



## Bespoke Software Program Cuts Costs



With increasing emphasis on value-based care, hospitals are coming under pressure to find ways to optimise staff and resource utilisation that leads to improved care quality and cost reduction. To save costs, hospitals must first find out exactly how much they are spending.

A bespoke software program has helped the University of Utah Healthcare with pricing its services for patients. The computer program was designed to calculate the cost of everything that goes into running a hospital — from purchasing supplies and medications to paying surgeons for the hours they spend in the operating room.

The software has come up with a cost per minute for services provided in the various units of the hospital, including the emergency department (82 cents a minute) and the operating room during an orthopaedic surgery (\$12 a minute). The computer program also keeps track of other factors that affect costs, including patients' length of stay and how many times they have been readmitted.

By minute, or even by hour, costs may seem relatively small. However, the software allowed hospital managers to see how these costs added up to big bucks, and it helped them find several areas where improvements could be made to reduce cost without affecting patient outcomes.

One significant area of savings was blood tests. Any time a patient was admitted to the hospital, residents routinely ordered a battery of lab tests, even without medical justification. While the cost for each test was relatively small, ranging between \$10 and \$20, the computer program helped the hospital see the true expense of ordering these tests: Costs for lab tests alone exceeded \$2 million a year. This led the hospital management to adopt a policy requiring that residents must justify the need for every lab test ordered for each patient. Instituting this policy saved the hospital \$200,000 in one year.

Data generated from the university's computer program also helps it cut costs by comparing individual providers to each other. If most providers have a similar cost-per-patient for their procedures, but there are one or two outliers, the software helps the hospital identify who they are and figure out why the variation exists. Training providers to be more efficient with their time or supplies can lead to significant cost savings.

The hospital's efforts have caused it to have much lower costs overall compared to surrounding facilities. Over the past several years, other local academic hospitals have seen their spending rise by some 3 percent annually. In contrast, expenditure at University of Utah Healthcare has actually decreased by half a percent each year.

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