Cost Containment Transformation

EPSi

The time for change is upon us.

Overview

Healthcare delivery continues to focus on a challenge one generation of leadership has bequeathed to the next for decades now, almost as if a gift or rite of passage: addressing cost containment challenges. This narrative has always been a focal point of the industry. But the focus is now more acute than ever, given the limited ability to draw upon other historical levers like volume and pricing growth to balance the cost curtailment. This has, in turn, required systems in many markets to transform operational performance at an unprecedented rate and scale.

Every healthcare system is unique. Unique in size, bed capacity, organizational structure, provider network, delivery market, etc. Many times, these are the mirrored reflections of organizational leadership's belief in the future of healthcare and the trajectory of "value-based care." We have advised more than 100 of the nation's leading providers in recent years, so we understand these differences. We've worked with organizations that have strategically different long range plans; vastly differing levels of investment in clinically integrated networks; magnetically opposing perspectives on facility vs. service line P&L accountability. Despite these disparate strategies, a core tenet to missional success for each organization remains the same: sustainable operation excellence that addresses rising costs.

The approach vacillates from one organization to the next, but the core is anchored with the following requirements:

- Identifying and remediating operational inefficiency with precision, to remove excess expense only where appropriate, without adversely impacting care delivery

- Sustaining operational savings to ensure that identified cost reductions are not only achieved, but hard wired into the delivery of care

- Quantifying the impact of clinical variation and attributing true cost savings to changes in performance throughout the care continuum

- Recouping clinical and financial return from strategic acquisitions of provider practices

- Entering risk-based arrangements for the first time with limited infrastructure and supporting analytics to properly execute on the paradigm shift

- Moving from a vertically organized health system, in which individual hospitals are responsible for the P&L, to a horizontally oriented service line management approach with dyad leadership (clinical and administrative) teams responsible for the financial bottom line

At first glance, many of these challenges appear internally oriented — efforts that health care delivery organizations can control within the four walls of the network. Many are, but market pressures do not stop there. Just look at state and national reporting and it becomes readily apparent how much more is being asked of providers today. Increasingly, the standard for healthcare delivery requires healthcare providers to shoulder broader community needs and be the catalyst for health change. The customer has evolved from "patients" that are diagnosed and treated to "consumers" that must be analyzed, predicted, and managed. And yet, cost containment is still predicated on leveraging tools focused on retroactive analysis. For healthcare delivery to support these changing community needs, delivery networks must transform. This type of transformation requires the right solutions and the right teams to provide actionable data and analytics.

Healthcare needs to return to a place where software is not purchased because of government incentives or to "keep up with the shop down the road," but because it provides the infrastructure upon which analytics and insights transform the delivery of care and generate a return.

Transformation is a must to succeed.

Unfortunately, for transformation to occur, one can't just "level up" and achieve successful, sustainable cost containment practices. Our team knows this because we're a group of industry advisors, skilled in clinical and financial transformation, that happen to also be very skilled in leveraging solutions to accomplish these outcomes. What we are not is just a team comprised of software trainers. In addition, to be successful, one cannot limit any efforts at transformation, let alone costing, to only physicians. Anyone who's worked in the space understands the impact of terminology and the importance of the use of mid-level professionals and other clinicians (e.g., therapists). Lastly, for transformation to occur and to effectively eradicate expense, organizations cannot continue to invest talent and money in tools focused solely on the retroactive analysis of cost results.

It requires a fundamental shift in the delivery of services to the community to realize financial return on analytical investment. A pivotal transformation in attitude and use of data is the buttress of organizational action. We understand this. We've built out a deep and experienced bench of clinicians, EMR programmers, finance executives (hospital and provider), and "Big 4" consultants who can turn insights into results. We have individuals on our team who have stood up population health organizations to coordinate care across statewide networks. And we have others who have delivered patient care with excellence as clinicians. Our team gets it because we've been in your shoes and worked with your peers. We spend time working with our clients to optimize use of the current platform, but we are also listening to our community's needs. We are taking that feedback and applying it to create a tool that radically changes the healthcare delivery landscape. We understand the need. That's why we developed an innovative platform, RealCost™, that provides real-time and predictive analytics on key operational challenges like labor and supply spend, care protocols, and clinical pathways.

It's time to start equipping financial and clinical leadership with dynamic tools that don't just tack on fees every time you need to add more data, but instead provide incremental data and insights that doesn't exist today. Those data can then generate continued return on investment. It's time to start your revolutionary transformation.

At EPSi, that's our big idea. We believe our job is to consistently innovate, both in product and services, to best serve and support our client community so they can theirs. With every client, our primary goal is to transform each customer from system users to users that drive system strategies.
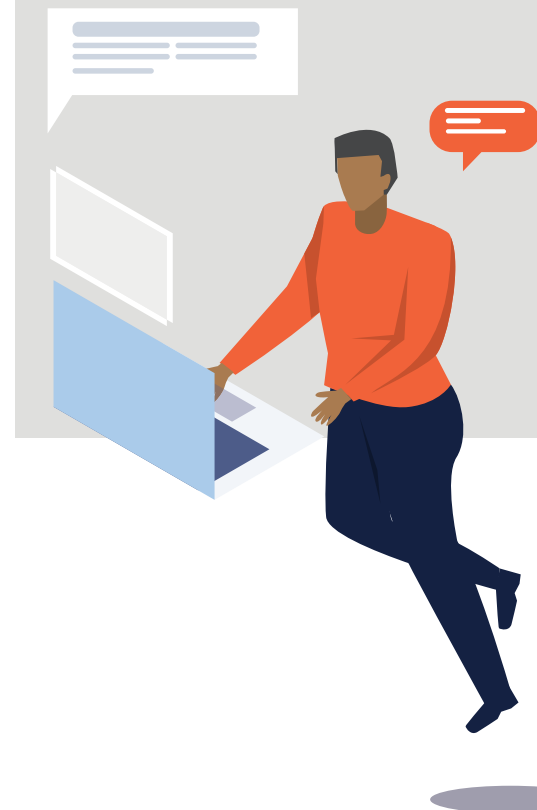
The Glidepath to Success

Transformation takes time, energy, and resource commitment. Based on our experiences working with many of the top health systems in the country, we have observed five key pillars that are required to drive change.

1 Dynamic Leadership

Transformation by definition is a thorough or dramatic change in form. For healthcare delivery, there is no ubiquitous institutional "form" — each organization is unique to start and therefore so is the change that must occur. Dynamic leadership does not just represent a singular leader with bravado and whit. It's a holistic leadership team filled with balanced clinical and administrative representation of three leader types:

1. "Corporate" Leaders
2. "Hospital" Leaders
3. Service Line Leaders

2 A Shared Vision

Too often transformation fails because the vision is not shared organizationally or is not clear. A vision developed through the strong collaboration of the three leader types should provide a clear vision that is understood from administration down to the front-line leaders. Feedback like "That's corporate not knowing how we work" or "That's fine for them, but we do things differently here" or even "That's a bunch of 'administration' that doesn't know what we clinicians actually do". These types of attitudes can become toxic if not corrected and unified under a singular strategy.

3

Signs of "Systemness"

The fundamental hypothesis of population health is that the distinct pieces of the continuum create more value as a whole. Transformation requires coordination and is only as good as the weakest link. But after more than a decade of heavy M&A activity, many organizations still wallow trying to bring independent nation states into a united federation.

4

Incredible Operators

Leadership, vision, and systemness are paramount for success. But without teams that take accountability for results, change is a quickly vanishing dream. To quote Warren Bennis, "Leadership is the capacity to translate vision into reality." Incredible operators successfully take the shared vision and ensure that their area of influence is managed with excellence.

5

Ever-Innovating Technology

Lastly, in an ever-changing industry, transformation requires an ever innovating technology set that consistently provides new insights. Historical data analytics and pattern recognition can only reach so far. For leaders and operators, retroactive analysis will always be a piece of analytics, but to effectively transform an organization requires real-time data and predictive data to make changes before expenses are incurred.

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The Glidepath to Profitability

With a diverse client base that spans across the country, we've seen this transformation narrative playing out at the national and local level – consistently looking like this:

Success and Profitability

Strategic expansion and growth through centers of excellence

Strategy Realignment

- Focus on operational excellence through productivity, benchmarking and operational variance management
- Address clinical variation through clinical insights, provider benchmarking, cost per case comparisons and other value metrics
- Reevaluation and realignment of strategy with market demands "Volume to Value"
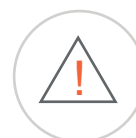
Failure to Pivot

Results in the downward trend of profitability

Tsunami of Performance Degradation

Requires new operational focus, and reevaluation and alignment of strategy with market demands

Don't allow the daunting and sometimes dire financial duress of today cripple the future. Our team works closely with our clients across each of these pillars to drive success through all phases of the transformation journey.

There are potholes and roadblocks along the way, but we are committed to propelling your organization along the path; onward towards success.

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Acknowledgements

Special thanks to the following individuals for their contributions in this article:

Up Next

In our next chapter of EPSi Cost Containment Transformation, we'll discuss the origination point to successful return on analytics and true cost containment – Establishing the Strategy.

If this is the journey you're already on or you envision for your organization, you're not alone. Welcome to the community of innovators, those who are ready to change the narrative and write a new chapter in healthcare analytics We'd love to hear from you and hear your organization's story. Our team is ready to usher in a new era of analytics with you.

For further information related to EPSi's innovative RealCost™ technology, or to schedule a demo, please reach out to info@epsi.io.

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