2019 CFO Outlook: Performance Management Trends and Priorities in Healthcare

Jay Spence
Jason H. Sussman
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Introduction

America’s hospitals and health systems are thinking hard about their future in a disruptive environment, and rightly so. They are trying to enhance access, improve convenience, and create a better patient experience. Legacy hospitals are trying to develop more efficient and effective care models, incorporate telehealth, and untether themselves from a strictly facility-focused orientation. They are trying to broaden their sources of revenue, protect their financial health, and get the financial and intellectual capital necessary for healthcare’s next generation of care.¹

— Kenneth Kaufman and Eugene Woods

Major transformation is underway in healthcare delivery, as pressures have accelerated for the nation’s hospitals and health systems during the past year. Given increasing consumer expectations, new competition, and evolving delivery and payment models, healthcare leaders are facing an unprecedented need to effectively translate sound business strategy into plans that are successfully executed to support long-term sustainability.

Reflecting this challenge, management teams must create alignment and drive outcomes across a growing number of performance improvement initiatives. This work requires greater coordination across a broader set of financial, clinical, and operational stakeholders to ensure the proper focus, ownership, and accountability are in place to drive high-quality results.

In this rapidly changing business environment, the role played by chief financial officers (CFOs) and other senior finance executives is vitally important and has significantly expanded. Helping to set priorities through a disciplined planning process, CFOs define strategic financial scenarios and communicate the operational and financial impact of strategies prior to execution.

CFOs also develop financial plans, capital plans, and budgets to support these strategies. As strategic implementation occurs, they monitor progress to ensure appropriate financial and operational targets are met. Their ability to perform these functions depends on the use of high-quality performance management processes and tools that provide robust data, analytics, planning, monitoring, and reporting capabilities.

This report assesses the progress CFOs and other senior finance executives are making in performing these functions.

About This Report

2019 CFO Outlook: Performance Management Trends and Priorities in Healthcare presents results of an online survey completed in September and October 2018 by senior finance executives of the nation’s hospitals, health systems, and other healthcare organizations.

The goal of this publication is to identify the level of industry progress with performance management, as conveyed by the executives responsible for this function. Chief financial officers (CFOs), vice presidents of finance, directors of finance, and other senior finance executives participated, representing more than 160 hospitals, health systems, and other healthcare organizations, as illustrated at right.

Based on responses to more than 20 questions, this report includes key findings from the survey as well as implications and recommendations related to each. Where findings this year were significantly different than last year’s findings, both data are provided.

2. Hereafter, we use “CFOs” or “senior finance executives” to describe all respondents.
Key Findings

The key findings from the survey, organized within three topic areas, are as follows:

Readiness to Manage Performance in the Current Environment
1. CFO confidence in organizational ability to manage the financial impact of evolving business conditions has dropped.
2. In the changing environment, leadership teams need to manage a more comprehensive set of organizational performance dimensions.
3. Greater CFO ability to leverage data and analytics will enable improved strategic and tactical decision making as business conditions change.

Priority Areas for CFOs
4. Cost reduction and management continues to lead the priority lists of CFOs, while managing changing payment models moved up to the No. 2 position.
5. CFOs see numerous opportunities to improve financial planning and analysis; leadership will be needed to achieve gains.
6. Long budgeting cycles must be shortened to ensure time for value-added analysis by finance executives.

Improving Enterprise Performance Management
7. Finance executives must have access to high-quality analytics and reporting capabilities to inform strategic, financial, and tactical planning decisions.
8. Guiding the strategic investment of capital is top of mind and challenging for senior executives.
9. Financial performance benchmarks are widely used, but can be improved significantly.
10. Outdated and insufficient processes and tools warrant redesign and organizational resources.
Details of Survey Findings:
Performance Management Trends and Priorities
Readiness to Manage Performance in the Current Environment

1. CFO confidence in organizational ability to manage the financial impact of evolving business conditions has dropped.

Only 13% say their organizations are very prepared to manage evolving payment and delivery models with current financial planning processes and tools, down from 15 percent in the last survey.

Only 23% are very confident in their team’s ability to quickly and easily make adjustments to strategies and plans, down from 25 percent in the last survey.

These data represent red flags that should be of serious concern to healthcare organizations. Senior finance executives must understand what is occurring as business circumstances change, as well as how such change affects their organizations’ business strategy. Armed with this information through performance management processes and tools, they then can more appropriately make course corrections for achievement of strategic objectives.

The dual challenges related to changing payment and delivery models require organizational agility, defined as the ability to nimbly operate in the current business while simultaneously preparing for changing/new conditions.³

Use of benchmark-rich databases and analytic tools are even more critical elements in the successful operation of a healthcare business going forward.

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2. In the changing environment, leadership teams manage a more comprehensive set of organizational performance dimensions.

As healthcare management teams reposition their organizations in the changing business environment, CFOs are measuring and monitoring transformation progress across a broader set of initiatives and dimensions. Dimensions typically include strategic growth, financial health, service line/clinical effectiveness and outcomes, operational efficiency and cost reduction, clinician/employee engagement, consumer/delivery innovation, and others. Exceptional performance within one, two, or even three dimensions will not yield the desired enterprise results. Leaders are required to monitor and deliver results across all dimensions. A comprehensive view of performance requires the integration of relevant data from disparate sources and the identification of a manageable number of metrics to track for each initiative within and across dimensions.

As indicated in the graphic below, 85 percent of respondents currently manage financial health, but an almost equal proportion (80 percent) manage dimensions that impact performance and associated payment under new value-based payment structures—patient experience and quality of care and clinical outcomes. Six dimensions are managed by more than 50 percent of respondents. Leadership teams should consider having all required information reside in one system accessed by all managers and leaders. This will build commitment to sustainable progress monitoring, which will contribute to achievement of improvement plans.4

**Core Dimensions of Organizational Performance**

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial health</td>
<td>85%</td>
</tr>
<tr>
<td>Patient experience</td>
<td>80%</td>
</tr>
<tr>
<td>Quality of care and clinical outcomes</td>
<td>80%</td>
</tr>
<tr>
<td>Operational efficiency</td>
<td>69%</td>
</tr>
<tr>
<td>Strategic growth</td>
<td>62%</td>
</tr>
<tr>
<td>Employee growth/retention</td>
<td>52%</td>
</tr>
</tbody>
</table>

Note: A “check all that apply” option was available.

3. Greater CFO ability to leverage data and analytics will enable improved strategic and tactical decision making as business conditions change.

More data are available to executives, but finance professionals must be able to leverage that data to understand business trends and meet the current demand for actionable business insights. The graphics below indicate that most finance professionals (94-96 percent) do not believe they are able to adequately address the analytics needs of their organizations.

Scenario modeling and multi-year projection development by the finance team are powerful means to leverage data and analytics to guide strategic and tactical planning and implementation. Scenario planning equips finance executives with insights to:

- Understand and define key drivers of business success
- Quantify the sensitivity to changes in key drivers, creating important organizational knowledge
- Eliminate (at least in part) bias or aspirational thinking that is not grounded in reality
- Test the strength and flexibility of a strategy under adverse conditions
- Manage risk and uncertainty more proactively and effectively by modeling scenarios that reflect existing and potential new trends

Scenario modeling and multi-year projection development by the finance team should occur regularly as part of an integrated strategicfinancial-capital planning and reporting process. CFO insights that are achieved through leveraging data and analytics can and should guide strategic and tactical planning.
2019 CFO Outlook: Healthcare

Priority Areas for CFOs

4. Cost reduction and management continues to lead the priority lists of CFOs, while managing changing payments models moved up to the No. 2 position.

Biggest priorities in 2019

<table>
<thead>
<tr>
<th>#1</th>
<th>Identifying and managing cost-reduction initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>#2</td>
<td>Predicting and managing the impact of changing payment models</td>
</tr>
<tr>
<td>#3</td>
<td>Improved performance management and reporting to operational and C-suite leaders</td>
</tr>
</tbody>
</table>

The top three priorities were the same in 2019 and 2018, with only a switch between the years in the No. 2 and No. 3 priority areas. Survey respondents for the 2019 and 2018 reports rate identifying and managing cost-reduction initiatives as the No. 1 most important performance management activity.

Financial realities—revenue and expense, consumerism, regulatory, and competitive pressures—make cost transformation an imperative for healthcare organizations and their leaders. CFOs recognize the urgency of generating cost improvements, but are struggling with the structure, transparency, and accuracy of cost data and, hence, data credibility. In another recent survey, executive leaders cite as the top impediment to achieving performance objectives the lack of good data and insight into costs and where savings opportunities exist.5

Modern cost accounting tools and approaches are needed to improve the automation and accuracy of cost data. With new payment models emerging, the ability to understand care costs across the continuum of care is needed, as is the ability to simulate different payment methodologies to project the bottom-line impact. High-quality tools enable modeling and forecasting of contract terms and payment methodologies and of costs at a patient or service line level.

5. CFOs see numerous opportunities to improve financial planning and analysis; leadership will be needed to achieve gains.

CFOs indicate no shortage of financial planning and analysis improvement opportunities.

>50% cite as top initiatives cost management and efficiency, reporting and analysis to support decision making, operational budgeting and forecasting, and profitability measurement across specific dimensions.

35-49% say their organizations are looking to improve cost accounting and service line analytics, capital planning and tracking, and long-range financial planning.

Interest in improving financial planning processes, analytics, and tools is increasing in order to ensure best-possible organizational performance. But CFOs and other finance leaders must focus on the areas that will generate the most significant returns.

Profitability measurement across specific dimensions has emerged as a focal point for improvement, likely due to executive interest in assessing how specific service lines are performing and affecting the overall cost equation. Proactive healthcare leaders are using such analyses to inform decisions about right-sizing and right-placing services and facilities. By connecting the analytical results to the organization’s strategic financial plans, they ensure the effective allocation of limited resources.

### Top 8 Improvement Priorities for Financial Planning and Analysis

<table>
<thead>
<tr>
<th>Priority</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost management and efficiency</td>
<td>64%</td>
</tr>
<tr>
<td>Reporting and analysis to support decision making</td>
<td>64%</td>
</tr>
<tr>
<td>Operational budgeting and forecasting</td>
<td>54%</td>
</tr>
<tr>
<td>Profitability measurement across specific dimensions</td>
<td>54%</td>
</tr>
<tr>
<td>Cost accounting and service line analytics</td>
<td>42%</td>
</tr>
<tr>
<td>Long-range financial planning</td>
<td>39%</td>
</tr>
<tr>
<td>Clinical and quality analytics</td>
<td>39%</td>
</tr>
<tr>
<td>Capital planning and tracking</td>
<td>36%</td>
</tr>
</tbody>
</table>

Note: A “check all that apply” option was available.
6. Long budgeting cycles must be shortened to ensure value-added analysis by finance executives.

37% have a budget process that takes six or more months from initial rollout to board presentation, up from 27 percent in 2018.

46% say their budget cycles do not leave ample time for value-added analysis that can inform strategic decisions, about the same as in 2018 (47 percent).

The budgeting process is consuming more than half of the fiscal year for a higher proportion of represented organizations than last year (37 percent vs. 27 percent). One reason for this increase may be that management teams are making new and tougher decisions. Some of these may require taking a closer look at the budget implications of enterprise-wide or service line-specific margins to add accountability for needed cost-reduction work to improve those margins.

However, the resource-intensity of the budgeting process turns an extended budgeting time frame into a significant drain on organizational resources and energy. In addition, budget assumptions at the beginning of an elongated process often are outdated by the time budgets are finalized.

A strategic budgeting process, reliant on and fully integrated with the organization’s financial and strategic planning efforts, can help to resolve this issue. With a focus on creating a multi-year financial roadmap that establishes strategically imperative performance levels, completion of the actual budget process can be reduced to two to three months. Only approximately 19 percent of CFOs say they complete their annual budgeting processes in this timeframe.

CFOs recognize that long budget cycles also eliminate valuable time for analysis and insights about ongoing and emerging improvement opportunities, as cited by almost half (46 percent) of the CFOs this year. Nearly 40 percent of respondents say they use rolling forecasting as a complement to the annual budgeting process, which likely addresses these challenges by providing more frequent and timely performance analysis.
Improving Enterprise Performance Management

7. Finance executives must have access to high-quality analytics and reporting capabilities to inform strategic, financial, and tactical planning decisions.

>60% want to be able to create better dashboards and visualizations, and to pull data from multiple sources into a single report.

50-59% lack access to clean, consistent, and trusted data, and want to be able to drill into reports to understand underlying details.

As discussed earlier, CFOs believe their organizations should be doing more to leverage financial and operational data to inform strategic decisions and initiatives. The goal is to give the right people the right information at the right time to guide their decision making and work activities so that organizational strategy is aligned with execution. However, when clean, consistent, and trustworthy data are lacking, which 52 percent of CFOs cite as the reality in these survey results (see the figure below), improved analytics and reporting capabilities are effectively out of reach.

**Financial Reporting Challenges Cited by CFOs**

- Creating better dashboards and visuals: 67%
- Pulling data from multiple sources into a single report: 64%
- Accessing clean, consistent, and trusted data: 52%
- Drilling into reports to understand underlying data: 50%
- Ease of report creation: 47%
- Delivering meaningful ad hoc reporting for end users: 45%
- Integrating reports into other applications: 24%

*Note: A “check all that apply” option was available.*
7. Finance executives must obtain access to high-quality analytics and reporting capabilities to inform strategic, financial, and tactical planning decisions. (continued)

Although spreadsheets are too rarely clean, consistent, and “leverage-able,” they remain in wide use in healthcare. Seventy-four percent of respondents’ organizations use Excel to manage core planning, performance management, and budgeting systems, and 12 percent use them as their primary budgeting system. Recommended software tools should provide finance teams with an interface that supports spreadsheet-like analytics but provides access to a singular database that enables highly valuable modeling and analysis techniques that are not feasible with spreadsheets.

74% use spreadsheets to supplement their core systems
12% use spreadsheets as their primary budgeting system
7. Finance executives must obtain access to high-quality analytics and reporting capabilities to inform strategic, financial, and tactical planning decisions. *(continued)*

Only 7% are very satisfied with the performance management reporting at their organizations, down from an already low 8 percent in 2018.

Performance management reporting clearly is not where it needs to be in healthcare today, with only 7 percent of respondents citing high satisfaction with such reporting at their organizations. Performance management addresses every aspect of the integrated strategic, financial, and capital planning, execution, and monitoring process shown in the figure at right, so low satisfaction with how it is reported indicates likely risk for hospitals and health systems. A high-performing reporting system encompasses every aspect of the business to ensure the organization is focused on the right strategies.

High-quality enterprise performance management processes and tools incorporate the strategic, financial, operational, and specific clinical metrics required for the evolving value-based care delivery and payment model. The processes and tools enable finance executives to confidently set and revise targets, track movement toward goals, communicate about progress via reporting mechanisms, and identify and respond to problems. The strategize-plan-monitor-analyze process is a continuous one.

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**Performance Management: From Strategy to Successful Execution**

**STRATEGIZE**
What do we want to achieve?

**PLAN**
How do we get there?

**ALIGN & EXECUTE**
Are we focused on the right things?

**MONITOR**
Are we on track?

**ANALYZE**
Where can we improve?

*Source: Kaufman, Hall & Associates, LLC.*
8. Guiding the strategic investment of capital is top of mind and challenging for senior executives.

Survey data indicate that CFOs find many aspects of their organizations’ capital planning and management processes to be difficult. This has far-reaching implications because the contemporary definition of capital includes *very material* investments, such as business acquisitions and partnerships, physician recruitment and practice acquisitions, health plans (and their reserve funds), program start-ups, and others.

It is critical for leadership teams to be gathering the right information to make the best decisions about which initiatives to fund. Then, finance executives must track the progress of projects underway, monitoring their financial impact from start to completion.

The top challenge cited by CFOs in this and last year’s surveys was *monitoring the financial impact of projects after they are completed* (66 percent in 2019, 59 percent in 2018). If the financial performance of completed projects is not compared to projected targets established when the project was approved, not only is the organization unable to effect accountability and transparency, but capital spending may be exceeding capital capabilities. Attainment of strategic goals may be at risk.

The next two most challenging processes in both years were *determining which projects to fund* (48 percent in 2019, 57 percent in 2018) and *gathering consistent information on all capital requests* (44 percent in 2019, 51 percent in 2018). The price of poor investment decisions is high for organizations. Inconsistent data and analytics for capital requests pose unnecessary strategic, financial, and operating risks, which can and should be eliminated through more effective allocation-request processes.

### Challenging Aspects of the Capital Management Process

<table>
<thead>
<tr>
<th>Aspect</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monitoring the financial impact of projects after they are completed</td>
<td>66%</td>
</tr>
<tr>
<td>Determining which projects to approve and fund</td>
<td>48%</td>
</tr>
<tr>
<td>Gathering consistent information on all requests</td>
<td>44%</td>
</tr>
<tr>
<td>Tracking the progress of projects underway</td>
<td>38%</td>
</tr>
<tr>
<td>Allocating capital for approved projects across calendar periods</td>
<td>30%</td>
</tr>
</tbody>
</table>

*Note: A “check all that apply” option was available.*
8. Guiding the strategic investment of capital is top of mind and challenging for senior executives. (continued)

The strategic investment of capital requires a disciplined approach to capital allocation that is tied to a broader, long-range financial planning process. To enhance the ability to make high-quality investment decisions, leadership attention should be focused on ensuring use of rigorous capital planning and management processes and tools that are integrated within an enterprise-wide strategic-financial-capital planning process. In addition, a best-in-class strategy management system will enable a comprehensive view of project status, from goals to results, along all performance dimensions defined by the organization. The figure here is an example of a dashboard providing visibility into six performance dimensions.

As cited earlier, 74 percent of survey respondents say their leadership teams use Excel or another application to manage initiatives that contribute to performance in strategic, financial, clinical, and operational domains. Fewer than one-third (30 percent) cited use of a purpose-built strategic initiative management application, and one-quarter cited use of a home-grown application.

Moving from strategy to successful execution across performance dimensions requires a process and supporting tools that provide feedback to participants as they manage their capital investments. Leadership teams that use the process illustrated on page 15 and are equipped with the right planning and analytic tools can align and execute on the right strategies for their organizations going forward.

9. Financial performance benchmarks are widely used, but can be improved significantly.

83% use financial performance benchmarks, with 43 percent of these respondents satisfied and 41 percent of respondents not satisfied by how the benchmarks inform decision making.

15% do not use financial performance benchmarks, but have an interest in using them in the near future; 1 percent neither use nor plan to use financial performance benchmarks.

While financial performance benchmarks are widely used in healthcare—with 84 percent of survey respondents indicating their use—41 percent of these respondents are not satisfied with how the benchmarks inform organizational decision making.

Timeliness of critical data and how that data are used are key problems. Although clinicians often benefit from informed decision making through use of point-of-care data that are provided “real time,” executives and managers struggle with enterprise-level data that typically are anywhere from nine months to two years old and likely do not include appropriate peer-level benchmark data.

Management teams have lived with these handicaps for too long. What is required now is timely access to disciplined analytics, based on robust, consistent benchmark data on quality, clinical outcomes, and cost, drawn from internal and external sources on a monthly basis, rather than quarterly or annually. Such benchmark analytics are used to compare financial performance across the organization and with peer organizations—by hospital, service line, department, physician, treatment type, patient diagnosis, or other considerations. These types of analytics enable executives to identify improvement opportunities and drive decision making about, and implementation of, corrections as close to real time as possible.

Thousands of metrics are used to manage financial performance of healthcare delivery. Meaningful comparative analysis of financial performance should be supported by technology that integrates timely data from internal and external sources related to measures that span financial health overall, expenses, labor, volume, and revenue (see the figure below). This metric list may not be comprehensive for any specific organization, but its contents illustrate the breadth and depth of metrics that are required.

### Meaningful Measures of Financial Performance

<table>
<thead>
<tr>
<th>Financial Health</th>
<th>Expense</th>
<th>Labor</th>
<th>Volume and Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Structure</td>
<td>FTE Analysis</td>
<td>Patient Revenue</td>
<td></td>
</tr>
<tr>
<td>Liquidity Ratios</td>
<td>Cost Composition</td>
<td>Non-Patient Revenue</td>
<td></td>
</tr>
<tr>
<td>Profitability</td>
<td>Labor Rates</td>
<td>Discounts</td>
<td></td>
</tr>
<tr>
<td>Total Cost</td>
<td>Paid Analysis</td>
<td>Charity and Bad Debt</td>
<td></td>
</tr>
<tr>
<td>Working Capital</td>
<td>Productivity</td>
<td>Admissions</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Skill Mix</td>
<td>Days</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Worked Hours Per Unit of Service</td>
<td>Discharges</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total Cost Analysis</td>
<td>Utilization</td>
<td></td>
</tr>
</tbody>
</table>

Source: Kaufman, Hall & Associates, LLC.
10. Outdated and insufficient processes and tools warrant redesign and organizational resources.

70% experience resource constraints
(up from 66 percent in 2018)

58% cite outdated financial planning processes
(up from 52 percent in 2018)

41% say their financial planning tools are insufficient
(down from 49 percent in 2018)

37% say financial planning skillsets need improvement
(up from 29 percent in 2018)

The resource-constrained reality is not new for healthcare or finance teams, but the proportion of CFOs citing such constraints is up from 66 percent in the 2018 survey. Seventy percent of surveyed CFOs now say their organizations and functions are experiencing resource constraints.

To manage effectively within these resource pressures, leaders must ensure that staff members with the appropriate financial skillset are in place to develop, execute, and achieve the organization’s strategic and financial goals. The same needs also are true for data, analytics, and software platforms. Depth of expertise and capability are needed to understand and reshape underperforming management processes and systems. Complex and capital-intensive processes, systems, and tools must not slow progress by becoming unwieldy or underfunded.

More than half of CFOs (58 percent) indicate their organizations have outdated processes for effective financial planning and analysis. Forty-one percent cite insufficient tools, and 37 percent say that personnel skillsets need improvement. These percentages represent a call to action. For the right decisions and results, the right people must be equipped with the right tools and using the right processes.
Closing Comments

Given the demands of the changing business environment, healthcare CFOs nationwide should be critically examining the role they and their finance teams play in their organizations. A singular focus on directing or managing financial operations and the related control/monitoring function is not sufficient going forward. Finance executives must be integral to the development, execution, and monitoring of the organization’s vision and strategy, and be armed with the full breadth of data and analytics required for performance management in healthcare (see the figure below).

For further information, please contact us at info@kaufmanhall.com.

Key Data and Analytics for Enterprise Performance Management in Healthcare

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<tr>
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<tbody>
<tr>
<td>Performance Improvement</td>
<td>Detailed Cost Accounting</td>
<td>Contract Modeling and Compliance</td>
<td>Operational Cost Management</td>
<td>Clinical Transformation</td>
</tr>
<tr>
<td>Integrated Planning</td>
<td>Financial Planning</td>
<td>Capital Planning and Tracking</td>
<td>Operational Budgeting</td>
<td>Rolling Forecasting</td>
</tr>
<tr>
<td>Unified Data</td>
<td>Financial Data</td>
<td>Patient and Clinical Data</td>
<td>Financial and Labor Benchmarks</td>
<td>Clinical Benchmarks</td>
</tr>
</tbody>
</table>

Source: Kaufman, Hall & Associates, LLC.
About the Authors

Jay Spence is Vice President of Healthcare Solutions with Kaufman Hall’s Software Division. In that role, he focuses on shaping and executing the firm’s software strategy and product roadmap, ensuring Kaufman Hall solutions continue to evolve to address the changing needs of healthcare organizations.

Mr. Spence has more than 25 years of experience working in the healthcare industry, helping organizations leverage technology to improve their financial management capabilities. He joined Kaufman Hall in 2014 with the firm’s acquisition of Axiom EPM, where he served as Vice President of Healthcare Solutions since 2010.

Prior to Axiom EPM, Mr. Spence was a Senior Director for Healthcare Business Analytics at SAP Business Objects, supporting development of business intelligence, planning, and cost accounting solutions for healthcare organizations. He also previously served as Director of Finance at the Queen’s Medical Center in Honolulu.

Mr. Spence holds an M.B.A. from Hawaii Pacific University and a B.A. in Accounting from Babson College.

Contact Jay at jspence@kaufmanhall.com.

Jason H. Sussman, a Managing Director of Kaufman Hall, is a leader with the firm’s Strategic and Financial Planning practice, with an additional focus on capital planning and allocation. Mr. Sussman provides planning and financial advisory services for healthcare providers and higher education institutions nationwide. His areas of expertise include strategic financial planning, capital allocation, mergers and acquisitions, financing transactions, and management software.

Prior to joining Kaufman Hall, Mr. Sussman directed the Chicago Capital Finance Group of a national accounting firm’s healthcare consulting practice. Prior to this, he was the Special Assistant to the President at Michael Reese Hospital and Medical Center in Chicago, responsible for the Certificate of Need and capital budgeting processes.


Mr. Sussman received an M.B.A. in Finance and Accounting with a specialization in Healthcare Management from Northwestern University’s J.L. Kellogg Graduate School of Management and a B.A. from the Johns Hopkins University. He holds a CPA certificate in Illinois.

Contact Jason at jsussman@kaufmanhall.com.
About Kaufman Hall

Kaufman Hall provides management consulting and software to help organizations realize sustained success amid changing market conditions. Since 1985, Kaufman Hall has been a trusted advisor to boards and executive management teams, helping them incorporate proven methods into their strategic planning and financial management processes, and quantify the financial impact of their plans and strategic decisions to consistently achieve their goals.

Kaufman Hall services use a rigorous, disciplined, and structured approach that is based on the principles of corporate finance. The breadth and integration of our advisory services are unparalleled, encompassing strategy; financial and capital planning; debt and derivatives-related financial transactions; capital allocation and decision making; and mergers, acquisitions, partnerships, and joint ventures.

Kaufman Hall software includes the Axiom Healthcare Suite, providing sophisticated, flexible performance management solutions that empower finance professionals to analyze results, model the future, and optimize organizational decision making. Solutions for long-range planning, budgeting and forecasting, performance reporting, capital planning, and cost accounting deliver decision support, reporting, and analytics within an integrated software platform. Kaufman Hall's Peak Software empowers healthcare organizations with clinical benchmarks, data, and analytics to provide a higher quality of care for optimized performance and improved patient outcomes. www.kaufmanhall.com

Axiom Healthcare Suite

<table>
<thead>
<tr>
<th>Strategy Management</th>
<th>Establish a Comprehensive View of Business Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enterprise Planning</td>
<td>Optimize Financial Planning &amp; Analysis</td>
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<td>Financial Planning</td>
<td>Capital Planning &amp; Tracking</td>
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<tr>
<td>Budgeting</td>
<td>Rolling Forecasting</td>
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<tr>
<td>Costing &amp; Decision Support</td>
<td>Inform Data-Driven Decisions</td>
</tr>
<tr>
<td>Contract Management</td>
<td>Cost Accounting</td>
</tr>
<tr>
<td>Service Line Analysis</td>
<td>Clinical Performance Measures</td>
</tr>
<tr>
<td>Management Analysis</td>
<td>Enable Cost Effective Operations</td>
</tr>
<tr>
<td>Provider Analytics</td>
<td>Comparative Analytics</td>
</tr>
<tr>
<td>Management Reporting</td>
<td>Productivity Analytics</td>
</tr>
<tr>
<td>Clinical Transformation</td>
<td>Improve Patient Outcomes</td>
</tr>
<tr>
<td>Cost &amp; Quality Analysis</td>
<td>Physician Scorecards</td>
</tr>
<tr>
<td>Utilization Variation</td>
<td>Ad Hoc Analysis</td>
</tr>
</tbody>
</table>

Data Integration Workflow Management Process Automation