

DATA ON THE EDGE

BEYOND MARKET SHARE: OUTPATIENT PERFORMANCE ADVANCEMENT

Capturing the growth in outpatient volume has become a significant priority for health care organizations. As this trend continues, a focus solely on organic volume growth will miss the bigger picture. Health system leaders must not only understand how much care is delivered in their organization but also how it compares to the competition, an increasingly complex task as new, fragmented entrants disrupt the market. Further, given resource constraints, organizations must understand how well care delivery aligns with their strategic objectives.

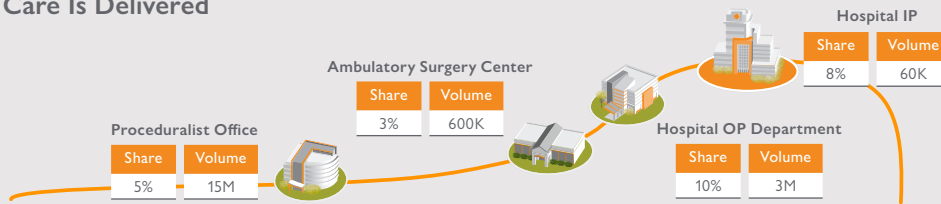
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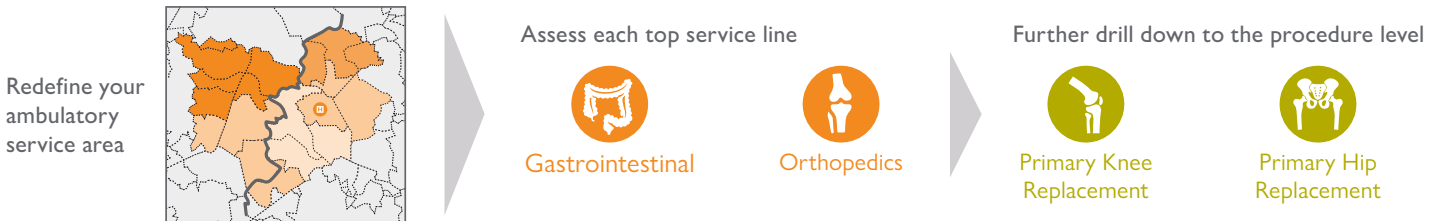
Measuring outpatient market share is more challenging than measuring inpatient share. The data are often fragmented and less accessible, with outpatient care spread across a varied range of organizations and care sites, from clinics to urgent care and telehealth providers, many of which provide single points of care. New data are now available to address the long-standing challenges of outpatient access and fragmentation. To accurately measure outpatient performance, health care organizations must first define their service areas differently than they do for inpatient care; analyze more granular, service-specific market data; and evaluate the distribution of care across different sites within the care continuum.

A Holistic Framework to Assess Outpatient Performance

Understand Where Care Is Delivered



Break Down OP Market Share



Examine Metrics to Identify Performance Improvement Opportunities



In addition to market share, other key metrics must be considered to gain a holistic view of the performance and value of ambulatory assets. These include patient access, capacity, retention, patient satisfaction and clinical quality. Evaluating these factors allows an organization to determine whether its outpatient footprint is effectively driving market share growth while meeting strategic objectives.

- **Understand where care is delivered** to effectively evaluate outpatient performance. Each organization offers a unique portfolio of services. This assessment must carefully weigh growth opportunities and market conditions against operational and clinical priorities to ensure a balanced and strategic approach.
- **Break down outpatient market share** in detail by service line, disease state or procedure to accurately understand market dynamics and assess the organization’s competitive position. In addition, redefine service areas to derive accurate insights for outpatient dynamics.
- **Examine metrics** that provide operational and clinical outcomes to identify and prioritize performance improvements based on the organization’s strategic challenges.

The following two examples use a fictitious health system to illustrate how this framework can be leveraged to identify different strategic solutions for different services.

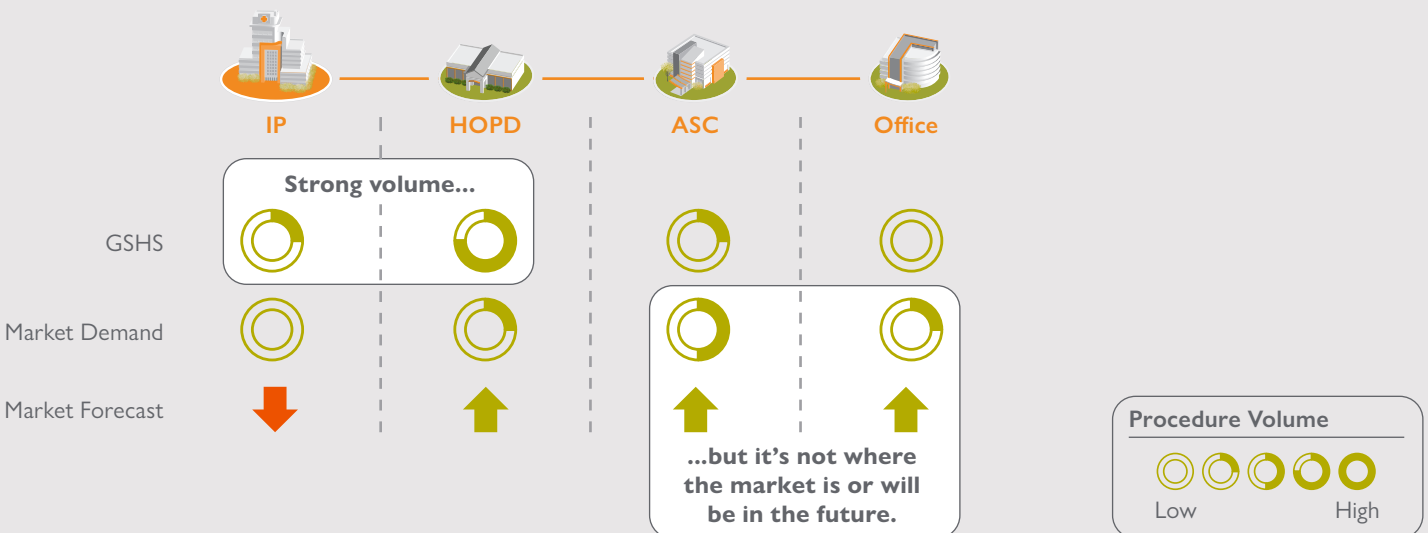
Volume Growth for GI Service Line

The Great State Health System (GSHS) operates multiple hospitals across a tristate region but has seen its gastrointestinal (GI) service line volume lag behind the market’s overall growth in recent years. As outpatient demand for GI procedures continues to rise, GSHS must adapt its strategy to capture a larger share of this expanding market. The system will need to assess where GI services are currently delivered, analyze specific market share trends and identify key performance metrics to drive targeted improvements. This comprehensive approach will help GSHS improve its competitive position and support sustainable, meaningful growth in its GI service line.

Understand Where Care Is Delivered

GSHS’s procedural volume is heavily concentrated in traditional, high-cost settings, such as inpatient facilities and hospital outpatient departments (HOPDs), which are experiencing declining demand as procedures shift to more accessible, cost-effective sites. GSHS performs the majority of its diagnostic colonoscopies within hospital settings, whereas the broader market increasingly utilizes ambulatory surgery centers (ASCs) and office settings, where Sg2 projects significant growth in colonoscopy procedures. Moreover, the trend for screening colonoscopies is moving toward at-home solutions, with direct-to-consumer options like Cologuard gaining traction. GSHS’s current strategy may limit its ability to capture future demand amid this evolving market landscape.

Procedure Volume vs Market Demand



Break Down Outpatient Market Share

GSHS has a market share of 45% of all GI procedures but only 25% of all GI evaluation and management (E&M) visits. However, its lower E&M visit volume highlights a gap in upstream engagement. Historically reliant on independent referrals, GSHS now faces challenges as care shifts toward aligned networks and lower-acuity sites, reducing physician dependence on hospitals and jeopardizing its downstream pipeline. To sustain growth, GSHS must strengthen upstream relationships and diversify access points.

Although GSHS currently holds a strong position in the GI market, it risks being outpaced without strategic adjustments in procedural sites and upstream access.

Examine Metrics

- **Retention:** How well can GSHS keep its patients from going elsewhere?
 - GSHS captures 55% of health care spend from its existing GI patients.
 - 45% of patient handoffs stay in the network, creating an opportunity of \$2.1M that's leaking out of the system.
- **Access:** How easily can patients access GSHS services?
 - 23% of GSHS new patients are seen within 10 days—the 26th percentile when compared to peers.
- **Capacity:** Can GSHS handle growth in demand?
 - GSHS's average utilization is 0.72 procedures per room per hour of operation, compared to a peer median of 0.60.

Key Considerations

To secure a sustainable competitive edge in the GI market, GSHS must move beyond current market share and adopt a strategic approach aligned with evolving patient needs. This requires understanding care delivery locations, analyzing market share by site and service, and using targeted metrics to identify performance improvement opportunities.

- **Expand outpatient presence.** Align the GI service strategy with market trends, particularly in high-growth outpatient sites where it is underrepresented.
- **Strengthen referral retention and minimize network leakage.** Build a compelling value proposition for patients and referring providers to improve loyalty and share of wallet.
- **Enhance access.** Reduce wait times and streamline scheduling to improve patient satisfaction, experience and retention.
- **Increase capacity.** Invest in new facilities or partnerships at high-growth sites to effectively manage patient volumes and maintain a consistent patient experience.



Optimizing Site-of-Care Decisions for Hip and Knee Procedures

As the shift toward outpatient care accelerates, a growing number of procedures, including primary hip and knee procedures, are no longer performed only in traditional inpatient settings, or even within hospital walls. This trend has made it increasingly difficult to maintain a clear vision of market performance, which is becoming more complex and unpredictable.

Understand Where Care Is Delivered

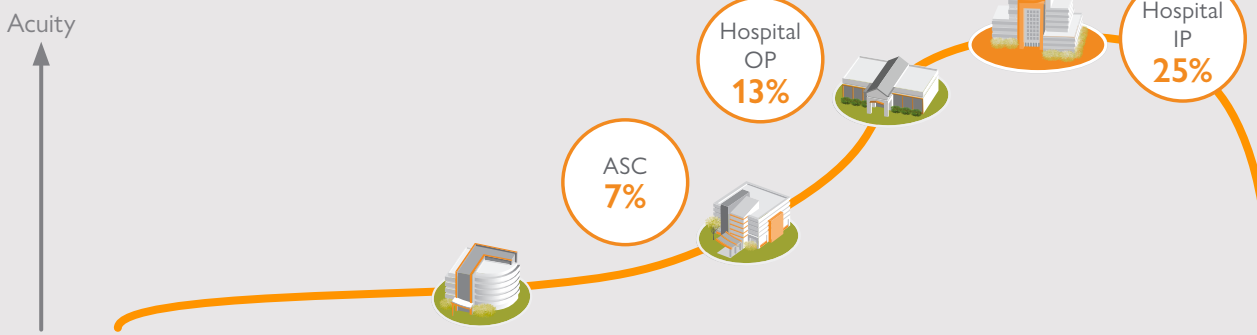
In CY 2023, 16% of primary hip and knee procedures were conducted in inpatient settings, while 74% took place in HOPDs and 10% were performed at ASCs across the country. However, this distribution varies significantly at both the market and hospital level.

Break Down Outpatient Market Share

Analyzing market share for a specific procedure by site of care enables organizations to accurately assess their competitive positioning and benchmark against existing competitors as well as emerging disrupters. By integrating this analysis with projected volumes and targeted market share objectives, organizations can formulate effective strategies to drive growth and achieve their desired market expansion.

Market Share by Site of Care

Primary Hip Procedures, Great State Health System



Note: Excludes 0–17 age group. Based on professional claims and place of service code. **Sources:** Proprietary Sg2 All-Payer Claims Data Set; IQVIA; Sg2 Analysis, 2024.

Examine Metrics

Clinical insights are critical for optimizing site-of-care decisions, as they have direct implications for capacity, cost, quality and patient satisfaction. For hip and knee procedures, there are significant differences in overall length of stay and 30-day revisit rates between inpatient and outpatient settings. These variances are influenced by several factors, including patient demographics (eg, age), comorbidities, body mass index and surgical history. Such factors should be carefully evaluated when determining the most appropriate care setting to achieve optimal outcomes.

Procedure Outcomes by IP and OP Setting

		% 30-Day					
		LOS in Days (Observed)	Revisits to IP, ED or Observation	% 30-Day IP Readmissions	% Age 65–74 Years	% Age > 75 Years	% Medicare
Primary Knee Replacement	Outpatient	1.2	6.8%	1.6%	41.9%	24.1%	60.8%
	Inpatient	2.7	10.2%	3.9%	38.4%	35.1%	71.6%
Primary Hip Replacement	Outpatient	1.2	5.5%	1.6%	37.5%	20.2%	53.9%
	Inpatient	4.9	15.5%	7.8%	27.1%	52.4%	77.9%

Note: Analysis excludes 0–17 age group and includes CPT or ICD-10 principal procedure codes for primary knee replacements and primary hip replacements as defined via the Sg2 outpatient CARE Grouper. Readmissions include unplanned, related and unrelated, and exclude rehabilitation, dialysis, and mental diseases/alcohol and drug use on readmit. Outpatient encounter types include freestanding ambulatory surgery, hospital-based ambulatory surgery and other outpatient procedures. N = 737 hospitals. **Sources:** Sg2 CARE Grouper, 2024; Vizient Clinical Data Base. Irving, TX: Vizient, Inc.; 2024. <https://www.vizientinc.com>.

Key Considerations

- Is the organization aligned with the outpatient shift trend?
- Is the organization focused on performing procedures in areas where growth is expected? Who is the competition?
- How does the organization’s quality compare to industry benchmarks? How do competitors measure up in this regard?

Why It Matters

Outpatient growth can occur almost organically as the population ages and demand increases. However, the key consideration for an organization is whether it is effectively maintaining its share of this expanding market. Failing to do so risks losing ground to emerging competitors, ultimately jeopardizing long-term market relevance. Achieving success in outpatient services requires a proactive and strategic approach to protect and expand market share. This growth must be sustainable and anchored in key operational fundamentals, including improving access, optimizing capacity, retaining patients, enhancing patient satisfaction and ensuring high-quality care.

- **Align with the organization's goals.** Due to the diverse roles that outpatient services fulfill, they must be aligned with the organization's mission, vision and strategic goals. Consequently, the performance measurement frameworks must also be aligned.
- **Leverage the outpatient performance framework to address each issue effectively.** With vast amounts of data and diverse performance improvement opportunities, it is crucial to maintain a focused approach. Organizations need to break down market share to gain a clearer understanding of the current state while selecting targeted metrics to pinpoint areas for improvement. The full potential of data analytics can only be realized when there is a clear definition of the issues to be addressed.
- **Use analytics to engage key stakeholders.** Performance improvement depends on collaboration between the C-suite and clinical and operational leaders, as their insights are essential for identifying gaps and opportunities and driving a cohesive strategy aligned with organizational priorities. Targeted data analytics can facilitate buy-in.
- **Outpatient market share still matters.** Outpatient volume may increase even while market share declines. Therefore, the focus should not be solely on capitalizing on growth but on outperforming competitors to maintain the organization's share of the expanding market. Sustainable growth requires ongoing effort and strategic action.

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To speak with one of our experts about System of CARE strategy, ambulatory strategy, performance improvement strategy, Sg2 Share of Care™, or Vizient data and analytics assets, email membercenter@sg2.com.

POWERED BY VIZIENT DATA AND DIGITAL PLATFORM

This report's analysis leverages the following proprietary data and analytics assets.

Sg2 Intelligence is a diverse team of subject matter experts and thought leaders who represent specialties ranging from clinical service lines to enterprise strategy. The team develops strategy-specific content in the form of editorial reports, including the Data on the Edge series, and perspective-based analytics, such as the Impact of Change® forecast.

Sg2's Share of CARE™ analytic tool helps members strategically access their market position across all IP and OP sites of care and optimize service distribution to effectively compete for clinical demand and maximize their care footprint.

The **Vizient Clinical Data Base** is the definitive health care analytics platform for performance improvement. The CDB provides high-quality, accurate and transparent data on patient outcomes—such as mortality, length of stay, complication and readmission rates, and hospital-acquired conditions—that enable hospitals to benchmark against peers; identify, accelerate and sustain improvements; reduce variation; and expedite data collection to fulfill agency reporting requirements. Clinical benchmarking tools such as dashboards, simulation calculators, and templated and customizable reports enable you to quickly identify improvement opportunities and their potential impact.

The **Vizient Operational Data Base** provides hospitals with transparent, comparative insights on the operational characteristics of hospital departments to support performance improvement, budgeting and cost reduction initiatives. It includes reliable financial and operational data that help organizations make informed decisions about employee productivity, supply usage and other areas that directly impact the bottom line.

The **AAMC-Vizient Clinical Practice Solutions Center (CPSC)**, developed by the Association of American Medical Colleges (AAMC) and Vizient, resulted from member input regarding the burdensome nature of duplicative data collection and survey activities related to provider practice patterns and performance. Designed to meet critical gaps in data management needs and provide insightful analytics, the CPSC provides physicians and medical groups with the clarity to inform and improve areas such as physician productivity, coding and compliance, charge capture, collections, denials, contract rate management, patient access, and quality of care specific to physician billing activity.

Provider Connections is the foundation of a successful physician loyalty initiative, helping providers retain care and achieve financial and market success in both the short and long term. This tool helps achieve network optimization, drive physician engagement and loyalty, and streamline the patient experience by providing insights into referral patterns.

Sg2's Impact of Change[®] model forecasts demand for health care services over the next decade, examining the cumulative effects and interdependencies of key impact factors driving change in utilization. Using both disease-based and DRG-based analyses, the forecast provides a comprehensive picture of how patients will access inpatient and outpatient services along the continuum of care.

The Vizient Data on the Edge series team includes Brianna Motley; Catherine Maji; Eric Lam; Alyssa Harris; Madeleine McDowell, MD, FAAP; Jen Goff; Kerstin Liebner; Arati Kurani; and Sg2 Creative Services.

