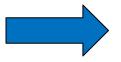
## **Opportunities for Reducing a Health System's Cost Structure**

## Where Might Opportunities Lie?

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



## How Can Opportunities Be Realized?

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