

# Quick-Hitting Survey Corporate Finance Objectives

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## Introduction

In June 2019, The Health Management Academy conducted a quick-hitting survey of Leading Health Systems regarding corporate finance objectives. The nine responding senior finance executives represent health systems with an average Total Operating Revenue of \$3.5 billion that own or operate 81 hospitals with approximately 797 thousand admissions per annum.

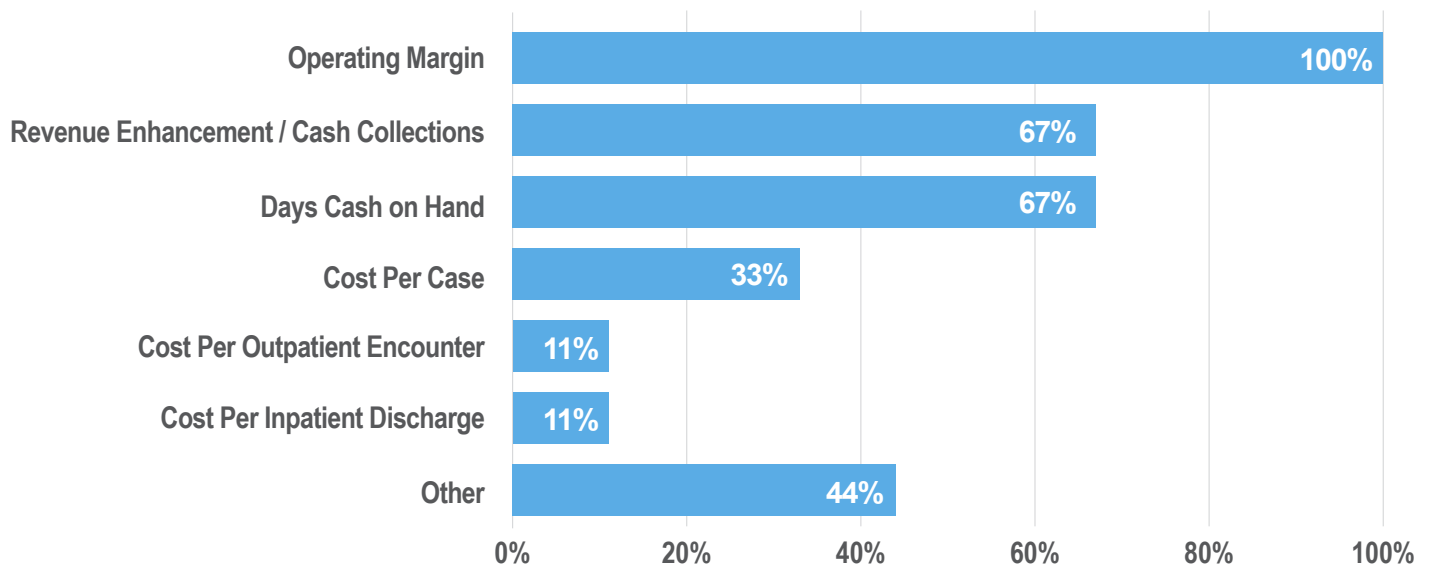
## Key Findings

- All responding health systems (100%) utilize operating margin as a corporate financial objective to which Senior Management is held accountable.
- Other metrics health systems utilize include case mix index adjusted admissions (CMIAA), labor productivity, cash flow margin, and specific performance improvement targets.
- Less than half (44%) of health systems hold senior leadership accountable for more than three financial performance metrics.

## Results

The most common corporate finance objective health systems utilize is operating margin, with 100% of health systems holding their leadership accountable for this metric (Figure 1). Two-thirds (67%) of health systems also hold Senior Management accountable for revenue enhancement/cash collections and/or days cash on hand.

Figure 1. What Financial Corporate Objectives does your health system use for financial performance measurement? *Please include all that apply.*



Other metrics health systems utilize include case mix index adjusted admissions (CMIAA), labor productivity, cash flow margin, and specific performance improvement targets. One finance executive commented, ***“We report all of the metrics above on our management dashboards, but we only hold leadership accountable on the enterprise scorecard to Margin and our Performance Improvement Program targets which are discreet dollar amounts to either remove from cost or improve revenue by.”***

On average, health systems hold Senior Management accountable for three financial performance metrics, with less than half (44%) having more than three corporate finance objectives.