

# 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