



EDWARD-ELMHURST PREPARES FOR THE NEW HEALTH ECONOMY


CHALLENGE

During a period of soaring merger, acquisition, and reorganization activity among healthcare providers due to the fast-changing environment, hospitals and health systems are seeking better ways to improve and integrate the care they provide and lower costs.

Located in a competitive market of Chicago's western suburbs, Edward Health Services Corporation's (EHSC) had a history of strong operating performance and favorable market position. Leaders realized, however, this would no longer be enough to meet the challenges of the new health economy. EHSC executives predicted the consolidation trend would continue and were compelled to explore options for expanding the organization's footprint to respond to marketplace demand.

SOLUTION

Navigant was engaged to provide data, perspective, and strategic options for consideration. As a result, Navigant guided the EHSC executive and board leadership in understanding and realizing the following dynamics crucial to achieving the organization's long-term sustainability:

-  National, regional, and local trends
-  Emerging partnership models
-  Market position and projections
-  Collaboration options
-  Potential partners

CLIENT COMMENTARY

"The management team of Edward-Elmhurst Health reached a successful agreement by working hard and overcoming significant challenges," said Pam Davis, EEH CEO. "With Navigant's strategic and collaborative support, we are now one of the largest integrated health systems in Illinois."

IMPACT

Leveraging their geographical proximity and market scale, Naperville-based 309-bed Edward Hospital, 259-bed Elmhurst Memorial, and 108-bed behavioral health hospital Linden Oaks, combined to create the non-profit system Edward-Elmhurst Health.

Following the formation of the new system, Navigant supported Edward-Elmhurst Health with emerging priorities including:

- Led a synergy project that identified more than \$30 million in cost-saving opportunities
- Developed a system-wide strategic plan for the newly formed entity
- Designed a blueprint for the development of its regional ACO-like contracting vehicle

The first full year of operation for Edward-Elmhurst Healthcare resulted in a strong financial performance for the system. Net income was 52.8 percent higher, revenue increased 9.7 percent, and the new system saw a \$22 million improvement in operating income from the previous year.

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NAPERVILLE 309^{bed} ELMHURST 259^{bed} LINDEN OAKS 108^{bed}

EDWARD-ELMHURST HEALTHCARE



Three years into the merger, EEH's fiscal year 2016 income from operations across the system was substantially ahead of projections \$17.7 million against a pre-merger target of \$9.4 million.

Meanwhile, Navigant's revenue cycle team assisted in the preparing for the implementation of a new electronic health record (EHR) application. Navigant's experts mitigated financial risk by identifying significant build issues with the new platform and providing a solution before deployment. As a result, Edward-Elmhurst achieved 102 percent of baseline revenue within 10 days of go-live.

ABOUT EDWARD-ELMHURST HEALTH

Edward-Elmhurst Health is comprised of three hospitals - Edward Hospital, Elmhurst Memorial Hospital, and Linden Oaks Behavioral Health. The system with revenues of about \$1 billion has more than 50 outpatient locations across a service area of 1.7 million residents in the west and southwest suburbs of Chicago, with 7,400 employees and 1,900 physicians on staff.

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