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MANAGING



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INCREASE EFFICIENCIES TO SAVE DOLLARS AND SPACE

Healthcare Reform Demands a New Approach to Performance Improvement & Efficiency

As the implementation of healthcare reform continues while federal and state policymakers continue to debate its future and scope, hospitals have an enormous opportunity to look beyond the partisan policy discussions and begin to overhaul how they operate to support the goals of reform.

Through a new approach to process re-engineering that focuses on developing a system-wide mindset, the adoption of advanced performance methodologies and the use of enterprise logistics software and technology, hospitals can streamline their operations in a way they have never previously contemplated.

Whether it has been a belief that healthcare is different because of “the art of medicine” or that “patients are people, not widgets” or that patient flow is too inconsistent to be managed, hospitals have not committed themselves to improving patient throughput in a way that benefits both patients and caregivers. While calls to improve efficiency may seem incongruent in a world of individual patient treatment, hospitals that adopt a system-wide approach to patient logistics are able to provide improved clinician-patient interaction and better quality at lower costs.

Improving the efficiency of how hundreds of patients simultaneously access a hospital’s services requires a shift in mindset from today’s fragmented care delivery model. Hospitals typically remain stuck in a mindset that implements process improvement initiatives within individual silos of care, like emergency departments, without consideration of the impact on the entire operation. As a result, hospitals have succeeded in developing islands of excellence that have done little to improve the

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hospital’s overall system performance.

The shortcoming of this approach is that resources are often diverted from the hospital’s other operations to maintain one department’s excellence to the detriment of the efficiency and effectiveness of the system as a whole. Only by adopting a system-wide mindset that recognizes the hospital as an interconnected system can total hospital efficiency be achieved.

Enterprise process re-engineering methodologies are able to choreograph all clinical and non-clinical patient movements so that hospitals significantly reduce the time patients spend waiting to access the critical services and resources that facilitate diagnosis and treatment. By reducing this non-value added “white space,” patients move through a hospital’s systems more efficiently, thereby reducing length of stay without losing the time necessary for treatment and recovery. As every hospital executive knows, average length of stay (ALOS) reductions directly correspond to increased quality, profitability and capacity, as well as lowered resource consumption.

One of the hospitals we work with, Mercy St. Vincent Medical Center, part of the Northern Division of Catholic Health

Partners, a 500 + bed hospital and Level 1 Trauma Center in Toledo, Ohio, has done a terrific job of increasing its total hospital efficiency and improving patient throughput. In the last 2 years, their efforts have had a \$38.5 million dollar positive impact on the facility’s bottom line. Their cost savings were achieved primarily by reducing the ALOS from 5.1 to 3.8 days, combined with a reduction in temporary agency staff costs and overtime expenses.

By lowering the facility’s ALOS, Mercy St. Vincent’s saved 10,400 days annually, which gave it the ability to care for 2,260 more admissions with no additional capital or fixed costs. In spite of this significant process change, their employee opinion scores went up, and their nurse separation rate also improved by 41 percent.

To sustain a new level of performance, enterprise logistics technology, with real time visibility to and management of key performance metrics and milestones, is critical. Historically, industries that have achieved enterprise efficiency have also achieved an increase in the quality of their products or services. Hospitals are no different. Real time, enterprise technology significantly reduces the burden of patient logistics from frontline nurses and caregivers, allowing them to spend more hands-on time with patients, thereby increasing patient safety and quality.

The only proven means to achieve total hospital efficiency is the widespread adoption of system-focused process re-engineering coupled with enterprise logistics technology. Hospital executives can no longer ignore the benefits of this approach. A future that includes more insured patients, a need for greater capacity, continued reimbursement pressures and demands for greater quality will necessitate that hospitals embrace this new paradigm for achieving total hospital efficiency and quality. Ei



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