

Albuquerque IDN identifies \$2 million savings from information provided by unique combination of Premier clinical outcome, supply chain products

CHALLENGE

Even before the passage of the new healthcare reform legislation, Presbyterian Healthcare Services asked Premier to help the New Mexico IDN eliminate \$16 million in costs in a three-year period. Presbyterian wants to be well-positioned as components of the legislation become reality. In 2009, the first year, some \$6 million in supply chain expenses were eliminated.

SOLUTION

In the second year, Premier employed its unique performance improvement model, a combination of its clinical outcome and resources benchmarking products and its spend management decision-support tools to identify expense reduction opportunities for consideration by Presbyterian physicians and staff.

“We are working with Premier, going down each service line, looking at first-blush areas of opportunities,” said Mark K. Stern, MD, medical director, Enterprise-Wide Medical Management, Presbyterian Healthcare Services. “Then we go to the physicians to ask them why they think this is happening. After that we drill down to the next layer to find out if we have a problem.”

Using [QualityAdvisor™](#), Premier identified high-volume diagnoses for all Presbyterian business lines, comparing costs per case versus expected costs per case. There appeared to be several opportunities among the high-volume cardiac surgery APR DRGs; one diagnosis in particular was nearly 50 percent above the expected.

The performance was examined using Premier [SupplyFocus®](#). It revealed that most of the variance was in pharmacy and laboratory – specifically in blood coagulation, thrombolytics, blood derivatives and IVIG. That was confirmed in Premier [SpendAdvisor®](#) [PharmacySpend™](#).

“Premier gets QualityAdvisor data from us on a regular basis,” Dr. Stern said. “Premier’s region director looks for factors that appear out of line. When he looked at the drug in question, it appeared to be an opportunity. After drilling down into the data more, it was clear we were using more of the drug than our peers, and the QualityAdvisor data further told us our outcomes were no better than top tier hospitals that were not using it.”

“Once we provided the surgeons the appropriate information from QualityAdvisor, the results were dramatic. The reality is that just talking about it, by asking questions, there was already a buzz, and use started going down. Once we shared the data, it dropped dramatically – greater than 50 percent the first month and more than 65 percent in the second.



Not-for-profit Presbyterian Healthcare Services has been serving communities throughout New Mexico for more than 100 years, caring for one in three New Mexicans with at least one of its services as the largest healthcare provider in the state. There are seven hospitals including flagship Presbyterian Hospital in Albuquerque, a growing medical group with more than 500 physicians in 30 locations, and insurance plans serving 700,000-plus residents. www.phs.org

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Dr. Stern then presented the information to the physicians. “Most physicians don’t like to be told how to practice medicine. QualityAdvisor is a great tool for getting physicians to ask questions. The surgeons were surprised and very open. They were concerned about what the data showed. We need to reevaluate this and they did. It (QualityAdvisor data) was brought up in a venue in which physicians were being compared to physicians, medical center to medical center, and that’s the key that pushed it over the edge.”

RESULTS

- Based on the number of cases, the potential savings is nearly \$2 million – “. . . savings,” Dr. Stern said, “that will go directly to the bottom line and will not affect patient outcomes in any way.”
- Use of the drug in question was reduced by 50 percent in January 2010 and by 60 percent in February 2010.
- Presbyterian continues to look for other areas for potential savings or improvements. Premier’s region director is studying each Presbyterian service line looking for the top opportunities to consider.
- In oncology a few opportunities have been identified. “They don’t appear to be as large but then we can let the physicians know that they are doing a great job, and that has positive effects too,” Dr. Stern said. “It’s a great way to demonstrate that they are doing better than the top tier.”

Using the Premier products and tools “. . . has been extremely valuable for getting everybody on the same page. You really get a sense of where you are compared to similar hospitals and top tier hospital. The real benefit from my perspective is when I share the information with physicians. It’s hard to dispute the information because everyone wants to be in the top tier. That has tremendous influence. It’s also severity adjusted so you don’t go through the usual discussion about ‘my patients are sicker.’ These are the top tier hospitals with the best results and that’s where everyone wants to be.”

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