

# Maximizing Healthcare Dollars with VM



“The first three value management studies conducted by the Hospital Council of Western Pennsylvania resulted in a cost reduction potential of \$11 million annually for its 98 member hospitals. The subjects of the Council’s VM program were urinary catheter care, peripheral L. V. starts, and personal care items.”

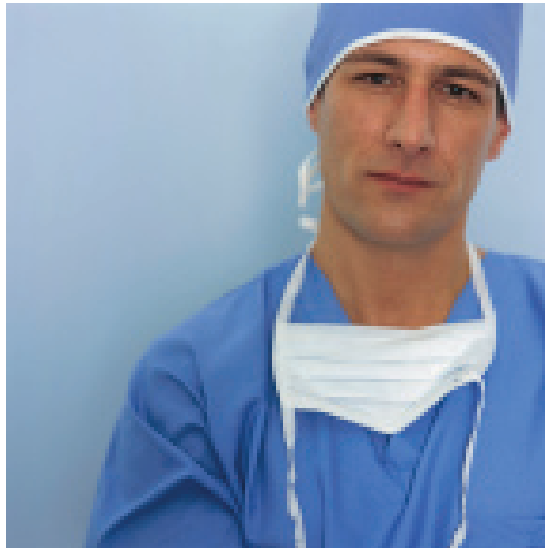
— T. Robert Sankey, Director, Research & Development, Hospital Council of Western Pennsylvania

## Using VM in Healthcare

The healthcare system is a complex interaction of customers and providers which is increasingly under scrutiny with regard to access, quality, and cost. While legislators, consumer groups, physicians, employers, and healthcare providers are divided on which course to take regarding healthcare reform, it appears there is generally a consensus developing that predicts these expectations:

- Healthcare spending will continue to escalate.
- Managed care will become more prevalent in all areas.
- Payors will continue to restrict reimbursement rate increases and will be supported by employer and consumer groups.
- Attention to quality and effectiveness within provider organizations will continue to increase.
- Attrition among providers for a decreasing inpatient market will result in continued closing of hospitals.
- Increased competition for hospitals from non-hospital settings may be expected.

Providers of healthcare services must deliver quality to retain patient volume, while containing costs to ensure viability. With the goal of “helping the customer,” the VM process would look at lowering operational and construction costs, improving the quality of care, and developing a bond with the client. That would be accomplished by the general elimination of waste, enhancing the staff effectiveness, and making the client its #1 priority.



VM helps healthcare organizations to:

- Separate “symptoms” from “problems”
- Solve “root cause” problems and capture opportunities
- Become a competitive “benchmark” rather than rely on other benchmark achievers to establish business objectives
- Take command of a problem-solving methodology to use in any situation.

## Benefits of Using VM

VM helps your healthcare organization to:

- Lower O & M costs
- Improve quality management
- Improve resource efficiency
- Simplify procedures
- Minimize paperwork
- Lower staffing costs
- Increase procurement efficiency
- Optimize construction expenditures
- Develop value attitudes in staff
- Compete more successfully in the marketplace.

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