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healthcare financial management association

**EMBARGOED FOR RELEASE, June 22, 2015, 8:00 am CT**

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**Research Identifies 10 Key Action Steps for Improving Healthcare Value**

**(Westchester, Ill.—June 22, 2015)** –Hospitals and physicians must focus on improving healthcare value and ensuring that consumers, employers, and other healthcare purchasers receive the benefit of value improvements.

That’s the key finding that has emerged from five years of research on healthcare value, according to the Healthcare Financial Management Association. “The volume-to-value shift is pretty well understood in the industry on a conceptual level at this point,” says HFMA President and CEO Joseph J. Fifer, FHFMA, CPA. “In addition to implementing strategies to drive value, provider organizations should close the loop by passing value improvements through to consumers. This research identifies steps that all major healthcare stakeholders can take to close the value loop.”

The most recent phase of the Value Project research, conducted in 2014-15, found that forward-looking provider organizations are adopting three strategies to position themselves to close the value loop:

- Shifting resources away from established operations and services to enable investments in the infrastructure required for population health management and other value-based approaches to delivering health care
- Focusing on hospital/physician alignment around shared goals to increase value
- Pursuing value-focused acquisitions and affiliations that are geared toward improving the quality or cost-effectiveness of care, as opposed to dominating markets

HFMA’s Value Project research, launched in 2010, marked its fifth anniversary this year by issuing an e-book that compiles all 10 Value Project reports into a single, 200-plus page sourcebook. Encompassing surveys, in-depth interviews, and site visits with healthcare

organizations throughout the country, the research detailed in the sourcebook can be distilled into 10 key action steps for providers seeking to improve healthcare value.

1. ***Define value from the care purchaser's perspective.*** Value is the relationship between the quality of care received and the total cost of care *to the purchaser*.
2. ***Build four key capabilities for value.*** These include people and culture; business intelligence; performance improvement; and contract and risk management.
3. ***Align around a common set of value metrics that are relevant to the purchaser.*** These metrics should clearly relate to the Triple Aim of improved patient experience, improved population health, and reduced per capita costs of care.
4. ***Define the organization's value proposition.*** The optimal position is likely one in which the organization can demonstrate lower total cost of care to the care purchaser.
5. ***Be prepared to take on shared challenges.*** Virtually all healthcare organizations seeking to improve value face challenges related to unclear metrics; inflexible cultures and organizational structures; limited stakeholder alignment; expectations of diminished future revenue; uncertainty about future payment and care delivery models; and patient engagement.
6. ***Also recognize the challenges that are unique to different types of provider organizations.*** Academic medical centers, rural hospitals, highly aligned and integrated systems, multihospital systems, and stand-alone hospitals each face their own set of challenges.
7. ***Seize opportunities to create value that are unique to different types of organizations.*** For example, multihospital systems can leverage economies of scale to achieve greater cost efficiencies, while stand-alone hospitals are often more nimble and better able to foster adaptable cultures.
8. ***Let go of old assumptions about competition and collaboration.*** Market conditions and organizational needs are opening up collaborative possibilities for organizations that may have viewed one another as competitors.
9. ***Identify economic linkages between physicians and hospitals that can facilitate pursuit of the same objectives.*** Such linkages may or may not involve physician employment, which is just one of many models to promote greater alignment between physicians and health systems.
10. ***Recognize that cost containment alone is not enough to deliver better value.*** Focus on *reconfiguring* an organization's cost structure by identifying opportunities for cost savings and making strategic investments in population health management infrastructure.

To download *The Healthcare Value Sourcebook*, visit [hfma.org/valueproject](http://hfma.org/valueproject).

## **About HFMA**

With more than 40,000 members, the Healthcare Financial Management Association (HFMA) is the nation's premier membership organization for healthcare finance leaders. HFMA builds and supports coalitions with other healthcare associations and industry groups to achieve consensus on solutions for the challenges the U.S. healthcare system faces today. Working with a broad cross-section of stakeholders, HFMA identifies gaps throughout the healthcare delivery system and bridges them through the establishment and sharing of knowledge and best practices. We help healthcare stakeholders achieve optimal results by creating and providing education, analysis, and practical tools and solutions. Our mission is to lead the financial management of health care. [hfma.org](http://hfma.org)