



# **Pathways to Margin Improvement: Aligning Quality, Cost and Growth**

## **HFMA Greater Heartland Spring Conference**

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# Meet the Presenters



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# Learning Objectives






1. Review utilization of performance data and benchmarks to prioritize initiatives and track progress toward margin improvement goals.
2. Apply operational efficiency, staffing, and throughput strategies appropriate to inpatient units, outpatient departments and clinics to reduce cost and improve capacity utilization.
3. Review an actionable margin improvement roadmap supported by governance, accountability, and performance metrics.



# Key Issues Today

## Mindsets 2026 Healthcare Executive Leadership Report

These themes are reflected across executives' top concerns and strategic priorities.

 <b>Aligned Growth</b>	 <b>Strategic Agility</b>
 <b>Financial Discipline</b>	 <b>Talent Optimization</b>
 <b>Regulatory Excellence</b>	



# Margin is a System Outcome

## Achieving Health

- Cost Management
- Clinical Excellence
- Operational Excellence



# Hospital vs. Clinic: Different Models, Same Problem

## Margin Dynamics Vary by Setting

- Hospitals: overhead and shared services, LOS variability, span of control
- Clinics: access, panel utilization, staffing ratios
- Same margin leak – different drivers

## Pathway to Margin Improvement –

Shift the system's focus from reconciling hospital and clinic operational differences to eliminating unnecessary variation that creates rework, slows care delivery, and elevates risk

# Span of Control Layers Analysis Summary – Hospital & Clinics – Example

Layer <sup>1</sup>	Layer Description <sup>2</sup>	Total Manager(s) <sup>3</sup>
1	CEO	1
2	Vice President(s)	6
3	Assistant Vice President(s)	3
4	System Director(s)	16
5	Director(s) / Assistant Director(s) / Administrator(s)	21 / 1 / 3
6	System Manager(s) / Manager(s)	4 / 55
7	Supervisor(s)	22
8	Coordinator(s)	36

## Insights:

- 132 Leadership & Management Positions
- Additional 36 in Coordinator Positions
- Inconsistent Executive title descriptions & alignment
- Varied use of Director, Systems Director, Administrator, and Assistant Director roles – Job descriptions and scope clarity
  - Only 1 Assistant Director (Surgery Services)
- Varied use of Manager and System Manager – Job description and scope clarity
  - Case Managers – 6 not included in total
  - Trauma Program Manager – managing people?
- House Supervisors not counted in Supervisor totals, there are 11 (headcount)

Benchmark Source: The Advisory Board Company, Community Hospitals  
Sources: Payroll from Sample Hospital

1. Layer: Hierarchy based on how many management layers an organization has.

2. Layer Description: Description the management position

3. Total Manager(s): "Headcount" of managers in that layer based on productive hours for the timeframe above

4. Total Paid FTE(s) per Manager: Layer 1 through 4 is overarching Total Paid FTE(s), Layer 4 through 8 takes into account if that department has that particular layer. Departments that do not have these layers are not included.

5. % of Non-Clinical Managers (FTEs): If the manager does not have daily clinical responsibilities and/or are clinical in background.

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# Where Margin Opportunities Hide

## Focus Areas

- Inpatient LOS variation
- Ambulatory access constraints
- Clinic capacity underutilization
- Skill Mix – top of licensure

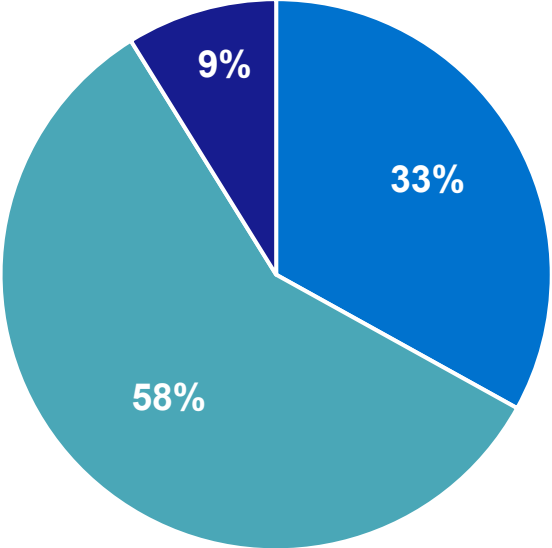


## Pathway to Margin Improvement –

Redesign care models to improve margin through effective skill mix optimization, appropriate provider utilization, and ongoing performance measurement against defined targets.

# Clinic Staffing Benchmarking - Example

Clinical Staffing



- Registered Nurses
- Licensed Practicing Nurses
- Medical Assistants

## Findings

- 65% of the clinics benchmark over median in overall clinical & front desk staff.
- RNs make up a significant portion of the clinical staffing team.
- Solo practitioner clinics create staffing inefficiencies due to lack of economies of scale.

## Recommendations

- Typically, clinical staffing is comprised of LPNs & MAs. Recommend reviewing the roles & responsibilities of RNs & ensure all clinical team members are practicing at the top of their license.
- Recommend aligning staffing ratios to the median. For single provider clinics at minimum staffing ratios, maintain staffing at the minimum level to safely respond & care for patients until volume grows.
- Develop staffing flex plan to deploy or flex out staff as provider availability varies.

# Levers that Move Margin

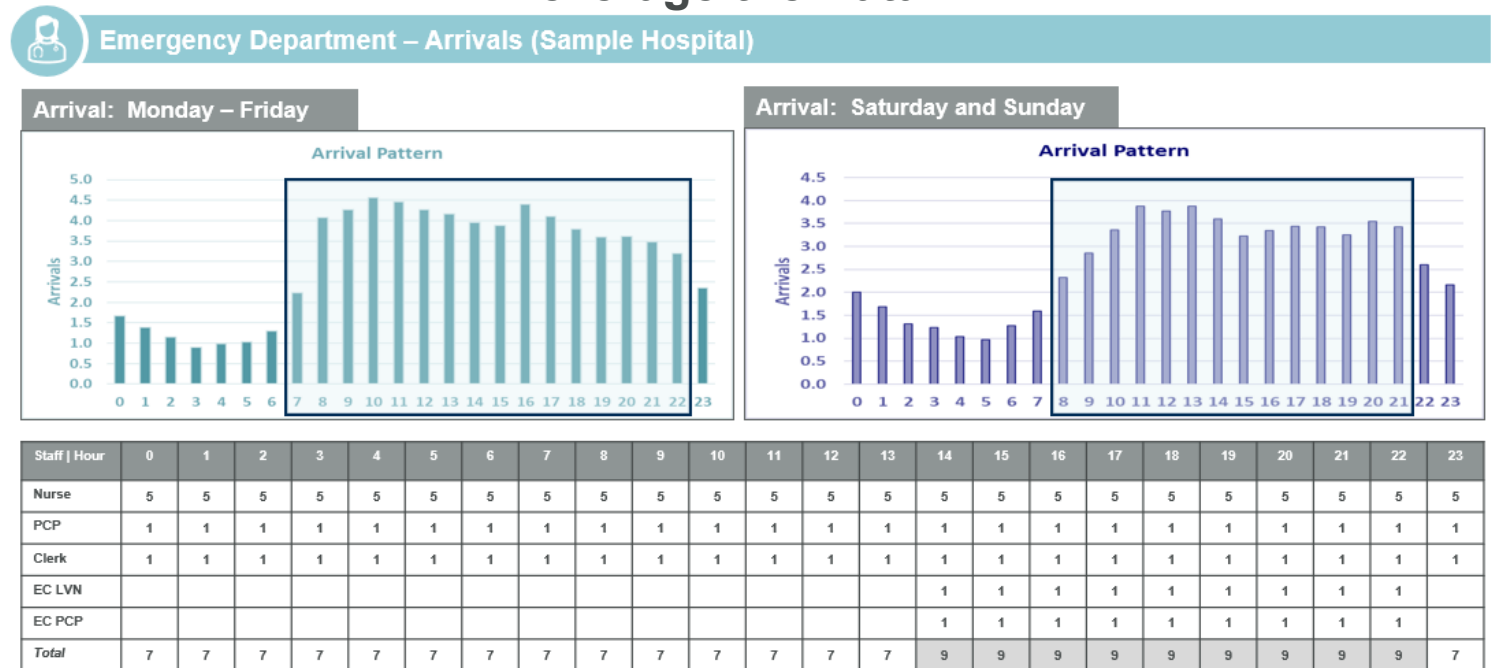
## Inpatient and Outpatient: Operational Rigor Beats Cost Cutting

- Staffing to Demand
- Room and Space Utilization
- Productivity Expectations
- Length of Stay Management vs. Discharge Pressure

## Discovery

- Evaluate Staffing to Arrival Patterns
- OR Block Utilization
- Throughput Metrics – ER and beyond

## Leverage the Data...

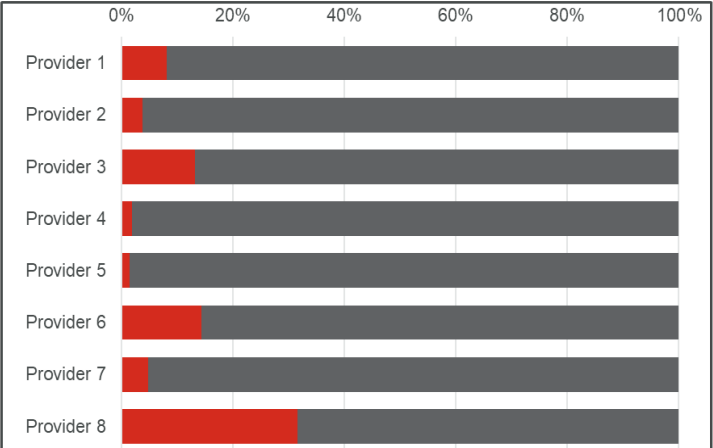


# Levers that Move Margin - Clinics

## Understanding Your Provider Access

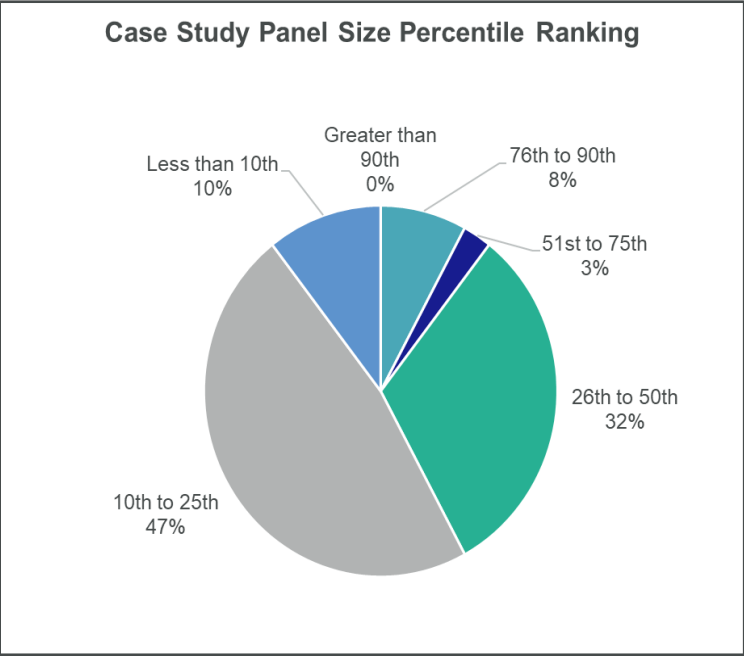


**New v. Established Patients**



Use specialty specific new patient to established patient ratios for panel maintenance and growth.

**Case Study Panel Size Percentile Ranking**



## Access + Productivity = Margin

- Panel right-sizing
- Provider-to-Staff ratios
- No-show Mitigation
- Template Standardization

# So... what's next

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Accountability?

Governance?

Performance Metrics?

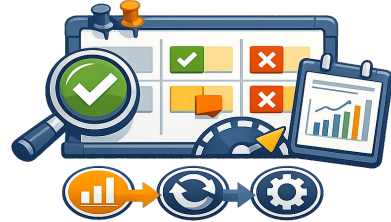


# Sustaining the Gains Over Time



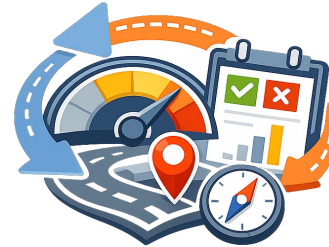
## Performance Cadence

- Identify Operational KPIs
- Monitor Leading and Lagging Indicators
- Structured Problem-Solving Forums



## Visual Management Boards

- Identify Trends
- Celebrate Progress
- Be inclusive – all stakeholders
- Learn how we are winning



## Course Correction

- Adjust plans based on performance data
- Respond to early warning indicators
- Refine tactics without abandoning the strategy



## Leadership Alignment

- Routine Leadership Behavior
- Facilitate the change
- Remove Barriers
- Closed-loop Follow-up
- Sustain Improvement – recalibrate as needed

# Discussion



## Margin Erosion

Where is margin erosion hiding?

- Inpatient flow
- Clinic access
- Staffing alignment

## Constraints

If removed, which would unlock the most capacity?

- People
- Process
- Space

## Governance & Execution

Do you have the governance to execute—consistently?

- Clear ownership
- Performance cadence
- Willingness to course-correct

# Questions

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**Thank you!**

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