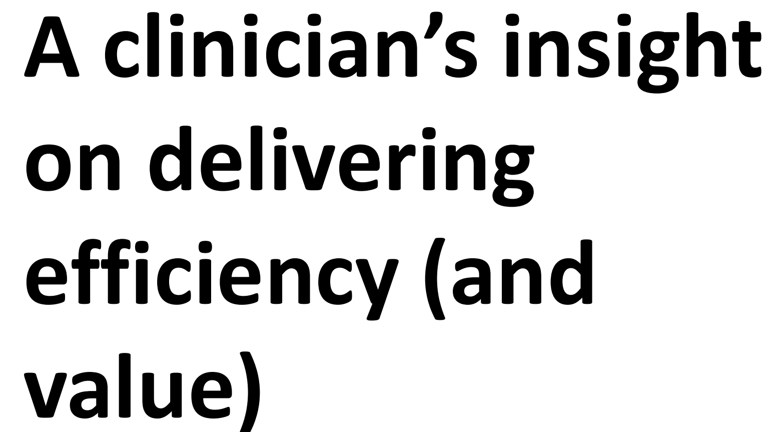
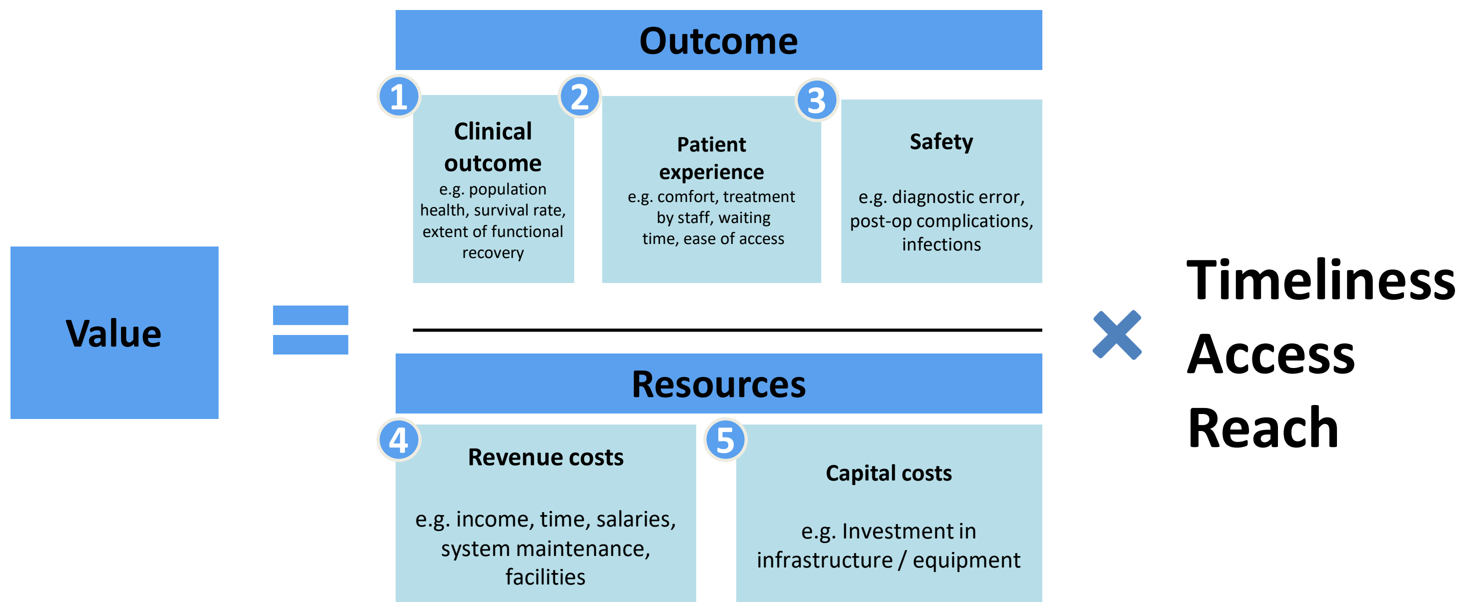


A clinician’s insight on delivering efficiency (and value)

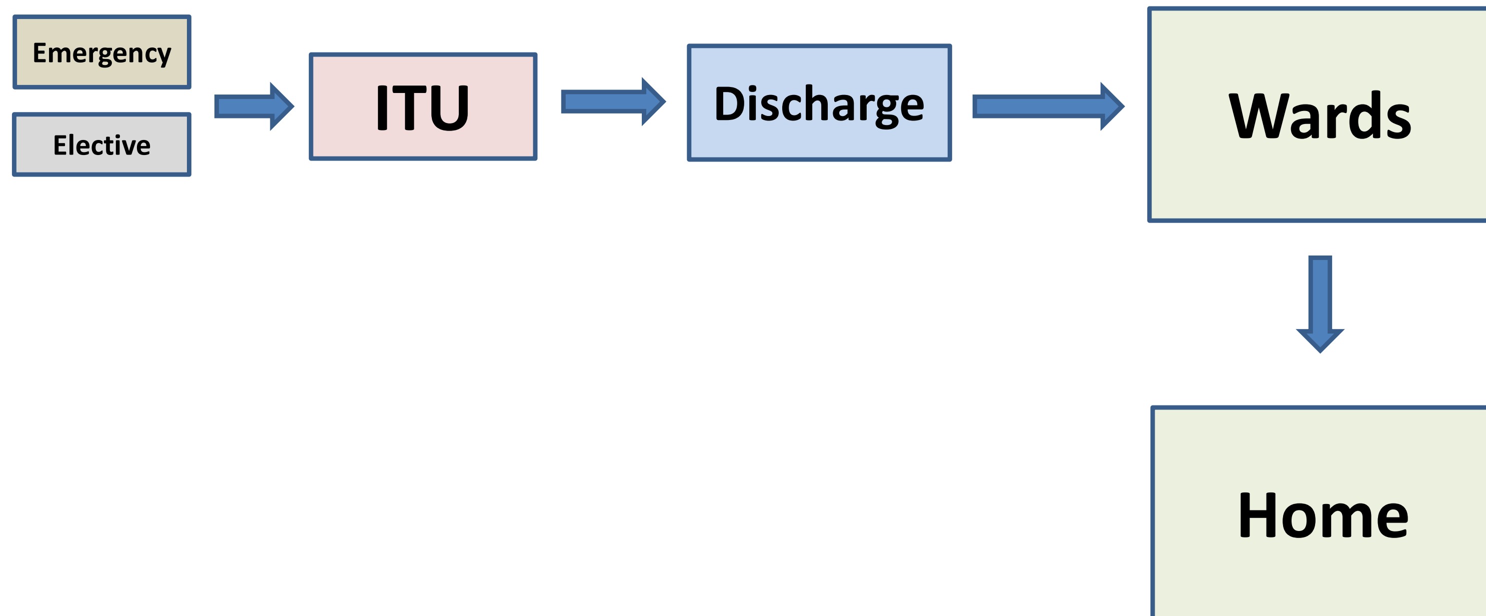
Sanjay Agrawal, Consultant in Respiratory & Intensive Care Medicine, University Hospitals of Leicester

Value

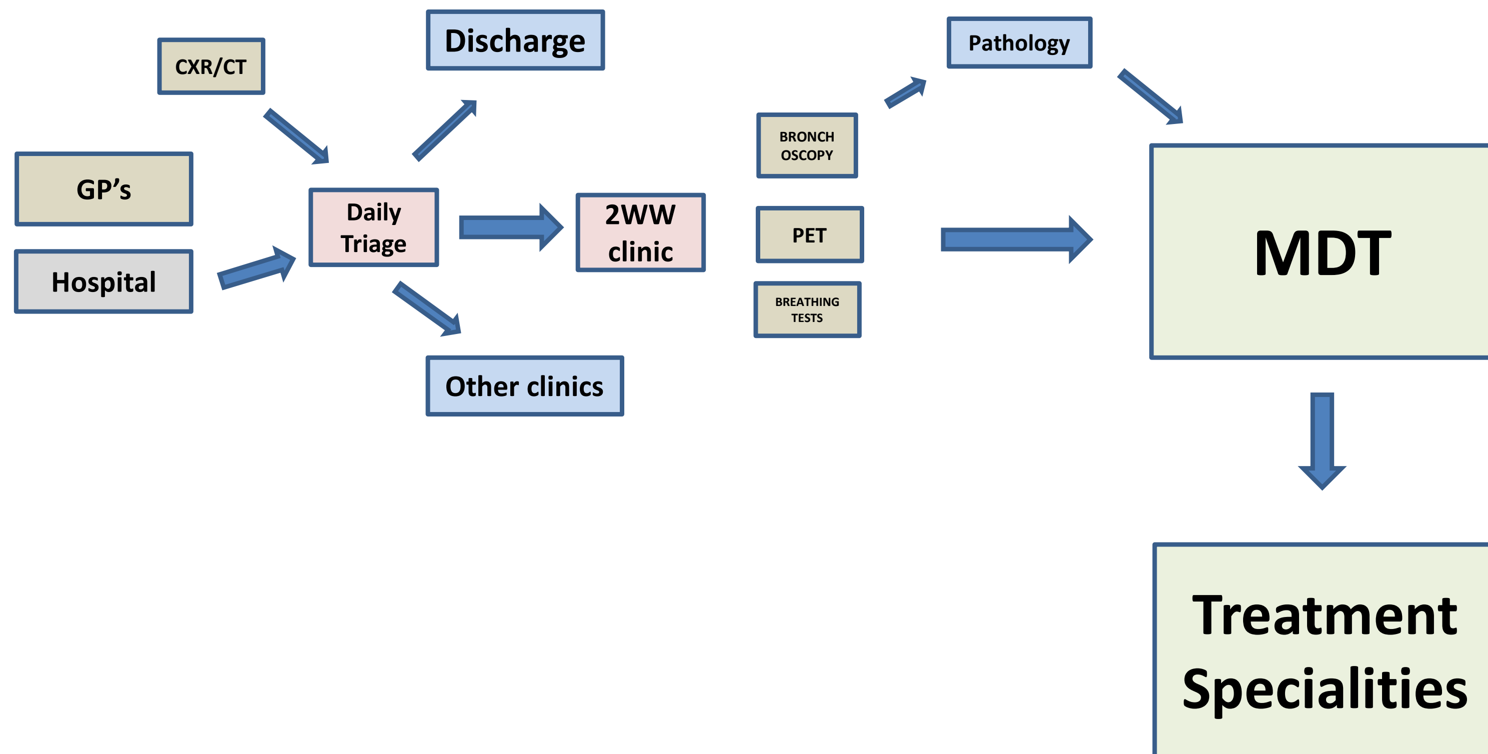


Source: based on Michael Porter (HBR, NEJM), HFMA "Value in Health Care", Delivery Group interviews

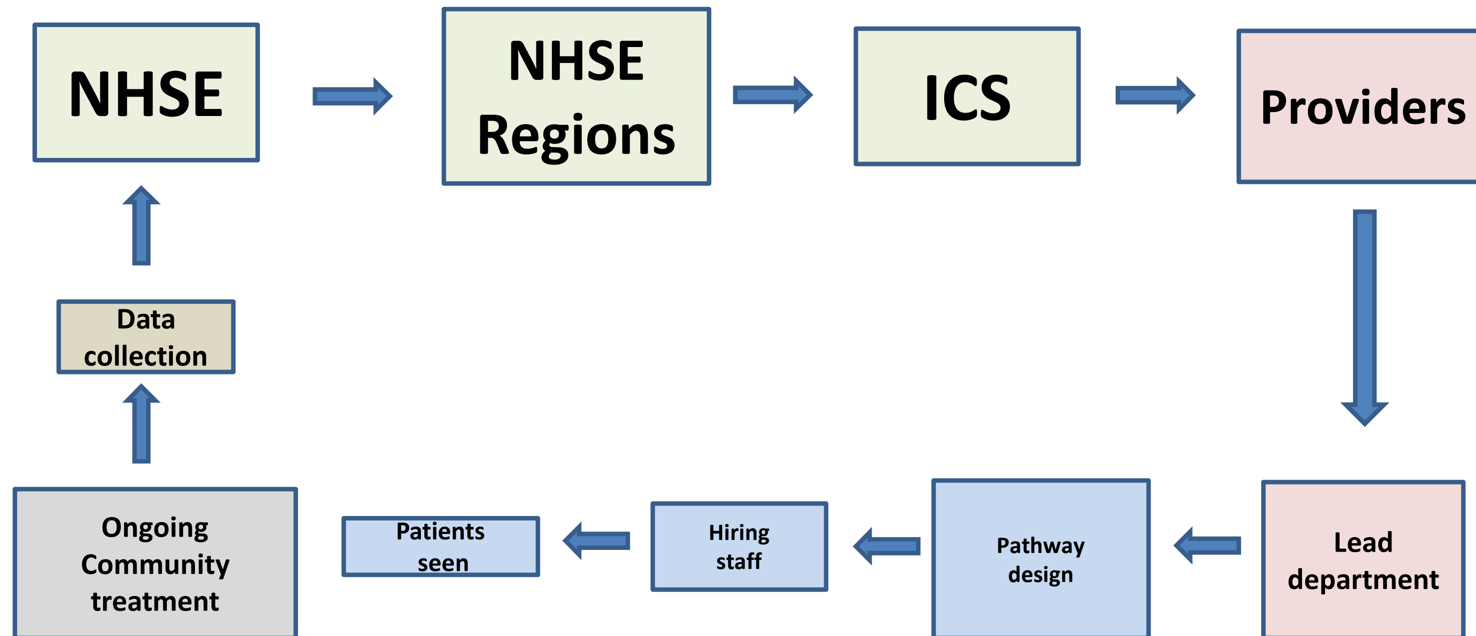
Pathways - ITU



Pathways – Lung Cancer



Pathways – Tobacco dependency services



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Protecting resources, promoting value: a doctor's guide to cutting waste in clinical care

November 2014

Waste

SPECIAL COMMUNICATION

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ONLINE FIRST

Eliminating Waste in US Health Care

Donald M. Berwick, MD, MPP
Andrew D. Hackbarth, MPhil

The need is urgent to bring US health care costs into a sustainable range for both public and private payers. Commonly, programs to contain costs use cuts, such as reductions in payment levels, benefit structures, and eligibility. A less harmful strategy would reduce waste, not value-added care. The opportunity is immense. In just 6 categories of waste—overtreatment, failures of care coordination, failures in execution of care processes, administrative complexity, pricing failures, and fraud and abuse—the sum of the lowest available estimates exceeds 20% of total health care expenditures. The actual total may be far greater. The savings potentially achievable from systematic, comprehensive, and cooperative pursuit of even a fractional reduction in waste are far higher than from more direct and blunter cuts in care and coverage. The potential economic dislocations, however, are severe and require mitigation through careful transition strategies.

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Published online March 14, 2012. doi:10.1001/jama.2012.362 www.jama.com

No matter how polarized politics in the United States have become, nearly everyone agrees that health care costs are unsustainable. At almost 18% of the gross domestic product (GDP) in 2011, headed for 20% by 2020,[1,2] the nation's increasing health care expenditures reduce the resources available for other worthy government programs, erode wages, and undermine the competitiveness of US industry. Although Medicare and Medicaid are often in the limelight, the health care cost problem affects the private sector just as much as the public sector. Both need serious relief.

Obtaining savings directly—by simply lowering payments or paying for fewer services—seems the most obvious remedy. Programs designed to make cuts of this kind appear across the policy spectrum, from many, carefully sequenced provisions of the Patient Protection and Affordable Care Act (ACA), favored by the Obama Administration, to draconian proposed shifts of Medicare costs to beneficiaries and reductions in payments to physicians and hospitals, favored by several Republican congressional proponents.

The ACA, for example, gradually phases in well-warranted decreases in payments to Medicare Advantage plans. Some in Congress have proposed caps on federal Medicare payments (with beneficiaries picking up the difference). Many states, reeling from unprecedented budget deficits, are reducing Medicaid benefits and payments.

Author Video Interview available at www.jama.com.

The cost reductions in the ACA are necessary and prudent, but if other initiatives to cut spending are taken too far or too fast, they become risky. Vulnerable Medicaid beneficiaries and seniors covered by Medicare with marginal incomes may find important care services out of reach, either because they cannot afford the new cost-sharing, because clinicians and hospitals have withdrawn from local markets, or both.

Reducing Waste in Health Care Spending

Here is a better idea: cut waste. That is a basic strategy for survival in most industries today, ie, to keep processes, products, and services that actually help customers and systematically remove the elements of work that do not.

The opportunity for waste reduction in health care is enormous. The literature in this area identifies many potential sources of waste and provides a broad range of estimates of the magnitude of excess spending. Six categories, at least, seem large (although this list is likely not exhaustive). The Table shows estimates of the total cost of waste in each of these 6 categories both for Medicare and Medicaid and for all payers.

1. Failures of Care Delivery: the waste that comes with poor execution or lack of widespread adoption of known best care processes, including, for example, patient safety systems and preventive care practices that have been shown to be effective. The results are patient injuries and worse clinical outcomes. Better care can save money. We estimate that this category represented between $102 billion and $154 billion in wasteful spending in 2011.

2. Failures of Care Coordination: the waste that comes when patients fall through the slats in fragmented care.

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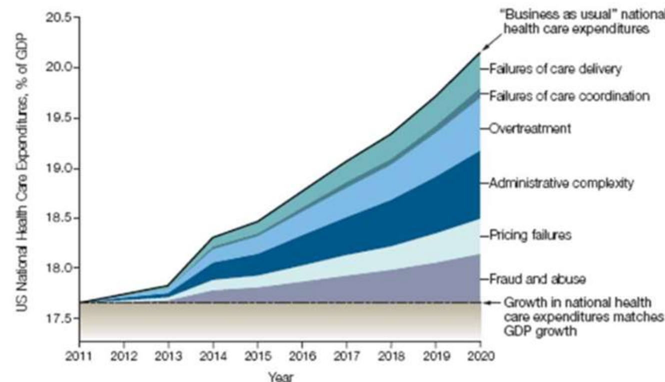
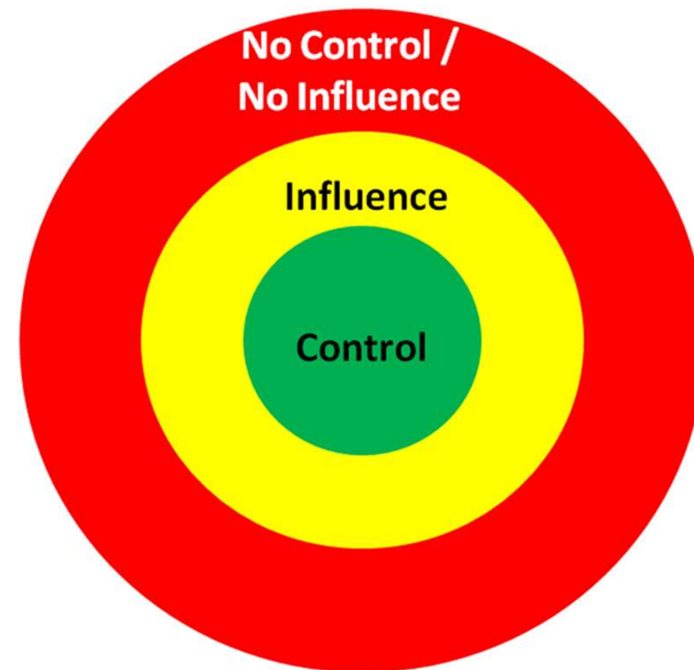


Waste

Sphere of control or
sphere of influence



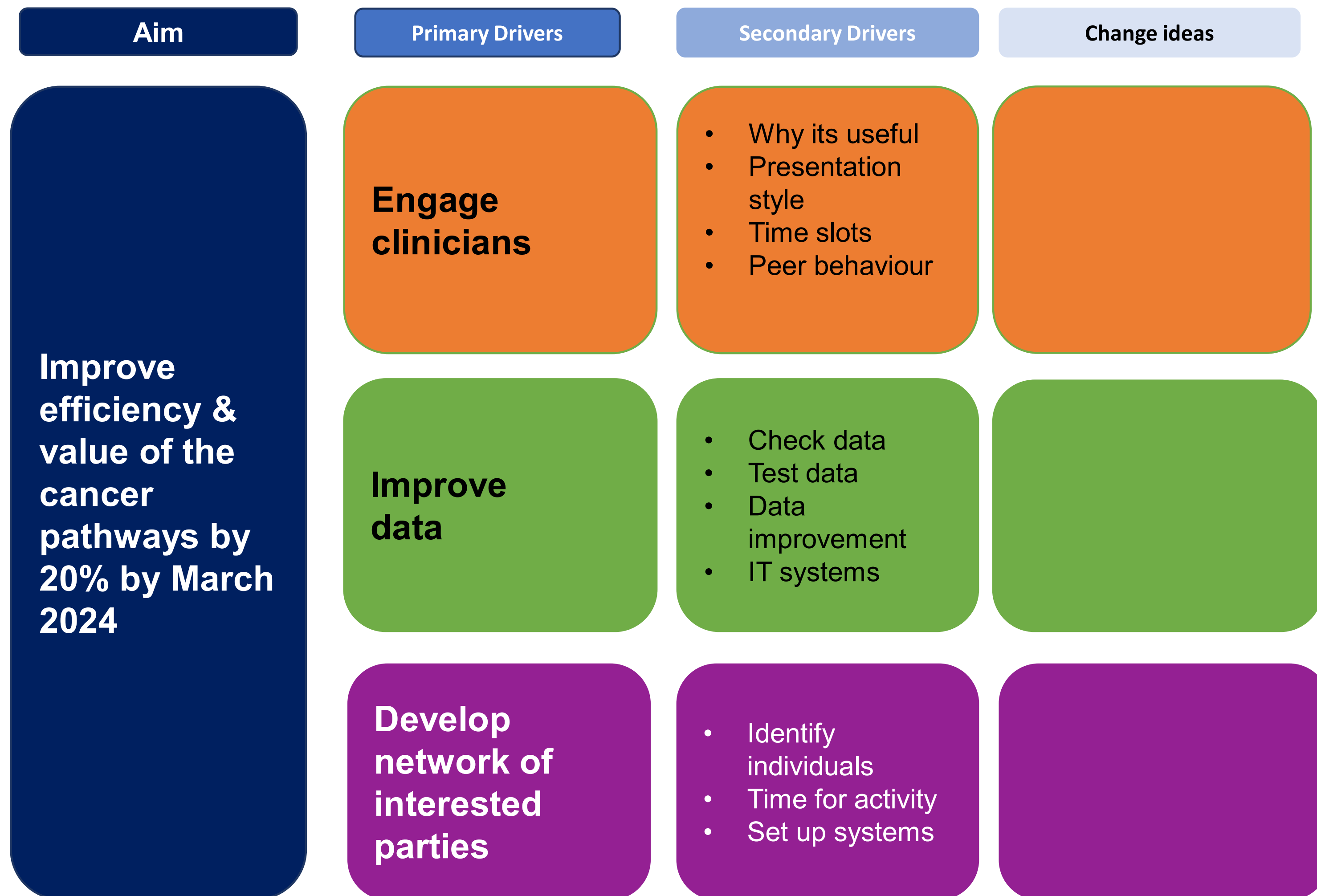
Clinical engagement

- Hooks
- Audience
- Peer-to-peer
- Timing
- Resources
- Flexibility
- Competition
- Feedback
- Follow-up

Clinical business partners

- Reviewing PLICS data –benchmarking
- Access to financial skills and tools
- Being able to speak finance and clinical languages (and clinical coding)
- Upskilling peers
- Succession planning for leadership roles

Quality improvement



Summary –efficiency and value

PLENTY OF OPPORTUNITIES OUT THERE

VISIBILITY, PERSISTENCE, RELATIONSHIP BUILDING ARE KEY

CLINICIANS NEED YOU