CALCULATING THE TOTAL COST

The growing CQO Movement yields positive outcomes for

Though supply chain professionals are keenly aware of the importance of quality and cost, their clinical counterparts may not be as familiar with an organized movement to link these two components with patient outcomes. The Cost, Quality and Outcomes (CQO) Movement was launched by the Association for Healthcare Resource & Materials Management (AHRMM) in January 2013, but it has already reaped many positive results for supply chain leaders.

The CQO Movement looks to find the intersection between the lowest cost, the quality of the product being purchased and the positive outcome for the patient, says **Jay Kirkpatrick**, HealthTrust's MidAmerica Region CEO.

"Data analysis is focusing on utilization trends to ensure that you are indeed at the CQO intersection," Kirkpatrick says. "That analysis goes well beyond calculating the total cost of these products to assessing the kind of outcomes we're getting from their use and how they're impacting areas such as readmission rates."

GETTY IMAGES; STEPHEN SIMPSON

OF THE HEALING ENVIRONMENT

supply chain professionals and the entire industry.

Though the CQO Movement is still relatively new, its foundational concepts are not. "It's a repackaging of ideas in language that hospital and healthcare industry leadership can relate to, understand and support," Kirkpatrick explains.

Healthcare reform has been a key factor in the creation of the CQO Movement. "With the underlying premises of the Affordable Care Act (ACA) being to increase quality and lower cost, it made a lot of sense to have an organized method," says **Brent Petty**, AHRMM chair-elect and vice president of Wellmont Health System.

The platform for the CQO Movement has been around for a decade, Petty explains, with health systems employing quality departments to measure issues such as patient safety and tasking the supply team with overseeing the cost.

The ACA ensures "price will always be an important part of the conversation, but it's no longer the focus," Petty says. "The focus is the total cost of that healing environment, from the time a person is admitted to discharge. We're looking at how we can move to a lower-cost environment while protecting quality."

GETTY IMAGES; THOMAS BARWICK

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Strengthening Communication, Saving Money and Reducing Variance

At Medical City Dallas Hospital, the CQO Movement is being implemented in the form of the Clinical Value Analysis Team (C-VAT), a physician-led committee created to evaluate new products and technology. Composed primarily of physicians, as well as four of the hospital's top administrators, C-VAT focuses on physician collaboration and shares clinical practice processes with all of Medical City Dallas' sister hospitals, explains **Amy Yazbeck**, clinical resource director at Medical City Dallas Hospital and a member of C-VAT.

The team reviews new items and technology based on clinical and financial evidence, then looks at outcomes that physicians either expect to achieve or have seen at another hospital. Next, members vote on whether they will allow the product to be used.

"We don't want to dictate practice—that's not the goal," Yazbeck says. "The goal is to collaborate with physicians on the hospital side and be transparent with them about the financial impact."

Yazbeck has seen two obvious improvements from the formation of the team. The first is a significant increase in communication. Rather than being told what they can and can't use, physicians present their requests to C-VAT and explain why they want to use a certain product and what they hope to achieve by using it. The C-VAT team members ask questions of the physicians and explain the financial ramifications of choosing the product.

"The committee has done wonders for physician engagement here," Yazbeck says. "They feel like they have a voice. These meetings also encourage the requesting physicians to be more aware of their product usage, as well as the financial impact of their choices."

The second positive outcome of C-VAT has been in cost savings. Recently, the team evaluated a high-dollar product that was being used frequently in their healthcare system. The product had no clinical evidence supporting its use and yielded no additional reimbursement. C-VAT voted to remove it from the hospital, creating roughly $400,000 in savings.

Promoting the Profession and Standardizing Practices

The CQO Movement also increases the profile of supply chain managers, essentially promoting them from order placers and inventory managers to decision-makers and strategic planners.

"Once the Affordable Care Act pushed hospitals to remove all these costs, it thrust the supply chain leader from a historic position of the tactical manager who moved boxes in the basement to a strategic thinker for the entire hospital," Petty says.

Kirkpatrick agrees. "The CQO Movement helps supply chain professionals be seen more as strategic assets and leaders in their facility. They've moved beyond being thought of as gatekeepers who say 'no' to buying this, that or the other, to resources who really understand the products and their use.

"Now they can be a part of an interdisciplinary team, along with clinicians, physicians and IT professionals, who search for that [CQO] intersection together," Kirkpatrick adds. "That kind of team can really change the face of medicine over time."

Petty also believes that the CQO Movement will decrease the rate of errors, giving the example of two surgeons in the same clinic using two different procedures to remove a gallbladder.

"While both may be good practices, ensuring that physicians at the same hospital or region use the same best practice, CQO allows us the potential to lower the error rate" and be more efficient, Petty says.

"Other industries have already accomplished this and we can, too," Petty continues. "Standardizing outcomes and reducing variation are key. Medical errors and inefficiencies are ... driving up cost and compromising quality, and they must be addressed under healthcare reform."

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Helping Meet Reform Guidelines

Gathering data to find that ideal intersection can be time-intensive, but when new healthcare guidelines include not being reimbursed for ailments that happened during a patient's stay (skin ulcers, for example), it's becoming imperative to capture the information.

"A product could be the lowest cost, but if you have to use three or four of that item to do the job compared to one use of another, more expensive product, at the end of the day it's costing you more to use that cheaper product," Kirkpatrick says. "The CQO process is about looking at the true quality of a product, rather than marketing collateral, to make decisions. In actuality, the flashy new product may not improve outcomes at all. We have to make sure the cost is not beyond the intersection of quality and outcomes."

While the CQO Movement is still too new to firmly gauge its success, Kirkpatrick believes it's only logical that it will help hospitals meet healthcare reform mandates. "Reimbursements will continue to be cut, so they must continue to lower their cost structures. But it doesn't have to come at the expense of quality and outcomes," Kirkpatrick says.

AHRMM has a three-year plan to increase awareness of the CQO Movement and educate healthcare supply chain leaders on its principles and benefits. Cost and quality were highlighted in 2013, reimbursements and outcomes are the themes this year and continuum of care is the focus for 2015. **S**

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