

## Leaders with Heart...

By Susan Heck, Vice President

Cardiovascular care is big business—often representing up to 40% of a hospital's revenue. And the number of cardiovascular procedures performed at hospitals continues to escalate as a result of technology advances, expanded patient eligibility for treatment and devices, and the movement of the baby boom generation into the at-risk group of those over age 45. This growing cardiac population can account for a significant portion of hospital admissions, and this trend is likely to continue. Yet capturing this patient segment can be challenging.

Payment for cardiac DRGs, particularly open-heart surgery and percutaneous coronary intervention cases, is typically higher than it is for those associated with the hospital's general mix of all other cases. Thus competition is often intense for the lucrative cardiac patient.

To outdistance competition, cardiovascular programs must be able to compete for market share on the basis of clinical quality, patient satisfaction, and financial outcomes. It is essential that programs understand best practices and be able to assess performance against leading cardiovascular programs that have demonstrated excellence.

### Cardiovascular Program Best Practices

Although quality is paramount to the survival of any acute care facility, profitability is not far behind. The relationship between operational and financial performance in CV services is strong. Therefore, operational and financial performance must be benchmarked along with quality outcomes to achieve true excellence for the cardiovascular service line. Top-performing cardiovascular programs typically demonstrate the following best practices.

○ *Examine cost by clinical setting.* Operational benchmarks are a bit more elusive than their clinical counterparts. Yet organizations continually need to evaluate whether patient care is delivered in the lowest cost setting. For example, leading hospitals have transitioned pacemaker placement from the operating room to the less resource-intensive cath lab. A clearly defined process derived from industry benchmarks can provide support for making such a change.

○ *Evaluate DRG distribution.* Another method to assess financial performance is to evaluate the distribution of cases across the often-paired cardiac DRGs. Typically, the DRG with the lower number represents the more complex case and is paid at a higher rate. The ratio should be evaluated to understand the movement of less complex cases to the outpatient setting, to ensure that clinical documentation accurately reflects the complexity of the patient condition, and to monitor any changes in the market that may be shifting these more intense cases to the organization.

○ *Track high-cost device and pharmaceutical use by case.* Hospitals across the country continue to feel pressures of tightening payment rates and rising costs. Given recent advances in the cardiovascular industry, these pressures are more critical for organizations seeking to provide cutting-edge cardiovascular care. Increasing costs for new technology, such as drug-eluting stents and implantable cardiac defibrillators, present management challenges for most cardiac programs.

○ *Compare drug utilization.* Benchmarking drug utilization can be a critical first step in realizing significant practice changes and cost savings. Hospitals should share blinded individual physician utilization information and then compare this information with peer and national usage patterns.

○ *Examine purchasing patterns.* Commitment to primary vendor relationships can be a way to decrease inventory costs in the catheterization laboratory and the cardiovascular operating room, two of the highest cost inventory centers in most hospitals. Experience shows that programs that can standardize purchasing through a primary and secondary vendor can capitalize on purchasing power. However, doing so requires collaboration and consensus among the cardiologists.

○ *Compare staffing trends with peers.* Dedicating the most cost-effective staff number and mix in the cardiovascular operating room and cath lab that is able to manage daily operations with on-time starts is key. Scheduling issues commonly plague these procedural areas and should be a continued focus for process-improvement efforts.

○ *Use technology to support improvement efforts.* Hospitals need systems in place for data collection and analysis for clinical parameters as well as business functions. Cost accounting systems, integrated purchasing/inventory

systems, and distinct cardiac service-line budgets are tools that leading programs employ to give their cardiovascular administrators an edge in evaluating program performance.

○ *Share data with clinicians.* Financial information can be powerful in the hands of clinicians. For example, a case manager's ability to assess the resources used for the open heart surgery patient population, sorted by aligning the operative day and ranking the frequency of charges posted in the billing or cost accounting system, can yield a wealth of information.

A current care standard can be developed based on what procedures are ordered 80 percent of the time on the operative and subsequent post-operative days. To evaluate nonstandard practice, providers can examine care delivered 20 percent of the time or less. Such information from the financial systems can be a valuable tool for driving medical practice standardization and can assist in the development of standards for standing orders and clinical pathways.

**Benchmark for average length of stay.** Although per-case utilization of resources such as supplies, devices, and pharmaceuticals can be evaluated and benchmarked, average length of stay—a key driver of resource utilization—cannot be ignored. ALOS and associated dashboard operational indicators should be reviewed regularly and trended for improvement.

**Enlist finance help.** Top-performing cardiac programs typically have finance personnel (a full or partial full-time equivalent, depending on program size and scope) dedicated to the cardiovascular program. These individuals provide support for monitoring and sustaining changes in clinical practice and regularly assess financial value associated with changes to CV technology.

**Share operations data with other departments.** Key operational parameters that cross the “horizontal” care continuum of the cardiac patient experience and associated performance targets need to be defined. This information in some organizations is segregated by departments and not shared across the continuum of care, limiting the potential for improvements in processes and outcomes.

**Establish appropriate follow-up.** After analyzing data, a multidisciplinary leadership team should determine areas for improvement, set goals, delegate to responsible parties, and assist them in maximizing the outcomes. It is important to recognize that benchmarking is a process. Without identifying the means for performance improvement, the effort will be meaningless. Benchmarking is continuous, and finding a best practice is not the end goal—using the information in an ongoing quest for excellence is.

### Achieving Market Advantage

With decreased payment and increasing costs, it is imperative for CV programs to search for innovative approaches to streamline processes, improve operational efficiencies, and decrease supply utilization and costs. This feat must be accomplished while maintaining or improving quality of care. Clearly, this is no easy task. Whether examining a new community program or an established tertiary center, it is necessary to dissect and study the processes used to deliver care to the cardiovascular patient, and then make deliberate operational changes that can be sustained over time.

Knowledge of the hidden costs in cardiac care delivery and the impact of new technology, devices, and pharmaceuticals on the cost and quality equation is important to achieving long-term viability and success in cardiovascular services.

Those organizations that regularly collect and analyze data from multiple trusted data sources and measure their performance against others are better able to quickly respond to the ever-changing, highly competitive, and challenging market forces in cardiovascular services. Hospitals that are able to assess and improve their internal performance using best practice benchmarks as a guide and that are able to market their superior clinical, financial, and satisfaction outcomes will have the market advantage.

Susan is a Vice President with Corazon. Corazon is a national leader in specialized consulting services for CV program development from strategic business planning through clinical implementation. Corazon combines business planning, market and financial analysis, feasibility studies, clinical operations, Heart Hospital design, best practice benchmarking, and staff education for newly established or existing programs. Corazon is a 2003 Ernst & Young Entrepreneur of the Year Company. Call 412-364-8200 or visit [www.corazon-consulting.com](http://www.corazon-consulting.com)