

WISCONSIN HOSPITAL ASSOCIATION, INC.

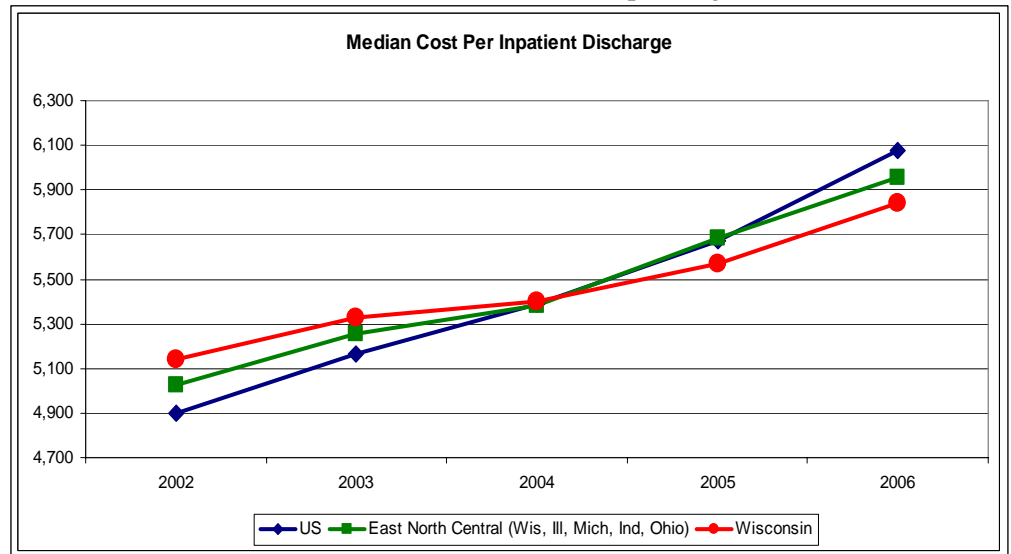


Hospitals Focused on Cost Reduction While Improving Quality and Value

Opinions vary on how to most efficiently and effectively accomplish health care reform. Despite all of the discussion, if overall health care costs are not reduced, whoever is paying the bill will continue to pay more. Any health care reform effort must focus on reducing costs at all levels of the health care delivery, financing and insurance system while continuing to improve and advance health care quality and safety.

Cost and Quality Efforts Produce Results

Cost-control efforts by Wisconsin hospitals are paying off. A recent study conducted by the consulting company Milliman, Inc. for the Greater Milwaukee Business Foundation on Health found that operating costs at Milwaukee-area hospitals increased only about 10% over the period 2003-2006. This is four to five percentage points below the national average. While the study focused on the Milwaukee area, hospitals across the state are working hard on evaluating all levels of their health care delivery systems to find ways to lower costs while improving efficiency, quality and safety.



A review, taken from the *Ingenix Almanac of Hospital and Financial Operating*

Indicators also confirms Wisconsin hospital operating costs are growing

at a pace below national averages and reversing previous trends. At the same time, Wisconsin hospitals are also being lauded nationally for the high quality of care delivered in their facilities. In its *2006 National Health Care Quality Report*, the Agency for Healthcare Research and Quality, an agency within the federal Department of Health and Human Services (AHRQ – <http://www.ahrq.gov/>), reported Wisconsin’s health care system as being the best in the country; lead by our hospitals. A summary of the report can be found at: <http://statesnapshots.ahrq.gov>.

Source: *Ingenix Almanac of Hospital and Financial Operating Indicators*

Investments in Information Technology Making a Difference

Many of these improvements are attributable to new information technologies, which in hospitals are much broader than a simple, single computer system. An integrated hospital IT structure involves multiple, specific functioning systems, including: core patient databases, bedside medication verification and charting, computerized radiography, prescriber order entry (CPOE), lab information systems, image archiving and many others. A recent survey (with 100% compliance) conducted by the WHA Information Center shows that 67% of Wisconsin hospitals have either fully or partially implemented key components of an integrated electronic system. We expect that number to continue to rise. These technologies are expensive and are ongoing. In fact, annual operating costs for systems are typically twice the capitol cost. But the millions of dollars Wisconsin hospitals are investing into these systems are resulting in greater efficiency, quality and ultimately better health care value.

Outlook Remains Optimistic

Doing things because “that’s the way they’ve always been done” is no longer acceptable, especially in health care. Hospitals continuously strive to examine all levels of their care delivery systems looking for ways to operate in more efficient and effective ways. The positive trends prove these efforts are working in hospitals. All health care providers must continue to develop new and innovative measures aimed not only at lowering costs but keeping Wisconsin the national leader in health care quality and safety.