COVID-19 Monitoring and Planning Guide: Cost Containment

Options for Managing Costs in the Face of the Pandemic

Capital and Cash

TACTIC	OPTIONS
▪ Postpone selected capital projects or strategic investments	Prioritize life safety projects; re-evaluate strategic investments considering post-crisis environment
▪ Work with banks to ensure lines of credit are in place	
▪ Critically review IT spend, and identify spend and projects that can be deferred	Prioritize non-clinical systems and projects for deferral
▪ Contact long-term vendors to negotiate price reductions on current contracts	Consider both supply and purchased service vendors

HR and Benefits

TACTIC	OPTIONS
▪ Institute a wage freeze	First reduce hours of part-time and as-needed employees, then look to cut pay or workdays for full-time and salaried workers. Defer all planned merit-based or cost-of-living wage and salary increases
▪ Defer new employee start dates for non-critical positions	Look to delay start date for a defined period by position (e.g., four to six weeks) according to volume reductions or vacancies
▪ Offer an early retirement program for selected positions	Will incur severance expense; must be selective so as not to include critical or scarce resources
▪ Temporarily furlough non-clinical workers (administrative, support, and overhead staff)	Consider paying furloughed staff a percentage of base pay for a defined period
▪ Institute executive pay cuts and suspend/defer executive performance-based bonuses	Recommended executive management guidelines is 20%. This also sends a positive signal to employee base. If moving to Directors, potentially target a 10% reduction. Some hospitals are donating these cuts to employee assistance funds
▪ Reduce, suspend, or defer employer matching contributions to employee retirement plans (403(b), 401(k))	Seek counsel from legal or employee benefits consultants prior to acting. Consider local market competitive conditions
▪ Institute a hiring freeze for non-essential personnel	Focus on non-critical positions, particularly for clinical positions
▪ Defer or suspend selected benefits such as tuition reimbursement, cell phone stipends	

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Overhead

TACTIC	OPTIONS
▪ Reduce/eliminate discretionary spending such as travel, education seminars, subscriptions, etc.	Recoup previously paid deposits/payments
▪ Eliminate all food service catering	Include food and drink available in executive suite and/or at meetings
▪ Suspend marketing department spend	Potentially suspend for 3 to 4 months in duration at a minimum. This could include furloughed resources
▪ Reduce non-essential external legal fees	Look at external legal spend and curtail or re-negotiate retainers for the short term, for example 3- to 4-month timeframe
▪ Close or reduce hours of operation for non-critical departments such as coffee shops, gift shops, cafeterias, and valets	Close or change hours of operations based on volume of curtailed services
▪ Eliminate free meals or similar benefits to physicians	At a minimum, potentially reduce to coffee and pastries, or continental breakfast foods
▪ Reduce library staffing	Consider permanent staffing reductions
▪ Investigate potential utility spend reductions	Consider impact of spend in buildings that have been closed
▪ Investigate energy block purchasing	Applicable only to deregulated energy states. An organization can purchase a portion, or "block," of its energy at a fixed price for a defined period (e.g., one year). The remainder is purchased at market pricing
▪ Reduce hours or close non-essential facilities (e.g., fitness centers, ambulatory offices, outpatient surgery centers)	Conduct a strategic review of all programs and services. Consider those impacted by state-mandated closures or social distancing policies
▪ Review a consolidated list of agency and contract labor contracts for dates of expiration/renewal. Require senior leader sign off for any renewals. Use productivity and labor expense performance to goals as approval criteria	Contracts typically are 13 weeks long, so quickly identifying those contracts that are coming up for renewal and reassessing the availability of hired staff with appropriate skills to backfill those contract positions. Idled staff with appropriate skills may now be available to staff these positions

Revenue

TACTIC	OPTIONS
▪ Leverage third-party vendor analytics for missed revenue opportunities	Engage vendors to perform charge capture/missed charges review, underpayment analysis on $0 balance accounts, and transfer DRG. Offer full contingency to mitigate ROI risk
▪ Ensure inpatient and outpatient cases are being coded properly and timely	Ensure new diagnosis codes related to COVID-19 are being used appropriately
▪ Convene a team to work fatal denials and work initial denials on a timely basis	Focus on managing denials can accelerate cash
▪ Take advantage of recent CMS announcement that providers can tap into a cash advance (deferred revenue) based on historical six months Medicare volumes, if certain criteria are met	Review CMS announcement for criteria and program specifics

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Staffing

TACTIC	OPTIONS
▪ Eliminate overtime in fixed departments	All overtime should require written approval; minimize scheduled overtime. Evaluate all non-clinical areas such as support services and corporate areas
▪ Require written managerial approval for all overtime in variable staffing departments. Identify chronic users of incremental OT (0-30 min.) and begin accountability conversations	Minimize scheduled overtime as dictated by volume. Managers should be looking at punch-in and punch-out reports to identify patterns and individuals
▪ Ensure variable staffing departments are flexing to volume. Establish proportionate staff reduction targets	Based on overall volume trends, look to decrease staffing proportionally in these areas. For example, each 5% drop in volume for these departments should have a corresponding 3% reduction in variable staff
▪ Reduce the number of supervisory staff in departments that have had volume reductions	Consider as part of furlough analysis
▪ Consolidate nursing units where volume reductions dictate	Without elective surgeries, many units may be well below capacity. Look to cohort patients and consolidate units, saving clinical and support staff costs
▪ Bolster clinical documentation integrity (CDI) resources	Assess potential types of cases that may be candidates for CDI and determine if the review can be accelerated, or a larger number of cases can be reviewed. CDI expertise is a scarce resource
▪ Bolster ED level of care reviews	Need to assess potential to determine if the review can be accelerated or a larger number of visits can be reviewed
▪ Review changes to environmental services schedule and staffing	Consider if reduction in volume provides an opportunity for EVS resources furlough or decrease in cleaning schedule
▪ Reduce patient sitter use and replace patient sitters with idled staff	Sitter usage should be criteria-based

Supplies and Equipment

TACTIC	OPTIONS
▪ Consolidate critical supplies to main facility from other sites that may be closed	This may help mitigate potential shortages and allow for a review of contingency stockpile, which may free PPE supplies to provide limited restart of elective surgeries
▪ Accelerate prepayment to vendors for an agreed-upon discount	With limited cash reserves this may not be possible. Also maximize use of p-cards to make payments where able to get rebate dollars for use
▪ Manage purchased services more aggressively; Look at delaying projects or purchases in short term	Evaluate purchased services and consider suspending or delaying certain projects or services

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