



AAHAM MD Chapter
September 10-13, 2024



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EVP/CFO



Malcolm Baldrige
National Quality Award
2020 Award Recipient

Walking in the Shoes
of a Healthcare CFO



About my organization...

- Based in Towson, Maryland serving Baltimore County, Baltimore City and parts of Harford and Howard Counties
- 2020 Malcom Baldrige National Quality Award Winner (only system in Maryland to receive this award)
- Acute Care Hospital with 350 beds
- 300+ providers operating a broad and growing outpatient network (80,000 covered lives)
- Gilchrist, a complete eldercare company and the largest provider of hospice care in the Mid-Atlantic region.



"To every patient, every time, we will provide the care that we would want for our own loved ones."

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Learning Objectives



1. Financial Challenges
2. Strategic responses to the challenges
3. Leadership skills crucial for Crisis Management

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Financial Challenges – Post Pandemic

- Prior to the pandemic, we had adequate hospital profit to cover our costs.
- Since 2020, the cost of labor has skyrocketed, and we no longer have enough profit to cover labor costs and losses in the Physician company.



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Financial Challenges



- 40% of hospitals losing money
- Drug Costs ↑ 12%
- Medical Supplies ↑ 7%
- Nursing Salaries ↑ 28%
- Physician salaries up significantly

Question: How do you manage when Hospital global budget only increases 3% per year?

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Responses to the Challenge

- Reduction of 105 FTEs through voluntary severance and reorganization of roles
- Patient Accounting Patient Access staff reduced by 8%
- Reduction in service hours and increase in AR days



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Responses to the Challenge Continued...






- Improvements in Physician practice performance and particularly Anesthesia group
- Focus on Utilities expense reduction locking in lower rates over time
- Reduction in routine capital spend
 - Streamline process – All contingent requests approved by CFO and COO
 - Disciplined Position Review process

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Responses to the Challenges – Strategy

Developed a vibrant Strategic Plan tying into Operating and Capital budgets

- ❖ New revenue opportunities outside of the “4 walls of traditional hospital space”
- ❖ Focus on Quality metrics – patient experiences , readmissions , and MHACS 
(Lots of money at stake)
- ❖ Became the employer of choice (nurse turnover below 10%)
- ❖ Focus on non-labor costs (2-year engagement with procurement vendor) to reduce non-clinical contract spend, IT, Facilities, Corporate Services (including revenue cycle vendors 😊)
- ❖ Increased fund-raising and grant opportunities
- ❖ Use technology to improve work efficiencies i.e.: AI, Epic etc..

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Responses to the Challenges New Revenues Opportunities

Developed a vibrant Strategic Plan

- ❖ New revenue opportunities outside of the “4 walls of traditional hospital space”
- ❖ Grow Hospice volumes – Increase referral sources from medical Directors at Nursing Homes, Eldercare practices in the Community and acquisitions
- ❖ Joint Ventures with Luminis Health
- ❖ Grow volumes at Imaging JV on campus
- ❖ Grow speciality and retail pharmacy business

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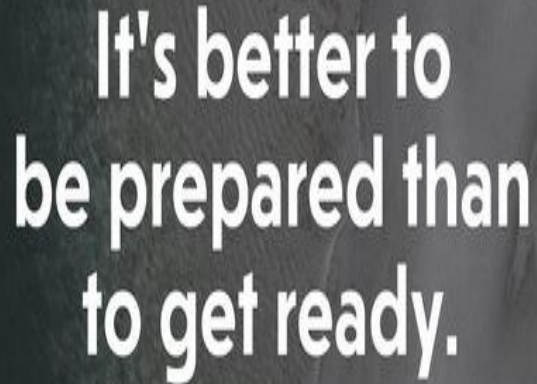
Responses to the Challenges New Revenues Opportunities Continued...

- ❖ Grow cancer services
- ❖ Begin GBMC Physical Therapy Company
- ❖ Begin Greater Beauty
- ❖ Deregulation of stand-alone Outpatient Surgery Center on campus



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Leadership Skills Crucial for Crisis Management



It's better to
be prepared than
to get ready.

- Plan and be ready to “shift gears”
- Gather team, access situation, gather input and finalize plan
- Monitor, Adjust and reformulate
- Plan as new information emerges
- Be ready to “pivot”

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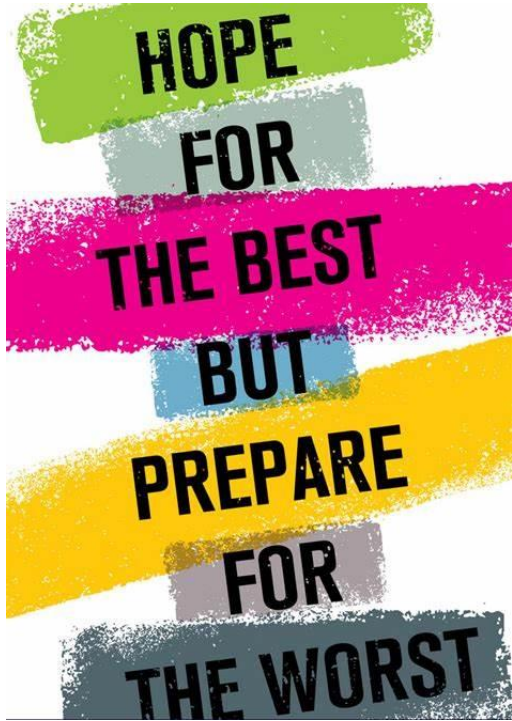
Leadership Skills

Communicate Often

- Make sure team understands the “why”
- Be honest and direct
- Communication should be two-way
- Listen to what the team is saying
- Lead with compassion and kindness



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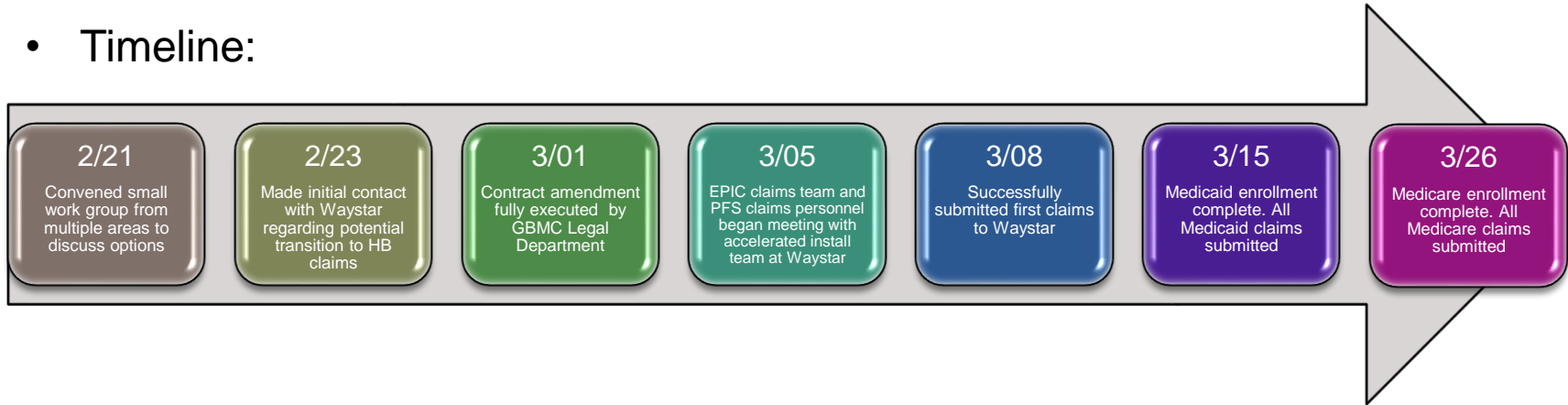
Leadership Skills

- Manage the post crisis situation new processes
- What lessons were learned
- Don't wait for next crisis to hit to get yourself prepared
- “Hope for the best but prepare for the worse”

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Change Healthcare Cyber Attack

- Attack happened on February 16, 2024, and disrupted processes of hospital billing (HB) and some professional billing (PB) claims
- Timeline:



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Change Healthcare Attack Lessons Learned



- Engage Finance Team in the process
- Cash Management plan developed to include:
 - Increase of credits with banks
 - Working collaborative with Investment advisors on liquidation plan if cash flow did not return quickly
 - Educate management and Board members
 - Establish redundancy plan (back to Change Healthcare 😊)

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The Road Ahead

- The healthcare industry is constantly changing
- Tightly align budget process and review with strategic planning/re-evaluation through the entire fiscal year
- Continue developing de-regulated offerings and joint ventures that align both with community and revenue requirements for success

