HIGH QUALITY AND LOW COST PROVIDERS: OPPORTUNITIES AND CHALLENGES

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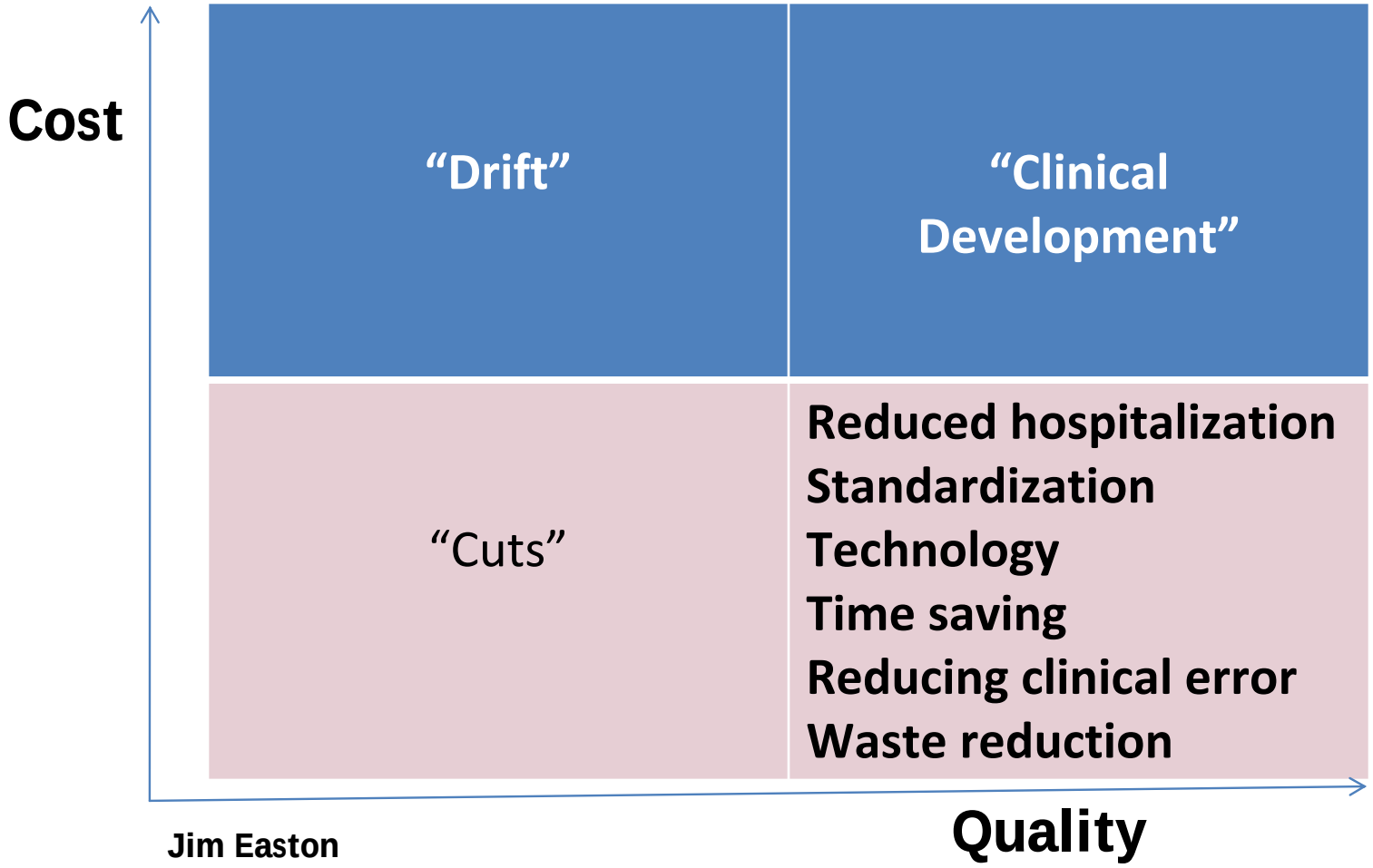
Quality is doing the right thing right first time

WE NEED TO CHANGE OUR BELIEF SYSTEM



Jim Easton
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DEFINITIONS OF INEFFICIENCY IN HEALTHCARE

- "…a wasteful use of resources for no (or very little) benefit, or a failure to use resources on clearly beneficial activities.
- Efficiency is a relation between the cost of resources used (input) and the results achieved (outputs).
- Refers to money, i.e. cost at which objectives have been achieved.

- The efficient manager gets the task done with a minimal expense of time, money, and other resources

- Inefficiency may arise because of apparently inappropriate, irrational, or misinformed decisions by individuals or organizations” (Severens, 2003)

QUALITY WASTE

When a step in a clinical process fails, there are only two choices for dealing with the resulting outcome failures, and both raise costs:

- Invest additional resources to repair the initial failure (rework).
  - For example, treating a medical complication consumes more health care resources than if the complication had never occurred.
- Discard the defective output and start again (scrap).
  - For example, repeating an X-ray when the initial image is unreadable or

MAGNITUDE OF THE PROBLEM

- Estimates suggest that health care quality waste and inefficiency waste may account for more than 50 percent of all health care expenditures in USA,
- The Midwest Business Group on Health has estimated that 30 percent of health care costs are for waste,
- the average cost of poor quality care per patient per year is $1,500.

NEW ENGLAND HEALTHCARE INSTITUTE

A STUDY ON WASTE IN HEALTH CARE

- Analyzing much of the available literature on what could be done to reduce health care costs without reducing quality. The study lists six primary culprits/opportunities…
- NEHI estimates that improvements in these six areas could be worth as much as $680 billion!!
- The study, however, confirm that is, until we get serious about variation — in prices, in practice, in care delivery — we will continue to be frustrated by our inability to make progress on health care cost and quality.

NEHI

STUDY ON WASTE IN HEALTH CARE

- Unexplained variation in the intensity of medical and surgical services,
  - including but certainly not limited to: end of life care, overuse of CABGs, and overuse of PCIs (percutaneous coronary procedures — more commonly known as “angioplasties”).
- Misuse of drugs and treatments, resulting in avoidable adverse effects of medical treatment.
- Overuse of non-urgent emergency department care
- Underuse of generic antihypertensives.
- Underuse of controller medicines in pediatric asthma.
- Overuse of antibiotics for respiratory infections.

REDUCING COSTS
AHRQ RESEARCH MAKES A DIFFERENCE

1. **Acute Cardiac Ischemia-Time Insensitive Predictive Instrument.** savings of $728 million
2. **Outpatient treatment of pelvic inflammatory disease.** $4 billion
3. **Use of less expensive antibiotics to treat middle ear infection in children.** $400,000
4. **4. Self-management programs reduce the use of health care services among people with chronic diseases.** $590 per participant over the 2 years of research

TWO ISSUES

- Utilization management
- Low cost provider
  - Alternate site care (ASC)

UTILIZATION MANAGEMENT PROGRAM

- *Definition*

"the process of evaluating the necessity, appropriateness, and efficiency of the use of healthcare services and facilities against established guidelines and criteria."

FUNCTION OF UM PROGRAM

- Facilitate the delivery of high-quality, low-cost, efficient, and effective care to all patients, regardless of the nature of the setting at which the service is delivered.

RESPONSIBILITY AND ACCOUNTABILITY

- The planning, directing and implementation of a UM program are generally delegated to the UM department/committee.
- While the ultimate accountability of the program rests with the governing body/board.

A WIDE VARIETY OF TASKS

- *Medical necessity appropriateness review*
- *Over-utilization and under-utilization surveillance*
- *Discharge planning*
- *Staff education on resource management*
- *Leadership/governing body reporting*
- *Case Management*

A WIDE VARIETY OF TASKS

- *Medical necessity appropriateness review:*
  - Here, the UM staff use medical necessity criteria against which each patient's encounter is reviewed.
    - criteria should reflect state-of-the-art practice

TWO LOCAL STUDIES

OBJECTIVES

1. To measure appropriateness of admission
2- To measure appropriateness of hospital days utilization.
3- To determine reasons behind inappropriate admissions and days of care.

ADMISSION APPROPRIATENESS

(A SURGICAL HOSPITAL)

Hospital Admission	Elective surgery No	%	Urgent Surgery No	%
Appropriate	27	12.7	216	97.7
Inappropriate	**187**	**87.6**	5	2.3
Total	213	100	221	100

INAPPROPRIATE HOSPITAL DAYS OF CARE AMONG THE STUDY GROUP

Hospital days of care	Frequency	%
Appropriate	2236	59
Inappropriate	1551	41
Total	3787	100

- *The cost* **for 1551 inappropriate hospital stay days has been estimated at 116325 Egyptian pounds**
- **(rough estimate—Personal communication with Finance Department, Central Administration, Ain Shams University Hospitals).**

INAPPROPRIATE ADMISSIONS IN THREE GENERAL HOSPITALS

Hospital	A (Cairo) %	B (Giza) %	C (Alex) %	P value
Surgery	79	66	2	<0.001
Obst. & Gyn.	21	58	1	<0.001
Internal Medicine	17	17	19	NS
Pediatrics	0	1	2	NS

REASONS OF INAPPROPRIATE ADMISSIONS IN SURGICAL DEPARTMENTS

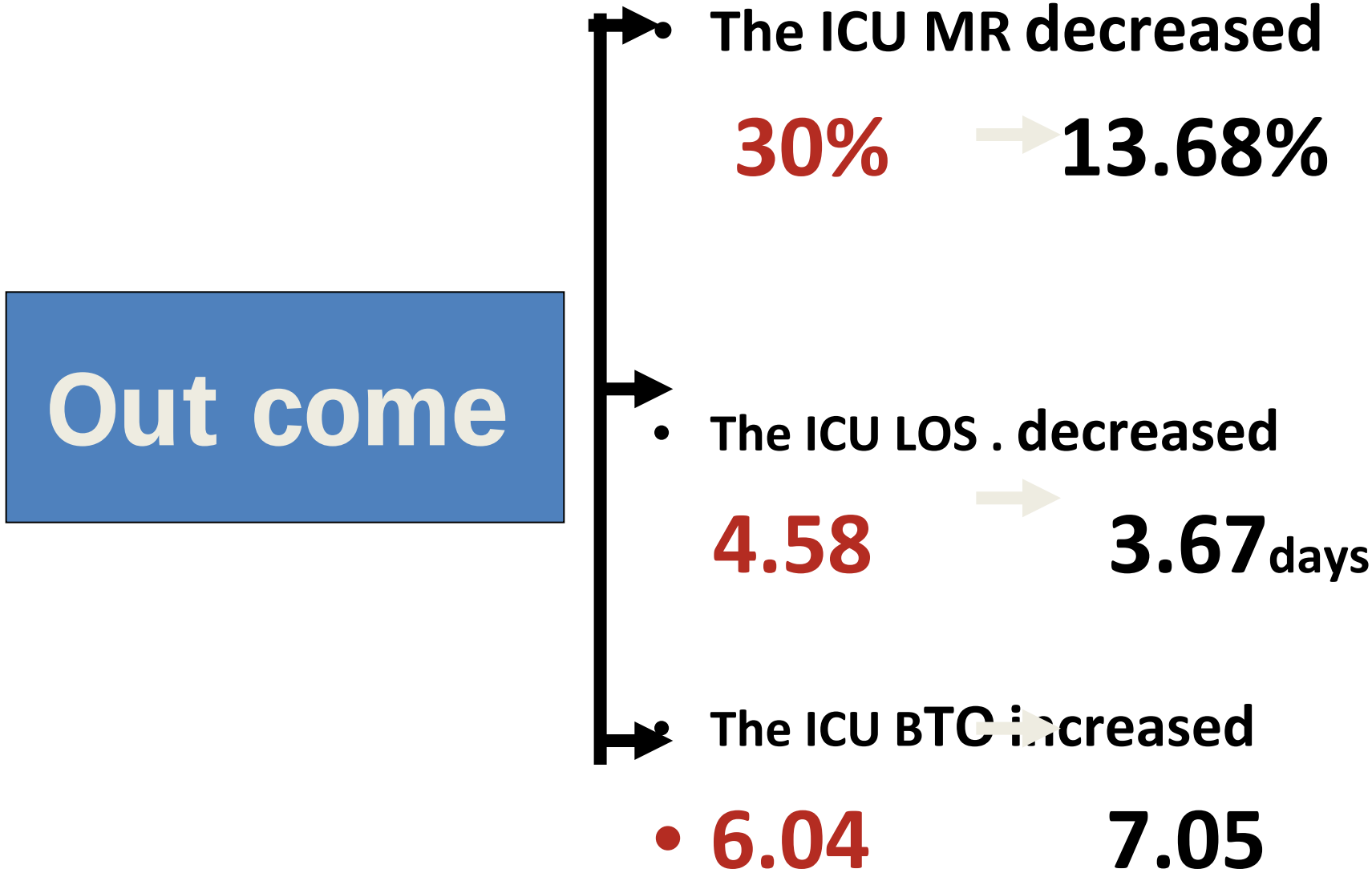
Hospital	A (Cairo) %	B (Giza) %	C (Alex) %
Surgery			
Diagnostic/pre-op. investigations	65	91	0
Awaiting operation	35	7.2	0
Others	0	2.5	100
Obs& Gyn			
Diagnostic/pre-op. investigations	83	95	0
Awaiting operation	17	2.5	0
Others	0	2.5	100

A WIDE VARIETY OF TAKS

- Identification of over- and underutilization:
  - Requires professionals to review cases for appropriate use of resources.
  - A common review program is the (medication use review).
  - The use of criteria sets, clinical pathways, or practice guidelines may facilitate the identification of resource usage problems.

LOCAL EXPERIENCES:

- Use of gauze & cotton in a University Surgical Hospital
  - reducing amount used by 60%, saving 63000 LE/ month = ¾ million/year
- Use of Antibiotics and Insulin in a 200 bed general hospital
  - Saving 1 million LE per year
- ICU Mortality in a general hospital


Out come
The ICU MR decreased
30%
13.68%
The ICU LOS . decreased
4.58
3.67 days
The ICU BTC increased
6.04
7.05

A WIDE VARIETY OF TAKS

- *Discharge planning:*
  - Patients who require continuing care after release from the hospital are identified and the appropriate services are arranged through participating home care, medical equipment and other providers.
  - Local example: day care at mental hospital

LOW COST

HEALTHCARE

PROVIDER

ALTERNATE SITE CARE

- It is now widely recognized that the delivery of health care is more cost-effective when it is provided outside a traditional hospital environment. Alternate site care (ASC) settings include:
  - Subacute facilities, outpatient clinics, skilled nursing homes, physician offices, and patient homes.
  - Evidence indicates that care in familiar settings such as the home results not only in lowered costs, but in improved patient outcomes as well.

ALTERNATE SITE CARE

- This is substantiated by the fact that patient populations in ASC settings continue to grow.
- For example, from 1995 to 2000, infusion therapy patients in this market will increase by 50%,
- the most significant growth coming from pain management, chemotherapy, and antibiotic therapies.

ALTERNATE SITE CARE

- For the ASC industry to continue, providers must not only continue to lower costs but also maintain or enhance quality.
  - Technology is one answer
  - Telecommunication and computers will play a much greater role in the health-care industry than they have up to this point.

ALTERNATE SITE CARE

- Manufacturers play a key role in adapting to these shifts.
  - Manufacturers must supply products that meet the needs of this new health-care environment.
  - products that are suitable for all health-care environments and that are easy to use by both clinicians and patients.
  - This transformation is already taking place in the health-care industry.
  - Today's leading manufacturers may become tomorrow's followers if they don't look at cost and quality using a new paradigm.

THANK YOU