

Tony Colarossi: Welcome to Plante Moran's executive series, "Want Growth? Embrace Risk." I'm Tony Colarossi, a partner on the healthcare consulting team, and I'm here today with my colleague, Renee Trainer, an associate on the healthcare consulting team. Today we're going to talk about how the healthcare industry has cut cost and improved value by embracing change and innovation, and there are lessons here for organizations in any industry.

As the healthcare industry continues to experience a transition for reimbursement from volume to value, an escalation of innovation has occurred in employing efficiencies, many of which mirror those developed and honed in other industries. Renee, perhaps one of the most beneficial efficiencies healthcare is advancing is the idea of transferring specific duties and responsibilities to the least expensive resource available. Although healthcare may not be outsourcing as the preferred method, the industry is becoming creative in their approach. Can you provide a couple of examples?

Renee Trainer: Well, yes. First, it's important to recognize that healthcare is often delivered locally, and the labor force is commonly specifically trained. What we're seeing is the examination of alternative resources employed at the top of their license. When we talk about top of license practice, we're referring to care team members across many different levels, including nurse practitioners, physician's assistants, registered nurses, LPNs, as well as support staff. The idea of operating at the top of your license means practicing to the full extent of your education and training instead of spending time that could be efficiently done by someone else.

Perhaps the most recognizable changes we've seen are in the use of non-physician providers, or NPPs as we refer to them in healthcare. In both clinic and hospital settings NPPs are often the first line of patient care and at a cost of 50% or less than a physician with no quantified difference in quality. Using physicians as supervisors of care and having the right person in the right job according to licenser and education is critical. The lesson here is achieving operating efficiencies by constantly reevaluating staff competencies according to their capabilities and maximizing hours and dollars on the highest skilled work each team member can deliver.

Another way healthcare is employing efficiency is via robots and data analytics. Tony, can you expand on those tactics a little more?

Tony Colarossi: Yes. You know, similar to what we have seen in the grocery industry, using robots and computers not only reduces labor cost but improves quality and consistency. Today in health systems, robots are being applied for both support and clinical needs, such as pharmacy dispensing. Almost all pharmacy distribution is now occurring on the patient floors and surgical suites from an automated dispenser. Or supply chain delivery. Physical robots are being tested to collect required supplies, track inventory, and walk the halls to deliver supplies on time. Or perhaps more interesting is the da Vinci robot, which is being used to perform minimally invasive surgery.

The next wave of efficiency is less tactile than robots but requires computers. Data analytics and the use of algorithms hold a promise of identifying potential clinical needs of individuals and providing a lower-cost care alternative in advance of a major health event. Similar to moneyball in sports or the helpful shopping algorithms of Amazon.com, the use of analytics in healthcare presents the promise to reduce medication errors, limit unnecessary readmissions to hospitals, or even assisting physicians with diagnoses. The lesson here is, even if you believe your industry is dependent upon a person-to-person dynamic, there are multiple innovative ways to use technology to improve consistency and quality in support of those relationships with the customer.

Our final example of innovation is place of service. Renee, can you provide some examples of how healthcare is advancing the way medical service is provided?

Renee Trainer: Sure, Tony. Many of the changes in service being used in healthcare have actually been occurring over the past three decades. When you observe the dramatic shift in care being delivered in ambulatory care centers and urgent care centers, it's the result of not only widening access to patients but also the drive to reduce cost. What is new, however, is employing many of the innovations that have been occurring in the support centers other industries have been using to maintain connection with their customers.

What we're experiencing right now in healthcare is the advent of tele-health, where remote monitoring of patients, video diagnostics and prescriptions, and the utilization of home diagnostic tools that are connected to smart phones. We're also seeing an explosion in retail centers where there is an expansion of care centers in community centers, shopping malls, and grocery stores. The lesson here is a regular assessment of how efficiently your service or product is being distributed. This can open up opportunities for reaching new customers.

Tony Colarossi: Regardless of which industry you're leading, being attentive to how executives in other enterprises are reacting to their challenges may bring value to your own. Takeaways from the podcast today are, one, constantly evaluating the highest use of staff. Two, how robotics and technology can replace support services. And three, reexamining the site of service for cost efficiency.

Renee Trainer: That wraps up today's podcast. This is just one session in our five-part executive series. If you've enjoyed today's discussion, we invite you to check out our other sessions on the following topics: cybersecurity in social media, engaging the millennial generation, business disruption, and building and preserving wealth amidst uncertainty. You can access any of these at executives.plantemoran.com. Thank you for attending.