

Innovate for Affordable Care

by William Seagrave

There is a new patient seeking care in the US – and it is not human. It is the hospital. Legislation is decreasing revenue reimbursements and will keep them under constant pressure for the foreseeable future. At the same time, the cost to provide care is increasing. These two factors put the financial health of hospitals in a critical state.

To truly create affordable care, hospitals need to innovate the process of providing care. As an example – there are large cost variations across physicians who deliver surgical procedures. The same procedure can have a vastly different cost depending on the surgeon, primarily due to a variety of decisions around components and instruments that the individual selects. Yet the variation in cost does not correlate to the effectiveness of the care provided to the patients. An immediate financial opportunity exists to analyze these cost variations to better understand and influence the decision processes that created the variation in the first place.

Why is this an interesting avenue of opportunity? Physicians make daily decisions for the type of care to provide, and how that care is structured and provided. This means they have the greatest impact on cost. By addressing the variances, we can reduce spend while maintaining the quality and options for care.

Historically, hospitals have failed to engage physicians in meaningful financial discussions as they design processes and solutions for care. In general, healthcare information systems are not designed to provide physicians with the tactical and consumable decision support necessary to enlist them in the process. Therefore, physicians make procedure decisions without knowledge of financial impact factors.

Innovative Approaches to Cost Management

There are new approaches that can be applied as hospitals set their cost management strategy and direction. When talking to physicians about cost management, there are several common responses.

"I do not have time to unravel the hospital's finance issues"

"When I receive a report from the hospital financial system, I can't use it. It's too much information, too confusing, not relevant to my activities, and way too late to impact any daily decision"

"It would help if I understood how to help (the hospital) without adding more workload"

"Of course I want the hospital to survive and be healthy, but their approach has not worked for us as physicians"

The opportunity exists to engage the physicians as stewards for hospital financial resources. But in order to impact daily decisions, effective engagements must:

1. Be easy to understand
2. Create no additional workload
3. Provide an action oriented analysis of the impact of decisions
4. Translate into shared benefits for both the hospital and the physician

Cost Management for Physicians

To impact physicians' decisions, they need easy access to tactical financial information. To simplify financial reports, physicians only need to see information that is a direct result of their surgical activity. It should be presented in a way so they can understand it quickly, relate to it, and begin to evolve their processes as a result. An analysis that is direct cost-specific, with no overhead, and relevant to each physician, will reveal actionable insights. An effective cost management solution can produce dramatic improvements to the hospital contribution margin and long term, enthusiastic engagement by the physician groups involved.

We can heal our hospital financial health and keep premium care and choice both available and affordable. Innovative cost management approaches are an effective first step.

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