

Case Study

North Shore Long Island Jewish Health System



Third Largest Non-Profit, Secular Healthcare System in the Nation Uses Prolog® Software to Save More than \$17M in Construction Costs Over Three Years



North Shore-Long Island Jewish Health System

North Shore Long Island Jewish Health System (NSLIJ) is a multi-disciplinary healthcare system in New York serving 5.2 million people in Long Island, Queens and Staten Island. It is comprised of 15 hospitals (including three world-class tertiary hospitals as well

as a nationally recognized children's hospital and a psychiatric facility), hospice and home care services, a major medical research institute and other health-related facilities. With a \$4B annual operating budget and more than 38,000 employees, NSLIJ is the third largest non-profit, secular healthcare system in the nation. It was the first health system to receive the Joint Commission on Accreditation of Healthcare Organizations (JCAHO) Codman Award, which is the only health care award that recognizes achievement in the use of process and outcomes measures to improve quality of care.



Health Care Services

The growing North Shore Long Island Jewish Health System (NSLIJ) had a problem: it didn't have a systematic method of tracking costs and budgets for its facilities construction and upgrades. According to Bernie Dubin, the System's Vice President of Project Management, each project manager had their own spreadsheets and the organization had no controls in place and zero visibility into its project portfolio. It was Dubin's task to find a software system that would change this.

"We looked at a number of different packages and ultimately chose Prolog® Manager from Meridian Systems," Dubin explains. "Prolog gave us the configurability that would allow us to gain the controls we needed without overburdening our project managers."

The organization chose to outsource its Prolog administration to The Cram Group (www.thecramgroup.com), an authorized Meridian reseller headquartered in New York City. The Cram Group hosts NSLIJ's Prolog user licenses (Prolog is accessed via the Internet via the company's ProjectXnet Managed Hosting service) and provides a full time, on-site administrator for database management and support. "This has been invaluable to us," says Dubin. "Not only does our administrator from The Cram Group handle the day-to-day maintenance of our Prolog software, but he also develops reports and queries on-the-fly."

NSLIJ Achieves Total Project Control with Prolog

Because NSLIJ uses Prolog from an owner's perspective, it has configured Prolog to manage much more than just construction costs. To achieve total project management, it uses cost breakouts for all of its expenditures, including construction (which typically accounts for about 65% of a project's costs), architect expenses, engineer fees, legal costs, zoning consultants, soil consultants and even the medical equipment needed to fully furnish a hospital or medical facility.

"As an owner, we have a lot of expenses that a construction manager might not incur," says Dubin. "Prolog allows us to have a detailed list of 100-120 cost codes that serve as a checklist for the project manager to ensure that everything needed for the project is associated with dollars. We get a very thorough budget and a way to control changes."

This is a far cry from the way things used to be, when projects were built with little regard to budget or the costs associated with changes. "Prior to Prolog," explains Dubin, "it was the Wild West here, with no law. There was no control over change orders. We would get change requests and simply act on them. Nobody had transparency into these changes. Consequently, management was constantly surprised by budget overruns."

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Bernie Dubin

Vice President of Project Management

North Shore Long Island Jewish Health System

Cost Visibility Saves Millions in Un-Necessary Changes

Prolog has given NSLIJ a mechanism to create a project budget and allow the project managers to control changes by reporting overruns. For example, if the project administrator wants to add another operating room to a hospital project, the project manager now gets an estimate for that change request and puts it into the projection. This is reported to senior management where it is reviewed. If the facility revenue can support the cost for that change, it is approved. If it can't, it is rejected.

The transparency provided by this standardized process, says Dubin, has reduced the amount of change requests submitted, especially of the "frivolous" variety, and has saved NSLIJ millions of dollars. "Since implementing Prolog," he states, "we have saved more than \$17M on 174 completed projects with an original budget of \$227M. That's an incredible return on our investment. Prolog is a remarkable tool." Today, NSLIJ knows exactly what it is spending on each project – and it also knows what it is saving!

Intranet Provides Senior Management with Self-Fulfilling Reports

Using Prolog's flexible reporting options has also contributed to NSLIJ's project visibility and control. Using a custom Intranet portal to access Prolog data, senior management can review projects to see where they stand. They can generate a project status report to get a snapshot for any of the 15 hospitals or get details at the project level. This has been very self-fulfilling for a group of managers that used to be in the dark.

Monthly project meetings to review Prolog data keep cost overruns in check. Project managers are responsible for balancing the budget, recording overruns and creating a written status report, tasks that are all handled through Prolog. The project managers use this process to put issues on the table so appropriate action can be taken. "When initially setting up Prolog," Dubin explains, "a senior administrator told us that we would do ourselves a big favor if we created data transparency. Our Intranet page is a huge step in that direction."

Integrated Electronic Invoice Processing Streamlines Workflow

NSLIJ is now working with The Cram Group to integrate electronic invoice processing with Prolog, which will automate its current time consuming, paper-based system. Using a Web portal, vendors will simply enter an invoice date, number, amount and any comments, and then attach a PDF of the invoice in the appropriate spot. The software will do the rest.

"Right now," explains Dubin, "paper flows through our office. As you can imagine, with the volume that we have, sometimes paper gets lost. When our electronic process is in place, all the paper will route electronically, eliminating lost invoices. The portal will automatically route an invoice to the appropriate person in the approval sequence. When the final reviewer approves an invoice, the data will be automatically recorded in Prolog and the invoice will be sent electronically to accounts payable for payment."

In addition, vendors will be able to use the portal to access information that they would normally need to get from a NSLIJ staff member, saving valuable time for the project team. Vendors will be able to view their contracts and the approved costs-to-date. An invoice history will be available, including invoices that are in process.

"So much of what we do at NSLIJ is about workflow," says Dubin. "The CRAM Group is expanding our use of Prolog in some really good ways. Electronic invoice processing is a significant step toward using Prolog to its fullest."

Historical Prolog Data Helps Create a Capital Plan for Growth

NSLIJ is now using its historical Prolog data to create a capital plan of \$1B in major projects over the next four years and another \$200M or more in minor projects such as improvements. This is possible, in part, because the finance department has complete control over costs and the project team has processes within Prolog to stay on track. "By standardizing on Prolog software," states Dubin, "we have re-engineered our processes and established reporting protocols that have improved our workflow and allowed us to save almost 8 percent on our project costs over the last three years. That's significant."



Partner Profile:

The Cram Group

Location: New York, NY

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NSLIJ Project Profile

Women's Hospital, Queens, NY

With approximately 6,000 births a year, NSLIJ currently has one of the largest obstetrics programs in New York State. With the addition of a women's hospital in Queens, the System will be able to provide world class women's healthcare from a single location.

Located next to Schneider Children's Hospital and its neonatal intensive care unit, this new facility will provide superior services for high risk or unique births. It will also be the location for research physicians dedicated to women's health.

As part of the project, the System will bring together a group of doctors that are specifically trained to deal with women's issues. The hospital's concept –used as the metric by which each phase of the project is measured – consists of three words: Service, Comfort, Elegance.

Architect: Skidmore, Owings & Merrill

Key Project Elements:

- 165,000 square foot addition to an existing hospital
- Four C-section rooms
- 16 labor/delivery/recovery rooms
- 60 postpartum beds
- 14 antepartum beds

Estimated Project Cost: \$217M

Projected Project Completion: 2010

Anticipated Results:

NSLIJ's goal for this hospital is to transform the way New York views women's healthcare. In addition, the System anticipates this facility becoming the place to go for women's health and obstetrics.



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