

Opportunities for Reducing a Health System's Cost Structure

Where Might Opportunities Lie?

- **Management and Administration**
- **Support**
 - Supplies
 - IT and analytics
 - Facilities
 - Other
- **Inpatient and Outpatient Facilities**
 - Management
 - Inpatient care processes
 - Outpatient/ambulatory care processes
 - Other services
- **Employed Physician Practices**
- **Network**
 - Hospital utilization
 - Out-of-network utilization
 - Management
 - IT and analytics
- **Managed Populations**



How Can Opportunities Be Realized?

- **Redefine Personnel Needs and Roles**
 - Eliminate unnecessary positions
 - Add new responsibilities to existing roles
 - Consider part- or flex-time possibilities
 - Outsource (or insource) appropriate functions
 - Centralize administrative and support services
- **Achieve Economies of Scale**
 - Reduce variation in physician preference items
 - Merge or affiliate to spread costs across multiple organizations or negotiate on increased volumes
 - Standardize supplies across facilities
- **Drive Clinical Transformation**
 - Develop clinical consensus teams
 - Reduce unnecessary variations in care delivery
 - Implement predictive modeling to improve diagnoses, reduce readmissions, etc.
 - Eliminate peaks and valleys in scheduling of ORs, etc.
 - Align incentives
- **Emphasize Patient Engagement**
 - Ensure benefit design promotes use of in-network providers
 - Provide referring clinicians with information on in-network providers
 - Segment populations for more intensive care management