ASQ Healthcare Costs and Quality Survey Summary Report

Recent international studies show that Americans pay the highest prices in the world for hospital stays, prescription drugs, and common procedures like childbirth. At the same time, studies indicate the United States underperforms relative to other countries when it comes to healthcare quality.

ASQ recently polled more than 300 of its members in the healthcare quality profession regarding potential quality solutions and practices that could help reduce costs for healthcare organizations and ultimately, for patients.

The results of the ASQ survey have been shared with media to continue raising awareness of the importance of healthcare quality initiatives, and we share the following unaltered responses from the survey with you to encourage continued dialog about this topic.

Top Priorities

ASQ asked survey respondents to rank their top priorities for reducing costs. A significant percentage of respondents identified the following, in order, as their highest priorities:

- Reduce hospital readmissions
- Improve efficiencies with existing clinical staff and units
- Implement patient care coordination programs
- Redesign the healthcare delivery model to include alternatives to physician delivery of primary care (leverage nurse practitioners, physician assistants, and other primary caregivers)
- Improve data and analytics on return on investment of medical products and technology
Additional open-response suggestions from respondents included:

- Coordinate community care, including collaborating with public health organizations
- Achieve efficiencies in end-of-life care
- Implement population health strategies and management, with a focus on prevention
- Restructure incentives to focus on quality over quantity of care
- Apply technology to centralize and improve access to patient data
- Redesign pricing structure and provide pricing transparency

**Barriers/Hurdles to Cost-Cutting**

Survey respondents ranked operational challenges by level of difficulty. The following challenges were deemed most difficult:

- The impact of the Affordable Care Act on how healthcare organizations set prices
- Medicare and Medicaid funding challenges
- A reimbursement model that favors sick care over health maintenance
- Lower reimbursement from health insurance exchanges
- Fragmented, uncoordinated patient care

Open-response answers identified these additional key challenges:

- Changing system and organizational culture
- Lack of pricing transparency
- Lack of universal access to patient data
- Payor models that inhibit care integration
- Lack of a universal patient database

“Controlling the high cost of healthcare is an exceedingly complex undertaking due to an almost infinite number of moving parts,” said Dr. Joe Fortuna, immediate past chair of ASQ’s Healthcare Division. “There are many disciplines involved, few of which have been educated to fully understand process improvement and quality control (a la Deming). Most daily respond to and/or act in accordance with incentives, educational experiences, and performance measures that are often counter-intuitive to true cost reduction and quality improvement.”
Opportunities to Cut Costs

A significant percentage of the experts surveyed supported these methods to help healthcare organizations cut costs and reduce waste:

- Increase use of quality and process engineers in healthcare settings
- Focus on lean management principles
- Implement mandatory process improvement training for healthcare professionals
- Create financial incentives to deliver more efficient care
- Form or join a purchasing collaborative or group purchasing organization to leverage their buying power

Respondents were also encouraged to provide creative ideas for cost-cutting, which fell largely into the following categories:

Leverage Smart Technology

- Centralize patient records, electronically
  - Data reporting to one centralized entity, to decrease inefficiencies with data entry and report creation
  - Reduce lab test redundancies with smart electronic health records
  - Make use of electronic health records mandatory for reimbursement
- Use smart devices to track patient behavior and history via medical charting; use virtual navigators that follow a patient from the hospital to home to follow-up visits to increase patient engagement
- Record patient exams in real time to eliminate additional time to dictate and wait for dictation notes
- Employ nurse call lines and visual connectivity (e.g., Skype) for lower-acuity needs or to determine level of care needed
- Use electronic devices for patient charting and related documentation, rather than paper
- Use smart-phone apps and calendar management/scheduling apps

Incentivize and Measure Provider Performance

- Tie reimbursements to quality of care outcomes
- Align quality and cost incentives
- Make the physician role a salaried position, to remove profit motive
- Institute accountability measures for organizational leaders, such as established and publicly reported performance objectives and results
- Restructure executive bonuses to reward high-quality patient care and better patient outcomes rather than high profits
• Eliminate disparity in funding and reimbursement mechanisms between hospitals and providers

Incentivize Patients
• Incentivize and engage patients to be larger owners of their healthcare, as they are with their retirement plans
• Implement a cost incentive model that encourages patients to not abuse the system; enable patients to select the care option that best fits their needs and financial situation
• Provide incentives for patients to adopt healthy habits, and financial penalties for negative behaviors, such as medication noncompliance
• Reimburse some premium costs to insured patients with fewer claims
• Financially incentivize patients to improve health and reduce unnecessary visits

Process Improvement
• Provide process-improvement and data-analysis training for clinicians
• Apply principles of industrial engineering
• Accept process engineers as core members of the healthcare team, as we have with IT experts, so that there is a ready source of first-rate talent to take on the workload of reengineering healthcare to improve quality and reduce costs
• Design processes with the customer (patient) in mind. For example, real-time results for simple tests to avoid the cost of repeat visits, and to disincentivize people from using the ED to get instant results
• Develop processes that avoid duplication in ordering lab tests and procedures
• More collaboration and integration across service lines and departments to break down the departmental "silos," particularly for purchasing, technology use, patient records
• Streamline billing (one bill per visit, rather than multiple bills from provider, facility, lab, etc.)
• Smarter charting processes/chart management/coordination

“Few healthcare organizations have a sustainable culture of continuous improvement, and fewer still openly accept, much less welcome, the presence of professional process engineers in their midst,” Fortuna said. “But as we have learned time and time again in other settings, process redesign, coupled with culture change, can have a huge impact on raising quality and lowering costs.”
Focus on Prevention

- Implement care models that keep low-risk patients healthy (through preventive measures, screenings) and out of the hospital (leveraging ambulatory or home settings) and that engage and coordinate care for high-risk patients by population
- Focus on patient wellness, screening, preventive care
- Doctors should practice preventive medicine
- Educate today's children and youth about healthcare decisions and cost of care for future impact

Competitive Pricing/Cost Transparency

- A drive toward higher-deductible insurance plans, where consumers have an interest in rewarding low-cost providers with their patronage
- Have providers compete on price, delivering healthcare at the lowest possible patient cost to capture more customers
- Provide cost incentives for evidence of improved patient care as well as medical assistance in areas of high patient turnover as well as financial incentives for patients to maintain or improve health (weight loss, reduce visits to ER)
- Increase cost transparency so patients can understand upfront costs of procedures before they are completed
- Have hospitals that specialize in certain services/procedures and offer lower costs for these services; profits would be made up on patient
- Eliminate mandates on the contents of health plans so people can choose and pay for the level of care and inclusions that they need and want

Standards

- Make sure each organization has a true quality management system
- Implement the Baldrige Criteria for Performance Excellence
- Apply FMEA to all patient safety-oriented procedures to help reduce adverse outcomes/patient safety issue and lower costs
- Introduce ISO-type standards and focus on breaking silos in healthcare facilities
- Implement the criteria of Malcolm Baldrige National Quality Award, Six Sigma, and ISO 9001 in provider organizations.

Role of Urgent Care vs. Emergency Care

- Have urgent care centers on-site at hospitals for non-emergency patients who visit the ED, and assign these patients primary care providers through urgent care
Have 24-hour infirmaries on-site at hospitals next to EDs, to save EDs for true emergencies

**Population Management/Community Partnerships**
- Provide cost incentives for medical assistance in geographic areas of high patient turnover, to minimize admissions and readmissions
- Partner with nonmedical community service providers to address socioeconomic and post-discharge environment issues, in order to reduce hospital readmission

**Reduce Supply Waste/Better Manage Inventory**
- Implement improved systems for tracking and organizing supplies
- Stock only needed supplies, practice smart inventory control and supplier negotiations
- Implement an MRP system for best inventory practice