Cleveland Clinic

Understanding how clinicians engage on healthcare costs

Scouting Health

Cleveland Clinic's Physician-Led Structure Leads to Implementation of Enterprise-Wide Cost-Saving Initiatives

Summary

In response to pressures to reduce institutional costs, Cleveland Clinic engages employees across its organization to identify ideas that are designed to lower costs. Known as the Care Affordability Initiative, the effort is anchored by a 13-member Task Force that is led by two physicians and consists of individuals who have both strong clinical ties and the ability to think enterprise-wide. The Task Force is responsible for reviewing and implementing cost-saving ideas. These ideas span all areas of the organization – no individuals or activities are exempt – and come from employees at all levels. Implemented initiatives have run the gamut from small to large-scale changes, including standardizing treatment protocols, providing equipment and medication cost information to physicians, and changing default printer settings. Cleveland Clinic's care affordability efforts have required significant education focused on raising the "cost consciousness" of clinicians and resulted in meaningful engagement of many Cleveland Clinic providers. The efforts have also produced significant cost savings of over $600 million to date since the efforts began in 2014.

Context of the Innovation

Cleveland Clinic is a non-profit, multispecialty academic medical center headquartered in northern Ohio. With over 3,000 physician staff members, its multisite health care delivery system has local, national, and international reach. Cleveland Clinic organizes its patient care services into integrated practice units, known as Institutes, which focus on a specific organ system or disease area and emphasize

teamwork and collaboration. As a physician-led organization, Cleveland Clinic's model of medicine emphasizes a culture of physician involvement, and all staff physicians are salaried.

With health care spending constituting nearly 18 percent of the United States' Gross Domestic Product (GDP)[1], there is general acknowledgement within the health care sector that current spending levels are unsustainable. This has created increased pressure for health care institutions to cut costs and generated urgency for institutions to proactively respond to the changing reimbursement environment.

Recognizing this trend, as well as others pointing toward increased cost and quality transparency, Cleveland Clinic leadership identified the need to address institutional health care costs as a crucial activity for not only ensuring the future success and vitality of the enterprise, but allowing for continued investments in the organization, its employees, and patient care. As a result, in 2013, Cleveland's Clinic executive leadership forecasted a need to reduce costs by $1.5 billion over five years. Essential to this undertaking was the active and continued engagement of physicians and clinicians in the process of curbing costs. With this in mind, leadership commissioned a Care Affordability Task Force to perform an enterprise-wide cost structure analysis and identify transformational cost and efficiency opportunities. Cleveland Clinic's chief executive officer tapped two

[1] https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/NationalHealthAccountsHistorical.html

physicians to lead the Task Force who then worked collaboratively to assemble the Task Force and determine its scope and structure. The Task Force oversees the implementation of numerous initiatives designed to reduce costs across the organization.

Description of the Innovation Activity

Cleveland Clinic implemented a formal structure to engage physicians and other clinicians in identifying and implementing numerous initiatives to reduce organizational costs. Anchored by a 13-member group called the Care Affordability Task Force that is led by two physicians, the process is designed to solicit and collect ideas from employees across the enterprise that are designed to lower costs. The Task Force vets the ideas, assesses risk, and determines which ideas to present to executive leadership for further consideration. Once approved, ideas are implemented and evaluated by the Task Force. Example initiatives and key aspects of the Task Force structure are described below:

- **Care Affordability Task Force Membership:** The Task Force is led by two physicians and consists of 13 members, including the chief financial officer (CFO), chief quality officer, and the chief of marketing and public relations, who meet about every two weeks. The Task Force oversees eight separate "workstream" groups that are focused on the following areas: clinical, indirect, non-staff, staff, stewardship, education, research, and value-based care. Each workstream group is led or co-led by a physician and consists of roughly 20 people. Collectively, the Task Force and corresponding

workstream groups are responsible for reviewing and implementing cost-saving initiatives.

- **Initiatives Stemming from Care Affordability Efforts:** The Task Force and related efforts to achieve care affordability have produced many changes to address costs across Cleveland Clinic's enterprise. Select examples of these initiatives are included below.
    - Distributing lists every month to Cleveland Clinic's various Institutes about how much money they are spending on medications so that the Institutes can review this information and identify opportunities for cost savings.
    - Providing a "bill" for the surgeon following an operation that itemizes the costs for the various equipment, instruments, etc. used during the operation.
    - Posting the costs of various equipment used in the operating rooms and cardiac catheterization laboratories.
    - Creating and implementing "care paths" that standardize treatment for patients with similar conditions and provide decision support based on the results of previous tests.
    - Increasingly leveraging online/virtual visits for certain activities, such as post-op incision checks and dermatology.
    - Reducing the size of soap bottles that patients receive since the soap bottles were largely unused.
    - Turning off escalators in office buildings during early morning hours.
    - Switching to LED lightbulbs.
    - Recycling blood pressure cuffs.
    - Switching default printing settings.

- Requiring that certain genetic tests ordered by physicians be approved by geneticists.

- **Multi-Pronged Approach to Generate Enterprise-Wide Cost-Saving Ideas:** Though cost-saving ideas are generally filtered through the Task Force, there are systems in place to capture these ideas from employees across the organization. When the Task Force first launched, the co-chairs conducted a "climate survey" and individually met with Institute Chairs to garner ideas for the workstream groups to consider. The Task Force has also done focus groups and periodic web surveys of physician staff to generate ideas. Notably, Cleveland Clinic created the My Two Cents program in an effort to engage everyday employees and providers in cost saving activities, and this program has provided another source of ideas for the workstream groups. Through My Two Cents, anyone in the organization can submit ideas via an electronic portal. Workstream members also contribute their own ideas, and each workstream often commissions teams to explore potential, well-demarcated ideas.
- **Care Affordability Task Force Vetting and Implementation Process:** Each workstream group meets weekly or biweekly and is responsible for reviewing proposed cost-saving ideas and assessing them based on degree of opportunity and risk. Once a workstream group determines an idea is worthwhile to pursue, it endorses the idea and a subject matter expert presents the idea to the broader Task Force. The Task Force then further vets the idea and decides whether to propose it to the CEO Council, which consists of the Chief of Staff, CEO, and Chief Strategy Officer, and

makes the ultimate decision whether to approve or deny an idea. The Task Force then oversees implementation and assessment of all approved ideas. The Task Force leads report to the CEO every two months. Financial cost-saving targets for the Task Force are set in conjunction with the CEO and CFO.

Impact

Through the work of the Care Affordability Task Force and related initiatives, Cleveland Clinic has been successful in engaging employees across the enterprise in activities that have generated significant cost savings while providing the same or better quality of care.

- **Successful engagement of employees:** Based on a recent survey by Cleveland Clinic's marketing department, almost 1,000 employees across the enterprise indicated that they had been involved in projects to achieve cost savings. Additionally, the My Two Cents Program has received over 1,100 submitted ideas to date, 965 of which were successfully closed.
- **Significant cost savings:** Since launching the Care Affordability efforts in 2014, Cleveland Clinic has saved $612 million to date, accruing $264 million in 2014, and $513 million through 2015. Broken down, the $612 million is distributed as follows:
    - Clinical: $314M
    - Indirect/Administrative: $200M
    - Hospitals: $85M

- Other: $13M

Cleveland Clinic's goal is to continue to reduce costs by about $300 million each year.

- **No negative impact on quality of care:** Task Force leaders noted that all implemented projects either maintained or improved the quality of care.

Lessons Learned

- **Determine the scope (and any limitations) of the efforts.** Task Force leaders stated that an important first step was to clarify the boundaries for the initiative with executive leadership, as they did not want to divert time and effort into activities that were out of scope. In the case of Cleveland Clinic, executive leadership maintained that there were no sacred programs.
- **Meet with financial leaders early on and include them in the process.** After determining the scope, the Task Force leaders met with financial leaders within the institution to review financial data points and set financial targets. As noted, finance is also represented on the Task Force to ensure a financial perspective is integrated into the process
- **Select the right individuals to participate.** Task Force and workstream members should have strong ties to clinical practice but also maintain an enterprise mindset, meaning the ability to look beyond personal goals and think from an organizational standpoint. Also, Cleveland Clinic has found that

including a project manager on each workstream group has been an important strategy for ensuring timely and successful implementation of cost-saving ideas.

- **Fostering a "safe space" enables idea exchange.** Creating an atmosphere without hierarchical constraints where no one "pulls rank" has been a notable factor in the success and productivity of the Task Force as it has allowed free exchange of ideas. Similarly, Task Force leaders noted the importance of promoting a sense of trust so that members could propose "bone head" ideas and know that these ideas would be kept in confidence among group members.
- **Developing a rigorous vetting process is important.** There are pros and cons to every proposed change, and the Task Force developed a rigorous process to review potential ideas. The Task Force uses a standard template that describes the idea, risks, plans, metrics (including financial targets), and timeline, and as noted, relies on a multi-step approval process that begins with the workstream groups and concludes with executive leadership. Task Force leaders recognized this process, and the need to understand risks before implementing ideas, as an important process step.
- **Raising the "cost consciousness" of clinicians takes time and requires significant education.** Clinicians generally do not have knowledge of what equipment, medications, etc. cost, yet alone routinely consider this information in their decision-making process. Raising the "cost consciousness" of

clinicians is a significant undertaking and takes a massive educational effort that should pre-date attempts to engage clinicians in cost-reduction efforts.

- **Messaging matters.** To engage clinicians, it is crucial to put patients first. Emphasizing that Cleveland Clinic would not implement any cost-saving changes that did not improve care resonated with clinicians and prompted their engagement.
- **Providers want to take an active role in change.** There have been enormous changes in what clinicians, particularly physicians, have been asked to do. Though some physicians have not embraced the changing tide, Cleveland Clinic's experience has been that many physicians are eager to be involved in the process and would rather take an active role in shaping their practice amidst a cost conscious backdrop than have to accept changes without voicing their concerns or perspectives**.**
- **Reinvest savings in the organization to sustain momentum.** Upon achieving substantial cost savings, employees sometimes question the need to continue cost-reduction efforts. Beyond highlighting patient care improvements, investing saved money into the organization and highlighting increased contributions to employees – such as raising the pay scale, starting new initiatives, building new facilities – has helped sustained engagement in the Care Affordability work. Also celebrating successful projects and recognizing those who contributed to them has been another useful strategy for maintaining momentum.

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