

HEALTHCARE COST CONTAINMENT

December 2019
hfma.org/hcc

Houston Methodist saves \$15.5 million by sharing actionable cost data

Laura Hegwer

Finance leaders at Houston Methodist are true partners with clinicians, the hospital's chief medical information officer said. They help validate the cost savings achieved through clinicians' work to reduce variation.

Final print edition

While this is the final print edition of *Healthcare Cost Containment* newsletter, we are pleased to announce that, starting next year, a new monthly enewsletter will be delivered to your inbox filled with the latest news, tools and tips on financial sustainability, cost reduction and quality improvement.

hfma[™]

healthcare financial management association

Sponsored by

KaufmanHall

www.kaufmanhall.com

Houston Methodist saves \$15.5 million by giving clinicians actionable cost data

Laura Hegwer

Costs were reduced by \$129 per admission.

In this interview, S. Nicholas Desai, DPM, chief medical information officer at Houston Methodist, discusses how his organization saved millions by providing clinicians with easy access to cost data.

How it all began. In 2016, leaders at Houston Methodist began rolling out a single-source electronic health record (EHR) platform to clinicians in their inpatient and outpatient sites of care.

After the rollout in 2018, Desai and his team wanted to take advantage of the new platform and offer clinicians tools to help in their decision-making. One tool they tested, and ultimately adopted, was a “floating toolbar” designed by a healthcare startup and the Texas Hospital Association. The toolbar floats over the regular EHR screen and includes a variety of apps that help embed actionable information into clinicians’ workflows.

How it works. “[The toolbar] aggregates various data points from the EHR and presents it to physicians in a simple way, so they no longer need to click several links for more data and get lost in the shuffling of screens,” Desai said. Specifically, the toolbar includes several apps, including one that integrates with Houston Methodist’s formulary and cost accounting software to provide more meaningful information to clinicians.

For example, the app shows the cost per day of the patient’s scheduled medications and dose-equivalent alternatives, if available. So, if physicians order an IV antibiotic, they can quickly see that an equivalent dose of a less expensive oral antibiotic might be a suitable substitute.

Lab information is also linked to the toolbar, so if a complete blood count has

been ordered for three days in a row, the EHR will query the clinician to determine if a fourth one is needed. To help the clinician make the decision, the toolbar provides the latest lab results and the cost of the additional lab. It also shows the cost of imaging tests, as well as the cumulative radiation exposure and estimated cancer risk associated with the tests, if applicable.

On piloting the tool. To test the toolbar, Desai and his team constructed a pilot in 2018 with 145 providers and 30 pharmacists. During the pilot, the tool provided clinicians with the Medicare-allowable rates for lab and imaging tests as well as wholesale acquisition drug costs. But physicians demanded more clinical context, Desai said. So today, the toolbar app shows costs as well as relevant clinical information, such as the risk of adverse reactions and the fall risk associated with specific drugs. It promotes better decision-making.

“This is no longer just a cost-transparency tool, but it is also a clinical efficiency tool,” Desai said. “It helps us marry these concepts together to make it easy for physicians.”

On integrating opioid prescribing data. In addition to offering real-time, patient-specific cost and risk data on medications, labs and radiology within the clinical workflow, the toolbar also includes a link to the state’s prescription monitoring program (PMP), which tracks the prescribing of opioids and other controlled substances. By law, physicians in Texas are required to check each patient’s prescription history in the PMP before prescribing opioids.

Desai said Houston Methodist is the first hospital in the country to incorporate all 12 of the Centers for Disease Control and

Mary Mirabelli

Senior Vice President, Content Strategy and Delivery

Brad Dennison

Director of Content Strategy

Betty Hintch

Senior Editor/Content Project Manager

Deborah Filipek

Content Editor

Laura Ramos Hegwer

Contributing Editor

Linda Chandler

Production Specialist

Healthcare Cost Containment is published bimonthly by the Healthcare Financial Management Association, Three Westbrook Corporate Center, Suite 600, Westchester, IL 60154-5732.

Presorted nonprofit postage paid in Chicago, IL 60607.
©2019 Healthcare Financial Management Association.

Volume 12, Number 6

To order reprints, email reprints@hfma.org.

To submit an article, contact Betty Hintch at [bhinch@hfma.org](mailto:bhintch@hfma.org).

Material published in *Healthcare Cost Containment* is provided solely for the information and education of its readers.

HFMA does not endorse the published material or warrant or guarantee its accuracy. The statements and opinions in *Healthcare Cost Containment* articles and columns are those of the authors and not those of HFMA. References to commercial manufacturers, vendors, products, or services that may appear in such articles or columns do not constitute endorsements by HFMA.

ISSN 1945-6360

Prevention (CDC) recommendations for prescribing opioids for chronic pain within its EHR workflow. “It has pushed our providers to see the relevance and the need for having a tool like this,” he said.

On what it takes to change physician behavior. Having an EHR toolbar that links to cost data helps make cost transparency part of clinicians’ normal workflow, Desai said. “It minimizes the burden of having physicians search for information and allows them to quickly view the latest research and formulary information,” he said.

Houston Methodist clinicians can use or “snooze” the tool, but adoption has been promising so far. Currently, the highest utilizers are residents, hospitalists and pain management physicians.

The financial results confirm this as well. In just over a year, Houston Methodist has saved \$15.5 million as a result of its cost transparency initiatives. This translates to a savings of \$129 per admission on lab, imaging and drug expenses.

“When I think of the cost curve, we’re not just changing C players to B players or D players to C players, we’re moving everybody forward,” he said.

On getting finance involved. Desai said finance leaders at Houston Methodist have played a critical role in normalizing the cost data from their cost accounting software to make it accessible through the toolbar.

The finance team also has validated the cost savings for the initiative, which was implemented systemwide in early 2019.

On what it takes to implement technology to reduce costs. “I’d say with any technology implementation, you’ve got to know your audience first,” Desai said. “You need to

be ready to anticipate the questions and be prepared for resistance, which is normal. That’s just change.” In the case of the toolbar, Desai and his team explained to clinicians that such a tool was designed to help — not hinder — their daily workflow.

Desai and his team also brought the right clinical and IT leaders to the table. “Stakeholder engagement was not intended just for a head nod or awareness, but for design and review,” he said. “This is not about the newest widget or about saving money. It’s about shifting the way we do business today, especially as we transition from volume- to value-based care.” This is important for a market like Houston, Desai said, which is still dominated by fee-for-service but is slowly shifting to reflect more innovative payment models.

Advice for finance teams working with clinicians. The finance leaders at Houston Methodist are Desai’s true partners. “We talk about physician champions, but we need finance champions, too,” he said. “These are people who understand providers’ struggles and appreciate what we’re trying to do. They help us articulate the value story.” Specifically, finance leaders can help validate cost savings achieved through clinicians’ variation reduction efforts.

On what’s to come. Desai said using data to empower clinicians is just one step along his organization’s transformational journey, which should be embraced by both clinical and financial leaders across the organization. “We all care about cost and the delivery of care equally, meaning my finance partners care about the care delivery just as much as I care about the cost,” he said. “So, we’re in this journey together, and we’re collectively identifying ways to

help be the pulse of healthcare and keep it beating vibrantly into the future.” +

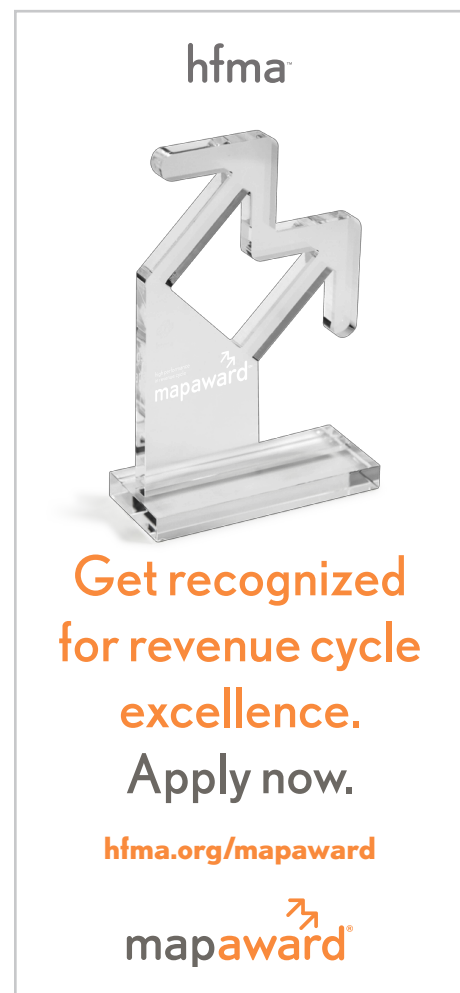
Laura Hegwer

is a freelance writer and editor based in Lake Bluff, Ill. (laura@vitalcomgroup.com).

Interviewed for this article:

S. Nicholas Desai, DPM, MBA,

is chief medical information officer at Houston Methodist, Houston (cmio@houstonmethodist.org).



hfma

mapaward

Get recognized
for revenue cycle
excellence.
Apply now.
hfma.org/mapaward

mapaward

A look into the cost-accounting systems of the future

John Gragg

Cost allocation techniques that use historical averages often raise suspicion of data accuracy and the retrospective nature of the data.

The increased sophistication of recent cost accounting techniques has not eliminated frustrations with the resulting cost data in the healthcare industry because the accuracy of the information is suspect and often outdated.

The challenges that persist with respect to historical cost allocation techniques are threefold:

1. Many procedure level costs are ultimately calculated as historical averages, which can bring suspicion and concern of the accuracy of these calculated costs when compared to the actual cost for any individual patient.
2. The analysis is inherently retrospective in nature because the data represents activity from the prior fiscal period. This only allows the user to analyze the historical data for problems to predict if they could occur again in the future — an effort to engage preventive action. But it is not actionable for the activity that is being reported because that activity has already occurred in the past.
Getting the same data faster, while the current activity is being contemplated or occurring, allows healthcare leaders to act on the very activity that is generating the alerts.
3. The ability to balance the decision-support discharge-based cost results with the historical general ledger costs is another common problem. The levels of accruals on the general ledger, coupled with the amount of distortion caused by long length of stay (LOS) patients present a constant frustration in balancing the results of financial data from these reporting sources.

Without regular adjustments to account for these differences, the confidence in the accuracy of the financial decision support data will be under constant suspicion and its use hindered by a lack of confidence in its accuracy.

Real-time decision support allows for quick action

Leading-edge decision support shops nationwide are looking to other industries for a clue on the next steps for the evolution of decision support in healthcare.

The investment and application of technology in healthcare has historically been focused on the clinical aspects of patient care delivery that touches the patient from a treatment or care delivery perspective. Given this focus, investment in traditional financial decision support technologies has lagged behind other industries where leading-edge techniques provide decision-makers with timely data needed to optimize performance.

Highly capitalized service industries (i.e., airlines) and manufacturing firms have evolved from cost allocation to a more accurate and direct job order costing approach when delivering data to decision-makers. The result is a decision support data flow that provides real-time, or near real-time delivery of actual cost data to decision-makers, who can cause change in a nimble and effective fashion. Efforts to mimic this approach in healthcare have historically been frustrated due to the lack of systems and infrastructure to deliver the data needed for real-time analysis.

Recent advancements in technology and systems evolution have provided the infrastructure that sets the stage for the

next evolution in decision support data in healthcare, resulting in a foundation that will now support delivery of real-time, or near real-time information to decision-makers.

The following are the major advancements that will help spur this evolution:

- > Government funding for electronic health record systems has prompted most acute care institutions to build the components to accumulate the relevant data needed by decision-makers.
- > Supply chain and enterprise resource planning (ERP) systems have increased in sophistication and now are tracking supplies and other expenses in a near real-time fashion, regardless of whether they are chargeable items.
- > Hardware and internet infrastructures have also contributed to a ubiquitous, cloud-based access to the relevant data needed to manage the assets and expenses for items used in the quality care of the patient.

Labor and staffing lead the way

Making the move to real-time decision support data will occur in multiple stages. The financial return from additional investment in applications will drive prioritization, and the low-hanging fruit in many areas will be the labor premium associated with traditional staffing and scheduling processes. By linking the actual and scheduled case volume in near real-time 15-minute increments to the staffing schedule, premium pay (e.g., overtime, agency, call-back, etc.) can be predicted and avoided and staffing bottlenecks smoothed.

Even when constrained by regulatory and union requirements, aligning staffing

to the predicted patient activity provides a strong financial return. Pilot projects for this phase of real-time cost savings are underway in several locations, and initial proof of concept results have demonstrated that foundational systems are in place to drive the real-time consumption of productivity data and provide a solid ROI.

After the operational and department view of real-time costs are developed, the linkage between clinical activities and actual costs will follow.

- > Actual labor costs by day and by unit will link the nursing costs to the specific patient receiving services.
- > Actual supplies ordered and used for the patient will be accessed and compared to the standard or historical protocols under clinician review.

By using the actual costs for labor and supplies, the assignment of direct costs will be accomplished in near-real time

and delivered to the caregiver to enrich treatment analyses. The assignment of indirect or overhead costs can be applied as a factor or “burden rate” that is based on the most recent fiscal period calculation and reconciliation of costs to the general ledger, providing total or fully burdened costs.

The actual patient costs are also fed into the historical cost allocation engine each month as the direct patient costs and used to improve the accuracy in historical cost allocation, replacing relative value units (RVUs). This has the effect of continuous refinement in the accuracy of the cost allocation process and links the two decision support sources in one continuous source of truth.

Machine learning drives actionable data

Finally, the application of predictive analyses and machine learning to this real-time clinical and financial data flow allows for

improved prediction of cost anomalies and actionable events. Although artificial intelligence is in its infancy in many industries, it is proving extremely valuable in balancing costs with quality of production output, a critical need in healthcare. The data becomes available in a timelier fashion — closer to the actual provision of care.

That will be the point where predictive analysis itself becomes actionable, subject to required clinical review and judgment. Delivering decision support data in a real-time or near real-time fashion will truly be the hallmark of the next generation of financial decision support systems. If history is a guide, the evolution will occur in healthcare in the next few years. +

John Gragg,
is COO, EPSi.

Overcome today's healthcare challenges when you tune in to HFMA's podcast series, *Voices in Healthcare Finance*.

Experts share tips, tools, news and strategies that help you navigate the biggest challenges in health care.

hfma | **Voices**
IN HEALTHCARE
FINANCE



HFMA'S PODCAST SERIES IS AVAILABLE HERE:



Tune in today!
hfma.org/podcast

Going digital in 3 areas avoids nurse burnout and improves retention

Will Eadie

To mitigate the severe nursing shortage, healthcare leaders must learn to recognize signs of burnout early and take appropriate action to alleviate it.

Nurses are the backbone of the healthcare industry, keeping daily healthcare operations on track while also saving lives and supporting doctors.

However, the combination of an aging generation of baby boomers needing care while droves of nurses are either retiring or leaving the profession means the current demand for qualified nurses greatly outweighs the supply, according to “The 2030 Problem: Caring for Aging Baby Boomers,” Health Services Research.

Nurses’ underappreciated work has never been more visible as healthcare employers struggle to address this shortage. A Vanderbilt report described it as “more than twice as large as any nurse shortage experienced since the introduction of Medicare and Medicaid in the mid-1960s.” As a result, leaders are scrambling to develop strategies to retain their dwindling staff.

To mitigate the increasingly severe nursing shortage and keep nurses from quickly burning out, healthcare leaders must learn to recognize signs of burnout early and implement strategies to prevent it from impacting their workforce. Transitioning to a digital workplace is a cost-effective way to improve well-being and retention in healthcare.

3 strategies to boost nursing staff retention

Making small changes to your business processes that boost worker engagement can be the difference between happy and healthy nurses and burnt-out nurses who are more inclined to leave. Integrating technology into your business through digital workplace tools frees up time for

nurses and health leaders, giving them more time and energy to invest in patient- and self-care. Here are three key areas that healthcare employers can optimize with the addition of a digital workplace.

Scheduling shifts digitally increases efficiency, preventing stress for nurses and their managers and allowing both parties to spend more time doing meaningful work.

1. Communication. All too often, communication breaks down between an organization’s administrators and its frontline workers. When this happens within health systems, the results can be fatal. Nurses may feel disconnected and powerless in their roles when an organization isn’t actively prioritizing transparency and communication. Healthcare providers can facilitate collaboration between nurses and their colleagues, supervisors and upper management by adopting a central platform for internal communication.

Simplified communication and heightened connections also mean teams will feel more empowered to reach out when they need help. Nurses will feel in-the-know and connected to their community, and less likely to leave their current workplaces.

2. Scheduling. Nurses have extremely demanding and often unpredictable work schedules, which can become a leading

cause of burnout in cases where scheduling is inflexible. Having more control over their hours gives nurses agency to prioritize mental and physical health and feel more engaged at work. By using a digital workplace platform, healthcare employers can allow nurses to request time off and easily trade shifts. Scheduling shifts digitally also increases efficiency, preventing stress for nurses and their managers and allowing both parties to spend more time doing meaningful work.

The burnout outbreak among nurses

For healthcare workers, declining staff numbers means added shifts, responsibilities and stress. These pressures have contributed to the growing number of nurses experiencing burnout. Without addressing the issue, healthcare organizations will continue to encounter staff turnover, especially for nurses.

Burnout, a medically recognized state of emotional and physical exhaustion caused by prolonged stress, can happen to anyone at any time — but it’s especially common in the medical field. Unfortunately, because nurses often work behind the scenes, we may be slow to identify signs of burnout, so it’s imperative that employers be vigilant and provide support proactively.

Burnout leads to mistakes, and as morale of nurses drops and discontent in the job grows, patient care suffers. Medical error is now the third most common cause of death in the U.S., according to an article in *The BMJ*. In addition, nurses’ engagement is the No. 1 predictor of patient mortality in hospitals, according to *Gallup News*.

3. Training. Training provides workers with a sense of belonging and achievement. When career development isn't tracked and facilitated by on-demand, self-service training, nurses are at high risk of burning out and are left feeling overwhelmed by responsibilities and processes without a sense of achievement. Incorporating micro-training into day-to-day operations — especially when it includes a curriculum for personal health and managing job-related stress — is integral to retaining your

best workers and maintaining a high level of patient care.

Demand for nurses is going to continue to grow over the next decade — according to the Bureau of Labor Statistics, 1.2 million vacancies will emerge for registered nurses between 2014 and 2022. If your staff isn't satisfied, they'll have the ability to pursue new opportunities with more efficient management processes. Retaining nurses is critical to the health of both patients and staff.

Though no one can control the increase in aging patients needing care nor the flood of nurses reaching retirement age, as a healthcare leader, you do have the power to increase well-being in your workplace to prevent burnout. Adopting a digital workplace is a great first step to minimizing turnover by empowering nurses with better communication, scheduling and training capabilities. +

Will Eadie

is vice president of sales and Alliances, WorkJam.

Upcoming Live Education

Learn about everything from the essentials of healthcare finance to the latest industry trends. Participate in a face-to-face or online event.

hfma.org/events

hfma™

2020 Revenue Cycle Conference

hfma

March 30–April 1, 2020, New Orleans

Learn from best-in-class organizations and industry thought leaders about the latest in revenue cycle best practices.

2020 Virtual Conference

hfma

April 7, 2020

The Virtual Conference is a convenient way to obtain high-quality, relevant industry information virtually. The conference enables you to view sessions, participate in chats and discussions, and ask questions in real time. Included as a part of your HFMA membership.

2020 Financial Sustainability Summit

hfma

April 16–17, 2020, Denver

During this inaugural event, healthcare executives will gain insights on how leading organizations leverage cost management, performance improvement, clinical transformation, strategic partnerships, and more to build a financially sustainable future for their organizations.



June 28–July 1, 2020, San Antonio

Join the 3,800 attendees who participate in this three-day event featuring five strategy-focused general sessions and keynote presentations and more than 90+ educational sessions.

How texting taps into better patient communications and savings opportunities

Brandon Daniell

One area frequently overlooked for cost savings opportunities is communications.

Supplies, staff salaries, staffing levels and service agreements are often considered for cost savings. Those costs tend to be associated with some of the high-dollar items in a budget and, therefore, ripe for potential high-dollar savings.

One area frequently overlooked for cost savings opportunities is communications. Why is that the case? Communications may seem like a small area for savings. After all, a phone call to a patient or staff member only takes a few minutes and sending a letter to a patient or staff member isn't all that expensive.

But when adding up the total amount of time spent on the phone and total cost of all documents printed and letters sent over a year, expenses can quickly add up. Another important consideration: Staff time spent making those calls and assembling those letters is time that could be spent on other tasks.

Furthermore, one must consider the success of these communication methods in achieving their objectives. Consider that a Harris Poll survey found that 29% of consumers do not listen to their voicemails, and that a study on mobile phone usage in the U.S. by Hiya found that 76% of adults choose to not answer a call to their mobile phone from a number they don't recognize. This will likely include calls made by healthcare organizations.

When letters are sent via the Postal Service, there is no means of determining whether a letter reached its intended location and recipient, and no way of knowing whether the recipient will read, let alone, act on the contents of the letter.

Email is a form of communication more organizations are relying upon, but it has significant shortcomings. One

study by Workfront presented in an Oct. 2, 2017, *Office Life* blog determined that U.S. employees average close to 200 unread or unopened emails in their inboxes at any given time. One can only imagine how many unread emails are in personal inboxes, especially when considering that more than 280 billion emails were sent and received each day in 2018, according to Statista's "Number of e-mails per day worldwide 2017-23" data. As time has gone on, some of the problems associated with phone calls are extending to emails.

However, text messages offer a platform that typically avoids the shortcomings of other methods and can help healthcare organizations achieve noteworthy, often measurable cost savings.

The case for texting

To understand why texting is an effective communication tool, consider that nearly all U.S. adults (96%) now own cell phones, with smartphone ownership exceeding 80%, notes the Pew Research Center *Mobile Fact Sheet*, June 12, 2019. This extends to older individuals, with 91% of adults 65 and over owning cell phones and a majority owning smartphones. Many adults now

prefer to receive and send a text instead of receiving/making a phone call, according to a *Chicago Tribune* article, "Americans prefer texting to talking, report says."

This preference is apparent when considering that 95% of text messages are read within just three minutes of being sent, according to a *Forbes* article, and 98% of all text messages are read, Mobile Marketing Watch reports. In addition, Salesforce said that the average response time for a text is just 90 seconds. Many people consider not replying quickly to a text as rude, Google researchers stated in a *Fortune* article. How long is quickly? Within only 20 minutes.

In addition, texting can be completed on a device that's usually within an owner's reach. Because there is essentially no limit to what can be included in a standard, short message service (SMS) text message — short messages, longer messages, links to websites, phone numbers, directions — texting offers healthcare providers flexibility.

Healthcare industry texting applications

Let's examine a few examples of departments within healthcare organizations that can harness the power of a texting platform — more specifically two-way texting that allows interaction with recipients — to achieve cost savings.

Scheduling. Texting can help improve scheduling in several ways. If an organization needs to prompt patients to call and make appointments, such as for annual physicals or routine colonoscopies and mammograms, texting can eliminate outbound calls and mailed letters for many such patients. In addition to reducing manual labor involved with outreach efforts, healthcare-related texts can also encourage patients to make appointments they might otherwise postpone or forget about.

Getting an appointment scheduled is only half the battle. The other half is ensuring that patients keep their appointments. One estimate by SCI Solutions puts the cost of cancelled, skipped or rescheduled healthcare appointments at \$150 billion annually. If patients need to

Sample text language to avoid missed appointments

ABC Hospital:

“Hi Susan. Please arrive 15 minutes early to complete insurance paperwork, or you can go directly to your patient portal to complete the forms: <http://patientportallink>.”

SEARCH THE SHORT LIST.



QUALITY



TECHNICAL
SUPPORT



CUSTOMER
SERVICE



VALUE

When products, services, and ROI calculators earn the designation “Peer Reviewed by HFMA,” you know they have been rigorously evaluated. Only those earning top marks make it on **THE SHORT LIST**.

Find your next solution.

hfma.org/peerreview

hfma™

Peer Review

cancel an appointment, one cannot assume they will take the time to call to do so. They may choose to simply not show. However, patients may text their need to cancel, if prompted by a message asking them to confirm their appointment. A follow-up text can help with rescheduling the appointment, avoiding lost revenue.

The cost of cancelled, skipped or rescheduled healthcare appointments is \$150 billion annually.

Perioperative. If an organization performs surgery, it likely knows how expensive it is to run an OR. An *OR Management News* article cited OR costs ranging from \$22 to \$133 a minute.

Texting patients concerning their upcoming surgical appointments can decrease the costs of OR down time by reducing cancellations and no-shows, delays linked to patient non-compliance or late arrivals to the facility. Pre-appointment texts can serve to notify patients about their required arrival times and critical dietary instructions and provide links to any online forms that must be completed.

Nuclear imaging. Texting a patient can eliminate waste associated with nuclear imaging departments, such as the disposal of unused doses when patients miss appointments.

Reducing no shows in a radiology department can also reduce the amount of uncaptured revenue. Radiology loses more uncaptured revenue per patient visit than primary care or other practices due to patients failing to keep appointments, according to research published in *Current Problems in Diagnostic Radiology*. This research estimated that uncaptured radiology revenue attributable to no-shows likely reaches \$1 million annually at a typical U.S. academic medical center.

Patient accounts. Before devoting resources to making calls and/or mailing letters to patients concerning overdue payments, a well-worded, polite text reminding them that payment is due may be all that is required. The text can include a link to an online bill pay portal, if an organization offers such a mechanism.

Don't be concerned about taking this approach to securing payments. Such a method is familiar to most people, as many other industries already employ texting for payment prompts, including major credit cards and many banks.

Human resources. As previously noted, texting can also help drive down expenses associated with staff costs, and not just labor. Consider how a human resources (HR) department can leverage texting. Automated text campaigns can drive engagement with company-sponsored health and wellness initiatives, including flu shots. When employees are healthy, they are less likely to miss shifts, keeping costs associated with overtime and part-time staff down. The same is true for weather-related matters; HR departments can improve coordination of staff schedules leading up to, during and following a weather emergency.

Texting is also an effective means of boosting staff engagement and loyalty. HR can send texts informing staff about organization milestones and accomplishments, bonuses for employee referrals, scrub sales, volunteer opportunities and other initiatives that can help strengthen satisfaction.

When staff are happy with their employer, they are less likely to seek new employment opportunities. One study cited in *ebn* estimates that it costs as much as one-third of a worker's annual salary to replace that individual, while the Society for Human Resource Management found that the average cost-per-hire exceeds \$4,400. In short, keeping employees translates into significant savings.

Sample text language to encourage up-front payments

ABC Hospital:

“Hi Susan. For your upcoming appointment we have verified your insurance and you will have a copay. Please call today when you have a moment so we can review. Call 877-666-1132 and press 2.”

Launching a program

Adding texting as a communication method is straightforward. An organization will initially need to research and select a platform, work with the vendor to set up the system and train staff to use it. Then it's a matter of building mechanisms to capture patient and/or staff member cell phone numbers, which should include providing a means to opt in and opt out of receiving texts.

Because most organizations already capture phone numbers from patients and staff, this will likely only require adding a place on a form for individuals to add a mobile phone number (if different from the number already provided) and then asking them to click or check a box indicating a willingness to accept periodic texts from the organization.

Once an organization implements patient texting, conducting surveys with participants about their experiences can determine if they found texting useful, if messages were clear and if they had any suggestions for improvements. Organizations are often surprised to discover how many ways texting can deliver both communication and untapped-savings benefits. +

Brandon Daniell

is president and cofounder at Dialog Health, Nashville, Tenn. (brandon@dialoghealth.com).



Distinguish Yourself.

HFMA offers proven career development programs to help you overcome today's challenge and stand out in your field.

Meet the goals you set for yourself, your team and your organization.

Get Started.

hfma.org/promoteyourself

hfma | Online Education
& Certifications

Cost transformation requires accountability

Kaufman Hall/Axiom and HFMA

Moderate goals and moderate success in achieving them will not produce transformative outcomes.

A new report on performance improvement jointly released by Kaufman Hall/Axiom and HFMA indicates that hospitals and health systems continue to face stiff headwinds. Respondents to the survey that was the basis of the report's findings cited flat or declining inpatient volumes and downward pressure on commercial insurance rates as the two most significant pressures on revenue. Nearly half the respondents (47%) cited rising salaries and wage inflation as the most significant pressure on expenses.

Without greater accountability, incumbent providers will struggle to compete

The pressures on hospitals and health systems will not abate. The flat or declining inpatient volumes noted by respondents are indicative of changes reshaping both healthcare delivery and healthcare business models. Growth is occurring outside the hospital wall's in outpatient centers and retail locations.

Incumbent health systems face the prospect of increased competition from new market entrants that do not bear costs of providing acute inpatient care, nor the burdens of legacy assets, delivery models and culture. They often have significant reserves of capital at hand, either through private equity backing or the scale and resources of national competitors such as CVS Health or Walmart. Many are experienced retail operators accustomed to competing on price.

Effective competition in a new, retail-focused healthcare business model will depend on the ability of incumbent providers to execute on strategies that radically reform their cost structure and enable them to compete on access, convenience and price. Yet signs of the ability to engage in

this radical restructuring are not promising. While 96% of survey respondents indicate that their organization has targeted cost reduction goals, these goals represent 10% or less of current costs for 84% of respondents. And fewer than 1 in 4 respondents report that they have had success in accomplishing "all" or "most" of their cost transformation goals to date.

In short, most organizations have set moderate cost transformation goals and have had moderate success in achieving them. This will not result in the transformative outcomes the current healthcare environment demands.

What is holding organizations back? The survey results show a three-way tie for the most significant impediments to achieving cost transformation goals (see the exhibit below). They include:

- > A lack of good data and insight into costs and where savings opportunities exist
- > Too many savings opportunities that are too politically sensitive to pursue
- > A failure to hold leaders accountable to performance for cost transformation goals

Two of these three impediments point to problems of accountability. Organizations simply cannot afford to maintain politically sensitive "sacred cows" that refuse to contribute to cost transformation goals. And they cannot fail to hold their leaders to

The State of Healthcare Performance Improvement: Strategy, Technology and Tactics is a new report released jointly by Kaufman Hall/Axiom and HFMA. The report findings are based on survey responses from approximately 170 hospital and health system leaders. To download the report, go to kaufmanhall.com/pi-report.

account for the performance improvement goals they need to achieve.

Tactics and technology to improve accountability

Establishing greater accountability for achieving performance improvement goals is one of four strategies recommended in the report. Strategies, however, require implementation and execution. The following tactics and technology will help your organization improve accountability.

Build a culture of accountability.

Accountability is ultimately a question of culture, defined by an organization's leadership through their ability to unite around common goals and by stakeholders organization-wide through their willingness to take ownership of and responsibility for performance results. Culture change starts at the top, with an assessment of the composition, expertise and priorities of the organization's board and executive team. A balanced board and executive team sets the stage for promoting collaboration between clinicians and finance and administrative professionals to ensure that cost transformation goals are achieved throughout the organization.

The next step in building a culture of accountability includes defining:

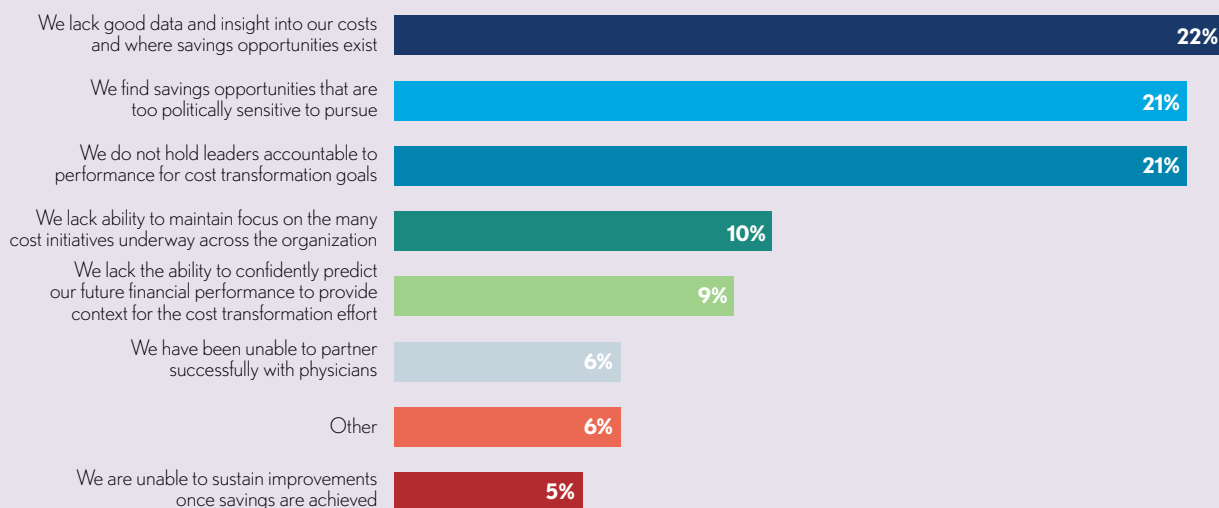
- > Specific *objectives* to be met in each organizational dimension, based on an informed analysis of available opportunities
- > *Initiatives* that are in place or will be implemented to meet the objectives
- > Specific *metrics* that are appropriate to the performance of initiatives
- > Specific agreed-upon *milestones* of progress and *accountable individuals*

These objectives, initiatives, metrics and milestones should not be issued as a mandate from the executive team. Instead, they should be developed collaboratively with leaders who will be accountable for the results to build their sense of ownership.

Establish a results management office. The often-used tactic of appointing a senior

Impediments to achieving cost transformation goals

What has been the most significant impediment for your organization in achieving its cost transformation goals?



Source: Kaufman Hall/HFMA 2019 Performance Improvement Survey (kaufmanhall.com/pi-report).

leader to serve as a performance improvement champion can backfire if others perceive that the champion is responsible for the success or failure of an initiative. A results management office (RMO) provides an alternative approach to accountability.

Specific responsibilities of an RMO can include project management or process redesign support; assistance with data integrity, analytics and reporting; change management; and facilitation of consistent, proactive and constituent-specific communications. Underperforming teams can seek out the RMO's assistance voluntarily, but if a team is consistently underperforming, leadership has the option of requiring that the team accept help from the RMO. While the RMO and its staff help facilitate change, they are not directly accountable for results. Accountability remains with the team and its designated operational leaders.

Implement a strategy management solution.

The work of performance improvement teams, RMO staff and executive leadership will be made easier by implementation of a strategy management solution that enables stakeholders throughout the organization to

easily track progress on initiatives and drill down to investigate possible causes when progress stalls or begins falling behind targeted milestones.

Key elements of an effective solution include the following:

Structured and clean data. Performance improvement teams often will require data from multiple sources and systems. The strategy management solution should be able to accurately classify and standardize data from multiple sources to provide a “single source of truth” for the organization.

Timeliness. An effective solution should provide detailed and up-to-date information, regularly refreshed, to ensure initiatives stay on track.

Appropriateness. The strategy management solution should offer multiple views of data as appropriate for end users — from broad views across the organization for senior executives to more focused and deeper views into specific initiatives for operational teams.

Accessibility. All users should be able to easily drill down into reports to identify progress on goals, execution risks and accountable leaders.

Visualization. Data should be visualized in a way that enables users to quickly identify areas requiring attention through simple color-coding or directional arrows to indicate progress trends.

Facing the future

Accountability is just one key to future success in a rapidly changing healthcare environment, but without it, organizations will struggle to achieve their goals. Incumbent providers will be put to the test as the healthcare business model shifts to a price-competitive, retail-focused market. All stakeholders within the organization must understand what is at stake and their responsibilities for achieving results. +

For additional performance improvement strategies and to access the full report, go to kaufmanhall.com/pi-report.

Advanced practice providers optimize efficiency and improve financial performance

Zachary Hartsell, Mark Rumans, Julie Bowman and Jared T. Muenzer

Phoenix Children's Hospital uses APPs to keep up with change.

Access to primary and specialty care providers remains a key concern in the United States as populations grow, a shortage of physicians continues, and care distribution deteriorates in underserved communities and non-metropolitan areas. It is estimated that there will be a total shortfall of up to 121,300 physicians by the year 2030, according to data from the Association of American Medical Colleges.

To help meet the demand, many hospitals are rapidly expanding the number of employed advanced practice providers (APPs).

Studies indicate that APPs can enhance the provision of patient care by helping to improve access, quality, service, and affordability and, as a result, the demand for APPs is at an all-time high (Jackson, G.L., et al., "Intermediate Diabetes Outcomes in Patients Managed by Physicians, Nurse Practitioners, or Physician Assistants: A Cohort Study," *Annals of Internal Medicine*, Nov. 20, 2018, and Hylton, H.M., Scardino, T.G., "Improving Access to Care: The Physician/Physician Assistant Team - Development of a Lymphoma-Specific Physician/Physician Assistant Team at a Comprehensive Cancer Center," *Physician Assistant Clinics*, July 2016, Vol.1, Issue 3).

According to SullivanCotter's 2018 Advanced Practice Provider Compensation and Pay Practices Survey:

- > For the past six years, more than 60% of organizations surveyed have increased their APP population.
- > Actual APP compensation has averaged 0.2 to 0.9% higher than planned each year since 2012, and in 2017, compensation grew by 3.6%.

APPs at Phoenix Children's Hospital

To tap into the full potential of APPs, organizations must undertake a deliberate and

strategic review of the scope of practice, care team role, levels of engagement, governance, and compensation and payment structures for all APPs.

Consider the success of the Phoenix Children's Hospital (PCH), one of the largest children's hospitals in the country, ranking in 10 specialties by *U.S. News & World Report*. The 433-bed facility recognized the need to use APPs more effectively to help transform patient care delivery.

Leadership at PCH realized that their APP workforce had grown swiftly and organically without a comprehensive strategy to support its sustainability. This created obstacles regarding recruitment, retention, deployment, and job satisfaction, and left the organization unable to tap into the full potential of their rapidly growing team of front-line providers.

Committed to keeping up with and getting ahead of the pace of change, PCH optimized APPs to the top of their licenses, developed competitive recruitment and engagement strategies, and positioned itself as a top physician and APP employer.

The results

Over a two-year period, the effects of the comprehensive APP strategy were significant as PCH experienced improvements in quality, access, APP retention, and satisfaction. Results included the following:

- > 50% reduction in time to fill APP positions from 79 to 38.5 days
- > APP turnover decreased by an average of 47% since 2016.
- > Improved APP and physician productivity in multiple specialty areas:
 - > Orthopedics: 197% increase in APP wRVUs with no decrease in physician wRVUs. The efficiencies gained by optimizing the APP role resulted

in a 12% increase in surgeries (and accompanying productivity and revenue) with no additional staff.

- > Gastroenterology: a 50% increase in APP wRVUs with slight increase in physician wRVUs as a result of APP optimization. This allowed for a 31% rise in APP outpatient visits and a 9% increase in physician outpatient visits
- > Urology: a 31% increase in APP wRVUs and more than a 250% increase in APP post-operative visits.

Lessons learned

This workforce strategy also requires alignment of physician and APP compensation programs, which is leading to shifts in provider incentive practices. Other lessons learned at PCH:

- > Define team-based care models based on patient needs and clinical specialty
- > Support clinician top-of-license practice
- > Build a culture and infrastructure to support integration, retention, and engagement of APPs
- > Measure progress to ensure sustainability
- > Develop a clinical workforce plan that includes all members of the care team
- > Consider implementing an integrated physician and APP compensation program

As healthcare continues to evolve and providers expand their APP workforces, the Phoenix Children's Hospital model can serve as a roadmap for any healthcare organization to support the critical role APPs play in transforming care delivery, improving performance, and achieving key financial results. +

Zachary Hartsell, MHA, PA-C,
is a principal in the APP Workforce at SullivanCotter.

Mark Rumans, MD, MMM,
is the chief medical officer at SullivanCotter.

Julie Bowman, MSN, RN,
is senior VP of patient care services and CNO, Phoenix Children's Hospital.

Jared T. Muenzer, MD, MBA,
is senior vice president and COO at Phoenix Children's Medical Group.

BELONG TO THE HEARTBEAT OF PROGRESS.

Who says you can't have it all?

When you join HFMA, your dues unlock an all-access membership so you can get more of what you need to transform your career, your organization and the entire healthcare system.

Unlimited access means unlimited progress thanks to insightful content, professional certifications, and online education – all for one price.

And soon, you'll benefit from the totally redesigned digital platform – specifically engineered to help you thrive.

Have It All. Join Now.
hfma.org/join

hfma™



healthcare financial management association

Three Westbrook Corporate Center
Suite 600
Westchester, IL 60154

NONPROFIT ORG
U.S. POSTAGE
PAID
PERMIT NO. 1737
PEWAUKEE, WI

Sponsored by

KaufmanHall

www.kaufmanhall.com

+ healthcare costs at a glance +

Individual spending on healthcare was \$10,000 in 2017

U.S. healthcare spending increased 3.9% to reach \$3.5 trillion in 2017, according to CMS's *National Health Expenditures 2017 Highlights* report. That rate is expected to grow at an average of 5.5% per year between 2018 and 2027.

The 2017 per person expenditure was \$10,739 with healthcare spending growth in 2017 similar to average growth from 2008 to 2013. Faster growth occurred during the 2014-15 period that was marked by insurance coverage expansion and high rates of growth in retail prescription drug spending. The overall share of gross domestic product related to healthcare spending was 17.9% in 2017, similar to that in 2016 (18%). +

Health spending increases by type of service

	2017	2016
Hospital care	4.6%	5.6%
Physician and clinical services	4.2%	5.6%
Retail prescription drugs	0.4%	2.3%
Health, residential and personal care services	5.6%	5.3%
Nursing care facilities and continuing care retirement communities	2.0%	3.1%
Home healthcare	4.3%	4.3%
Other professional services*	4.6%	5.1%
Non-durable medical products	2.2%	4.1%

Source: *National Health Expenditures 2017 Highlights*, CMS.

* Includes establishments of independent health practitioners (except physicians and dentists) that primarily provide services such as physical therapy, optometry, podiatry or chiropractic medicine.