

Case study

Sector
Health system

Client challenge
Systems integration

Services provided
Finance transformation

Hyperion Planning: A case-based budgeting approach flexed for volume

“With Hyperion Planning, we’ve adopted both a standard paradigm and a shared tool for budgeting.”
— **Amy Campbell**, North Region Vice President of Finance, Community Health Network

THE SITUATION

Community Health Network, a major health care provider in central Indiana, was planning a total overhaul of its finance infrastructure. Community’s leaders sought to replace an unwieldy maze of disparate general ledger, budgeting, planning, purchasing, supply chain and related systems with a single set of integrated applications.

THE CHALLENGES

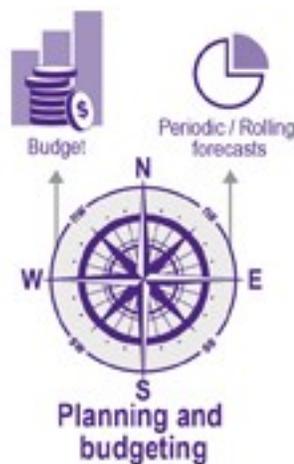
Financial planning and analysis were major weaknesses for the network, without a standardized approach or a common technology platform. Some entities provided only an annual budget, while other entities focused on quarterly forecasts. The inconsistent processes and approaches limited the system’s ability to perform meaningful variance analysis.

Entities used differing processes and levels of detail:

- Rolling forecasts versus annual budgets
- Accounts and departments versus income statement line items and entities
- Offline solutions in Excel, which limited transparency of the underlying business drivers
- No consistent use of driver-based planning concepts

WHAT THE TEAM DID

Grant Thornton LLP worked with Community to implement a case-based budgeting paradigm as its system-wide standard to support accurate financial planning. Using this approach, facility leadership estimates volumes for each patient case type that will be performed during the year. Historical utilization data is used to determine the correct revenue and cost rates. The planning model applies these rates to the case volumes, generating accurate projections.



Case study: Hyperion Planning: Case-based budgeting for connectivity, reporting and future projections

Community Health Network at a glance

A nonprofit health system with more than 200 care sites and affiliates throughout central Indiana, Community's full continuum of care integrates thousands of physicians; hundreds of specialty and acute care hospitals; and numerous surgery centers, home care services, Med Checks, and behavioral health and employer health services:

- Patient encounters: 2 million annually
 - Staffed hospital beds: 1,200
 - Hospital admissions: 54,000 annually
 - Outpatient visits: 1 million annually
 - ER visits: 275,000 annually
 - Outpatient surgeries: 85,000 annually
 - Inpatient surgeries: 13,000 annually
 - Physicians: 2,000; 500 employed
 - Employed physician visits: 700,000 annually
 - Employees: 13,000
 - Operating revenue: \$2.1 billion annually
- Numbers are approximate.

As its platform, Community selected Oracle's Hyperion Planning (HP) tool to provide:

- A financial planning platform with the ability to plan at the product line, facility and department levels
- Three planning models, with unique functionality for acute care, ambulatory care and network shared services
- Linkages with Community's integrated financial systems for accurate historical rate information

OUTCOMES

Case-based budgeting concepts and Hyperion Planning help Community leverage accurate and detailed historical cost data with current volume estimates to project future results. This approach allows Community to apply the budget rate to actual volumes for flex budget reporting in order to analyze financial results against expected performance.

The system's multiple planning models allow Community to maintain connectivity between hospitals and physicians, and still incorporate that data into a third consolidation model for combined reporting at the network level.

In addition, HP synchronizes seamlessly with the network's new suite of Oracle finance applications, including PeopleSoft, Hyperion Financial Management, Hyperion Data Relationship Management, Hyperion Profitability and Cost Management, Oracle Business Intelligence Enterprise Edition and Oracle Essbase, as well as the other electronic health record, timekeeping and HR-related systems that form the heart of Community's finance system infrastructure.

Have a similar challenge? Contact:

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