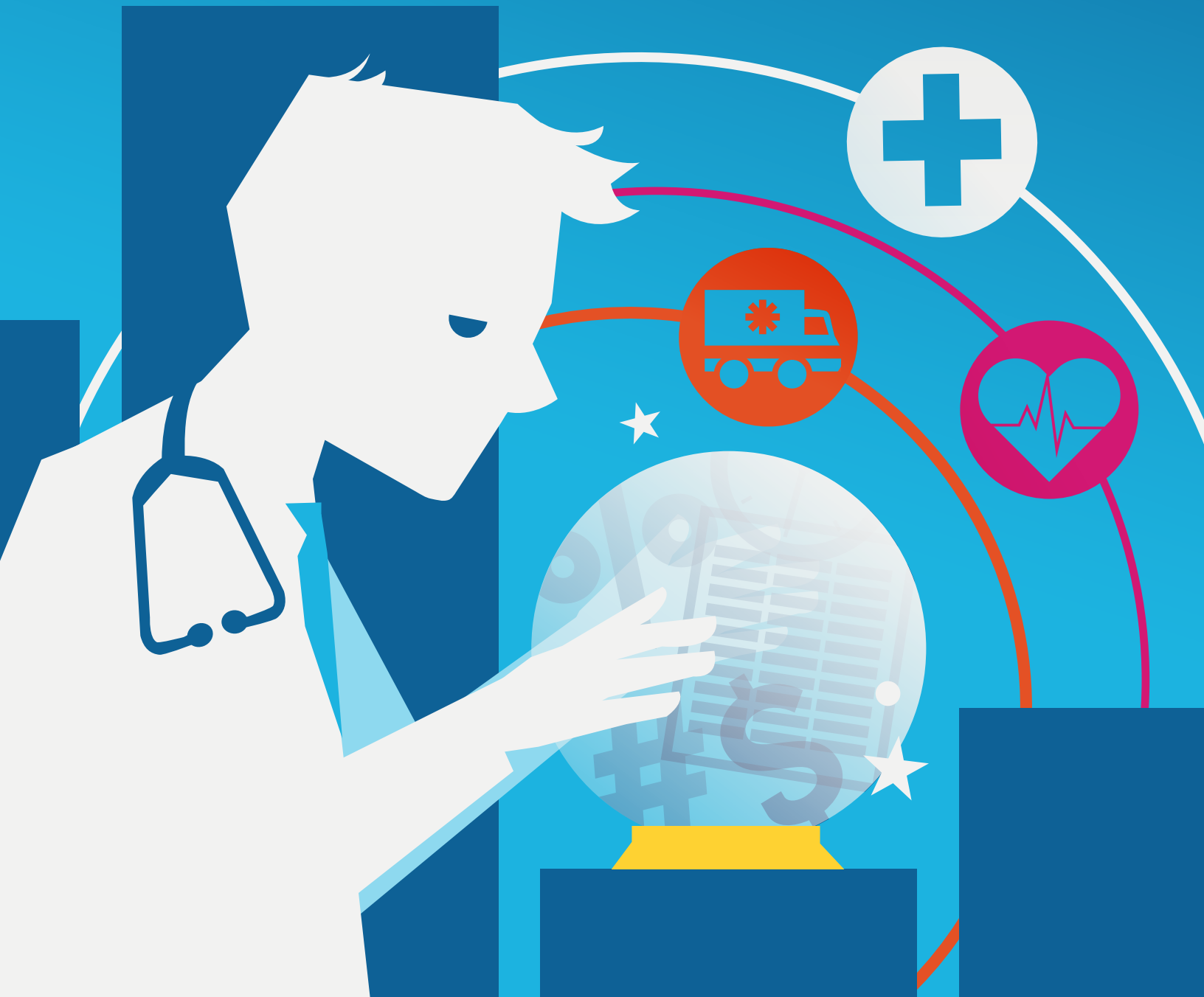


# Healthcare Organizations' 5 Biggest Forecasting Challenges



# THE STAKES

## The importance of business agility

What's keeping you up at night? Maybe you are wondering if the changes in patient volume assumptions can accommodate various staffing grids to hit the Q4 cash target. Or maybe you are worried that a decrease in net revenue could lead to postponing the urgent care expansion planned for next quarter.

To thrive in an increasingly competitive and global marketplace, healthcare organizations have to be rigorous in their planning. But it's just as important to be agile, so you can allocate resources strategically.

Yet many organizations today are struggling to keep up. After months of preparation and vetting, annual plans immediately become obsolete.

**Running what-if scenarios to answer ad hoc questions on product profitability or reject rates is costly and time-consuming. In fact, nearly 80% of CFOs admit they've delayed major business decisions because stakeholders lacked timely access to data.**

Read this eBook to learn how healthcare organizations like yours have replaced static, annual plans with agile forecasts, and run holistic, dynamic what-if scenarios that help them allocate capital where it's needed. Discover how to sharpen insight, reduce risk, and operate with agility.



# Challenge 1

## Being efficient enough to provide a rolling forecast

### CUSTOMER STORY



**“Adaptive Insights helps us more clearly see our costs per market and more easily forecast the impact of any major changes or key decisions, like the consequences of exiting a particular market.”**

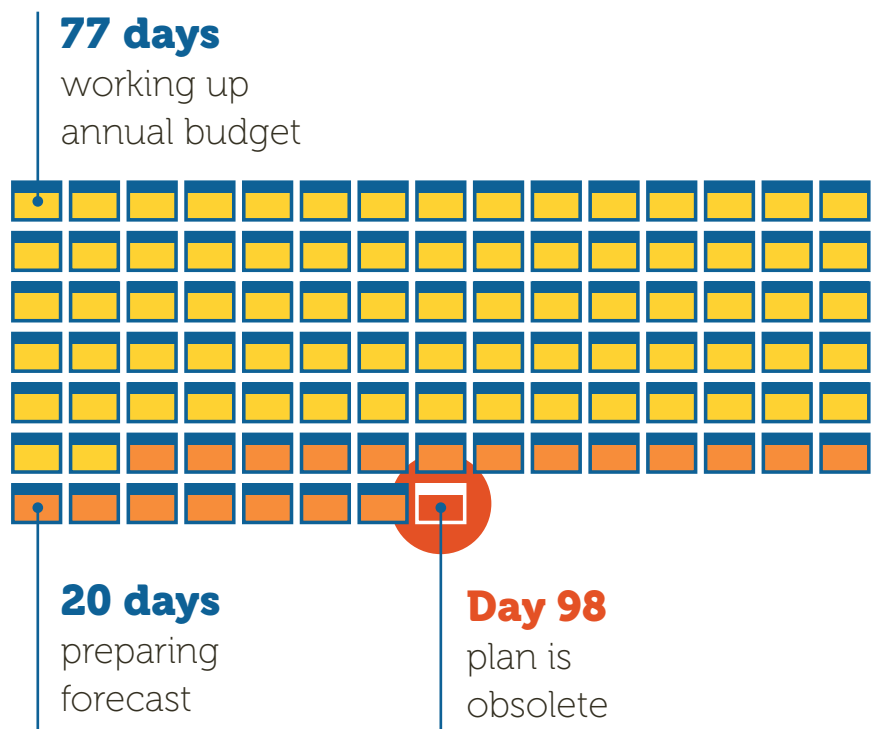
*—Manager of Cost and Budget Analysis, Large Healthcare Enterprise*

Say you'd like to update payor mix and patient visits to reflect your Q1 actuals. Now come revised patient revenue numbers. What will all of this mean for your Q4 cash position? It should be easy enough, but this one “small” change triggers a waterfall of updates consuming hours, days, or even weeks—particularly if you do your planning on spreadsheets.

Excel works great for individual back-of-the-envelope analysis, but an organization relying on a web of V-lookups glued together with copy and paste makes for a forecasting process that is time-consuming and error-prone.

**Finance professionals say they take an average of 77 days to complete an annual budget and 20 more to perform a forecast, according to the Association of Finance Professionals. With a cycle that slow, it's difficult to provide a rolling view of the organization or make time for strategic analysis.**

**Best practice:** Implement a cadence and system that allows you to ingest actuals on an automated basis. Then easily adjust drivers in your model so you can provide an always-on rolling forecast.



## Challenge 2 Keeping everyone on the same page

### CUSTOMER STORY



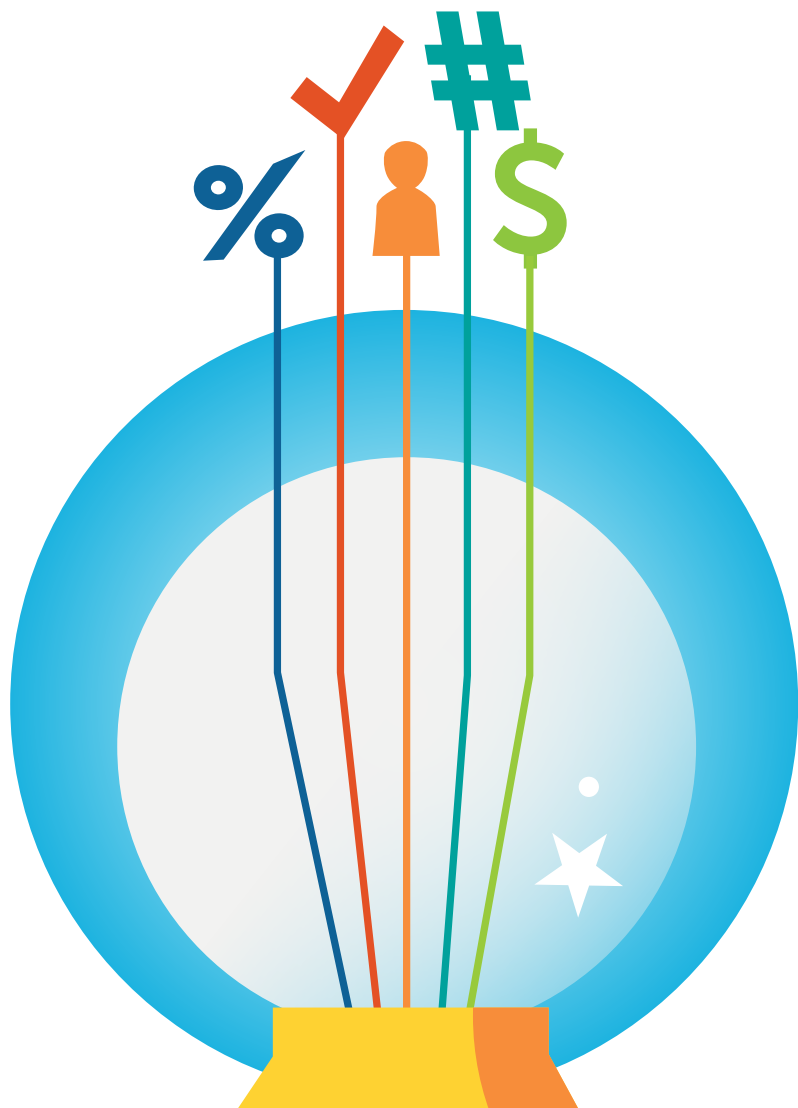
“With Adaptive Insights’ OfficeConnect capability, data updates are automatic. That means board book presentations can be prepared in a matter of hours, as opposed to the week it took previously.”

—VP Business Operations,  
Kindred at Home

Are we all aligned on the numbers? A solid plan requires a comprehensive model to ensure that everyone is on the same page and has access to the latest data.

And with data coming from multiple sources—revenue and expenses from your ERP, personnel from your HR or payroll system, as well as patient and procedure data in your electronic health record and operational systems—relying on a disconnected tool like Excel becomes problematic. You’ll end up with decisions that are delayed or, worse yet, based on stale data.

**Best practice:** Toss out the spreadsheets and use a specialized tool that incorporates the latest data to drive your KPIs. Establish a single source of truth for the entire organization—so everyone’s on the same page.



## Challenge 3

### Modeling multiple what-if scenarios

#### CUSTOMER STORY



UNIVERSITY OF CENTRAL FLORIDA  
College of Medicine

**“We love Adaptive Planning because we get a central view of our data through which we can easily make changes to budgets and forecasts on the fly.”**

*—Director of Finance & Accounting,  
UCF College of Medicine*

Driver-based models that span the full gamut of operational metrics such as revenue by service and location, patient insurance type, and number of daily visits per physician, enable organizations to run the holistic what-if scenarios necessary to support critical capital allocation decisions.

Models ought to be able to answer questions like, What happens if we expand ambulatory care services? What are the impacts of increased insurance claim processing times?

**Businesses today need to be agile. Finance teams need the flexibility to be able to spin off multiple scenarios at a moment’s notice to explore the implications of possible strategic decisions and settle on a course of action.**

**Best practice:** With the right tool, this kind of complex planning can be fast and easy—and far more flexible than traditional spreadsheet-based planning allows. Easily change assumptions and quickly see results. Then take all the time you need to analyze the implications.



## Challenge 4 Getting business partners to own the plan

### CUSTOMER STORY



**“Adaptive Insights’ ease of use gives us more buy-in from the nurses who manage the budgets across our 600 locations.”**

—VP Business Operations,  
Kindred at Home

When plans are locked up on an FP&A analyst’s hard drive, business owners have difficulty accessing the KPIs they’re responsible for. This creates a lack of ownership and accountability for the results—it becomes “finance’s number” instead of their own.

Critical KPI data—average treatment charge, claims denial rate, staff-to-patient ratio, average number of beds occupied, and more—needs to be in the hands of decision-makers. Getting answers to ad hoc questions shouldn’t be a multiday, one-off exercise for an FP&A analyst.

No surprise, then, that nearly [three-quarters of CFOs identified collaboration as a top initiative](#).

**Best practice:** Empower stakeholders with real-time, self-service access to the data they need, and the plan will become theirs. A dashboard allows budget owners outside of finance to easily review KPIs and see the impact of their decisions without having to put requests into finance.



## Challenge 5

### Marrying the top-down with the bottom-up

#### CUSTOMER STORY



UNIVERSITY OF CENTRAL FLORIDA  
College of Medicine

**“Adaptive Insights helps us to meld our financial data and nonfinancial data together to create a unified plan for the college, which we could not do before.”**

—Director of Finance & Accounting,  
UCF College of Medicine

Guidance from executives and board members typically takes a top-down approach—payor mix, net revenue, capital plans, volume drivers, market changes, and more. But building an operational plan that you can actually execute against requires detailed ground-up assumptions.

**So when it comes to building a model, the FP&A team is left with a choice: Should we build it top-down—start from a growth rate and make margin and ratio assumptions—or bottom-up, with a detailed personnel roster and trial expenses?**

Picking one leaves you with a plan reflecting only half the business. Doing both in Excel is tough because the two models remain disconnected, and you’re left with a manual goal seek or ctrl-c and ctrl-v exercise to make sure everything syncs up. (And good luck with that.)

**Best practice:** Combine high-level, top-down growth and margin-based models with a detailed bottom-up model that includes staffing requirements, net revenue by patient type, service type, and payor mix in a single platform. Then quickly and easily reconcile differences and identify gaps.



# BEST PRACTICES

## Your journey to more agile planning

Modern cloud finance solutions like Adaptive Insights allow you to:

**Gather data in real time.** Invest your time in picking the right planning process that eliminates the need for manual data gathering, making you efficient enough to be able to produce rolling forecasts

**Everybody plans!** Get everyone in the organization involved in the planning process by giving them access to real-time data. And let business partners 'own' their numbers

**Multiple scenario planning.** Your driver-based models should be flexible enough to allow you to change multiple assumptions and immediately see the impacts across the business, so you can respond accordingly

**Best of both worlds.** Combine high-level top-down growth and margin-based models with detailed bottom-up personnel rosters and schedules in a single platform so you can quickly reconcile differences and identify gaps

Ready to take action? We can help you and your team diagnose and treat your planning challenges. [Learn more here.](#)



# About Adaptive Insights

**Adaptive Insights, a Workday Company, is powering a new generation of business planning.**

Driving business agility in a fast-moving world, the Adaptive Insights Business Planning Cloud leads the way for people in companies to collaborate, gain insights, and make smarter decisions faster. Powerful modeling for any size organization, yet so easy for everybody who plans. Adaptive Insights is headquartered in Palo Alto, CA.

To learn more, visit [adaptiveinsights.com](https://adaptiveinsights.com).

