What Clinical Variation Means to Your Bottom Line

C-level Health System Executives’ Top Questions, Answered

August 31, 2016
Our Goal

In today’s webinar, we will learn how these C-suite executives are partnering with physicians to address clinical variation, how reducing variation can positively impact your organization’s bottom line – and why you need to take action now.
Our Panelists

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Clinical Variation

Clinical variation
The overuse, underuse, different use, and waste of healthcare practices and services with varying outcomes
Drivers and Outcomes

Drivers of urgency to address CV

- Healthcare cost as % of GDP
- MACRA
- READMISSIONS
- QUALITY incentives
- STAFF shortages
- PATIENT SAFETY indicators
- Physician TALENT LOSS
- MSPB
- IMPACT Act

Outcomes of reducing CV

- ENGAGED physicians
- Optimized STAFFING
- Increased PROFITABILITY
- Reduced COSTS
- Improved QUALITY & SAFETY

CLINICAL VARIATION
From Volume to Value

2014
20% of Medicare payments value-based

2015
30% of Medicare payments value-based

2018
50% of Medicare payments value-based
Medicare Spending per Beneficiary

- Outpatient: 1.5%
- Acute: 55%
- SNF Acute Rehab LTAC: 43.5%
- Home Care
- Hospice Palliative Care
MACRA

Before

Production
Traditional metrics
Autonomy & independence
Passive patient role
Acute stay
Lack of transparency

Now

Outcomes
Expanded metrics
Team & collaboration
Active patient role
Pre, acute & PAC care
Transparency

Before Now

Traditional metrics
Autonomy & independence
Passive patient role
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New way

Old way
Patient Safety

MEDICAL ERRORS may cause more than **250,000 DEATHS A YEAR**

MEDICAL ERRORS should rank as the 3rd LEADING CAUSE OF DEATH in the United States says a study by researchers at Johns Hopkins Medicine.

Only HEART DISEASE & CANCER take more lives than MEDICAL ERRORS in America.

Action is Imperative

87% of small & community hospitals anticipate DECLINING-TO-NEGATIVE PROFITABILITY

TEACHING HOSPITALS and hospitals with larger numbers of low-income & Medicare beneficiaries INCUR PENALTIES relative to readmissions & hospital acquired conditions

Hospitals that do not submit QUALITY DATA will lose a quarter of the market basket update at 2.4%

Medicare average payment reduction is $0.61% per PATIENT STAY

Commercial Payers are following closely behind CMS with clauses relative to the same QUALITY PENALTIES

Disproportionate Share Hospital (DSH) PAYMENTS CUT by $1.2B in FY2016

“Leaders begin to lead when they see the light...or feel the heat.”

— Ronald Reagan
What was that aha moment when you realized you needed to address clinical variation?
What is the connection between clinical variation and an organization’s financial performance?
How does addressing clinical variation affect quality and patient satisfaction?
How should an organization structurally approach clinical variation?
How do you effectively partner with physicians to reduce clinical variation?
How important are risk-adjusted analytics in engaging physicians and reducing variation?
What additional strategies have you found effective in reducing clinical variation?
How do you prioritize where to begin clinical variation reduction initiatives?
What key metrics, resources, and tools do you use to gauge your organization’s progress in reducing clinical variation?
What is one last piece of advice regarding how to engage physicians and address clinical variation?
Final Thoughts

• Reducing acute care clinical variation significantly impacts quality and the bottom line

• Engaging physicians truly is the key to reducing variation

• We need to act now to reduce clinical variation, and we challenge our audience to consider what their immediate call to action will be after today’s discussion
Thank You

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