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Keys to Controlling Healthcare Delivery Costs

Between diminishing reimbursements and the transition to value-based care, healthcare providers face ever-increasing pressure to reduce healthcare delivery costs. They must manage operations more efficiently in order to protect margins, even as they adhere to their mission of delivering quality care that supports optimal health outcomes.

“Any dollar spent on healthcare [administration] is a dollar not spent on research, or on taking care of a patient or on taking care of a larger volume of patients. We were previously living in an era of unlimited spending, but with healthcare costs at 18-19 percent of GDP, we’ve hit our limit,” said Steve Fanning, vice president of healthcare strategy for Infor Healthcare.

Provider organizations are considering all available options. For example, a recent look at U.S. healthcare costs by PwC notes, “As more health systems go through large-scale mergers and acquisitions, they must make major investments in integrating data and information to capture potential efficiencies of scale.”

For healthcare organizations to achieve greater efficiency and improved outcomes, they should consider the following five steps:



Develop a centralized supply chain.

Streamlining supply-chain processes enables administrators to identify and eliminate inefficiencies, so it’s important

to have an end-to-end view of an organization’s entire supply chain. By combining warehouse management, labor management, transportation management, and demand planning into a unified solution with a common user interface, you will be able to analyze your costs comprehensively and unite your entire supply chain into an integrated, streamlined business process.



Maximize labor utilization.

Labor is the biggest expense in the delivery of care, with 60 percent of the cost of care being people.

Consequently, effective workforce management is critical to an organization’s success. With that in mind, one question you should consistently ask is, “What is the relationship between staffing and clinical outcomes, medical errors, or wait times for care?”

You should focus on managing labor costs and compliance through advanced planning and scheduling, saving time by automating key workforce management processes and analyzing workforce data in order to

“The opportunities for efficiency are around your people, because that’s where a lot of the costs are in provider-delivered care.”

Steve Fanning | VP of Healthcare Strategy | Infor Healthcare



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anticipate workforce demands and schedule the appropriate amount of nursing coverage. “Not only will you improve efficiency, but you’ll also have more satisfied patients and employees,” said Mark Weber, chief business officer, Infor Healthcare.



Focus on system integration and consolidation.

Improve the management of back-office financial, HR, and supply chain systems by considering a way to merge them for greater effectiveness. An integrated suite of agile, scalable solutions will allow you to access, share, and analyze data from multiple systems and platforms. This helps you develop easy-to-use, highly intuitive views of the most relevant information and action items.



Integrate information across the care continuum.

Given the exploding amount of data available to healthcare organizations, you must develop the capacity to track key quality and performance metrics continuously, sharing information across a patient’s continuum of care, and constantly working to improve interoperability and information exchange.

“Airline, auto, and steel manufacturing have gone through cost crunches that fundamentally change how they deliver a particular good or service,”

said Weber. “Healthcare faces the same challenges, and now needs to work across the care continuum to better control costs and improve care delivery.”



Staff according to patient acuity.

With patients requiring different levels of care at different times, you need to determine appropriate nurse workload and staffing in order to achieve optimal workforce efficiencies. To reduce labor and operational costs while improving outcomes, providers should implement a patient-centric approach that treats each patient uniquely and uses empirical, evidence-based data to develop a detailed knowledge of every patient’s care needs.

The Holy Grail to achieving optimal value-based care, according to Fanning, is to find “less expensive ways to provide optimal care in a lower cost environment that is (also) more accessible.” Providers who take decisive steps to streamline management, information and supply-chain processes will be better positioned to achieve consistent, end-to-end management of costs, while also improving patient outcomes.

Did You Know?

To control the cost of healthcare delivery, you need to understand the many ways costs are incurred across an organization. For example:

In a typical onboarding process involving 30 steps and 14 software systems, it can take



45 days

until a new employee reaches full productivity.¹

Nurses surveyed reported a



43%

increase in overtime.²



60%

of provider costs revolve around staffing.³



80%

of healthcare executives responding to a survey had incorporated reducing supply costs into their strategic plan.⁴



100%

of Accountable Care Organizations have interoperability issues.⁵



13 states

have implemented nurse-patient staffing ratio guidelines.⁶

1 University of Michigan Onboarding study and U.S. Department of Labor and Aberdeen's Research Benchmark

2 <http://www.nursingworld.org/nursestaffing> American Nurses Association, Infographic

3 <http://www.healthcarefinancenews.com/news/research-ties-staffing-sustainability>

4 Modern Healthcare survey: <http://www.advisory.com/daily-briefing/2012/08/21/nearly-80-percent-of-hospital-execs-work-supply-costs-into-strategic-plan>

5 Advisory Board Daily Briefing: ACO Roundup: 100% of ACOs have interoperability problems: <http://www.advisory.com/daily-briefing/2014/09/25/aco-roundup-of-acos-have-interoperability-problems>

6 <http://www.nursingworld.org/MainMenuCategories/Policy-Advocacy/State/Legislative-Agenda-Reports/State-StaffingPlansRatios>

Here are 7 tactics that will help you get your healthcare delivery costs under control.

Tactic	Benefits
<p>Develop a centralized supply chain by combining warehouse, labor, and transportation management into a unified solution.</p>	<p>Ability to focus supplies on the patient, analyze costs comprehensively and streamline your entire supply chain.</p>
<p>Anticipate workforce demands and maximize labor utilization by implementing advance planning and scheduling.</p>	<p>Improvement in efficiency of care delivery and reduce labor and compliance costs.</p>
<p>Automate key workforce management processes to capture real-time information and analyze workforce data.</p>	<p>Improvement in decision-making on scheduling, payroll and staff development for better management of staff costs.</p>
<p>Implement integrated and scalable solutions to analyze data from multiple systems.</p>	<p>Development of actionable data via easy-to-use views of most relevant information and needs.</p>
<p>Track and share key quality and performance metrics across the continuum of care.</p>	<p>Collaborative, patient-centered culture with improved interoperability and information exchange.</p>
<p>Implement patient-centric, evidence-based planning that treats each patient uniquely.</p>	<p>Development of detailed patient knowledge leading to reduced costs and improved outcomes with comprehensive care plan.</p>



About Infor:

Infor Healthcare solutions are used by 21 of the 25 largest IDNs, and 72% of US hospitals. Infor Healthcare is #1 in helping healthcare organizations deliver high-quality, affordable care as evidenced by our customers' achievements and our industry-leading market share across solutions to manage people, supplies, clinical information and financial assets.