TEN OVERLOOKED OPPORTUNITIES FOR SIGNIFICANT PERFORMANCE IMPROVEMENT AND COST SAVINGS IN CHILDREN'S HOSPITALS

HURON'S HEALTHCARE PERFORMANCE IMPROVEMENT DATABASE REVEALS OPPORTUNITIES EVEN AT HIGH-PERFORMING ORGANIZATIONS

Each year, internal improvement teams at hospitals and health systems save their organizations millions of dollars by streamlining processes and reducing costs. However, many opportunities remain untapped—even at high performing children's hospitals.

An analysis of the Huron's Healthcare Performance Improvement Database revealed 10 key areas in which our teams consistently find significant performance improvement and cost savings opportunities in children's hospitals.

As market pressures continue to grow, a comprehensive yet granular approach to reducing expenses in every possible area creates a tremendous opportunity to make healthcare delivery more efficient, fund the changes that reform is bringing, and help position providers to thrive.

OPPORTUNITY	TYPICAL EXPENSE % IMPROVEMENT OPPORTUNITY (Dollar figures based on a 350-bed hospital with $365 million net patient revenue)	CHALLENGES OF IMPLEMENTING INTERNALLY	KEY SELF-ASSESSMENT QUESTIONS	EASE OF IMPLEMENTING
HR Benefits Medical employee, prescription, dental, vision, long- and short-term disability	6-8% improvement in benefit spend **($2.2-$3.0 million)**	Providers may not have the specialized expertise in new reform requirements, compliance, 340B, patient-centered medical homes, population health management and other capabilities to maximize investment in benefits.	What types of comparative/ peer data do we have access to? What sources are we currently utilizing? How often are our benefits reviewed, and by whom? Are our total benefits expenses per full time employee surpassing benchmarks for our market? Is our total employee labor expense less than 45% of our total operating expense? Are our contract paid hours less than 0.5% of our total paid hours?	Medium
Purchased Services Mostly outside GPO, including IT, HR and equipment service and management contracts, printing and banking services	5-15% improvement in purchased services spend **($1-$2 million)**	Departments can be distracted by other priorities such as large implementations. Providers do not typically employ professional negotiators. Specialists with deep knowledge usually required to maximize the benefit.	Are there agreements in place in these areas? How frequently are contracts reviewed? Is this function centralized or de-centralized? How frequently are competitive bids solicited? Who is appointed to manage our purchased services contracts?	Medium

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Staffing to Demand Taking a flexible staffing approach to OR, nursing, ED, Imaging, etc.	5-8% improvement in labor costs per department **($10-$16 million)**	Many providers do not have tools or infrastructure in place to closely manage staffing on a real-time basis. High level of discipline required to create full benefit.	What labor productivity measurements do we use? How much overtime do we pay? What are our agency nurse costs per quarter? How do our labor costs compare to industry and peer-to-peer benchmarks?	Hard
Front-End Revenue Cycle Access, point of service collections, insurance verification, financial counseling	2-4% improvement in net patient revenue **($7.5-$15 million)**	Decentralized processes often mean many stakeholders are involved, and processes and tools can be inconsistent. Metrics to monitor performance are hard to define and even harder to gather in an automated fashion.	Do we secure eligibility and authorization for more than 95% of our patients before they receive service? Are we using these and other predictive indicators to proactively improve performance and hold staff accountable?	Hard
Maximizing 340B Pharmacy Benefit Program Discount	10-30% improvement in 340B program savings **($1-$2 million)**	Program maximization must be coupled with careful management of compliance requirements. Deep expertise and real-time monitoring required to maximize the benefit.	Have we maximized our potential 340B program benefit? Have we developed a retail pharmacy strategy and network? Have we established criteria and timeline for a regular review of our 340B program, evaluating expansion options and compliance risks?	Hard
Non Clinical Supply Costs Linen Utilization	5-20% improvement in linen costs **($75,000 - $300,000)**	Processes that create overutilization so ingrained into workflow that opportunities for savings are not recognized. Discipline and rigor required to create new processes and maintain benefits.	How does our performance compare to industry benchmarks? What is our linen utilization per patient day? Have we considered new workflows that would change our utilization levels?	Medium
Physician Offices Improving Ambulatory Throughput	5% improvement in revenue **($3 million in annually recurring additional revenue for a typical 100 – 150 physician multispecialty group)**	Physicians do not typically have the tools and metrics in place to measure, analyze and improve throughput. Resources specializing in physician office improvement typically not available to activate and implement change.	What is our current ambulatory throughput? How does it compare to industry and peer-to-peer benchmarks?	Easier
Clinical Operations Efficiency Case management, interdisciplinary care coordination, patient placement, bed turnaround, and care variation management	5-10% reduction in patient days **(2-4% net revenue improvement opportunity for capacity constrained organizations)**	Difficult to establish and maintain the intensive and holistic focus needed to make sustainable change across many stakeholders and departments.	Do we achieve on-service placement of patients more than 90% of the time? Is our bed turnaround time under 45 minutes, from patient discharge to being ready for a new patient? Is our risk adjusted length of stay by DRG greater than 75th percentile? Do we achieve on-service placement of patients more than 90% of the time?	Medium

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Reprocessing Single-Use Clinical Devices	15-40% improvement in single-use clinical device costs **($175,000-$315,000)**	Misperceptions around reprocessing may prevent organizations from pursuing improvement opportunity in this area.Reprocessing single-use clinical devices is FDA regulated, and many studies have proven that reprocessed devices are safe.	Have we considered the latest evidence-based research related to reprocessing? Do we have a system or structure in place to effectively and efficiently execute reprocessing?	Medium
Blood Management How and when blood is used and appropriate blood utilization criteria, other products, such as cell salvage, blood expanders, etc.	10-20% improvement in blood management costs **($200,000-$500,000)**	Can be difficult for physicians to make peer-to- peer changes on blood practices. Can be a challenge to develop the processes and metrics needed to track opportunities, improvement and sustainability of the program.	What criteria are in place for blood transfusion? What processes are in place to manage the overall cost of blood and blood products? How has the total cost of blood changed over the past few years in relation to volume?	Hard

* All figures in this table are estimates based on Huron's Performance Improvement Database, which reflects the average performance improvement opportunities for our clients. Actual opportunities vary based on the unique attributes of each organization. Huron conducts assessments to determine true improvement opportunity for each of our clients.

This table represents just a fraction of the areas Huron helps providers uncover each year. To explore additional areas of opportunity your organization might pursue, contact:

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