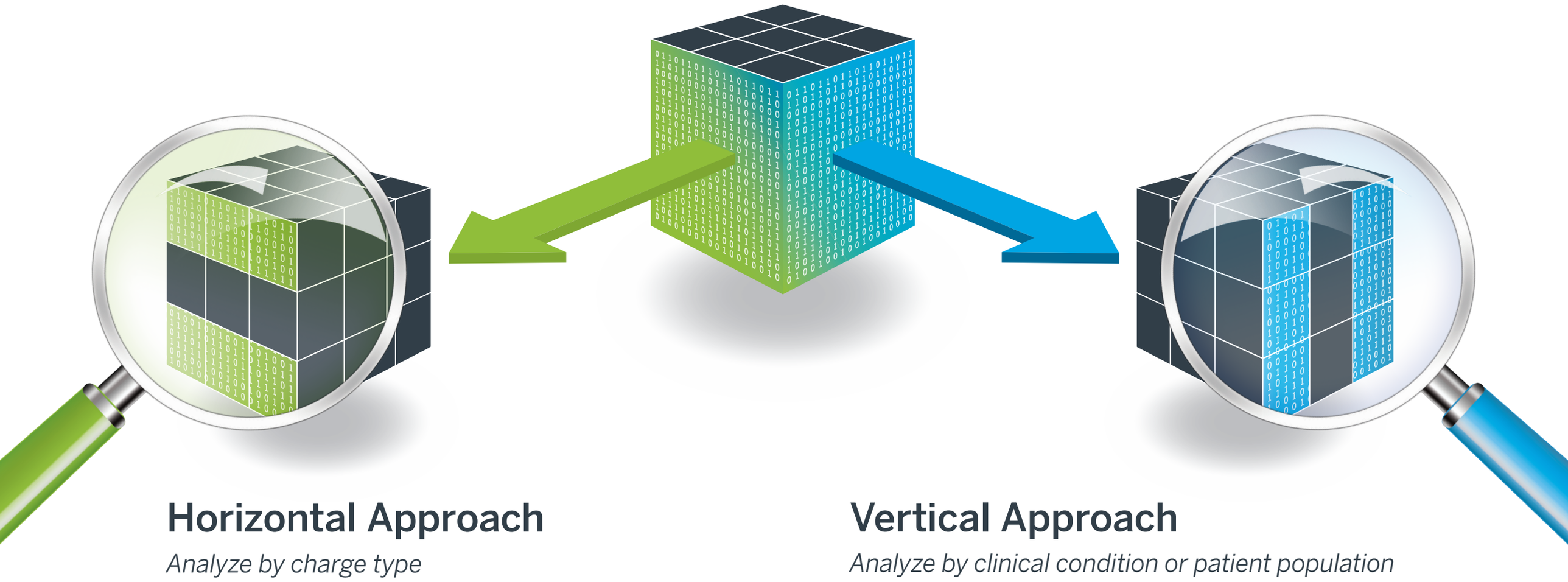
TWO WAYS TO IDENTIFY

Clinical Variation

Prioritize Different Variation Reduction Opportunities

There are many opportunities to reduce care variation in hospitals today, but a common challenge is how to prioritize. Hospital leaders can start by examining variation in two ways, "horizontal" and "vertical." A horizontal approach focuses on the use of costly resources across multiple conditions, while a vertical approach analyzes performance within a particular condition or patient population to develop a consensus-based standard.



Horizontal Approach

Analyze by charge type

Horizontal analysis focuses on variation in high-resource charge types that cut across DRGs, such as pharmacy costs and imaging.

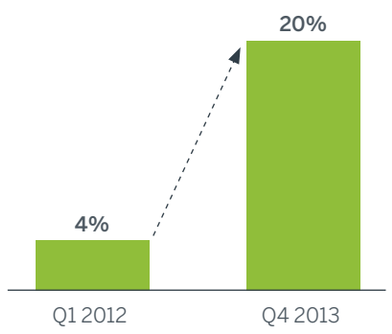
Example: Assessing the Value of IV Acetaminophen (IV APAP)

IV APAP Utilization and Cost Increasing

Clinical leaders are concerned with both the rising cost and utilization of IV APAP, a drug increasingly used in multimodal post-operative pain management. The Advisory Board ran a horizontal analysis of Crimson Continuum of Care data across surgical DRGs to answer the question: "Is IV APAP yielding benefits in proportion to its costs?"

Percentage of Cases Using IV APAP Increasing

n=2,569,321 cases



$38

IV APAP cost per dose

Two Observations from IV APAP Analysis[1]

1. High-opioid approaches yield unnecessary complications.

   A lower-opioid approach:

   - Reduces complications by 36%
   - Shortens length of stay by 29%

2. To see a benefit from multimodal regimens, clinicians must **reduce overall use of opioids.**

   - However, the increase in IV APAP did not have a corresponding reduction in opioid use or dose
   - Without a reduction in opioid dose and use, the value of IV APAP is obscured, making prioritization difficult

Challenges with a Horizontal Approach

- It's difficult to understand the relative value of a particular resource without further analysis
- Analysis may uncover other questions about variation, making prioritization of opportunities difficult
- Analysis risks alienating physicians by focusing on reducing utilization

Vertical Approach

Analyze by clinical condition or patient population

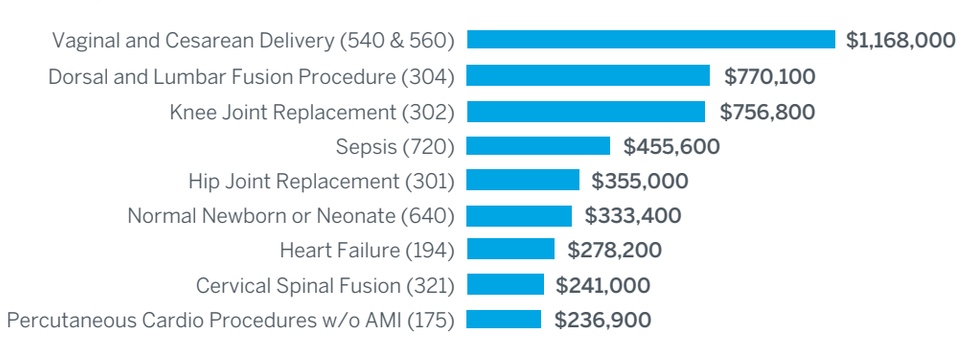
Vertical analysis focuses on setting a consistent standard of care for a particular clinical condition or population.

Example: Assessing the Potential Impact of Reducing DRG[2]-Specific Variation

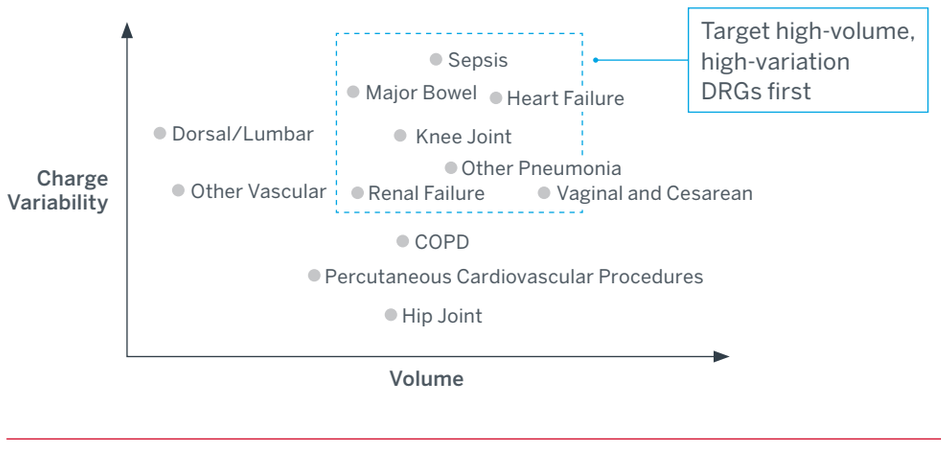
Two Ways to Assess DRG-Specific Variation Impact

1. **Outlier Reduction:** Changing the practice patterns of a small group of physicians whose practice patterns are far outside the facility norm
2. **Shifting the Mean:** Getting groups of physicians to make small changes to their practice patterns to improve overall outcomes

Average Hospital Opportunity to Reduce Outliers[3] by Severity-Adjusted DRG



Comparing DRGs by Size of Opportunity of Shifting the Mean[4]



Benefits of a Vertical Approach

- It's less complex to demonstrate potential value of reducing variation for a particular clinical condition
- It's easier to engage physicians to reduce variable outcomes in similar patients with similar conditions

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1. See our research brief *Cost and Quality Impact of Multi-Modal Pain Regimens*, available on advisory.com.
2. DRG = Diagnosis Related Group. Our analyses use 3M APR-DRG grouper methodology.
3. After aggregating the opportunity across the cohort, we divided by 650, the number of hospitals in the cohort, to estimate the average opportunity for each organization.
4. Estimated impact of adjusting average charge per case to the facility-specific, DRG severity-adjusted best case average (charge per case at the 25th percentile).

Learn more about setting the standard for patient care

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