

# Doing Our Part to Control Costs and Improve Value for Patients

We all know that the affordability of health care services is one of the biggest concerns facing families, as well as employers and government. However, it is a challenge that hospitals and health systems are tackling head on.

Unlike drug companies, hospitals and health systems have successfully tapped the brakes on price hikes. They have managed to slow price growth to under 2 percent during each of the last four years despite an increased demand for emergency care due to major natural disasters and epidemics.

The influenza vaccine proved largely ineffective this year, leading to a catastrophic flu season. Emergency departments nationwide approached full capacity as they dealt with the flu season and treated patients after hurricanes battered the Southeast and Puerto Rico.

Hospitals helped communities overcome these crises while curbing costs. They did so by “redefining the H” — rethinking even basic functions of hospitals to deliver high-value, affordable and responsive care.

## Hospitals are making care more affordable in four key ways.

### **First, they are redesigning their delivery systems.**

They are coordinating with doctors and clinics to form organized systems of care to improve communication between providers, thereby reducing errors and redundant procedures.

Take the Memorial Hermann accountable care organization in Houston. Sixteen hospitals and 2,500 physicians, with a large percentage of them from private practices, participating. The organization has saved more than \$200 million over three years in the Medicare Shared Savings Program. Patient outcomes also have improved each year.

**Second, hospitals are improving quality and outcomes** by increasing patients’ access to coordinated care, even in non-traditional settings. They are working



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with nurses and social workers to follow up with discharged patients through home visits and phone calls, reminding patients to take their medicines and scheduling appointments with primary care doctors.

In rural Minnesota, Winona Health created the Community Care Network to connect patients who had repeat emergency department or hospital admissions to help them manage their conditions.

In its first year, the program reduced these patients’ total hospital visits by 50 percent, slashed hospital spending by 22 percent and decreased repeat admissions by two-thirds.

**Third, hospitals are embracing new reimbursement models** to ensure patients and insurers get the best value for their investment. Hospitals increasingly accept a single, lump-sum “bundled payment” from insurers, instead of billing for each individual service provided.

**Fourth, hospitals are leveraging technology** and existing community resources to maximize patient well-being.

Banner Health’s use of telemonitoring provides chronic disease patients with home medical equipment so they can monitor and record their vitals. The patients then meet with a nurse via a tablet to discuss their results and progress.

Technology also can bring high-quality specialist care to underserved communities.

The University of Mississippi Medical Center helped individuals living with diabetes stay healthy at home using tablets with devices that allowed for measurement and recording of blood glucoses and vital signs. During the first six months of the pilot, the projected Medicaid savings was \$339,000.

Hospitals and health systems are trimming spending while improving patient outcomes. It’s time for other health care stakeholders to do the same.

To read more, visit [www.aha.org/value-initiative](http://www.aha.org/value-initiative).



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