



Viewing Care Delivery as an Adaptive Production Process: What can we learn from industry?

An automotive production executive spoke at a conference several years ago and made the following comment: "We don't necessarily know what cars the market will accept in the future, but we do know how we will build them."

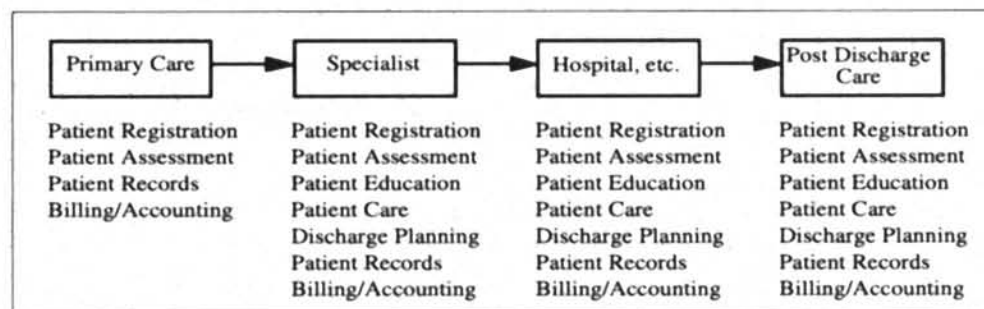
One of the central challenges for health care executives today is being able to realize a similar vision. But can the basic delivery, or "production," of health care be optimized to meet a variety of market scenarios? The pursuit of an answer to this will also lead to an answer for one of the most nagging questions in board rooms today: Where is all the money we were supposed to have saved as a result of our integration activities?

Driven by imperatives of cost, quality, and time to market, automotive companies have developed integration strategies that eliminate duplication and unplanned variation across the production spectrum. They have adopted production scenarios that are consistent yet flexible, leveraging the core competencies of each component in the production process. The result is a highly interactive, adaptive production strategy that lets companies address market changes quickly and cost effectively. The industry is now perceived to be on a cost and quality par with foreign competition.

The health care delivery continuum requires the same attributes to survive.

Care Delivery: Form Without Function

Strategies to create integrated health care delivery systems have traditionally stopped short of optimizing the care delivery process. Most "integrated" delivery systems consist of a variety of organizations which still have the same internal

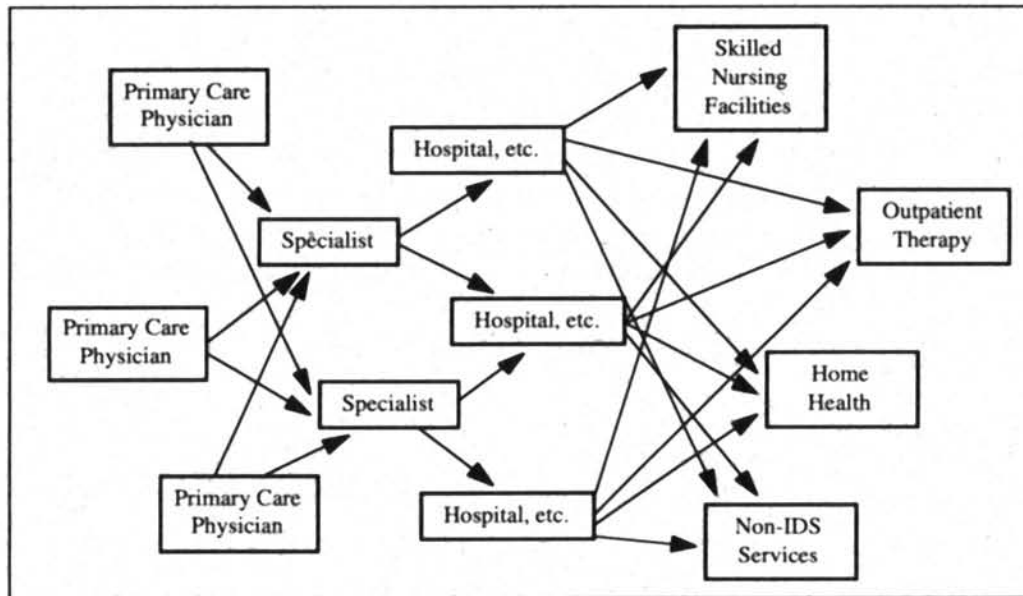


*Duplicated functions create unnecessary costs in the care delivery continuum.
Does your system have similar overlaps?*

functions and activities they had before they were merged. As a result, the care delivery continuum is costly and ineffective.

Many components in the care delivery continuum have several duplicated activities to support an episode of care. It is also a good bet that these activities are performed *differently* (e.g., the patient education process and forms are different in the specialist's office than the hospital). Each duplication and variation costs money and creates customer dissatisfaction.

To make matters worse, the care delivery "production" process can take any of several paths without justification. Compare the following "production" paths with the automotive industry's strategy of integrating and dedicating specific suppliers and production facilities for their products:



Dysfunctional care delivery paths are impossible to manage for efficiency and create patient dissatisfaction.

The combination of duplicate functions and multiple production paths results in a plethora of ineffective services and dysfunctional experiences for patients: everyone does the same things differently with any and all components of care. Let's rephrase one of the opening questions:



Where do you think all the money you were supposed to save as a result of integration is going?

Begin by developing an operations strategy for end-to-end patient care

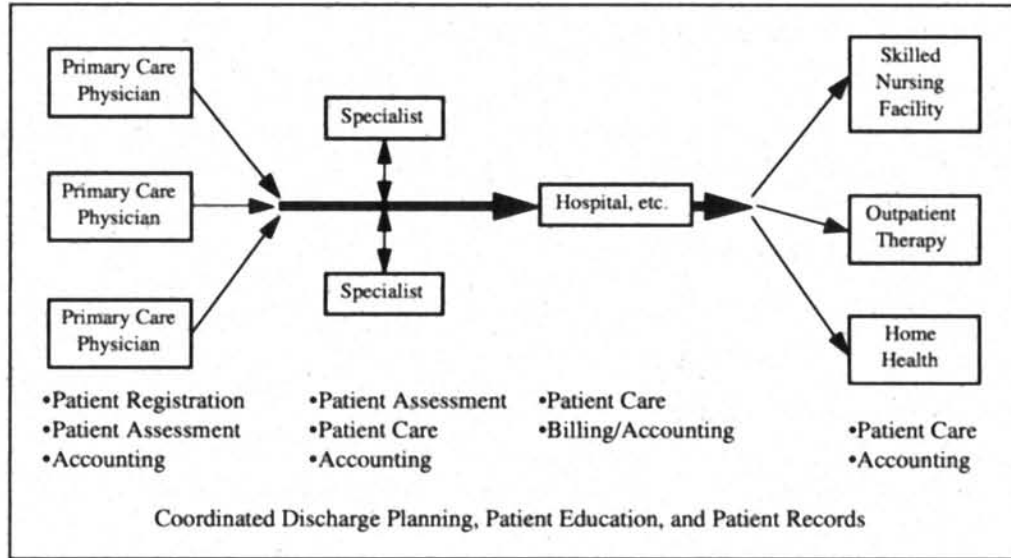
Inova Health System of Northern Virginia is now redesigning their system to establish a care delivery process in their continuum which can survive in the transition to a managed-care market. Their effort was straightforward but rigorous and included:

- rationalizing their services for their market;
- developing an operations strategy for cost-effective, end-to-end patient care; and
- redesigning the continuum of care.

One of the first services to be redesigned was the Inova Center for Joint Replacement at Mount Vernon Hospital. The Center is focusing on creating an integrated continuum of care within Inova that directly supports the operations strategy and serves as a model to other service lines. The features of the joint replacement program will include:

- several physicians, but one "production" path for the patient and patient information throughout the continuum;
- patient intake at the physician's office;
- dedicated post-acute care providers for each patient path;
- centralized patient record for the continuum; and
- centralized therapy coordinated across the continuum.

The new care delivery path looks like this:



End-to-end patient care addresses both the patient path and a cost-effective continuum.

Inova is now implementing its redesigned care delivery process. Some of the strategic and tactical benefits that Inova is pursuing include:

- continuum roles and responsibilities which are organized to minimize duplication and cost;
- dedicated partners within the continuum for each episode of care;
- episodes of care with high levels of economic and clinical outcomes and patient satisfaction:
 - consistent, holistic patient pathway,
 - length of stay reductions of up to 22% in acute care,
 - home health visit reductions of up to 20%,
 - labor cost reductions of up to 25% within the continuum; and
- flexibility to meet changing market conditions.



Integrate information systems once the delivery has been streamlined

The automotive industry uses information technology to capture and manage information in their production efforts. They learned the hard way to fix the “as-is” production process before contemplating automation.

Care providers face the same dilemma, as everyone rushes to build integrated information systems. Inova is focusing its information technology to support the new, efficient work processes in their care delivery continuum, as opposed to force-fitting that technology into an outdated delivery system.

Initiate a straightforward but rigorous approach to integration

The Inova Health System example illustrates how it is possible to design a care delivery continuum that achieves cost, quality, and service goals while providing a sustainable advantage in dynamic markets.

In order to establish your own adaptive health care “production” processes, you need to expand your vision to encompass the entire continuum of care. The strategic and tactical steps you can take include:

- Rationalize your services by comparing your system strengths to market needs.
- Develop an operations strategy that views the system as the sum of its parts, not as individual entities.
- Identify which partners in the continuum you wish to dedicate to specific service lines.
- Create a patient pathway that spans the continuum and is embraced by all partners.
- Redesign the organizations and functions supporting that pathway to eliminate unnecessary duplication and variation.
- Create system-wide accountability for the success of the new programs.
- Measure the resulting clinical, economic, and service outcomes and communicate them to the system and the market.

Branson, Inc. helps health care organizations build delivery systems that excel in dynamic markets by taking a fresh perspective on core services, market trends, and strategic service lines. Branson's services include: market assessments, business and operational planning, and service line integration and design. The firm emphasizes developing its clients' internal skills with pragmatic techniques and proven tools.

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