



University of California
San Francisco

UCSF Health

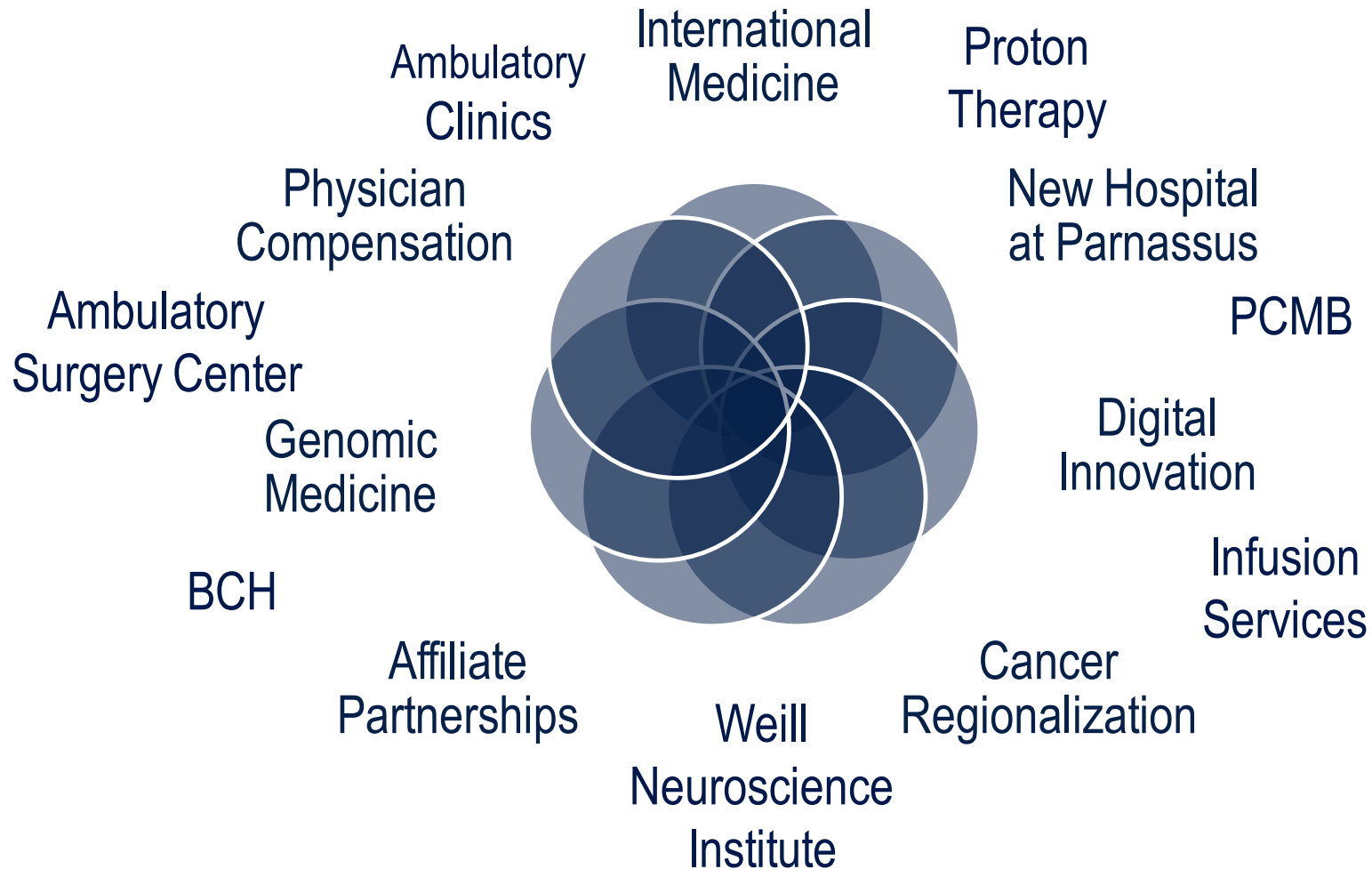
Value Improvement

Amy Shlossman



Why is Value Improvement Important?

Financial return from value improvement is re-invested in UCSF Health



UCSF Health Value Improvement Plan

Multi-year plan with significant effort

| Value Improvement (\$ in millions) | | | | | | | |
|------------------------------------|--------------|---------------|--------------|--------------|--------------|--------------|-------------------------------|
| Entity | Budget 2017 | Budget 2018 | Budget 2019 | 2020 | 2021 | 2022 | Total Planned Savings '17-'22 |
| Medical Center | \$ 71 | \$ 82 | \$ 81 | \$ 75 | \$ 40 | \$ 30 | \$ 389 |
| Faculty Practice | | \$ 7 | | | | | |
| Langley Porter | | \$ 3 | | | | | |
| BCHO | \$ 10 | \$ 14 | \$ 16 | | | | \$ 40 |
| Total | \$ 81 | \$ 106 | \$ 97 | \$ 75 | \$ 40 | \$ 30 | \$ 429 |

Value Improvement Principles

Driving value for our patients, staff & community

- **Value Creation:** Creates value by improving our processes, systems, and asset utilization.
- **Strategic Alignment:** Aligns investments and opportunities for improvement with each other and with True North.
- **Frontline Driven:** Developed and driven by frontline practitioners and operators – physicians, nurses, revenue cycle leaders, and staff who work with patients every day.
- **Leverage Innovation:** Builds upon and expands innovative initiatives already underway.
- **Engagement:** Promotes engagement and coordination of value improvement efforts across UCSF Health.
- **Long-Term Perspective:** Takes a multi-year approach to value improvement to enable UCSF Health to make critical investments in patient care, new technology and capital.

Value Improvement Project Teams

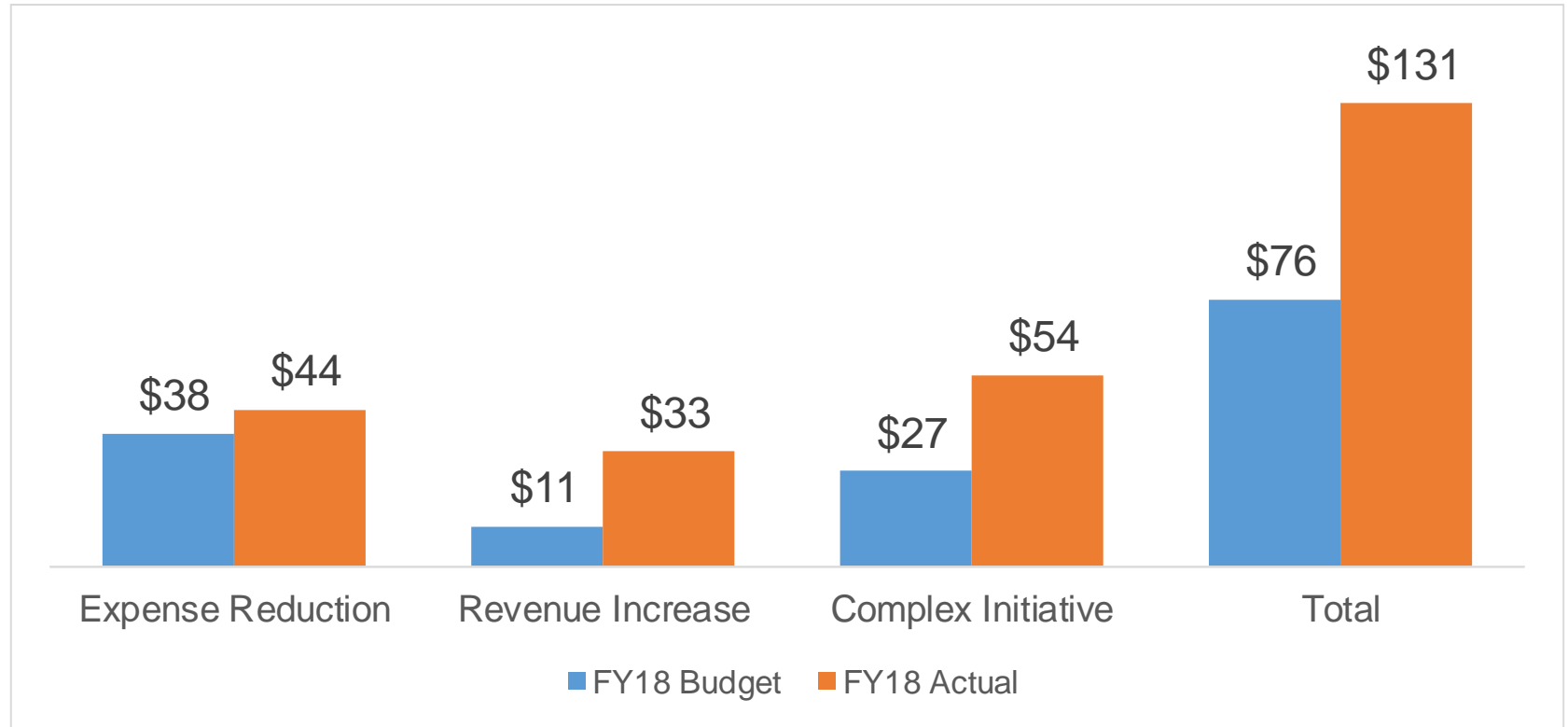
- **Project Manager** (improvement specialist/ manager or frontline staff)
- **Process Owner** (medical director for clinical initiatives)
- **Project Sponsor** (accountable VP)
- **Executive Sponsor** (accountable C-level)
- **Finance Lead**

Key Deliverables

- **Assess current state/ identify gaps**
- **Develop project charters and A3s**
- **Identify and track in-process & outcome metrics**
- **Utilize Active Daily Engagement and visual management**
- **Host monthly leader rounds**
- **Track initiative results back to monthly financial reports**
- **Report out quarterly to Senior Leadership (Aug/ Nov/ Feb/ May)**
- **MOC IV credit (clinical initiatives)**

FY18 Value Improvement Results

Teams exceeded FY18 goal by more than \$50 million



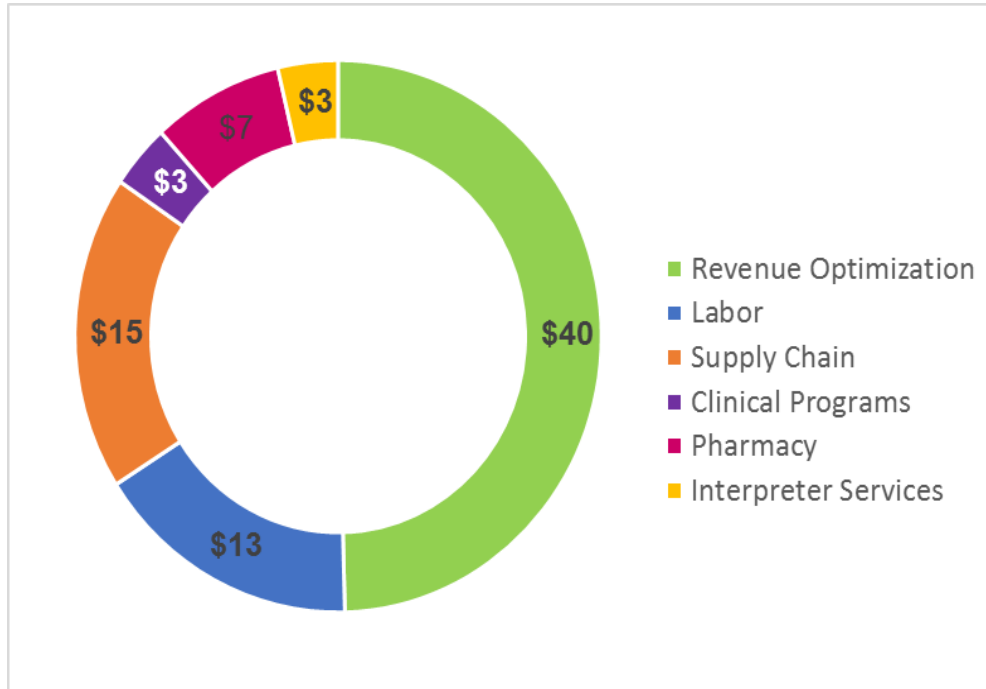
Complex initiatives include contribution margin, avoided utilization, new volume, backfill, and initiatives that include both expense reduction and revenue enhancement within the same financial target.

Lessons Learned to Inform FY19

- **Understand the Problem:** Begin with A3 development in order to derive solutions/ targets based on the problem, current conditions and gaps.
- **Focus on the Key Opportunities:** With limited resources to make investments and provide strategic support, focus on fewer areas with highest return.
- **Incorporate Full Costs:** New and continuing value improvement initiatives better reflect all relevant costs (IT, Finance, HR).
- **Implement Consistent Guidelines to Promote Parity:** Assessment process to select value improvement initiatives included consistent parameters and ROI criteria to ensure greater parity across departments, service lines, and hospitals.

FY19 Value Improvement Plan

Focus on revenue optimization, clinical pathways, supply chain, labor, pharmacy, and cost reductions



Revenue Optimization: Improving charge capture, revenue reconciliation, eligibility/pre-authorizations, collections, proper payments, clinical documentation.

Labor: Productivity, asset utilization and premium pay.

Supply Chain: Contract cost reductions across medical supplies, professional services, and capital; reducing implant variation.

Clinical Programs: Reducing unnecessary variation and service utilization through clinical pathways.

Pharmacy: Specialty pharmacy, expense reduction, drug pricing, and wholesale pharmacy.

FY19 Value Improvement Initiatives

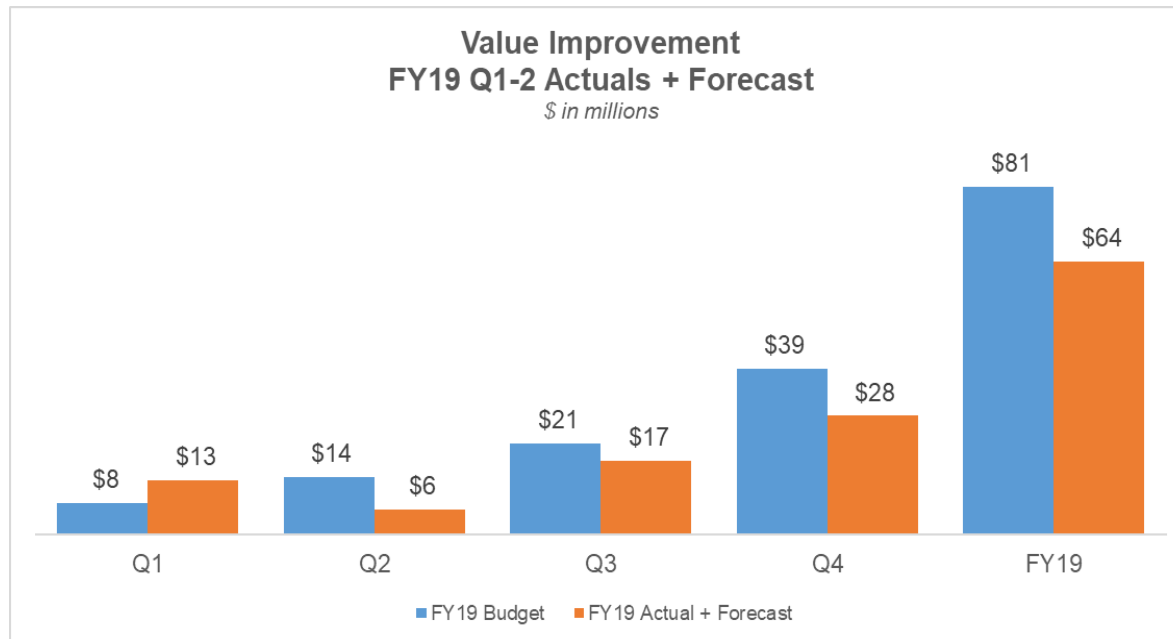
- **Clinical Programs**
 - Outpatient Palliative Care Services
 - Age-Friendly Health System & Delirium Reduction
 - Care for the Homeless
 - Heme Malignancy
 - Periop Pathways
 - 10CVT
 - Point of Care Ultrasound
 - Pediatric Heme/ BMT
 - Intensive Care Nursery
 - Pediatric Cardiac Surgery and Neonate Cardiac
 - Integrated Spine Service (Caring Wisely)
 - Albumin Stewardship (Caring Wisely)
 - Wide-Awake Local Anesthesia No Tourniquet Pathway (Caring Wisely)
- **Pharmacy**
 - Specialty Pharmacy
 - Revenue Cycle
 - Expense Reduction & Wholesale Pharmacy

FY19 Value Improvement Initiatives

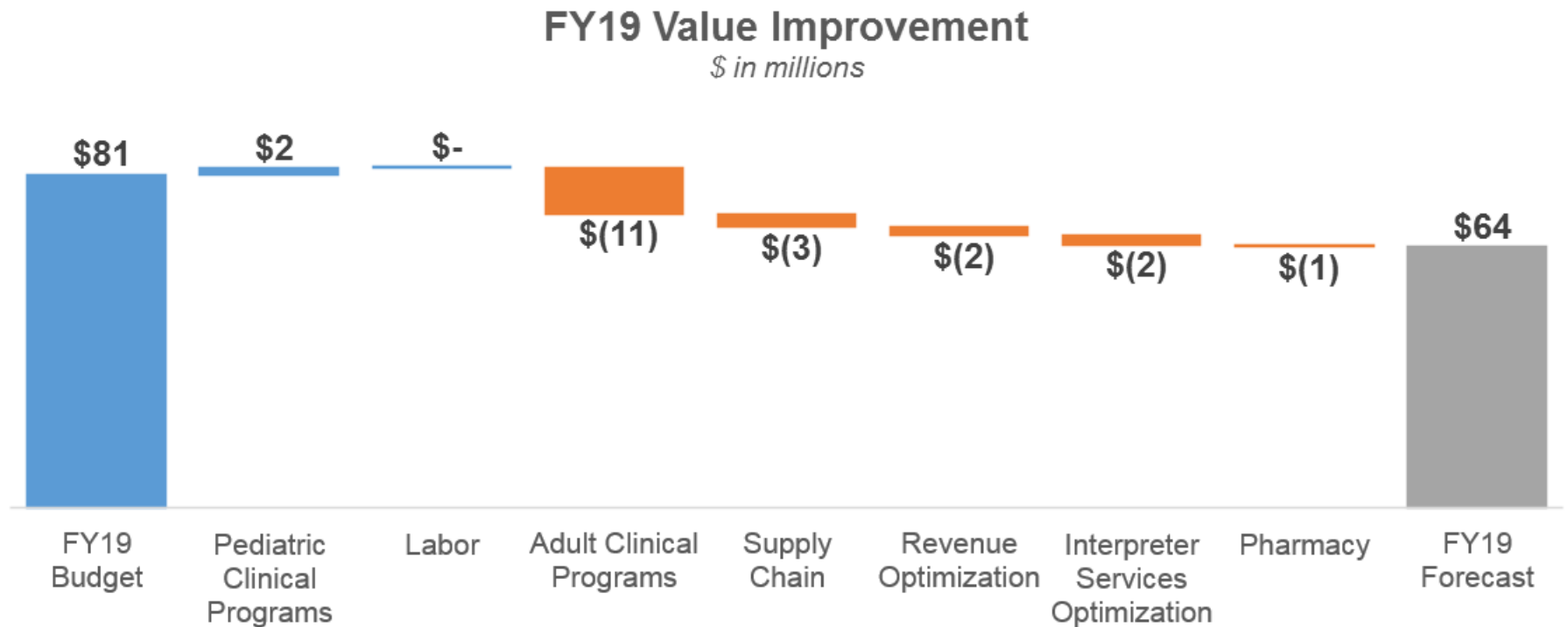
- **Leveraging Scale for Value Initiatives and Supply Standardization**
- **Interpreter and Translation Services Optimization**
- **Revenue Optimization**
 - **Faculty Practice charge capture, documentation, work queue, and clinical education improvement**
 - **Medical Center charge capture, charge master, and pricing**
 - **Insurance proper payments for new technology and treatments**
 - **Eligibility, authorizations and denials**
 - **Billing, collections and write-offs**
 - **Medicare Midnight Rule**
 - **Clinical Documentation Improvement Expansion**
 - **Langley Porter coding education, clinical education, and charge master**
- **Labor Management/ Asset Utilization**

FY19 Q1-2 Results & Key Takeaways

- Value improvement initiatives yielded \$18.5 million in financial benefit to UCSF in Q1-2 compared to a budget of \$21 million.
- Teams are currently forecasting a \$17.6 million shortfall through the end of FY19, which may grow and presents significant risk.
- Value improvement is tracking with UCSF Health's financial results: length of stay is higher and volume is lower than budgeted; clinical initiatives are driving a \$11.2 million shortfall



FY19 Forecast: Key Drivers



FY19 Mitigation

- **Wherever possible, recover financial benefit**
- **Stabilize initiatives with significant shortfalls in FY19 so these results do not continue in FY20.**
- **Active senior leadership engagement with project teams by:**
 - **Evaluating current barriers to meeting targets through end of FY19 and escalating issues to the Value Improvement team as needed**
 - **Developing daily in-process metrics to track progress and implement interventions in real-time**
 - **Convening weekly check-ins with teams to drive accountability**
 - **Identifying cost reduction/ revenue optimization opportunities within your departments to help close gaps**

Looking Ahead

Continuing in FY20 from FY19

- Revenue Optimization
- Specialty Pharmacy
- Clinical Pathways
- Interpreter Optimization
- Labor

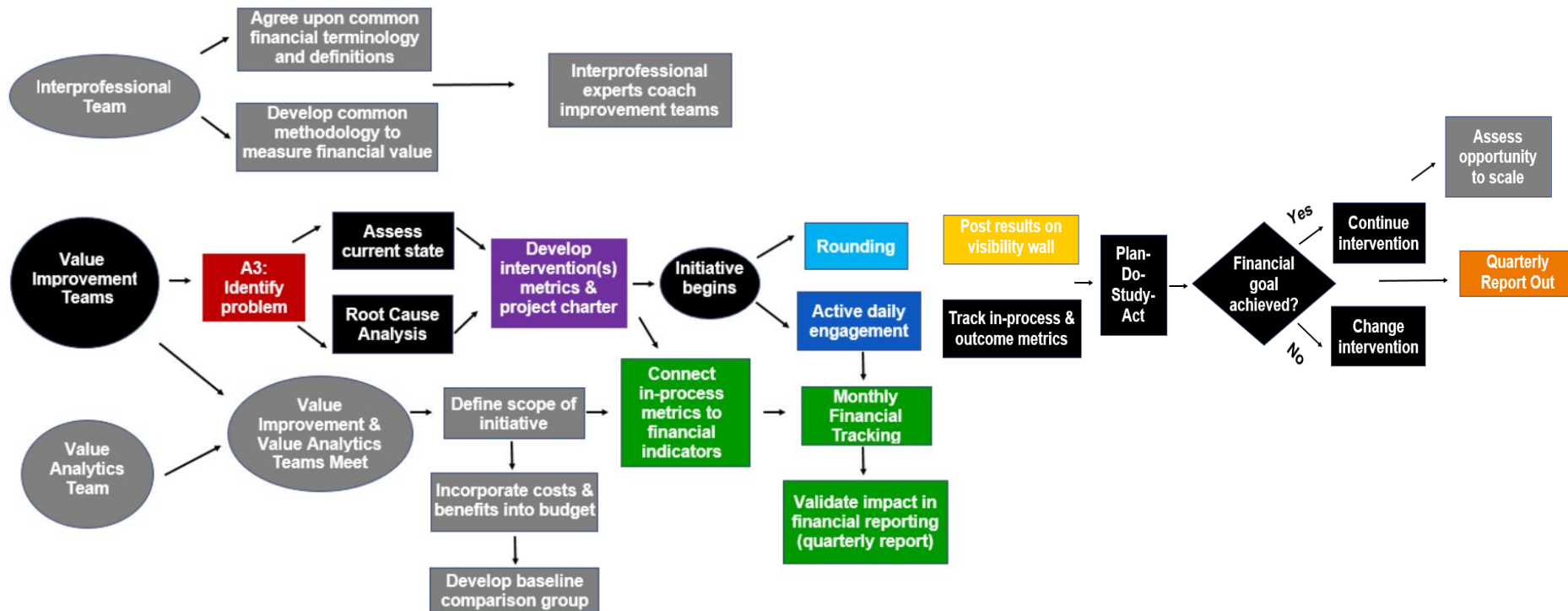
What other initiatives should we consider?

- Pharmacy revenue reconciliation
- Supply Chain/ physician preference items
- Asset Utilization (e.g. MRI Optimization)
- Throughput Optimization (7 day a week hospital)
- OR Optimization
- ED Optimization

In FY20 and beyond, how can we engage clinicians in cost reduction?

Appendix

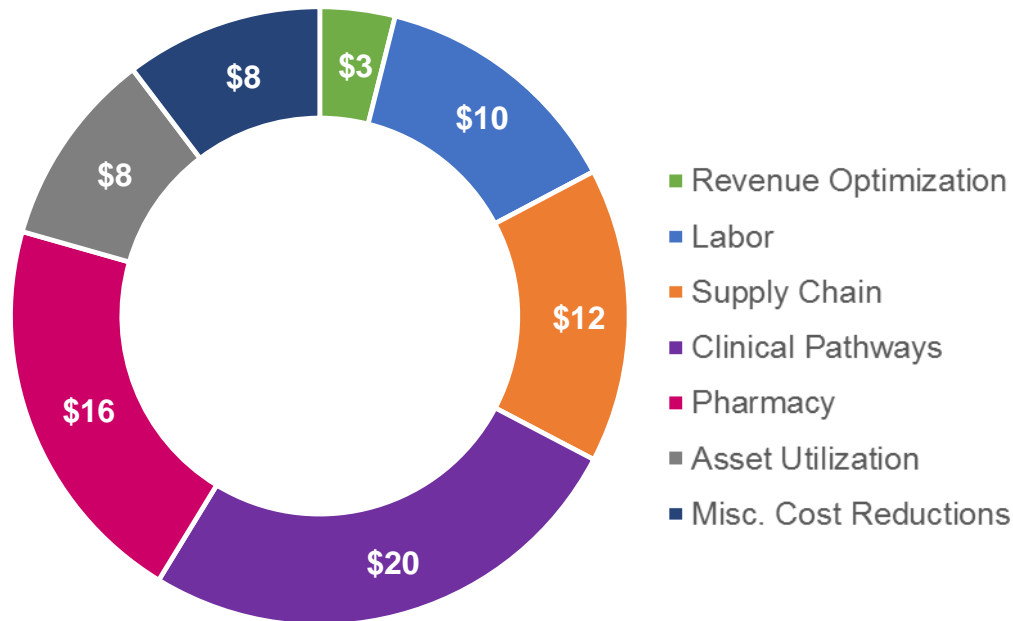
Value Improvement Process



FY18 Value Improvement

Focus on cost reductions, clinical pathways, revenue optimization & asset utilization

FY18 Value Improvement Categories



Cost Reductions: Supply standardization, contracts, professional services, labor management

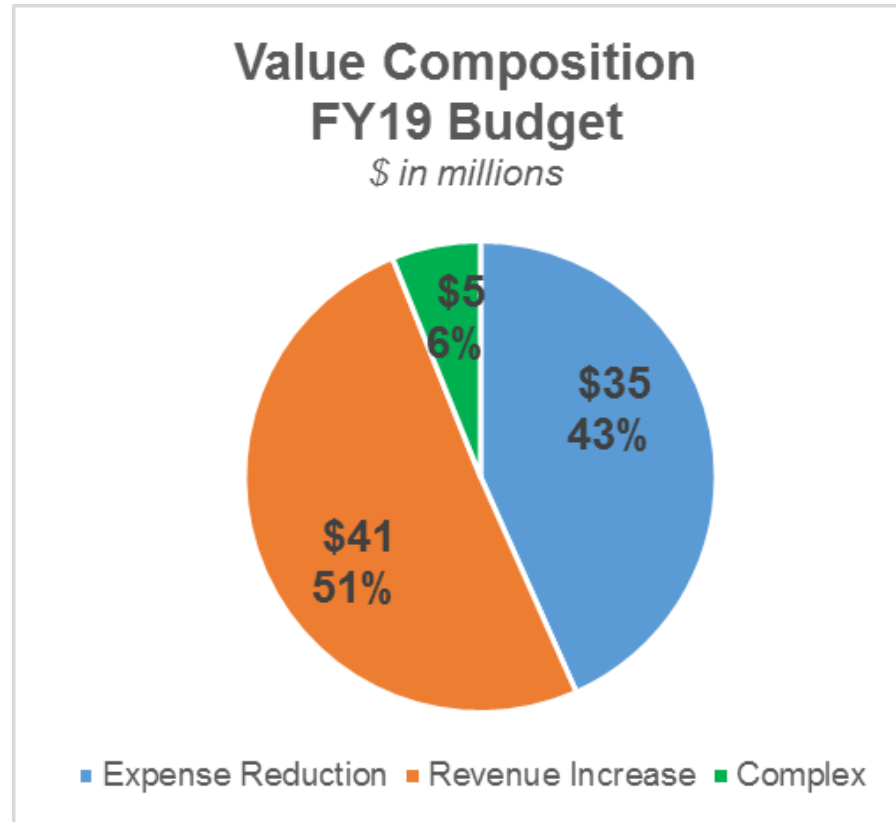
Clinical Pathways: Reducing unnecessary variation and service utilization

Revenue Optimization: Improving charge capture, revenue reconciliation, pre-authorizations, clinical documentation

Asset Utilization: Utilizing current assets more efficiently, utilizing new assets for net benefit

FY19 Value Improvement Composition

Expense reduction & revenue comprise majority of financial benefit



Complex initiatives include contribution margin, avoided utilization, new volume, backfill, and initiatives that include both expense reduction and revenue enhancement within the same financial target.

A3 Development

UCSF Health
Enabling possible

UCSF A3 Template

Title: _____ Sponsor: _____ Owner: _____ Coach: _____ Revision: _____
Team: _____ Last update: _____

| | |
|---|--|
| 1. Background: What problem are you talking about and why? <i>1. Problem</i> | 5. Experiments: What countermeasures do you propose and why? <i>5. Experiments</i> |
| 2. Current Conditions: Where do things stand now? <i>2. Current State</i> | 6. Action Plan: How will you implement? <i>6. Action Plan</i> |
| 3. Target Conditions (Goals): What specific outcome is desired? <i>3. Target</i> | 7. Study, Reflect, Plan Next Steps: How will you assure ongoing PDCA? <i>7. Study & F/U</i> |
| 4. Gap Analysis: Why does the problem exist? <i>4. Gap Analysis</i> | |

Project Charter



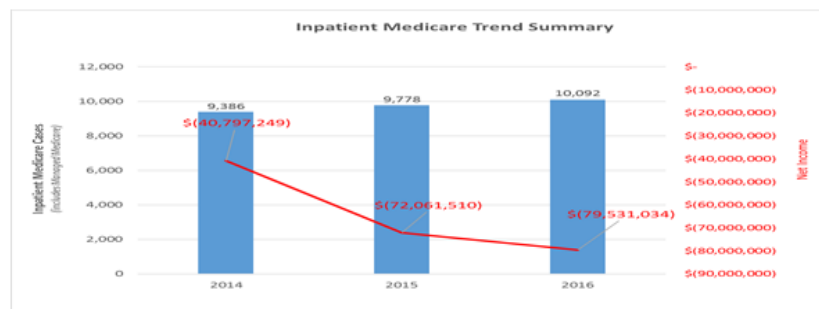
FY18 Value Improvement Project Planning Charter

Project Name: Age-Friendly Health System—Care at Home

A3 Completed: ___ Yes ___ No

Problem Statement (What problem you are trying to solve?)

UCSF has seen a year over year increase in Medicare volume, complexity and Length of Stay for inpatient admissions, yet the net income/revenue for Medicare patients has steadily decreased.



Project Overview (Brief overview of project background and focus)

As part of the Age-Friendly Health System Initiative, this project will allow for the expansion of the Care @ Home Programs. The programs (housecalls, bridges and transitional care) aims to serve complex homebound older adults, adults needing home based palliative care consults and those who need transition from hospital to home. The Care at Home programs have demonstrated a reduction in Emergency Room visits and admission to the hospital, when comparing pre and post enrollment into the program.

Project Scope

Includes: Enrollment of identified frail elders with high cost health system utilization who meet criteria for enrollment into a Care at Home program.

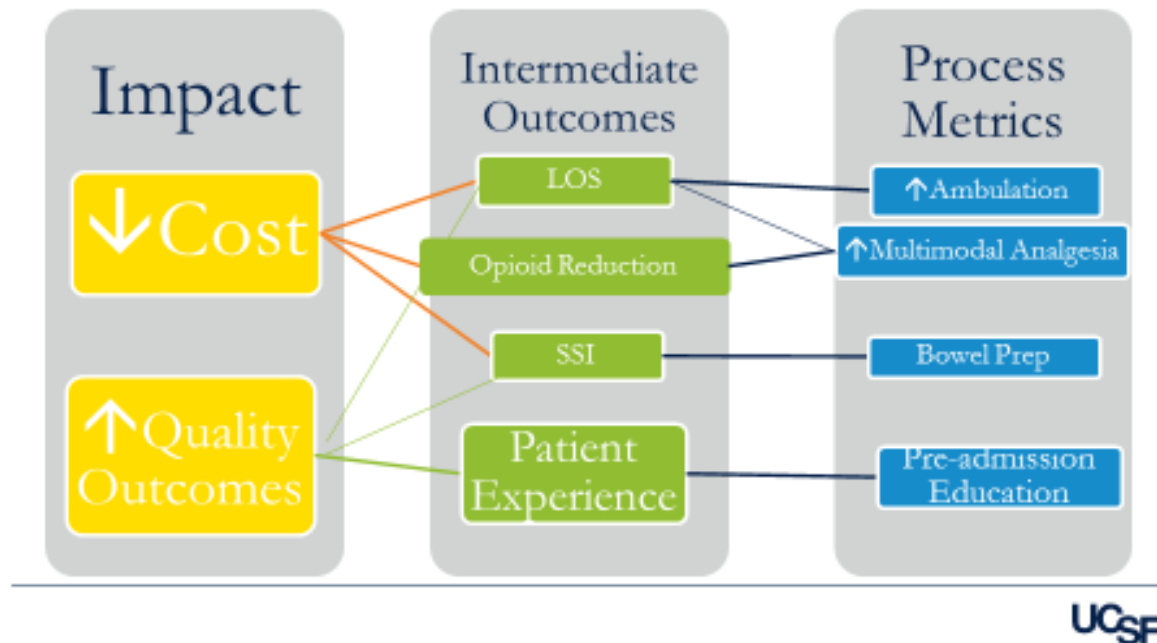
Excludes: Patients who are not high risk, not home bound and live outside the City of San Francisco.

Connect In-Process Metrics to Outcomes & Financial Indicators

In Process Metrics (Periop Pathways Example)

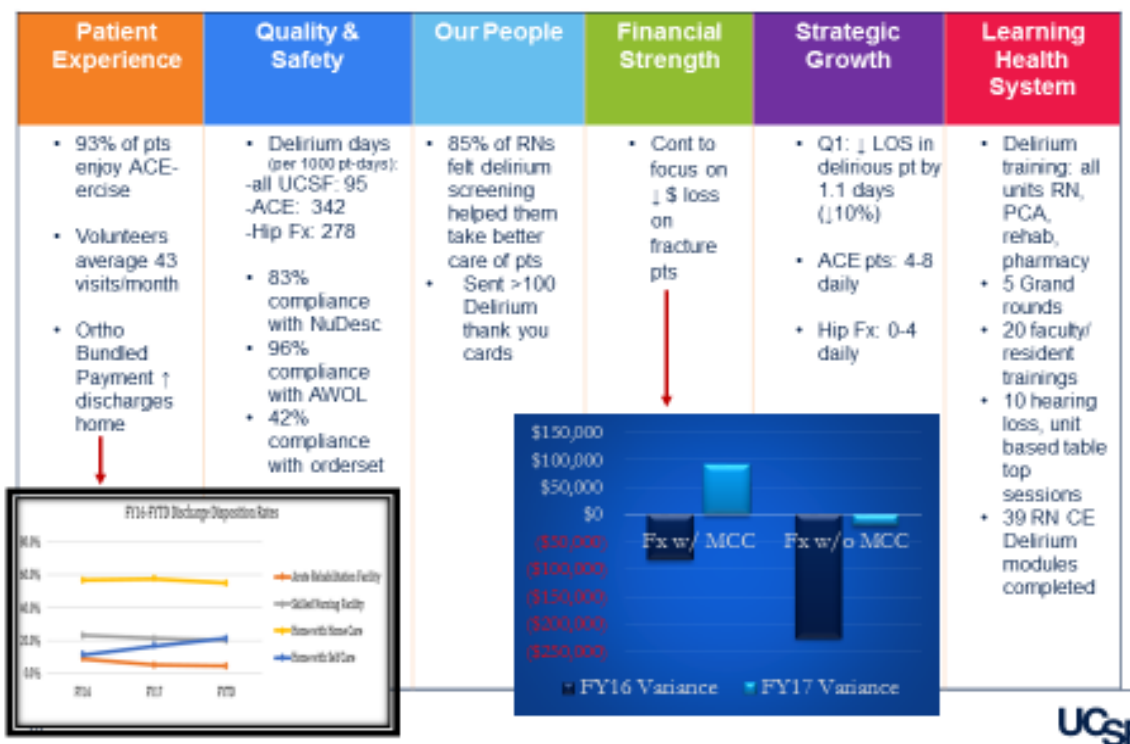
Total targeted savings: \$2.7M

By June 2018: save 1,170 bed days through reduction in LOS (\$1.5M); and backfill with 123 incremental cases (\$1.2M)



Visibility Board Aligned with True North

Visibility (Age Friendly Inpatient/ Delirium Example)



Value Improvement Rounding



Monthly Metrics Tracking

Elimination of confirmatory chest radiograph for Peripherally Inserted Central Catheter example

| Initiative Actual Better/(worse) than Budget | July | Aug | Sept | Oct | Nov | Dec |
|--|----------------|----------------|-----------------|-------------------|-------------------|-------------------|
| Insertions | - | - | - | (100) | (53) | 1 |
| Savings per chest xray | \$ (373) | \$ (373) | \$ (373) | \$ (373) | \$ (373) | \$ (373) |
| Chest xray Savings | \$ - | \$ - | \$ - | \$(50,000) | \$(44,018) | \$(37,145) |
| | | | | | | |
| Catheter Savings | <u>\$4,715</u> | <u>\$2,965</u> | <u>\$ 4,715</u> | <u>\$ 2,615</u> | <u>\$ 11,540</u> | <u>\$ 7,690</u> |
| Total | \$4,715 | \$2,965 | \$ 4,715 | \$(47,385) | \$(32,478) | \$(29,455) |
| YTD Better/(worse) | \$ - | \$7,680 | \$12,395 | \$(34,990) | \$(67,468) | \$(96,923) |

Quarterly Financial Tracking

| Initiative/ Executive Sponsor | FY18 Budget | Q1 Actual | Q2 Actual | Q3 Actual | Q4 Forecast | FY18 Actual + Forecast | FY18 Actual + Forecast better/ (worse) than Budget |
|--|--------------|--------------|--------------|--------------|----------------|------------------------|--|
| Mt. Zion Infusion Center Expansion | \$ 1,903,226 | \$ 513,530 | \$ 91,537 | \$ (42,064) | \$ 784,845 | \$ 1,347,848 | \$ (555,378) |
| MB Infusion Center Expansion | \$ 1,320,721 | \$ 464,013 | \$ 646,174 | \$ 1,283,593 | \$ 651,428 | \$ 3,045,208 | \$ 1,724,487 |
| Rad Onc Revenue Cycle Improvements | \$ 1,000,000 | \$ 989,195 | \$ 1,767,657 | \$ 2,890,828 | \$ 500,000 | \$ 6,147,679 | \$ 5,147,679 |
| Revenue Optimization (in lieu of Lab lost charges) | \$ 288,000 | \$ 3,479,119 | \$ 4,003,926 | \$ 5,400,063 | \$ 3,807,327 | \$ 16,690,436 | \$ 16,402,436 |
| Consultant Utilization | \$ 1,000,000 | \$ 1,053,327 | \$ 507,135 | \$ 466,554 | \$ (1,027,016) | \$ 1,000,000 | \$ - |
| Be Smart About Safety | \$ 500,000 | \$ (536,594) | \$ (536,595) | \$ 1,348,405 | \$ (536,596) | \$ (261,380) | \$ (761,380) |
| Occupational Health | \$ 450,750 | \$ 70,148 | \$ 69,697 | \$ 63,436 | \$ 62,507 | \$ 265,788 | \$ (184,962) |
| IT Sourcing Savings | \$ 2,325,110 | \$ 532,292 | \$ 292,785 | \$ 379,323 | \$ 774,516 | \$ 1,978,916 | \$ (346,194) |
| Periop Pathways | \$ 2,175,214 | \$ 396,844 | \$ 555,952 | \$ 261,472 | \$ 613,431 | \$ 1,827,698 | \$ (347,516) |
| Clinical Services Professional Fee Reduction | \$ 1,400,000 | \$ 457,588 | \$ 857,517 | \$ 405,393 | \$ 569,626 | \$ 2,290,124 | \$ 890,124 |
| Age-Friendly Health System - Inpatient | \$ 1,302,043 | \$ 189,158 | \$ 152,332 | \$ 146,640 | \$ 108,270 | \$ 596,399 | \$ (705,643) |
| Delirium Reduction | \$ 1,095,045 | \$ 923,305 | \$ 912,964 | \$ 683,094 | \$ 273,761 | \$ 2,793,123 | \$ 1,698,079 |
| Safe Transitions Pathway | \$ 1,200,000 | \$ 81,413 | \$ 50,862 | \$ 99,833 | \$ 149,707 | \$ 381,815 | \$ (818,185) |
| Transition PQRS Vendor Submission to APeX Submission of MIPS/MACRA measures | \$ 1,200,000 | \$ 301,138 | \$ 301,398 | \$ 301,138 | \$ 300,955 | \$ 1,204,628 | \$ 4,628 |
| Clinical Documentation Expansion to adult BMT/malignant hematology | \$ 1,082,343 | \$ 858,935 | \$ 1,596,243 | \$ 684,357 | \$ 395,586 | \$ 3,535,121 | \$ 2,452,778 |
| Age-Friendly Health System - Care @ Home | \$ 77,649 | \$ (66,470) | \$ (64,044) | \$ 39,836 | \$ 75,165 | \$ (15,512) | \$ (93,161) |
| Heme Malignancy | \$ 829,594 | \$ 575,065 | \$ 2,365,787 | \$ 255,963 | \$ 382,999 | \$ 3,579,814 | \$ 2,750,220 |

Quarterly Report Out to Senior Leadership



UCSF Health

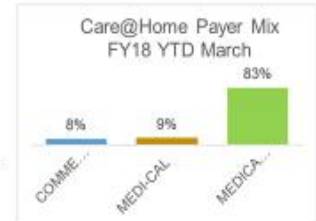
Value Improvement Quarterly Update *Age-Friendly Health System Outpatient*

Process Owner: Carla Perissinotto
Project Manager: Michael Helle
Project Sponsor: Gina Intinarelli
Financial Lead: John Hillman/Kim Berry



Problem Statement

- We are seeing increasing numbers of Medicare beneficiaries, with high levels of complexity and extended lengths of stay
- Net income/revenue for Medicare patients is decreasing



The UCSF Care@Home Program can expand and meet the needs of some of the most complex and mostly older adult patients at UCSF.



- Increase capacity for home-based longitudinal, transitional and consultative palliative care
- Target: Enroll 180 patients**
- Financial: Budget neutral or better**

Utilization Trends for FY18

- We are meeting our objectives
 - Inpatient admissions → 28% reduction
 - ED → 64% reduction
 - Observation → 60% reduction



Our targets: Measurement

- Our team has consistently exceeded our enrollment targets!
- Our waitlist is more manageable

| New Patients Enrolled | FY18 |
|---------------------------|------|
| Budget | 180 |
| Actual / Forecast | 253 |
| Actual Better than Budget | 73 |



- Patient: I am amazed you have this service. You were so important in those first weeks out of the hospital -Can I call you again if I need help?
- Provider: "I need help, and I didn't know you could help"