



# The Patient Care Continuum: What You've Been Missing with Clinical Variation

*This brief describes GE Healthcare Consulting's unique approach to engage with hospitals and healthcare systems to reduce costs and improve quality by minimizing clinical variation across service lines, resource groups, and the care continuum.*

The continuing trend of decreasing revenues and increasing expenses intensify financial difficulties for hospital and healthcare systems nationwide<sup>1</sup>. Consequently, it is estimated that not-for-profit health systems will need to realize more than \$40 million of cost avoidance over the next eight years to maintain a sustainable margin<sup>2</sup>. Combine these significant findings with shifting volumes from inpatient to outpatient care, increased competition for high-margin services, and case mixes trending to lower margin medical cases due to increasing chronic care episodes, there is no better time to focus on funding new revenue streams and/or growth goals by addressing (and minimizing) clinical variation.

Many factors influence and drive lack of standardization—including fragmented data sources, preferred vendor relationships, and the inherent variance in education and training found throughout medical schools, nursing schools, and on-the-job training. While all are likely well-intentioned, very few have effectively connected quality, outcomes, and the true cost of care when selecting care protocols and the resources used to care for patients.

## The Challenge

Traditional hospital and health system clinical variation approaches target operational performance metrics and often lack corresponding strategic objectives. These initiatives are unfocused, long in duration, and yield little to no benefit. Current approaches lack a coordinated approach across service lines and resource groups, do not address the care continuum, and are limited in scope, data, and dedicated resources. It is common for individual initiatives to be launched without having a 360-degree view on total savings and quality improvement opportunities. Additionally, while traditional approaches generate some benefits, they are singularly focused on acute-care setting performance and thus not considering holistic clinical variation



benefits. It is imperative to advance clinical variation initiatives alongside strategic smart-growth efforts to maximize clinical variation initiatives' return on investment. This dual focus creates a funding mechanism to improve market competitiveness, patient service, and consumerism, and/or accelerate capital projects.

## Our Solution

The clinical variation consulting solutions delivered by GE Healthcare Consulting start with understanding and aligning to strategic growth and revenue stream-related goals to a comprehensive clinical variation program across the ambulatory, acute, and post-acute care continuum.

GE Healthcare Consulting then applies subject matter expertise (both clinical and non-clinical staff) and advanced analytics to benchmark, assess, and prioritize clinical variation opportunities across the three-dimensional model of service line, resource groups, and care continuum. The



highest ROI initiatives are advanced through assessment, design, implementation, and monitoring phases using GE's change acceleration program (CAP), Lean implementation strategies, and clinician and non-clinician dyad governance structures.

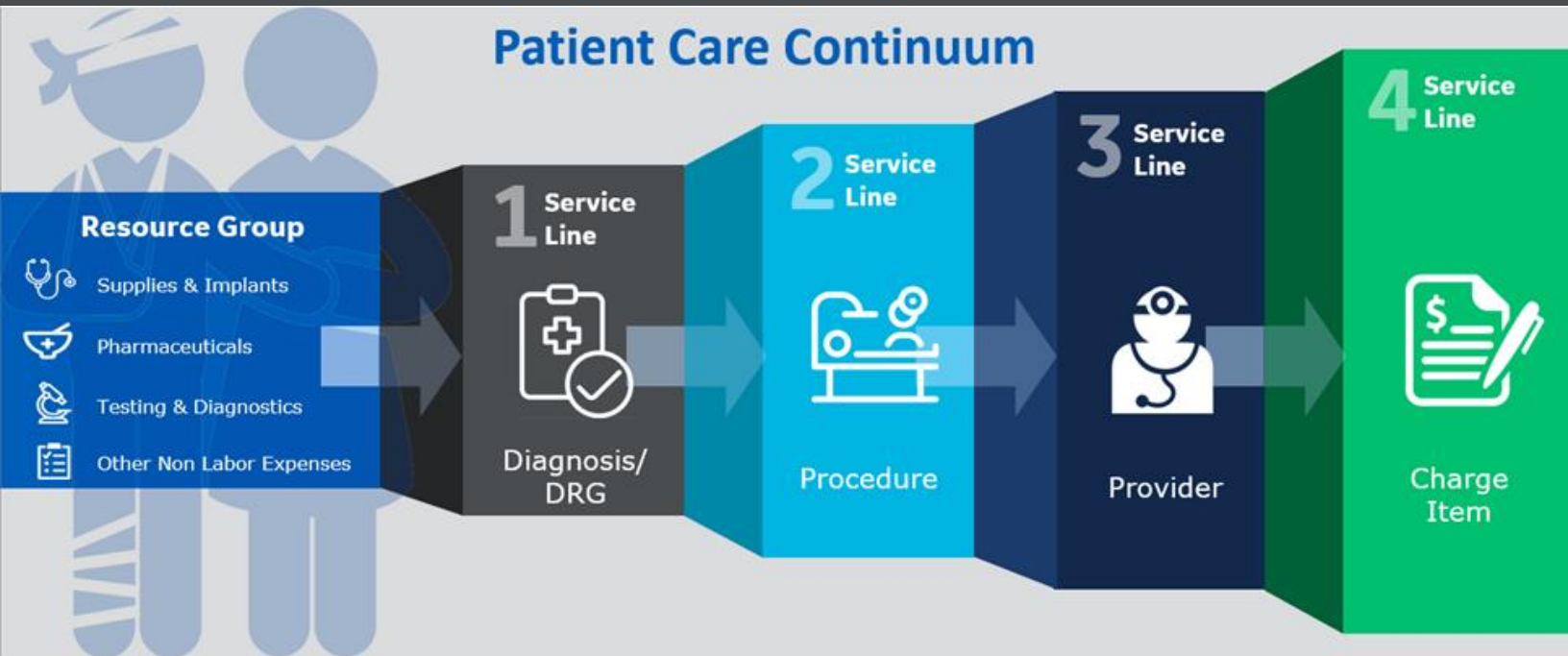
GE Healthcare Consulting's comprehensive clinical variation program focuses on such value drivers across the care continuum as:

- Non-labor supplies and medical/surgical patient care services cost management
- Labor and service line optimization
- Pharmacy and Laboratory program management
- Patient throughput and quality enhancement

Our team of experts work side-by-side with our partners from assessment to implementation in order to:

- Connect quality, cost, and outcomes data
- Benchmark service line cost and quality performance
- Establish service line-specific cost and quality standards
- Model current- and future-state performance
- Implement client-specific change acceleration processes
- Launch purchased services, lab, interventional, medical and surgical services, and pharmacy cost savings efforts
- Align growth and revenue goals to clinical variation objectives
- Implement monitoring and sustainability programs

## Three-Dimensional Care Variation Analyses Identify Opportunities Across Service Lines, Resource Groups, and the Patient Care Continuum



<sup>1</sup>Source: Moody's Investors Service, "Revenue Growth and Cash Flow Margins Hit All-Time Lows in 2013 US Not-for-Profit Hospital Medians," August 2014; Moody's Investors Service, "Preliminary Medians Underscore Negative Sector Outlook," Moody's Sector In-Depth, April 2018.

<sup>2</sup> <https://www.jpmmorgan.com/commercial-banking/insights/healthcare-financial-challenges-2019>