000)	(400,000)	-11.4%
Self-pay	192	5.8%	65,000	4.0%	0.2%	(600,000)	(\$35,000)	-83.1%	(\$2,786)	(700,000)	(1,235,000)	-190.0%
TOTALS	3,300	100%	\$40,465,000	35.0%	100%	(\$26,950,000)	\$13,515,000	33.4%	\$4,095	(\$9,840,000)	\$3,675,000	9.1%

Commercial Payors (including Auto cases) are often the only Profitable Payor Category when looking at Total Margins. All Payor Categories but Self Pay above are reflecting a Contribution Margin for Incremental Cases.



Trauma Top 5 Trauma Providers:

Trauma Provider	Cases	Payments	/-- Staffing, Call, Supplies, Tests --\			/-- Departmental Fixed Direct Costs --\			Allocated Overhead	Total MARGIN	Total Margin %
			Variable Costs	Variable Cont Margin	Variable Margin %	Direct Costs	Direct Cont Margin	Direct Margin %			
Provider 1	258	\$4,350,000	(\$2,055,000)	\$2,295,000	52.8%	(\$87,000)	\$2,208,000	50.8%	(\$391,500)	\$1,816,500	41.8%
Provider 2	225	2,361,000	(990,000)	1,371,000	58.1%	(70,830)	1,300,170	55.1%	(236,100)	1,064,070	45.1%
Provider 3	210	2,700,000	(1,290,000)	1,410,000	52.2%	(81,000)	1,329,000	49.2%	(270,000)	1,059,000	39.2%
Provider 4	195	2,200,000	(1,980,000)	220,000	10.0%	(66,000)	154,000	7.0%	(220,000)	(66,000)	-3.0%
Provider 5	180	2,175,000	(1,080,000)	1,095,000	50.3%	(65,250)	1,029,750	47.3%	(217,500)	812,250	37.3%
Totals	1,068	\$13,786,000	(\$7,395,000)	\$6,391,000	46.4%	(\$370,080)	\$6,020,920	43.7%	(\$1,335,100)	\$4,685,820	34.0%

Trauma Provider	Cases	Payments	Variable Costs	Variable Cont Margin	Variable Margin %	Direct Costs	Direct Cont Margin	Direct Margin %	Allocated Overhead	Total MARGIN	Total Margin %
Provider 1	258	\$16,860	(\$7,965)	\$8,895	52.8%	(\$337)	\$8,558	50.8%	(\$1,517)	\$7,041	41.8%
Provider 2	225	10,493	(4,400)	6,093	58.1%	(315)	5,779	55.1%	(1,049)	4,729	45.1%
Provider 3	210	12,857	(6,143)	6,714	52.2%	(386)	6,329	49.2%	(1,286)	5,043	39.2%
Provider 4	195	11,282	(10,154)	1,128	10.0%	(338)	790	7.0%	(1,128)	(338)	-3.0%
Provider 5	180	12,083	(6,000)	6,083	50.3%	(363)	5,721	47.3%	(1,208)	4,513	37.3%
Totals	1,068	\$12,908	(\$6,924)	\$5,984	46.4%	(\$347)	\$5,638	43.7%	(\$1,250)	\$4,387	34.0%



North Memorial Health Care
Trauma Net Margin Summary
For the Period Ended December 31, 2007, 2008 and 2009

	2008				2009				2010			
	Registry IP	Outpatient	Trauma/Plastic Physicians	Total	Registry IP	Outpatient	Trauma/Plastic Physicians	Total	Registry IP	Outpatient	Trauma/Plastic Physicians	Total
REVENUE												
Gross Patient Revenue	126,142,593	23,827,468	\$ 10,826,180	\$ 160,796,241	132,272,276	22,557,182	\$ 11,382,843	\$ 166,212,301	116,476,792	26,109,830	\$ 11,220,499	\$ 153,807,121
Less: Deductions	(84,633,219)	(14,182,902)	(8,383,879)	(107,199,960)	(92,346,874)	(14,232,852)	(8,870,730)	(115,450,456)	(80,367,497)	(16,803,713)	(9,129,408)	(106,300,618)
Net Patient Revenue	41,509,374	9,644,566	2,442,301	53,596,241	39,925,401	8,324,330	2,512,113	50,761,844	36,109,295	9,306,117	2,091,091	47,506,503
Discount Percent	67.1%	59.5%	77.4%	66.7%	69.8%	63.1%	77.9%	69.5%	69.0%	64.4%	81.4%	69.1%
EXPENSES												
Direct Expense												
Salaries & Benefits	17,591,516	2,597,316	1,676,411	21,865,243	15,406,581	2,001,400	1,352,492	18,760,473	14,007,530	2,318,169	1,239,953	17,565,672
Supplies	5,968,825	982,924	6,677	6,958,426	5,730,591	559,786	3,482	6,293,860	4,935,937	782,837	3,042	5,721,816
Purchased Services	586,731	164,668	2,420,069	3,171,468	907,389	165,382	2,835,505	3,598,277	498,176	166,669	3,102,897	3,267,742
Other	1,662,194	383,195	260,494	2,305,883	1,513,382	298,696	252,386	2,064,464	1,266,214	354,082	234,688	1,854,983
Division Admin	378,071	56,667	87,654	522,992	699,289	50,005	66,908	816,202	418,493	78,084	105,939	602,516
Dep Admin	1,668,217	277,837	-	1,946,054	1,561,749	214,144	-	1,775,893	1,351,295	175,537	-	1,526,832
Other Admin	887,927	114,718	16,435	1,019,080	597,363	56,029	16,586	669,978	560,846	83,960	17,198	661,404
Subtotal Direct Expenses	28,544,082	4,577,325	4,467,740	37,589,147	36,016,345	3,345,442	4,527,359	43,889,146	23,038,510	3,938,737	4,703,717	31,700,965
Contribution Margin	12,965,292	5,067,241	(2,025,399)	16,007,134	13,909,056	4,978,889	(2,015,246)	16,872,699	13,070,785	5,347,379	(2,612,620)	15,805,538
Contribution Margin Percent	31.2%	52.5%	(82.9%)	29.9%	34.8%	59.8%	(80.2%)	33.2%	36.2%	57.5%	(124.9%)	33.3%
Indirect Expenses												
Capital	829,977	136,024	17,531	983,532	566,641	91,103	14,909	672,653	491,487	98,249	15,099	605,335
Patient Services	1,766,563	349,073	76,406	2,192,042	2,051,214	341,931	208,002	2,601,146	1,596,176	362,983	287,492	2,246,650
Hotel Services	2,844,132	495,252	52,715	3,392,098	2,331,743	380,036	48,446	2,760,225	1,743,405	365,263	41,591	2,150,259
Administration	2,852,001	518,035	215,946	3,585,982	2,534,567	360,236	189,459	3,084,261	1,900,374	363,133	(3,378)	2,260,129
Subtotal Indirect Expenses	8,292,674	1,498,383	362,598	10,153,654	7,484,164	1,173,306	460,816	9,118,286	5,731,441	1,190,128	340,804	7,262,373
Total Expenses	36,836,755	6,075,707	4,830,338	47,742,801	33,500,509	4,518,748	4,988,175	43,007,432	28,769,951	5,148,865	5,044,521	38,963,337
NET OPERATING MARGIN	\$ 4,672,619	\$ 1,568,838	\$ (2,387,997)	\$ 3,853,440	\$ 6,424,802	\$ 1,805,583	\$ (2,476,062)	\$ 7,754,413	\$ 7,339,344	\$ 4,157,512	\$ (2,051,430)	\$ 8,541,165
Net Operating Margin Percent	11.3%	37.0%	(97.8%)	10.9%	16.1%	45.7%	(98.6%)	15.3%	20.3%	44.7%	(141.2%)	18.0%
Cases												
Outpatient	2,677	14,322	-	16,999	2,418	13,499	-	15,907	2,388	13,166	-	15,554
ALOS	4.5	155	-	160	4.6	151	-	156	4.6	151	-	156
Gross Revenue/Case	47,121	1,664	-	9,439	54,703	1,672	-	10,449	48,776	1,983	-	9,889
Net Revenue/Case	15,506	673	-	3,153	16,512	617	-	3,191	15,121	707	-	3,054
Direct Expense/Case	10,663	320	-	2,211	10,759	248	-	2,130	9,648	301	-	2,038
Contribution Margin/Case	4,843	354	-	942	5,752	369	-	1,061	5,474	406	-	1,016
Percent of Total Cases	16.8%	90.0%	-	107%	15.2%	84.8%	-	100%	15.0%	82.8%	-	98%



Know what to ask!

- Expenses
 - Salaries in line with expectations?
 - Call pay? Are you in compliance with 'Fair Market Value' standards?
 - Compensation analysis third party
 - Outliers?
 - What is your direct cost per case?
 - Different specialties/procedures
 - Do you have the right amount of resource availability to maximize your results?
 - How expensive is it to collect from the payers?
 - Percentage of claims that are initially denied? (any reason)
 - What is the reason they are denied?
 - Is there something you can do to help fix the problem?
 - Do your coders have an effective relationship with your providers?



North Memorial Health Care
Top 20 Trauma Inpatient DRGs by Net Revenue
For the Period Ended December 31, 2010

DRG	Cases	ALOS	Net Revenue	Discount	Direct Exp per Case	Cont. Margin	Cont. Margin %	ED Percent
003 MS-ECMO OR TRACH W MV 96+ HRS OR PDX EXC FACI, MOUTH & NECK W MAJ O.R.	46	21.1	\$ 5,279,150	67.5%	\$ 70,431	\$ 2,039,318	38.6%	98%
494 MS-LOWER EXTREM & HUMER PROC EXCEPT HIP, FOOT, FEMUR W/O CC/MCC	150	2.1	1,480,386	62.8%	5,663	631,003	42.6%	79%
958 MS-OTHER O.R. PROCEDURES FOR MULTIPLE SIGNIFICANT TRAUMA W CC	41	9.4	1,441,388	65.7%	19,833	628,249	43.6%	93%
481 MS-HIP & FEMUR PROCEDURES EXCEPT MAJOR JOINT W CC	97	4.2	1,250,393	67.8%	8,468	429,029	34.3%	80%
493 MS-LOWER EXTREM & HUMER PROC EXCEPT HIP, FOOT, FEMUR W CC	61	3.7	947,800	63.0%	8,678	418,470	44.2%	92%
489 MS-HIP & FEMUR PROCEDURES EXCEPT MAJOR JOINT W MCC	46	6.0	836,299	69.4%	12,176	276,202	33.0%	72%
552 MS-MEDICAL BACK PROBLEMS W/O MCC	117	3.0	812,811	63.4%	3,579	394,050	48.5%	89%
086 MS-TRAUMATIC STUPOK & COMA, COMA <1 HR W CC	76	4.7	746,346	72.9%	6,930	219,667	29.4%	83%
957 MS-OTHER O.R. PROCEDURES FOR MULTIPLE SIGNIFICANT TRAUMA W MCC	16	12.7	653,948	77.6%	33,759	113,804	17.4%	100%
087 MS-TRAUMATIC STUPOK & COMA, COMA <1 HR W/O CC/MCC	93	2.5	646,020	67.1%	4,034	270,883	41.9%	87%
470 MS-MAJOR JOINT REPLACEMENT OR REATTACHMENT OF LOWER EXTREMITY W/O MCC	48	4.1	643,403	70.4%	9,967	165,000	25.6%	83%
956 MS-LIMB REATTACHMENT, HIP & FEMUR PROC FOR MULTIPLE SIGNIFICANT TRAUMA	24	8.0	617,065	71.8%	18,116	182,280	29.5%	92%
963 MS-OTHER MULTIPLE SIGNIFICANT TRAUMA W MCC	19	8.7	614,730	71.7%	20,945	216,781	35.3%	95%
482 MS-HIP & FEMUR PROCEDURES EXCEPT MAJOR JOINT W/O CC/MCC	61	3.4	607,642	70.1%	7,240	165,980	27.3%	87%
964 MS-OTHER MULTIPLE SIGNIFICANT TRAUMA W CC	34	5.5	584,735	67.6%	9,430	264,130	45.2%	100%
469 MS-MAJOR JOINT REPLACEMENT OR REATTACHMENT OF LOWER EXTREMITY W MCC	28	7.1	570,591	74.5%	16,338	113,135	19.8%	75%
563 MS-IX, SPRN, STRN & DISL EXCEPT FEMUR, HIP, PELVIS & THIGH W/O MCC	106	2.4	566,907	65.7%	3,034	245,268	43.3%	92%
605 MS-TRAUMA TO THE SKIN, SUBCUT TISS & BREAST W/O MCC	87	2.2	531,693	66.2%	3,153	257,364	48.4%	90%
906 MS-HAND PROCEDURES FOR INJURIES	31	2.8	507,869	56.3%	7,930	262,054	51.6%	97%
026 MS-CRANIOTOMY & ENDOVASCULAR INTRACRANIAL PROCEDURES W CC	16	8.4	498,481	69.7%	19,570	185,357	37.2%	94%
Total Top 20 Percent of Total	1,197	4.6	\$ 19,837,457	68.0%	10,326	\$ 7,478,023	37.7%	87%
Other DRGs	1,191	4.5	\$ 16,271,638	70.1%	8,966	\$ 5,592,761	34.4%	84%
Total	2,388	4.6	\$ 36,109,295	69.0%	\$ 9,648	\$ 13,070,785	36.2%	85%



North Memorial Health Care
Trauma Outpatient Payor Statement by Cases
For the Period Ended December 31, 2010

	SELF PAY	Medical Assistance	Medica MA	Health Partners	Medicare	Medica	UCARR	Blue Cross	Commercial	Worker's Comp	Other	Preferred One	Patient Choice	Total
REVENUE														
Gross Patient Revenue	\$ 4,333,201	\$ 2,685,534	\$ 1,825,985	\$ 2,905,271	\$ 2,685,034	\$ 2,925,076	\$ 1,658,864	\$ 2,980,968	\$ 3,061,119	\$ 1,518,029	\$ 5,157,111	\$ 1,018,523	\$ 83,917	\$ 28,196,330
Less: Deductions	(3,899,763)	(2,169,199)	(1,132,955)	(1,771,366)	(2,070,600)	(2,091,899)	(1,198,346)	(1,772,749)	(408,114)	(442,321)	(361,993)	(720,276)	(52,263)	(18,091,843)
Net Patient Revenue	433,438	516,335	693,030	1,133,905	614,434	833,176	460,517	1,207,319	2,653,004	1,075,709	1,537,118	298,247	31,654	10,104,487
Discount Percent	90.0%	80.8%	62.0%	61.0%	77.1%	71.5%	72.2%	59.5%	13.3%	29.1%	70.2%	70.7%	62.3%	64.2%
EXPENSES														
Direct Expense														
Salaries & Benefits	377,508	237,397	165,404	269,621	248,934	263,926	154,313	268,950	247,484	138,279	47,363	91,255	6,828	2,517,742
Supplies	111,826	62,200	44,965	128,158	69,261	122,337	49,383	132,846	64,149	63,287	12,660	53,276	3,213	917,061
Purchased Services	31,062	20,442	13,602	14,123	18,221	14,907	10,515	15,411	19,243	9,689	3,559	3,856	461	175,091
Other	55,710	34,719	24,246	42,103	35,705	42,020	23,530	43,570	37,105	21,308	6,891	16,116	1,168	384,191
Division Admin	12,915	8,016	5,567	9,082	8,021	8,962	5,109	9,163	8,378	4,772	1,581	3,130	238	84,854
Dept Admin	26,786	17,387	12,225	20,554	19,307	20,425	12,265	20,534	19,785	10,184	3,516	7,006	500	160,472
Other Admin	11,221	6,178	4,655	15,138	6,796	14,324	5,086	15,376	6,061	7,375	1,195	6,701	383	100,492
Subtotal Direct Expenses	627,029	386,340	270,664	498,699	406,244	486,903	260,202	505,950	402,204	254,894	76,666	181,339	12,790	4,369,923
Contribution Margin	(193,591)	129,995	422,366	635,206	208,190	346,273	200,315	701,369	2,250,800	820,815	77,052	116,908	18,864	5,734,564
Contribution Margin Percent	(44.7%)	25.2%	60.9%	56.0%	33.9%	41.6%	43.5%	58.1%	84.8%	76.3%	50.1%	39.2%	59.6%	56.8%
Indirect Expenses														
Capital	14,423	9,382	7,041	13,125	10,282	12,875	6,947	13,388	9,020	6,276	1,864	4,897	345	109,864
Patient Services	59,109	36,471	25,051	42,746	36,581	42,444	23,093	44,027	40,668	22,148	6,944	15,993	1,222	395,999
Hotel Services	55,789	35,919	26,367	46,528	38,079	45,792	24,913	46,866	34,730	23,010	7,093	16,858	1,213	403,155
Administration	59,920	37,926	26,508	40,391	38,095	40,598	24,361	41,221	39,276	21,769	7,384	13,781	1,084	392,915
Other	189,240	119,698	84,966	142,791	123,637	141,708	79,315	145,503	123,694	73,203	23,284	51,029	3,864	1,361,933
Subtotal Indirect Expenses	816,269	506,038	355,630	641,490	529,881	628,611	339,516	651,453	525,898	328,097	99,950	232,369	16,654	5,671,856
NET OPERATING MARGIN	\$ (582,831)	\$ 10,297	\$ 337,400	\$ 492,415	\$ 84,553	\$ 204,565	\$ 121,001	\$ 555,866	\$ 3,127,106	\$ 747,612	\$ 537,08	\$ 65,878	\$ 15,000	\$ 4,432,611
Net Operating Margin Percent	(88.3%)	2.0%	48.7%	43.4%	13.8%	24.6%	26.3%	46.0%	80.2%	69.5%	35.0%	22.1%	47.4%	43.9%
Cases	2,436	1,641	1,474	1,159	1,158	1,121	1,026	1,010	887	748	386	314	27	13,387
ALOS	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross Revenue/Case	1,779	1,637	1,239	2,507	2,319	2,609	1,617	2,951	3,451	2,029	1,336	3,244	3,108	2,106
Net Revenue/Case	178	315	470	978	531	743	449	1,195	2,991	1,438	398	950	1,172	755
Direct Expense/Case	257	235	184	430	351	434	254	501	453	341	199	578	474	326
Contribution Margin/Case	(79)	79	287	548	180	309	195	694	2,538	1,097	200	372	699	428
Percent of Total Cases	18%	12%	11%	9%	9%	8%	8%	8%	7%	6%	3%	2%	0%	100%
Percent of ED Cases	98%	98%	98%	92%	93%	92%	95%	91%	97%	94%	98%	79%	89%	95%



Summary:

- You need to participate in creating the budget!
 - How else will you remember make sure that you can join TCAA each year?
- Anticipate future events.
 - Maternal leave/sabbaticals
 - Vacations
- Work with your financial analysts to create a Product line Report
 - Use it to understand your payers and specialty providers
 - Great benchmarking for year upon year review
- Understand Medicare Cost Reporting
 - It helps you set up your cost centers correctly
 - You want to maximize your activation fees annually
- Learn to work with your financial analysts
 - You each bring different skill sets to the conversation.
 - It will make your benchmarking (Product line report) more reflective of your program
 - Volumes are best assessed from the total trauma registry v service volume
 - You don't have to have a degree in Finance to make a difference in your Financial Outcomes!



Summary

- Meet with your hospital President/CEO annually to discuss your program.
 - Stay positive and reflect your interest in the success of the program
 - Don't present a problem without offering a solution
 - Lead! Be an EFFECTIVE advocate for your program!
- Understand your benchmarks and how you can impact the cost of care at your facility.
- Lead.....but stay in your swim lane!





• “It’s the things that you learn after
you know it all that count”.

• John Wooden

