



Reassessing Hospital Cost Management



According to Bruce Halowell, the Managing Director of Navigant Healthcare, many top-level managers in hospitals focus on the wrong issues and too many healthcare facilities overlook management duplication.

"Everybody merged together and bought lots of hospitals. It's a duplication of leadership. We have systems with five hospitals within 10 miles of each other. The issue is that they're not really a system, but a configuration of different hospitals," Halowell said. "You can go to a system and find out they have 10 people at 10 different hospitals as the director of OR and they're not dealing with the cost, the consolidation or that next level of integration. Variation is caused by management and causes cost. If I have four different managers doing the same function, I'm going to get it four different ways."

Other industry experts have also expressed the same concerns that hospital mergers are not really effective as they drive up costs and end up with greater entity charges for the services being rendered. Halowell also highlights that while hospitals and healthcare systems focus on cost, they forget all about outcomes. They focus on cost relationship to length of stay but according to Halowell, that is not a good measure but instead, it is the cost per day that is more logical. He explains that this disconnect is an important area to focus on and also warned that it is important for hospitals to keep any eye on the transition to ICD-10 as it could have a significant impact on the process of healthcare delivery.

Source: RevcycleIntelligence

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