

Situation

Like many rural and small community hospitals, Liberty-Dayton Regional Medical Center, a 25 bed critical access hospital, deals with significant challenges. They have an outdated facility, competition from nearby Houston hospitals and a large percentage of self-pay patients. In 2010, Liberty-Dayton Regional Medical Center faced significant financial challenges, and was forced to close. Fortunately, a group of strong community leaders that serve on the local Hospital District Board purchased the hospital from the IRS and worked together with a group of dedicated employees to re-open the hospital within 30 days.

Today, Liberty-Dayton Regional Medical Center is in the best financial position it has been in for years.



The following case study summarizes how NewLight Healthcare (NLH) worked together with the Hospital District Board and a dedicated team of employees to transform the financial situation facing Liberty-Dayton Medical Center by utilizing a multi-level approach that looked beyond simple cost-cutting tactics.

“I’ve seen the hospital go through some very tough times. To be where we are today is simply amazing. Thanks to NewLight Healthcare and their team, Liberty-Dayton has become financially stable and we’re positioned to provide our community access to healthcare for many years to come.”

-Bruce Stratton, Chairman of the Board, Liberty-Dayton Regional Medical Center

Approach

Liberty-Dayton Regional Medical Center, like many medical facilities that struggle for years, reached a point where all the cost cutting options were exhausted. The fat had been trimmed, staff levels were at an all time low, and unused or costly services had been shuttered. With nothing left to cut, the only viable path to profitability was through growth.

The key to growing to profitability is utilizing a methodology that identifies the areas of growth and can be transformed into a systematic and proven plan for success. NewLight Healthcare’s Approach is a proven methodology with a track record for helping rural and community hospitals overcome the common challenges they face and sustain long-term profitability.

NewLight Healthcare’s approach is a five-step approach and begins by understanding the unique factors facing rural and small community hospitals and building from there.



Performance Analysis

The purpose of the Performance Analysis is to understand the opportunities and hurdles that impact the ability to generate sustained long-term growth. The results of the analysis of Liberty-Dayton Regional Medical Center concluded the following:

1. **Revenue Cycle Management:** The most time sensitive issue identified during performance analysis was in the revenue cycle area. The previous management company terminated their agreement with LDRMC and they were also providing billing and collecting services. NewLight assisted the Board in an RFP process to identify and select an outsource revenue cycle management company that could mobilize in short order.
2. **Maximizing Medicaid Reimbursement:** LDRMC was not accessing additional Medicaid funding available through Uncompensated Care, Community Benefit and DSRIP. NewLight Healthcare led the Board through the process and implemented each program.
3. **Clinic Classification:** Liberty-Dayton Regional Medical Center's clinic was classified by Medicare and Medicaid as a provider based medical clinic and reimbursed as if it was supported by a major metropolitan market. However, Liberty-Dayton is located in a rural community. By changing the classification to a rural healthcare clinic, Liberty-Dayton Regional Medical Center was able to take advantage of higher Medicare/Medicaid reimbursement rates.
4. **Need for Structural Alignment:** Years of cost cutting had taken its toll. The hospital was not organized for success. Key skillsets were in short supply or lacking, managers and staff were asked to cover too much, and the constant struggle to keep things going impacted the ability to follow up on tasks and get things done to completion.

The results of the analysis laid the path for the steps to come.

Revenue Cycle Management

The first step in the process was to get in front of the RCM process. Like many healthcare organizations in small and rural communities, finding skilled and capable RCM employees is a challenge.

To fill the RCM gap, EqualizeRCM was selected to provide the much needed resources. In a matter of weeks, EqualizeRCM was onboard and driving the RCM process. The overall impact of their efforts resulted in:

- A reduction in billing errors
- A reduction in open AR balances
- Improved cash collection
- Access to accurate and timely RCM reports

From a financial perspective, there was a significant impact resulting from a focused and improved RCM effort.

Staffing Alignment

Beyond additional RCM resources, Liberty-Dayton Regional Medical Center's employees had been asked to do too much with too little.

As a result, Liberty-Dayton Regional Medical Center was incurring unnecessary overtime and suffering from attrition and poor moral.

With the incremental cash flow provided from revenue growth and improved RCM processes, LDRMC was able to invest in people.

The process began by adjusting salaries and reducing overtime. The Studer Group was engaged to give the management team the tools to lead and transform the culture.

The overall outcome was improved efficiencies; a growth in the number of services performed; and improved profitability.

Facility Improvement

The LDRMC Board has led a number of initiatives focused on improving the overall facilities to keep patients and staff comfortable and content. The Board has stepped in when needed to fund the repair of the roof, HVAC and numerous other issues that have arisen due to the age of the facility.

One of the most significant investments Liberty-Dayton Regional Medical Center was able to implement was a change in software programs to Cerner's Millennium Package. Although a significant investment, Cerner's software is a state of the art program and will further the RCM efforts and result in:

- Improved Charge Capture
- Reduced Billing Errors
- Improved Staff Efficiencies

With the cash flow and growth mindset, Liberty-Dayton Regional Medical Center is able to continue to invest in the systems and facility improvements needed to sustain growth and fund future investments.

Service Optimization

The Liberty-Dayton Administrative Team evaluated multiple new service offerings. The two highest revenue services added were physical therapy and mobile MRI. These additional programs provide both revenue growth and improved monthly cash flows.

NewLight Healthcare worked with the Board to take the necessary steps required to access additional Federal Medicaid dollars through four programs (Uncompensated Care, DSRIP, Community Benefit and Nursing Home MPAP). The Uncompensated Care program reimbursed the hospital for the large number of self-pay patients treated annually. LDRMC accesses DSRIP dollars to assist with expansion of the clinic hours and number of providers. St. Luke's Health System in Houston works together with LDRMC to fund the cost of Emergency Department physicians and other healthcare services. The District also acquired regional nursing homes to access matching Medicaid dollars to cover the annual operational shortfall at LDRMC.

Results

Today, Liberty-Dayton Regional Medical Center is financially stable and is well positioned to be a sustainable high quality health care provider for their community. Patient Satisfaction scores are consistently better than facility benchmarks and the staff is energized to meet the challenges that may lie ahead.

“As the incoming CEO at Liberty-Dayton, I was impressed by the transformation NewLight Healthcare fostered. Their team has been great and I’m excited by the opportunity and privilege to continue our efforts for further growth and profitability.”

- Matt Thornton, CEO Liberty-Dayton Regional Medical Center

