Time Factor Enhances the Value of Labor Cost Management and Optimization Initiatives with Harris Affinity Decision Support

The latest innovation in Activity-Based Costing from Harris Affinity Decision Support (ADS) Adds a Time Factor to measure the patient utilization (or charge item) based on time, Which greatly improves the accuracy and specificity of labor-related cost insights. This innovative data integration combined with sophisticated allocation methodologies provides an improved way to account for cost variances between one patient and the next. The result is more accurate costs at the record level. Intensity weights can also be applied to the time factor to further enhance the cost accuracy. Both the time and intensity values can be extracted directly from existing source systems.

Historically, healthcare providers have been using Relative Value Units (RVUs) to gain costing granularity. This process requires a high level of maintenance and is prone to error or data quality issues associated with missing, outdated, or invalid RVUs, and flawed in its reliance on human intervention to be translated to real world insights. As well, RVU costing limits cost results to a single value per product (or charge code) and, thus, can have only one uniformly applied cost regardless of the care delivery cost and resource utilization variances from patient to patient.

Using Time Factor, the latest innovation in ADS, your costs will be more accurate and therefore, financial metrics will be more accurate, giving you the insights necessary to have confidence in your approach to labor cost management.

With typical labor costs making up +40% of total hospital costs (and rising sharply), labor cost management and optimization strategies need to be a critical focus for Healthcare Leadership across all departmental disciplines. Harris Affinity provides the capabilities necessary to ensure these decisions are informed by highly accurate results you can trust.

Here is a breakdown of the Time Factor process in Harris ADS:

New Time Factor method is used to allocate labor expenses:

- A new field, Time Factor, has been added to HARRIS ADS
- Time Factor is used to allocate labor expenses
- Time Factor measures the patient utilization based on time and resource intensity weights (optional)

Time Factor will facilitate the costing process:

- Time Factor method greatly reduces (and can even eliminate) RVU maintenance
- This greatly improves the usability of HARRIS ADS

Time and Resource Intensity Factors improve costing precision:

- In addition to improving usability, the Time Factor method improves costing precision
- The Time Factor provides precise costing for patient care variances by product and patient.
- It allows different a Time Factor per product and patient record

Use Case Scenario Example: The Emergency Room

For an example scenario, let's use the Emergency Room. Harris Affinity's Activity-Based Costing time-based dataset would use the number of minutes in the ER (as a total value or by care process – triage, registration, treatment, re-evaluation, and discharge), while a potential RVU value would be the Emergency Severity Index (ESI) or Triage Levels.

With the new Time Factor feature in Harris ADS, we can account for this on a record-by-record basis for each patient, and we can apply multiple resource intensity factors to the time (minutes). For example, we could also apply an age-related resource intensity factor in combination with the ESI so we have the most precise allocation of labor expenses across our ER patients.

About Harris Affinity

Harris Affinity Decision Support (ADS) is recognized as the industry expert in Activity Based Costing with implementations in over 90 U.S. and Canadian healthcare systems. ADS combines financial, operational, clinical, and patient activity information to help healthcare administrators understand patient costs and reimbursement across product lines, populations, contracts, and practitioner groups. As a result, administrators have the tools to create paths of improvement for financial and clinical performance, while monitoring progress, resulting in improved financial and clinical outcomes.

Harris ADS Costing, Contracting, and Budgeting components empower healthcare providers to confidently make evidence-informed, data-driven financial and clinical decisions based on precise and accurate cost data.

The Harris ADS solution allows users to:

- Combine multiple financial and allocation models that fit the customized needs of the organization

- Support various financial structures across the entire health system

- Utilize, blend, and compare multiple allocation methodologies simultaneously

- Create unlimited what-if models