

Estimate of the Situation

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Trend Information vs. Point Data

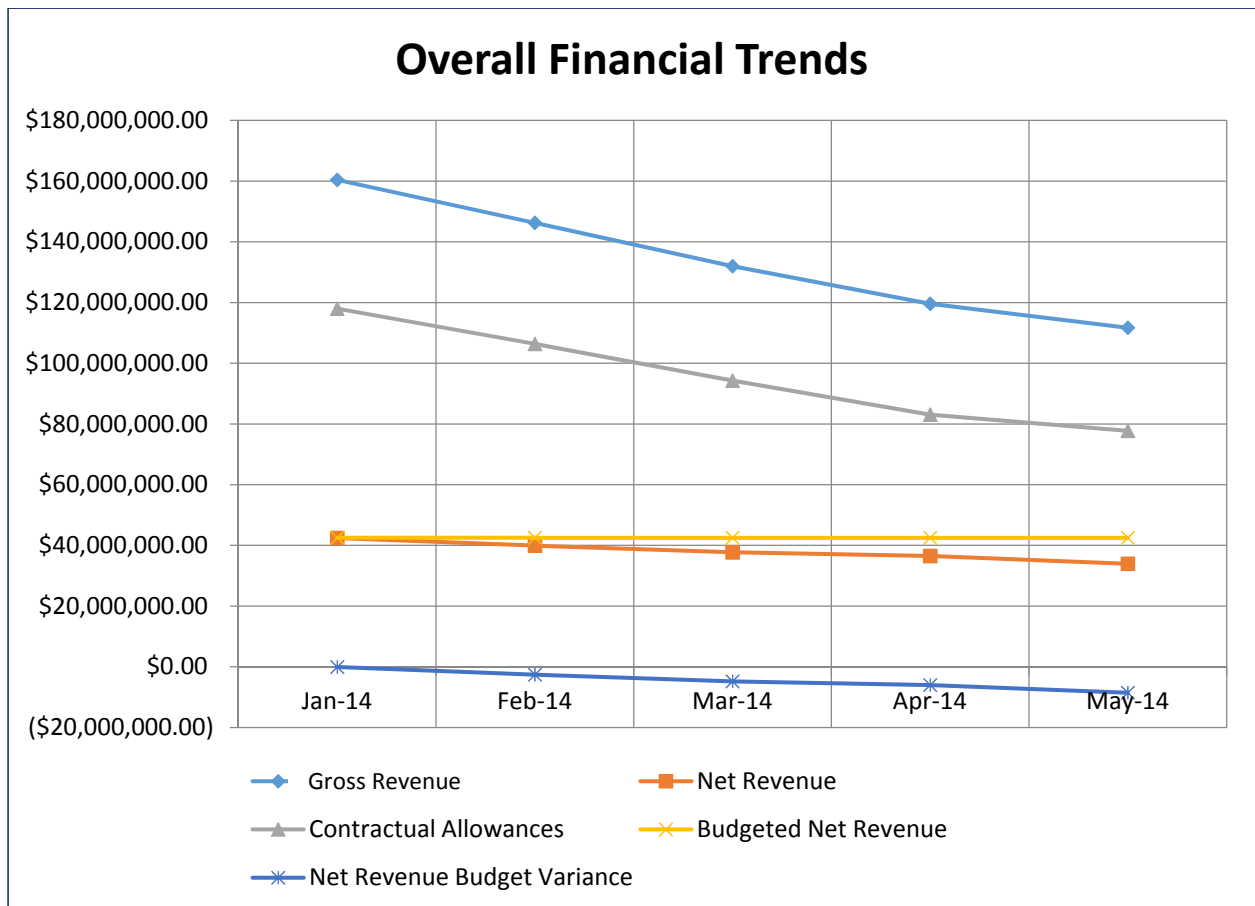
Although today nothing is certain in the financial world, predictability is essential to success for any enterprise. Without some idea of what the future holds, planning cannot occur and, without planning, no enterprise can prudently invest in plant, equipment, or anything else. For many years, at least during the working lives of the people who govern and manage hospitals, the belief that next year would be a lot like last year was a pretty safe bet. The past provided a foundation from which action could be launched. That is no longer the case in the era of “the new normal”.

Most hospitals look at current period and year-to-date results. Today both management and governing bodies must monitor the direction, trajectory, and velocity of change. Most legacy systems don't provide this information. Just consider the differences in the amount and quality of the information provided by this example hospital's year-to-date point data (the table) and the trend data for the same period as displayed on the graph.

Point Data

	Current Period	
	May 2014	Year to Date
Net Revenue	\$111,684,746.33	\$669,882,358.17
Contractual Allowances	\$33,944,386.42	\$190,464,321.92
Budgeted Net Revenue	\$77,740,359.92	\$479,418,036.25
Net Revenue Budget Variance	\$42,500,000.00	\$212,500,000.00
	(\$8,555,613.58)	(\$22,035,678.08)

Trend Data



This is only an example. Trend data should be routinely monitored for every critical operating metric.

FJB