# Imperatives for managing perioperative services in the new era

by Gary Smalto, MD, MBA

The convergence of two recent events is changing the landscape for perioperative services in ways that require rethinking traditional approaches. One is the onset of COVID-19. The other is the progression of CMS procedural payment shifts from inpatient to ambulatory under value-based care.

Procedural areas generate from 40% to 50% of health system revenues. COVID-19's initial surge decreased elective surgery volume significantly and continues to negatively impact their revenues. That's why progressive organizations are using this time to redesign those services to highlight efficiency, quality, consumerism and service.

The operational environment around perioperative and procedural services has changed little in over two decades. The most notable change is the impact of the electronic medical record and the wealth of data available to improve efficiency.

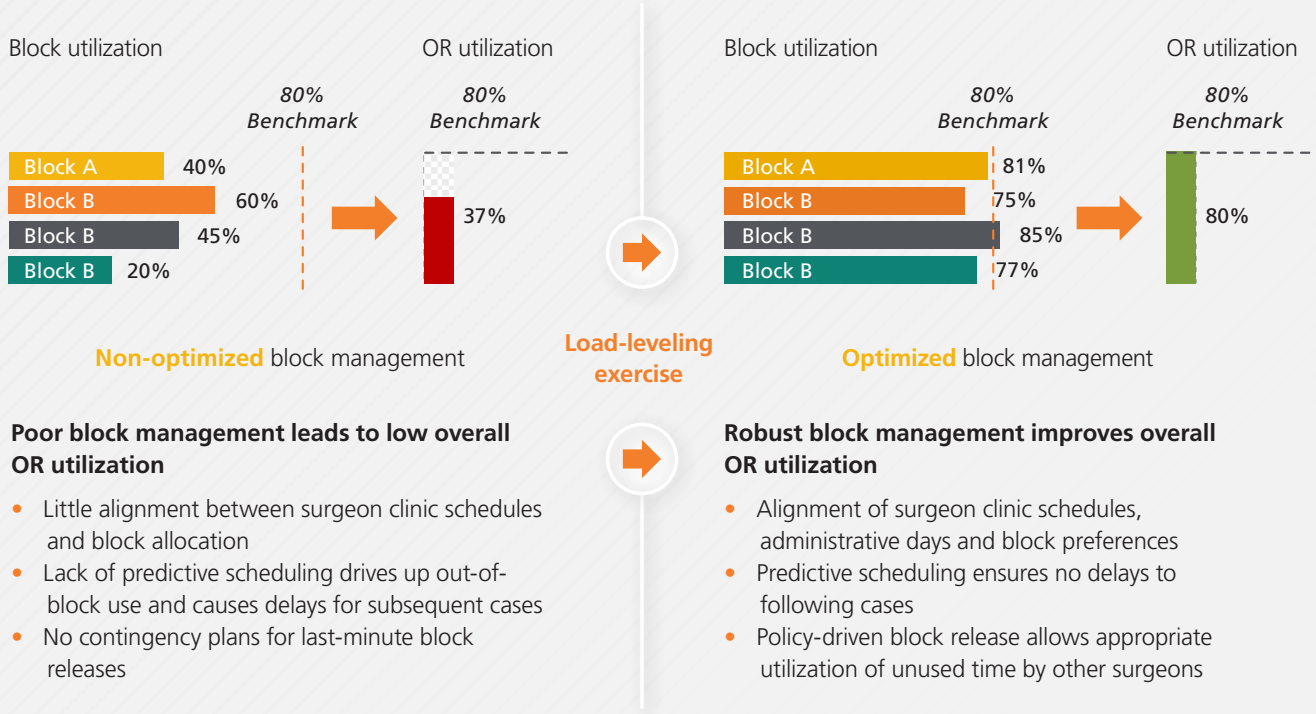
Traditional approaches are unable to keep up with the needs of a value-based environment, or to catch up the organization's revenue loss. This is true for everything from preoperative patient preparation to block utilization and management. Given the rapid change in this environment, there has never been a better time to rethink perioperative services.

## Leading organizations are redesigning several practices to revamp leadership, operations and management for their perioperative services to enhance value:

- **Physician-led governance**. There is a growing emphasis on partnering with physicians to redesign operating room (OR) policy to enhance data-driven decision making. Health systems are using this elective surgery "pause" to restart governing bodies under a new framework that improves effectiveness. Highly effective, physician-led governance committees lay out and enforce the ground rules to promote policy over politics. They focus on the areas of block management and behavioral challenges to operational efficiency. This change alone can promote more effective block management, improved OR utilization and fewer surgeon-related delays and problems.

- **Block redesign.** Legacy block assignments are one of the most prominent impediments to optimal procedure area utilization. Overly blocked total schedules and underutilized blocks lead to low total OR utilization and lost capacity. Most organizations can increase their total OR utilization by over 10% by redesigning blocks and managing them though robust policy supported by data.

## Improve OR utilization though load leveling




**Poor block management leads to low overall OR utilization**

- Little alignment between surgeon clinic schedules and block allocation
- Lack of predictive scheduling drives up out-of-block use and causes delays for subsequent cases
- No contingency plans for last-minute block releases

**Robust block management improves overall OR utilization**

- Alignment of surgeon clinic schedules, administrative days and block preferences
- Predictive scheduling ensures no delays to following cases
- Policy-driven block release allows appropriate utilization of unused time by other surgeons

FIGURE 1. TRANSFORMATION BENEFITS OF LOAD LEVELING

This utilization improvement can add one to two cases per room per day. For a 10-room OR, that adds over $5 million in revenue per year. (10 cases x $2,500 x 20 days x 12 months).[1] Improved OR utilization has the added benefit of reducing the stipend many organizations pay to the anesthesiology team. That's the primary way hospitals reimburse that team for covered OR down time.

1. Estimated return based on calculation.

- **Physician preference item variation.** Partnering physicians with data heightens their attention to PPI-driven cost overruns and manage variation to reduce costs. Putting physicians at the front of value analysis and supply cost variation is the most effective way to reduce costs and maintain or improve quality. These physician-led groups can spearhead the reduction of cost variation and value analysis efforts. That effort can lead to millions of dollars per year in implant, pharmaceutical and supply standardization.

## Improving cost per case

Taking a multifaceted approach will bend the cost curve

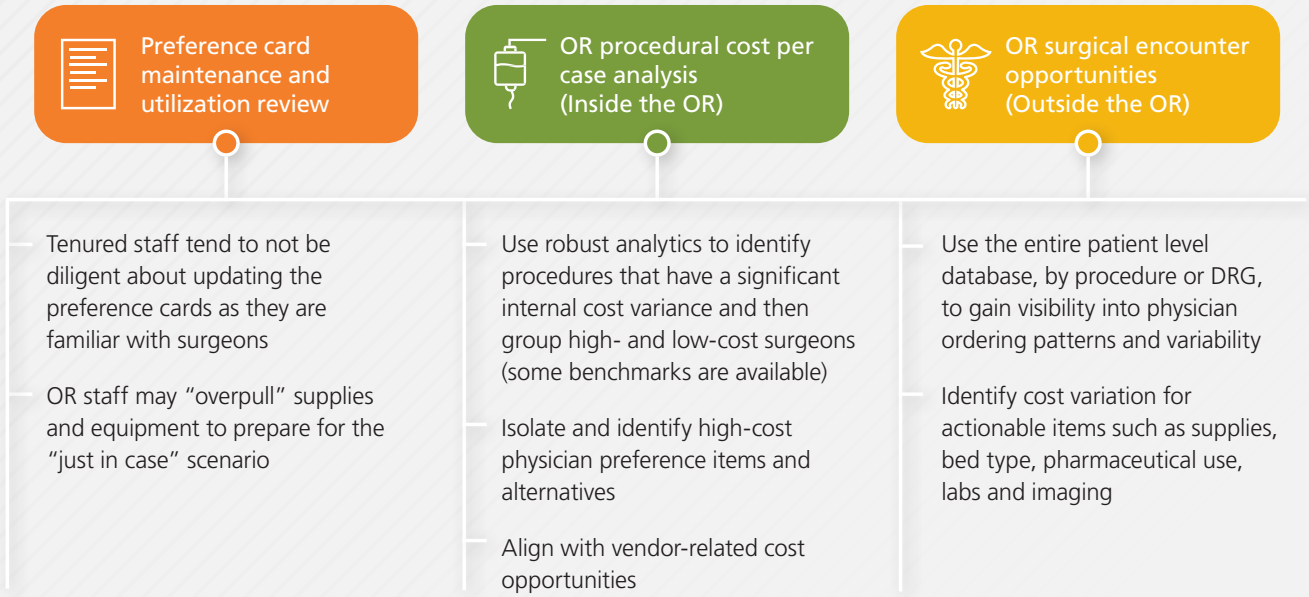



FIGURE 2: COST VARIATION IMPROVEMENTS

- **Preoperative patient preparation.** Effective preoperative management of high-risk patients has emerged as a key driver to improve quality, cost and patient satisfaction. It's also a pathway to digital health and consumerism. The traditional approach is a lengthy process that increases costs and results in little quality improvement for most patients. It involves surgeon office-based scheduling onto the OR schedule, followed by a nursing-intensive preoperative testing approach.

Progressive organizations are rethinking the use of technology, data, automated scheduling and patient portals to maximize efficiency and satisfaction. Since most patients for ambulatory surgery are healthy, they should experience a lighter-touch, less intensive approach. For patients with more comorbidities, a higher-touch approach is appropriate. Some organizations are leveraging Early Recovery After Surgery (ERAS) and Perioperative Surgical Home (PSH) concepts to improve care and reduce delays and morbidity for these medically complex patients. This skill set is critical for organizations that are moving quickly to value by improving outcomes for these typically higher risk patients.

## Pre-operative readiness solution

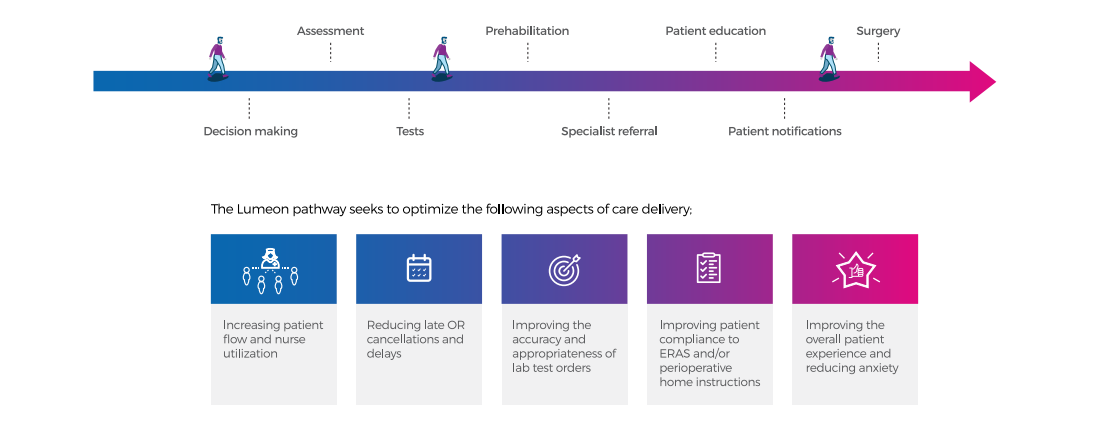



FIGURE 3: THIS FLOW HIGHLIGHTS LUMEON'S INNOVATIVE PROCESS OF PRE-OPERATIVE READINESS.

Robust data services underpin these transformational efforts. The following elements are essential to success:

- Easy access to block utilization
- Physician cost variation reduction
- Patient quality outcomes improvement
- Analytic talent to uncover opportunities

The correct level of support for physician, administrative and service line leaders requires investing in personnel trained to mine and manage this data. It also requires the ability to partner with physicians to facilitate productive decision-making. Physician response to data that is easy to interpret and reliable, shown in visual modalities are also key drivers for success. What does success look like? Accelerated revenue, improved cost and quality, and increased staff, provider and patient satisfaction.

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