



## highlights

Identified \$2.8M in clinical variation

Added over 70 new clinical variation cost improvement initiatives

Drove engagement with physician leaders to power change on pinpointed variances

To learn more about identifying and managing clinical variation at your organization, visit our website at [www.stratadecision.com](http://www.stratadecision.com).

## impact story

# Organization Quickly Identifies and Quantifies Sources of Clinical Variation

### problem

#### Difficult to Identify and Manage Clinical Variation

Because clinical variation can be difficult to regularly identify and manage, many healthcare organizations rely on outsourced consultants to identify cost savings initiatives. However, this can incur significant added cost. When the consulting projects end, hospital leaders are left without the internal governance, analytics tools, or standard processes to continue identifying variation on their own.

After their last consulting engagement, the continuous improvement team at one small, multi-site health system experienced exactly that. Without their external consultants, this organization did not have a unified process to identify, track, and aggregate the impact of cost-reduction initiatives. They lacked both the right resources and technology to continuously identify clinical variation opportunities and did not feel confident to take their data to physician leadership to suggest changes.

### play

#### Use Algorithms and Cost Data to Quantify Sources of Care Variation (CI 201)

To conserve resources and empower their internal team, this health system began working with Strata Decision Technology. Adopting the StrataJazz® Continuous Improvement tool, they were able to start tackling this work internally.

Whereas many organizations leverage consulting engagements that focus on items like labor, benefits,

and revenue cycle, honing in on a different set of opportunities has helped this organization take a leap forward. They are now looking at other areas such as overall utilization and the cost of hospital acquired conditions.

This team now uses the tool to leverage a variety of data sources, including general ledger, line-item charges, DRF/CFP/ICD-10 codes, supply chain, payroll, time and attendance, and reimbursement. This enables them to review cost drivers in a variety of patient encounters such as sepsis, COPD, heart failure and pneumonia. Not only are they realizing financial impact but the clinical impact as well.

### impact

#### Automate Identification of Variances at Entity, Service-Line, and Physician Level

Thanks to automated algorithms and validated cost accounting data in Continuous Improvement, the team is able to independently identify and quantify sources of clinical variation, totaling over \$2.8M. Whereas before they lacked visibility into root causes of variance at the entity, service line, and physician level, this health system can now use comprehensive and accurate cost accounting data to engage finance, quality, and clinical operations leaders. In their first year of using the tool, they have identified and acted on more than 70 clinical variation initiatives.

Through this new process and tool, they have created trust and bridged the gap between finance and clinical teams. By presenting them with better data, front line leaders and finance teams now work together to prioritize clinical variation for cost saving opportunities.