

Right care, right place, right cost

A data-driven strategy for service line success



Optimizing the service line for patient-centered care

Hospitals may have different reasons for recalibrating a service line or building a new one. Perhaps patient satisfaction is deteriorating, while competition is increasing. Maybe patient volume is rising, or reimbursement is shifting to alternative payment models. In any of these scenarios, the hospital is at the proverbial crossroads and must address a host of questions. What are the root causes of poor patient satisfaction? Is it feasible for the hospital to build out its services, or should it partner with ancillary organizations? How can a hospital's service line increase profitability and quality, without putting too much of a financial burden on patients?

As with any puzzle, it is best to start at the beginning—and in this case, that means first defining what an ideal service line is. “Fundamentally, an optimized service line integrates care across the continuum for a specialty or medical population. It delivers cost-effective, quality care that is organized around the patient’s needs at every point of the patient’s journey,” explains Debbie Schuhardt, senior principal, Vizient® Advisory Solutions.

Attaining such a service line requires constant insight into how well these patient needs are met, along with clinician commitment to providing the best and most cost-effective care available. Both elements have historically been difficult for hospitals to put in place—but as the next sections detail, are now well within reach.

Post-pandemic service line trends to monitor:

- The sustained shift to virtual settings
- Lower ED volumes that will remain below 2019 levels
- Rising acuity and chronic disease burdens
- Health systems making major investments in their ability to provide care to patients from the comfort of their own home
- Policy changes, digital innovations, and the shift to lower cost settings will all contribute to a restructuring of the current system of care



Know your market: aligning national service line trends with local needs

Hospitals can be relevant to their local communities while achieving smart growth in nationally sought-after services. However, they must have a clear understanding of where to invest their resources so that they don't sacrifice one objective for the other. "Optimizing service lines is really where the rubber hits the road for hospitals. But lack of understanding of where to deploy resources is a common barrier," notes Chad Giese, associate principal, Sg2®, a Vizient company. The following components help hospitals gain this insight.

Comprehensive data assets

As Giese explains, it is essential for hospitals to know "the numbers" for ambulatory services in addition to in-hospital services. "This will enable hospitals to understand upstream and downstream patient activity, identify potential partnerships, and establish goal alignment with physician practices and other ambulatory and post-acute care providers. Hospitals will need to understand how they can coordinate services across the care continuum to do the right thing for the patient," Giese says.

The national picture

Forecasting and trends analysis, along with risk stratification expertise, provide a detailed picture of a program's current and potential patient populations, current strengths and gaps in the system of care, and opportunities for the hospital to earn the loyalty of patients in the community.

The local perspective

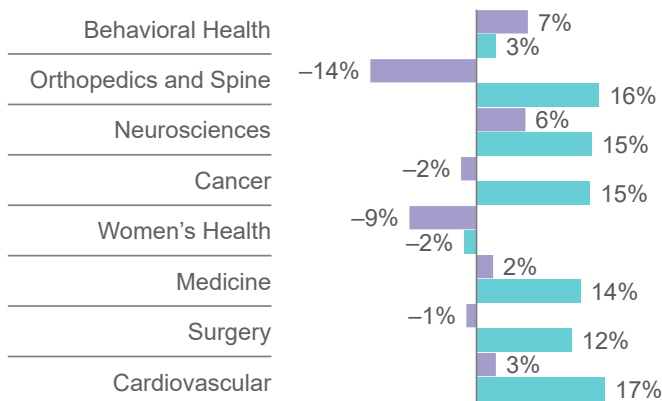
Locally, the hospital must understand its existing operational footprint—its portfolio of services and degree of integration across the care continuum. Central to this understanding is a studied analysis of patient flow across the service line, including the local evolution of access channels and competitive landscape.

Whether retooling a service line for new market needs or building a new service line altogether, hospitals must have a firm grasp of current and forecasted demand, local market demographics and existing patient flow through the care continuum.

Figure 1. Service line growth rates – 2019-2029

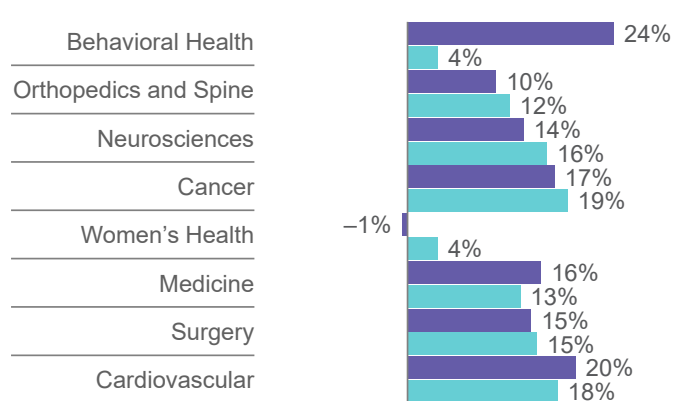
Inpatient service line growth

Impact of Change® 2021, 2019-2029



Outpatient service line growth

Impact of Change® 2021, 2019-2029



■ Sg2 IP Forecast ■ Population-Based Forecast ■ Sg2 OP Forecast

Note: All service lines exclude 0-17 age group. Cardiovascular includes cardiology and vascular. Medicine includes allergy and immunology, dermatology, endocrinology, gastroenterology, genetics, hematology, hepatology, infectious diseases, nephrology, pulmonology, and rheumatology. Surgery includes burns and wounds, otolaryngology, general surgery, ophthalmology, and urology. Sources: Impact of Change®, 2021; HCUP National Inpatient Sample (NIS). Healthcare Cost and Utilization Project (HCUP) 2018. Agency for Healthcare Research and Quality, Rockville, MD; Proprietary Sg2 All-Payer Claims Data Set, 2018; The following 2018 CMS Limited Data Sets (LDS): Carrier, Denominator, Home Health Agency, Hospice, Outpatient, Skilled Nursing Facility; Claritas Pop-Facts®, 2021; Sg2 Analysis, 2021.



Merging the data

Few if any hospitals have all of the data sets described here. It is difficult enough to obtain internal data that identifies patterns in utilization and pinpoints cost drivers, let alone deeply detailed information about external markets and providers. To that end, many of the nation's top hospitals seek innovative market data assets and participate in comparative analytics databases similar to those that Vizient provides to member hospitals.

Through their membership, hospitals have access to analytically directed assessments of market needs, while further collaboration with Vizient reveals the true picture of their present service offerings. Merging this external and internal data is key to shaping a service line that delivers the right care, in the right place, and at the right cost.

How one hospital redesigned cancer care

A world-recognized health system in Los Angeles wanted to make its cancer institute a patient-centered service line. This posed several questions. What would be the optimal care model? Which processes needed to be put in place to assure efficient operations, from registration and scheduling to connecting patients to ancillary services?

The health system engaged Vizient to conduct an assessment of the current care model and collaborate on an optimized replacement. Vizient experts used an integrated approach that included observation of clinical spaces and operational processes; interviews with key stakeholders; and analytics to determine baseline metrics—that is, “how good” the current care model really was.

The information ultimately equipped the health system with a 10-step plan for strengthening its cancer service line. The plan clearly outlines how the health system could add a nurse navigator, enhance the “neighborhood feel” of the cancer care center, use existing technologies to improve registration, ease barriers to entry for patients and referring providers; and other improvements in efficiency and quality. With baseline metrics in hand, the health system is also able to clearly gauge results after plan implementation.

Using comparative data to demonstrate opportunities for optimization

A common misconception on the topic of improving service lines is that it hinges largely on costs, especially related to physician preference items (PPI). Yet this risks turning into a supply chain issue, which Schuhardt warns is the wrong approach. “Certainly PPI cost reduction initiatives are supported by the supply chain, but at heart, these are service line initiatives that need to be led by the service line leader, if there is one,” she advises.

Further, PPI projects should not be the only drivers of service line improvements. With the rise of consumerism, service lines must get both cost and quality right — or the patient volume will go away. Once again, engaging physicians with the right data is a key tactic, whether discussing PPIs or outcomes. Here hospital leaders must have data that supplies adequate information about device and supply utilization. Too often physicians have no knowledge of the actual costs related to their care decisions, such as the price tag of a preferred supply.

“Sharing data allows physicians to understand the impact of their decisions on both cost and quality. This opens the door to comparisons with their counterparts and discussions around reducing variation in how they treat patients with similar conditions,” Schuhardt points out.

How hospitals really reduce service line case costs and improve outcomes

A midsize integrated delivery network (IDN) implemented a bundle protocol for vented patients in the intensive care unit (ICU). The goal was to evaluate the protocol’s effectiveness for reducing patient length of stay. The IDN utilized Vizient advisors to aggregate and analyze the necessary data. The Vizient analysis concluded that patients treated with the bundle protocol required fewer days on a ventilator, had a lower length of stay in both the ICU and the hospital, and had a lower 30-day readmission rate.¹

By implementing the bundle, the hospital was able to reduce cost per case by \$2,000. The Vizient comparative database of the nation’s leading hospitals also enabled the IDN to continue monitoring its progress in comparison with the database health care organizations.



Checklist: Reducing service line variation

“There are two burning platforms in reducing variation. The first is around the unnecessary morbidity and mortality exacted on patients, with thousands of deaths a year. The next platform is economic. As we look to rebuild our economy in the wake of the devastating recession, we see that health care makes up so much of our national budget. We have the highest bill for health care in the world, but not the world’s best outcomes,” observes Marshall Leslie, Group Senior Vice President, Operations & Quality, Vizient.

A high performing service line delivers cost-effective care of consistent high quality, with application of best practices as the rule rather than the exception. While this may seem a far-off objective for many hospitals today, taking the following steps can reduce variation relatively quickly—with many hospitals seeing an impact within weeks of implementation.

Identify the specific drivers of variation—from supply, labor and resource utilization variation, to outcomes or service variation

Here robust service line analytics provides data by service line, with drill-down capability to the physician and patient levels. A significant output: comparative benchmarking to solve for variation reduction.

As an example, consider a comparative data set that shows the: number of operations conducted by the hospital’s surgeons for a particular procedure; average amount of time the operating room is reserved for each patient; total cost; and outcomes. The data set compares surgeons internally, and also makes external comparisons with other hospitals.

Using these data sets, health care leaders can pinpoint which surgeons and hospitals achieve the best outcomes at the lowest costs. Service line analytics should also enable further analysis of the care processes of these cases—and even the line-item expenditures to identify if lower-performing physicians or facilities are ordering unnecessary supplies.

Make valid comparisons

To the greatest extent possible, performance is compared with hospitals performing similar procedures on similar patients. However, hospitals tend to have differences among their patient populations, so risk adjustments should be applied—using transparent methodologies—to account for these variables in patient cohorts. On that note, clinicians should be given a clear understanding of how the data was obtained and scored.¹

Engage key clinicians and service line leaders

Robust, trustworthy data can convince a physician that there is a meaningful opportunity for change. However, the aim is to have physicians reach these conclusions on their own. The data can support, but should not supplant the physician’s ownership of which care delivery method to standardize.

Continuous data sharing

A one-time glimpse at cost and outcomes per case may affect change, but the improvements won’t be permanent unless clinicians can continuously assess how their performance impacts these factors. As such, insight into performance should frequently be made available.



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Debbie Schuhardt
Senior Principal, Advisory Solutions
Vizient

¹ Godsey, B. (n.d.). The power of transparency in clinical analytics. Retrieved from https://newsroom.vizientinc.com/sites/vha.newshq.businesswire.com/files/doc_library/file/Power_of_Transparency_in_Clinical_Analytics.pdf

Executive summary: best strategies to optimize the service line

An effective service line strategy plays a crucial role in a health system's ability to meet growth goals and increase market share. Successful organizations understand the need to localize national trends to build a powerful service line strategy and drive smart growth. Additionally, success requires a process-driven approach to strengthen operational, clinical and financial performance.

- Creating the infrastructure to execute on market opportunities.
- Engaging physicians and partners across the care continuum to assure consistent outcomes.
- Reducing variation to optimize service line growth and performance.

As a recap, hospitals seeking to revitalize existing service lines or create new ones should adhere to the following framework:

Understand your market dynamics

Align service lines to local markets, standardize care delivery processes and streamline operations for maximum efficiency and patient satisfaction.

Understand patient flow in and out of network

Deliver an analytically directed assessment of market needs and service offerings so providers deliver the right care, in the right place, at the right time.

Build your invest-and-divest strategy

Provide insights and trend analysis for strategic planning into service line opportunities.

Reduce variation

It is important to know where opportunities exist to bring quality, cost-effective consistency to the service line. Service line analytics put both processes and supplies in the context of the patients on which they're used. In turn, this allows clinicians to understand the impact of their decisions on both cost and quality — and make appropriate decisions to reduce variation while assuring superior outcomes.

Improve profitability and quality through analytics and process

Monitor improvements and outcomes through data, and make the findings regularly available to clinicians. Such transparency is the most important driver to deliver patient-centric care at the most clinically appropriate, convenient, and cost effective site of care.

A hospital that builds service lines according to these strategies will be a reliable, quality care partner for patients at every step of their care journey. By keeping a laser focus on outcomes and economics, hospitals and systems will provide the service lines their markets demand and patients will trust for decades to come.



As the nation's largest member-driven health care performance improvement company, Vizient provides solutions and services that empower members to deliver high-value care by aligning cost and quality in the critical areas of clinical, operational, and supply chain performance.

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