

Impacting Cost+Quality

An IHI Leadership Initiative

Begins Fall 2011

It is the most significant
health care leadership challenge of our time:

How to reduce expenses while improving quality



INSTITUTE FOR
HEALTHCARE
IMPROVEMENT

It's time to **lose the waste** and get serious about **cost reduction.**

Have you been wondering:

- What tests do we repeat unnecessarily?
- Which protocols or pathways don't add value to patient care?
- What is the impact of readmissions on the bottom line?
- Which processes block patient throughput?
- What is the cost of waiting, rework, and unclear communications?
- What chronic illnesses could we better manage through new partnerships?
- How can we streamline care for complex patients?
- Do we need a new approach to balance our budget?
- Which improvements in care will lead to BOTH better quality for patients and cost savings?

In the first year of the *Impacting Cost + Quality* initiative, IHI worked with 40 organizations to drive waste out of their systems. These organizations are now on track to save a collective \$30 million. Join the upcoming wave of this program, starting this September, and be the next to seriously impact your organization's bottom line.

As health care approaches 18% of the GDP in the United States, health care executives are reaching a single conclusion: we must find ways to cut expenses while continuing to improve the quality of care delivered to patients.

At first, the tradeoff seems unavoidable: as expenses decrease, so too must quality, right? Not necessarily. Pioneering organizations that have worked with IHI over the past few years are challenging the long-held notion in health care that “more is always better.” They are identifying and driving out waste wherever it exists in their systems. And they are implementing a host of critical changes that BOTH reduce expenses and improve care. These include:

- Smoothing patient flow
- Improving supply chain management
- Reducing defects like adverse events
- Eliminating duplicate orders, unnecessary workups, and consultations
- Reducing readmissions

Many of the changes that these organizations have tested are now ripe for wide-scale dissemination, while others are ready for more extensive prototyping efforts. In the first six months of the 2010-2011 *Impacting Cost + Quality* program, teams were able to develop a plan to remove a collective \$30 million in excess expenses by the end of the 12-month program.

The Program

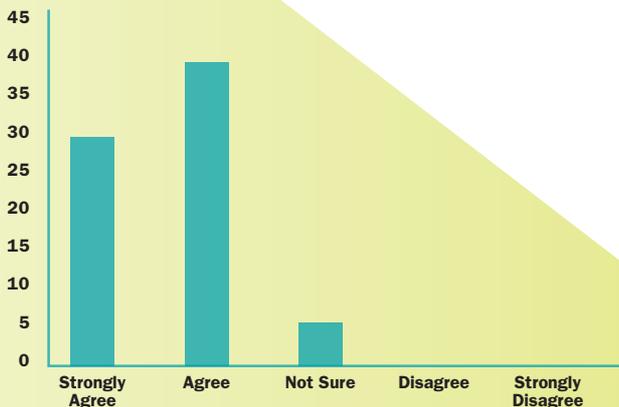
Impacting Cost + Quality is designed to be a dynamic learning system for the rapid spread of proven changes and for further testing of ideas that hold promise for reducing expenses while improving quality. This initiative is focused on two goals: improving cost AND quality. Current members have recognized that only by working on BOTH at the same time can we achieve a patient-positive relationship between the two.

The Participants

This program is geared toward hospitals with a strong track record of improvement and demonstrated quality outcomes – and their leaders who are responsible for improving the bottom line and improving quality in departments, divisions, or the hospital as a whole. The focus will be on finding the waste and removing it – diagnosis and execution. With specific programming tailored to CEOs, CFOs, COOs, and clinical leaders, participants will identify opportunities to drive out waste, prioritize what changes are best suited for their organization, and successfully lead front-line improvement efforts that improve the organization’s financial standing. Ultimately, success in this work will depend on the organization’s ability to translate leadership direction into solid front-line execution. This will require participants to possess exceptional capacity for improvement, project management skills, and highly disciplined methods for design and redesign of the structures, processes, and services needed to implement, sustain, and spread good ideas. Selected participants in the 2010-2011 *Impacting Cost + Quality* initiative include:

- University of Pittsburgh Medical Center - Mercy Hospital
- Baptist Memorial Health Care Corporation
- The County Council of Jönköping
- Georgetown Memorial Hospital
- Veteran’s Association
- University of Kansas Hospital
- Ochsner Health Systems

We asked current participants in *Impacting Cost + Quality* if they agreed with the statement “I would recommend this program to another organization”:



The Aims

The focus of this program will be on finding the waste and removing it – diagnosis and execution. Participation will help your hospital leadership team achieve measurable results within the year by arming you with:

- The skills and tools to improve quality while removing 1% of operating expenses in 12 months of project work.
- A framework for year two and beyond that continually improves quality while reducing operating expenses by 1% per year.

The Curriculum

The content for this program will be divided into four critical “work streams”:

- Leadership – *setting the course, establishing the metrics and the priorities*
- Clinical Improvements – *focusing on patient populations, care efficiencies, and eliminating complications in care*
- Finance – *building effective models and removing “real dollars” from the expenses*
- “Less of” – *seeking to drive out waste*

These work streams will be set in motion through a variety of engaging activities throughout the year, including three face-to-face meetings (the first will be September 15-16, 2011, in Cambridge, MA), more than 20 interactive webinars, and ongoing support from expert faculty.

Your organization can take full advantage of the following activities and support as a participant in this intensive year-long program:

- Use IHI’s Waste Identification Tool to identify waste opportunities throughout your system, find intangible sources of waste (e.g., case management, supplies, utilization), and prioritize key areas of focus

- With guidance from IHI faculty, select your portfolio of work, set system-wide cost and quality goals, establish measures for key areas of focus, and quantify potential savings
- Deploy established financial models to measure progress over time, test “in literature” methods for cost savings against your organization’s financial footprint, and create plans to ensure “dark-green” dollars fall to the bottom line
- Communicate process, aims, and system changes at all levels within your organization
- Share your best ideas and success with other participants and adapt ideas, successes, and lessons learned from other participating organizations to enhance your work
- Rely on ongoing help and “stuck coaching” from IHI’s expert faculty resources to move your projects forward
- Identify partners and potential savings beyond your walls. Engage with your community organizations, patients and families, payers, and competitors (where appropriate) to reduce duplication and suboptimal patient handoffs, and improve care and outcomes

The Cost

The cost of this year-long program is \$16,500 per hospital team. This fee includes access to all program events and materials. It does not include the cost of travel to program meetings. IHI is pleased to offer a 50% discount to hospitals with fewer than 50 beds and members of the National Association of Public Hospitals.

The Return on Investment

By participating in the *Impacting Cost + Quality* initiative, your organization will learn to eliminate many types of waste, each with potential savings embedded in the improvements. Some of these improvements can be counted on to begin reducing defects quickly. These include:

- Reducing ventilator-associated pneumonia (VAP) in the ICU (reduce \$35,000-\$40,000 per case, based on estimates from literature)
- Reducing pressure ulcers (reduce \$43,000 per grade III or IV ulcer avoided, based on estimates from literature)
- Reducing waste of blood products (reduce \$500,000-\$600,000 per year, based on estimates from literature)

Other improvements will take longer, such as:

- Reducing length of stay and readmissions for patients with CHF (reduce \$2,200 to \$4,200 per patient for inpatient costs, based on estimates from literature)
- Reducing unwarranted repeat inpatient labs and x-rays (reduce \$132,151 per year, based on estimates from literature)

IHI calculates that your organization's investment in *Impacting Cost + Quality* (assumes enrollment fee plus approximately \$24,000 in travel expenses for a total of \$40,500) will be covered if you avert just two cases of VAP or two pressure ulcers. Participants who do the work in this initiative will not only achieve these types of improvements and cost savings, but will also build a portfolio of changes and the necessary infrastructure to reduce cost by \$500 per admission, with the ability to remove 1% of operating expenses year-on-year while improving the quality of care. For a typical 300-bed hospital, this represents about \$4,000,000 per year – nearly 100 times the investment in this program.

The Faculty

The expert faculty for this program will include:

Pete Knox

Executive Vice President
Bellin Health
Green Bay, Wisconsin

Eric Dickson, MD, MCHM, FACEP

Senior Associate Dean and President
University of Massachusetts
Memorial Medical Group
Worcester, Massachusetts

Lucy A. Savitz, PhD, MBA

Director of Research and Education
Intermountain Health Care
Institute for Healthcare Delivery Research
Salt Lake City, Utah

Helen Zak, MS

President and COO
Healthcare Value Leaders Network
Cambridge, Massachusetts

Learn More

IHI will be hosting a free informational call with program faculty to help hospital leaders learn more about this program and determine if it is right for your organization. This call will take place on:

Thursday, May 26
12:00 PM – 1:00 PM ET

To register for this free call and to learn more about this program, go to:

www.IHI.org/ImpactingCostandQuality

or contact IHI at **617-301-4800**
or info@IHI.org.

*We look forward
to working with you!*

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