

# Tending to improvements in health care

## ThedaCare among U.S. leaders in efficiency efforts

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**Appleton** - At 8 a.m. every Friday for nearly four years, 150 people from throughout ThedaCare have gathered to hear co-workers talk about what they did that week to make the health care system more efficient.

The sessions are an example of ThedaCare's commitment to rethinking every step in how it cares for patients - from washing linens to heart surgery - with the goal of simplifying, streamlining and standardizing.

"They don't define their job as delivering health care. They define their job as improving health care," said Arnold Milstein, chief physician for Mercer Health & Benefits, a nationally recognized expert on quality and efficiency in health care.

ThedaCare's drive to increase productivity and improve quality is similar to what manufacturing companies did when confronted with increased foreign competition in the 1980s and 1990s. The health care system has drawn on techniques collectively known as "process improvement" that were first developed by manufacturers.

ThedaCare's model is Toyota Motor Corp., considered one of the most efficient manufacturers in the world.

"We are going to improve something every day," said John Toussaint, ThedaCare's chief executive.

The goal is to eliminate the estimated 20% to 30% - some put the figure higher - of medical spending that does nothing to improve patient care.

The results suggest the strategy is paying off.

ThedaCare estimates that its work to improve efficiency in 2005 and 2006 cut costs by \$22 million a year, without layoffs, while reducing medical errors. It stopped tracking the savings last year once it saw the gains.

ThedaCare contends that its costs - and its rates - are lower than those of its counterparts in southeastern Wisconsin.

For example, an uncomplicated heart bypass, including physician fees, costs \$30,400 at a ThedaCare hospital, based on what ThedaCare and its independent surgeons bill one large health insurer. That insurer pays \$42,700 to \$71,000 for the same procedure at hospitals in southeastern Wisconsin.

The health care system also has shown that lower costs don't mean lower quality. Last year, only one of 193 bypass patients who required only one graft died at a ThedaCare hospital, a mortality rate of 0.5%, compared with The Society of Thoracic Surgeons benchmark of 1.7%. ThedaCare's mortality rate for other bypass surgeries also beats national benchmarks.

Process improvement is now widespread throughout the health care industry. Health care systems in the Milwaukee area are using the same or similar techniques to varying degrees. And many systems in Wisconsin outperform ThedaCare on certain measures of quality - but ThedaCare overall gets high marks.

ThedaCare also is among a handful of health care systems nationally - including Virginia Mason Medical Center in Seattle and Allegheny General Hospital in Pittsburgh - that have brought a missionary zeal to the effort to improve quality and, in the process, lower costs.

"They've really been pioneers in exploring process thinking and process management and design in health care," said Donald Berwick, president and chief executive officer of the Institute for Healthcare Improvement in Cambridge, Mass., and a national expert on health care quality.

## **Mapping every step**

ThedaCare's approach starts with mapping every step in its operations, from when a patient schedules an appointment to when he or she gets a bill, and asking whether each step adds value - that is, whether it's needed.

Those "value stream events," typically lasting two to four days, might result in some immediate changes, 10 to 20 "rapid improvement events" and some longer projects.

Much of the real work is done in the rapid improvement events, sessions that run from a few days to a full week and that typically involve seven to 12 people. They are given the task of finding a better way to provide care, testing it and then implementing the changes.

ThedaCare does three or four of the events a week. Every Friday at 8 a.m., the teams describe what they've done and what they've learned.

For example, when ThedaCare set out to eliminate two- to three-week waits for CT scans at its hospitals in Appleton and Neenah, people from its imaging department holed up for three days with emergency physicians, nurses, technologists, radiologists and other workers.

Mapping every step, from when a doctor orders a scan to the final report, the team identified 16 problems. It initially decided to focus on fixing the three that would have the biggest impact.

Among the changes:

- Developing a system to ensure that the imaging center had all the needed information, such as lab results, before a patient's appointment,
- Giving tech assistants additional training so they could do tasks previously done by technicians,

- Organizing the staff into teams that work with the patient through the entire process and no longer doing prep work on the CT table.

The result: ThedaCare increased its productivity from two scans an hour to six.

It also was able to offer same-day appointments and avoided the cost of buying additional CT machines to eliminate the backlog.

That's just one example. There are dozens of others.

Some of the changes can seem basic, such as increasing staffing at its clinics on Mondays, the busiest day of the week. Others entail remaking entire departments, such as a pilot project to develop a new model for providing care at the bedside. Along the way, the system has eliminated hundreds of forms.

In their entirety, even the smallest improvements add up.

## **Thinking differently**

ThedaCare estimates that it spends \$4.5 million a year in staff time, consultants and other costs on its efforts to eliminate waste from its operations. It has about 40 people on its staff to teach so-called lean concepts and techniques and to coordinate improvement projects.

Its efforts to become more efficient date back to the early 1990s, when Toussaint was chief medical officer. The initial goal was to improve quality.

Its first efforts encountered a fair amount of resistance. For instance, most doctors in the 1990s didn't like being told what to do, and most employees in health care deferred to doctors.

ThedaCare would make improvements in an area, but they would be minor, and there was no methodology for sustaining them. "There was no consistency," Toussaint said.

In 2003, the system hired Simpler Consulting of Ottumwa, Iowa, which specializes in the so-called Toyota Production System.

The "value stream" and "rapid improvement" events are outgrowths of ThedaCare's work with Simpler.

"Quality doesn't change unless people think about their work differently," said Roger Gerard, ThedaCare's chief learning officer. "And that's the challenge we face in health care."

## **Changing incentives**

The United States spends roughly \$2.4 trillion a year, or more than \$7,000 per person, on health care. Berwick, of the Institute for Healthcare Improvement, estimates that 50% of that is waste.

Most health care economists agree there is no single solution to controlling the rise in health care costs. But eliminating the waste in the health care system is considered one of the best hopes.

At the same time, the system provides few financial incentives to become more efficient. Doing fewer tests, eliminating unnecessary procedures and shorter hospital stays often means less revenue.

Further, the most profitable services generally are those that depend on new technology - which is not always more effective in treating patients.

Toussaint has said repeatedly that changing the health care system will require changing the incentives.

That will be one of his challenges in his new role.

This year, he announced that he will step down as chief executive in May to head the ThedaCare Center for Creating Value in Healthcare. The center hopes to bring together leaders in health care and business to promote ways to make the health care system more efficient.

ThedaCare's efforts to increase quality and lower costs are just beginning. Toussaint has said the system has only graduated from pre-school. And his successor is almost certain to continue those efforts.

"I can guarantee we are going to continue to take costs out," Toussaint said.