

3M Health Information Systems

# Finding the “why” behind health- care waste



# Costs of U.S. health care over time

Ideally, the U.S. healthcare system would consistently deliver services with the highest probability of a positive outcome and lowest likelihood of patient harm. The result would be high patient satisfaction at the lowest possible cost.

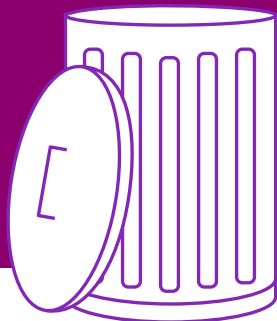
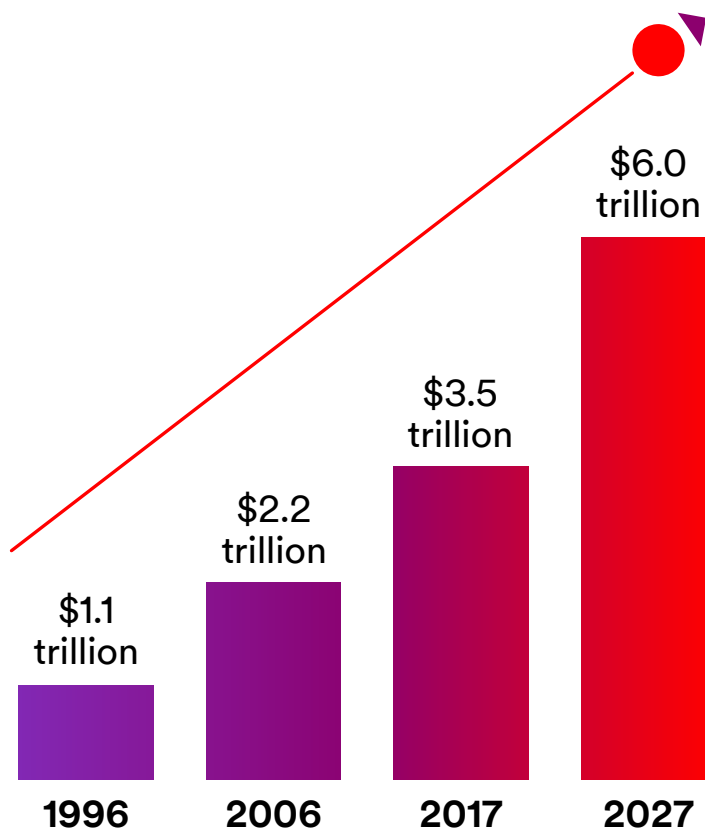
The reality is somewhat different.

Between 2018 and 2027, national health spending is projected to grow at an average rate of

▲ **5.5%** annually.<sup>1</sup>

By 2027, health spending is projected to reach nearly

▲ **\$6.0** trillion.<sup>1</sup>



The Institute of Medicine estimates that

▲ **\$750 billion**

of healthcare spending is attributed to waste.<sup>2</sup>

# What does waste in health care include?

Waste results from:



Unneeded services



Mistakes



Missed prevention opportunities



Delivery system ineffectiveness

Any healthcare procedure, inpatient stay, medication, therapy or test that does not meet the objectives of the Institute for Healthcare Improvement's Triple Aim—improving patient satisfaction and the health of populations while also reducing the per capita cost of health care—meets the definition of waste.

Waste in health care means lower margins and lost revenue opportunities for hospitals. But the financial impact of waste is not the only consequence:

***Waste and poor quality of care go hand-in-hand.***

When patients receive unnecessary medical treatment, it costs both the patient and the hospital time, money, unnecessary risks to the patient and legal liability risks to the hospital for patient harm.

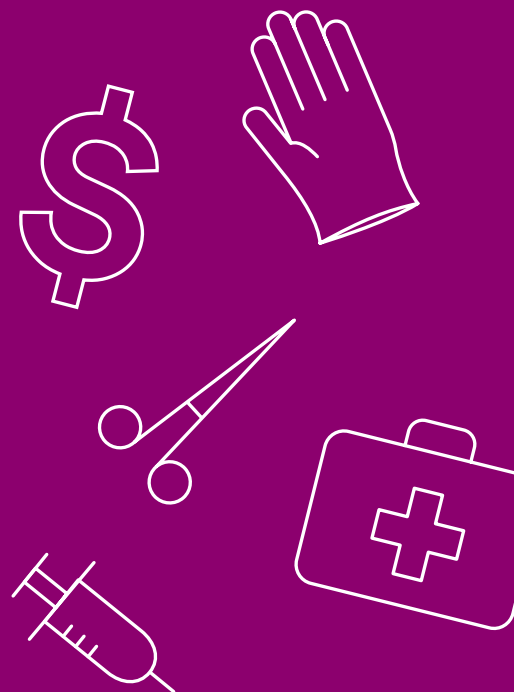
**Medical errors are the third leading cause of death in the U.S. behind heart disease and cancer.<sup>3</sup>**

Even when treatment is medically necessary, there's waste in the delivery process.

For example, during neurosurgery procedures over one year, one hospital discarded

**\$2.9 million**

in unused medical supplies.<sup>4</sup>





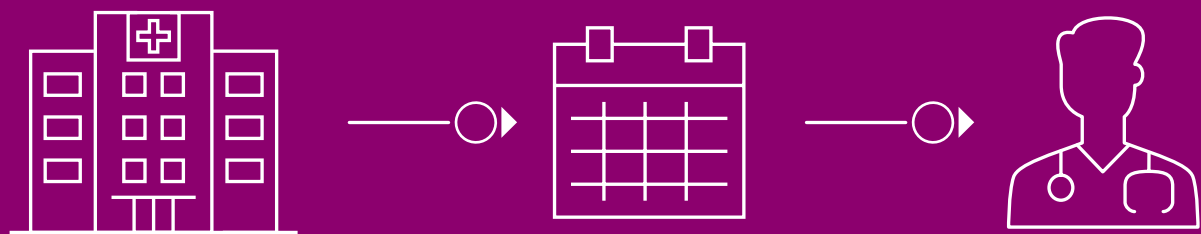
Excess expenditures. Wasted time and resources.  
Lower quality care. Poor patient outcomes.



We see the “What?” behind health care waste inefficiencies.  
**But can we see the “Why?”**

Understanding the factors that create waste in health care is the first step in reducing costs and improving patient outcomes.

Hypothetical example #1:

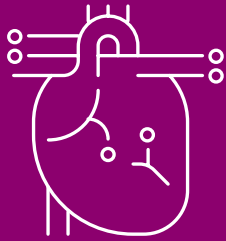


**What**  
A hospital records  
**\$1.4 million**  
in unexpected costs from excess ICU days.

**Here's why**  
The majority of excess ICU costs are traced to septicemia patients who are admitted Friday and Sunday; no hospitalist is on duty those days.

**Action**  
For those days, hire a hospitalist who can focus on septicemia patients.

## Hypothetical example #2:



### *What*

A hospital finds that 60-day, post-acute care expenditures for congestive heart failure are

**41%**

**over** the expected rate, resulting in \$28 million in excess expenditures.

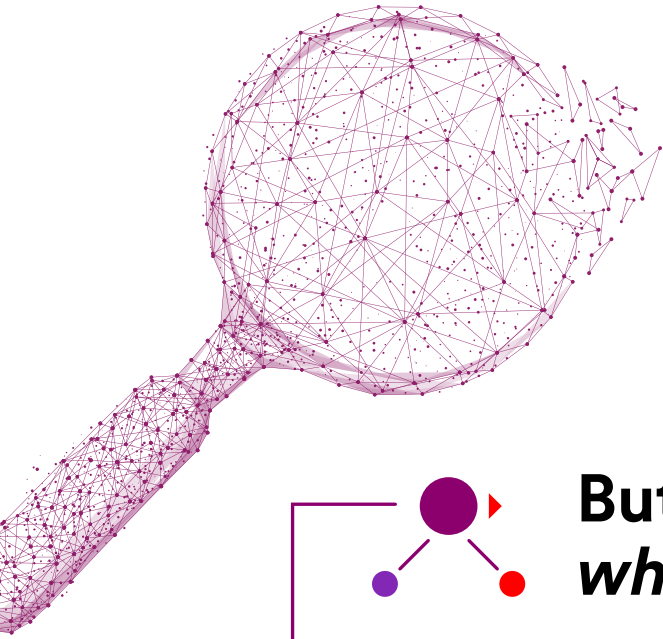
### *Here's why*

During the 60 days post-discharge, primary care physician (PCP) visits are 25 percent lower than expected, and outpatient laboratory testing is 38 percent lower than expected.

This insight reveals that the hospital is underutilizing PCP visits and laboratory testing to monitor conditions.

### *Action*

Correct the underutilization by improving care coordination and patient engagement programs.



## But how do you go beyond *what to find why?*

Introducing the **3M™ Performance Matrix Platform (PMX)**, a data analytics and performance management solution that combines 3M Health Information Systems' decades of coding and risk-adjustment experience with the data-processing power of Verily Life Sciences, an Alphabet company.

3M PMX offers one system that simultaneously analyzes performance in managing populations throughout your network across all visits, episodes of care and disease cohorts. The platform also scores your health system's performance for all your patient populations against 3M's performance benchmarks, while putting Verily's big-data computing power to work for you. 3M PMX filters data noise to highlight issues with inpatient or outpatient episodes of care, preventable events and over- or underutilization of services.

With Verily's processing power, 3M PMX can apply 3M's proven methodologies and performance measures to all available data. It then mines this enriched data to identify and prioritize key problem areas. Rather than your organization deploying teams of data analysts, 3M technology does the work for you.

When you combine the 3M PMX platform with an expert team of 3M performance advisors, the whys behind healthcare inefficiencies become apparent, paving the way for actionable improvement plans.

**See how 3M experts used the platform to find over \$1B in cost-savings opportunities for 10 health systems.**

[See the results](#)

# Call today.

For more information on how 3M products and services can assist your organization, contact your 3M sales representative, call us toll-free at **800-367-2447**, or visit us online at [www.3m.com/his](http://www.3m.com/his).

## References

- <sup>1</sup>Centers for Medicare & Medicaid Services. “NHE [National Health Expenditure Data] Fact Sheet, Projected NHE, 2018-2027.” Page last modified 04/26/2019. Accessed May 28, 2019. <https://www.cms.gov/research-statistics-data-and-systems/statistics-trends-and-reports/nationalhealthexpenddata/nhe-fact-sheet.html>.
- <sup>2</sup>Institute of Medicine, 2012. “Best Care at Lower Cost: The Path to Continuously Learning Health Care in America.” Accessed May 28, 2019. <http://nationalacademies.org/hmd/~media/Files/Report%20Files/2012/Best-Care/BestCareReportBrief.pdf>.
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- <sup>4</sup>Allen, Marshall. “A Prescription To Reduce Waste In Health Care Spending.” Health News from NPR, December 21, 2017. Accessed May 28, 2019. <https://www.npr.org/sections/healthshots/2017/12/21/572329335/a-prescription-to-reduce-waste-in-health-care-spending>.



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