

Smoothing out peaks, valleys in admissions would save money

By Eugene Litvak

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American healthcare is extraordinarily dynamic—with new technologies, government initiatives, structures of healthcare providers, improvement strategies and other potentially transformational initiatives. But as valuable as any of them may be, healthcare optimization will not become a reality unless we can defeat what I call “peak day-related disease.” That's the condition caused by inefficiencies from unnecessary peaks and valleys of patient flow that occur on a regular basis in hospitals across the nation.

Those peaks and valleys are inflicted by the healthcare system itself, not by the patients. The peaks occur for a variety of reasons—doctors' scheduling preferences and inefficient patient flow through the hospital, among others—but they cause over-utilization on some days of the week and under-utilization on others. Hospitals, therefore, have to add beds to accommodate the peaks, even though many of those beds are empty on the other days.

The resulting costs—and potential savings—are substantial. The capital cost of a medical or surgical bed is between \$1 million and \$3 million, depending on the part of the country; annual operating cost of each bed is at least \$250,000. Eliminating the need for beds can generate substantial savings and greater efficiency within individual hospitals. With almost 6,000 hospitals in the nation, the potential savings for the healthcare system are extraordinary.

While this might sound preposterous, it's often easier for hospitals to predict emergencies than predict the elective admissions they schedule. How many patients will come to the ER on a given day for a broken bone, for instance, can be predicted with some precision, based on a facility's history. How many patients will be admitted to the hospital for an elective procedure, however, is much harder to determine, because there are more variables within the hospital. Yet those variables are readily controllable.

By smoothing the patient flow to reduce those peaks, hospitals can avoid unnecessary capital and operating costs; reduce mortality, readmissions, medical errors and overcrowding, and generate savings. That's a win for providers and patients alike, and a key to controlling the nation's healthcare costs.

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