

7 Lean Concepts for Healthcare

Lean Concept 1)

To improve or correct your processes you first need to simplify and streamline your supply chain to eliminate or outsource the 80% of the products and services which contribute only 20% of the profit. This reduces the complexity of your processes which simplifies your improvement and correction efforts.

AHI offers a wide scope of products and services which can effectively reduce or even eliminate the non-value added portion of any medical practice. Non-value added can be easily identified, just ask yourself, "is this something that the customer is paying for?". In medicine customers are paying for the time that they spend with their physician, they are not paying for the time spent charting, filling out forms, billing, etc. Lean is all about focusing on the value added portion of your business, and working with partner firms whose value added is your non-value added to create a highly competitive streamlined supply chain. Once the 80% of your operations, "scheduling, billing, charting, trouble shooting, etc." that do not add value are outsourced then you can focus on the 20% of your total operations that account for 80% of your value added, "patient care". Your operation becomes much less complex and much easier to manage.

Lean Concept 2)

Create a high velocity, high visibility supply chain. Because you want to exactly match the mix, volume, and timing of customer demand to avoid the waste of over- and under-production. Also, buffers are expensive.

In medicine just as in most industries demand is not constant, it fluctuates. If your capacity is too high then your profitability suffers and if your capacity is too low then your quality of service suffers. By outsourcing the administrative portion of your practice you no longer have to worry about paying administrative costs when there is not work to be done. How often are employees in your office waiting because there is not any work to be done? What about when you are under capacity, should you hire a new employee to manage a temporary surge in demand, or simply let your office become back logged with paperwork? When you outsource you are only paying for the exact amount of capacity you need when you need it. Using a reliable EMR system increases the visibility of your supply chain by improving communication and collaboration between patients and their health care provider. When medical records are made available to patients through a secure portal they are able to make more informed decisions. Eliminating paperwork increases your velocity by cutting lead-time by as much as half, this makes your operation more flexible, increases your capacity, and gives you more time to spend with patients.

Lean Concept 3)

You need to standardize on 2 or 3 suppliers. You do not want many vendors competing with each other to provide you with the lowest bid. You want a few partners with the lowest operating cost who will continuously help you cut your costs by customizing their offerings for your needs with regard to quality, mix, volume, timing, and innovation.

AHI is not a large company providing a one size fits all solution that can be generically implemented across the board. AHI is a small group of highly qualified professionals dedicated to improving profitability, quality of service, and operational efficiencies for our clients. At the heart of our business is a drive to continuously and systematically reduce costs and improve quality so that we can pass that savings on to our clients. AHI uses the best practices and products in the industry to provide comprehensive project management and implementation services to clients that range in size from small private practices to large health facilities. AHI provides project design, paperless office solutions, electronic medical records, training, clinical and implementation consulting, interfacing EMRs with practice management systems, laboratories and other external systems, billing, accounts receivable services, data entry, electronic claims submission, payment posting, rejected claim/denial follow-up, patient invoicing, collections, and comprehensive IT support all on a case by case basis to best fit the individual needs of your practice.

Lean Concept 4)

Errors cost money. If you are a 3% error rate organization with a 6-18% ripple effect, then fixing errors is costing you approximately 35% of every \$100 you spend. As errors flow through the system undetected they cause more and more damage. In most businesses 20% of the processes cause 80% of the problems because you will have a small number of key processes which are more complicated, error prone, and difficult to manage.

AHI designed it's product and service lines with the goal of eliminating common process errors. Unlike template based EMR software which can actually increase error rate by leading to attribution error or verbal discrepancies our unique EMR software PRAXIS uses a concept processor which makes most errors virtually impossible to occur, while also improving the quality of personalized patient care. Our billing services make complicated insurance company billing procedures and constantly changing government compliance standards our problem not yours, and our IT department can insure that technical difficulties encountered can be resolved instantly when they occur before they lead to more serious problems.

Lean Concept 5)

Top performing companies achieve nearly half of their total profit improvement directly from reducing their costs by focus on reducing waste, non-value-added time, just-in-case buffers, and variances.

According to a study published by the American journal of medicine on average chart pulls cost an office \$5.30 each. With the right EMR this cost can be completely eliminated. EMRs could reduce transcription costs by 28% since much of the dictation would no longer be necessary. Also EMRs can decrease billing errors which leads to increased "billing capture". The study also found that drug costs could be decreased by 15% per year by providing reminders of alternative drugs. The study ultimately concludes that over a five year period the EMR system provided \$86,000 in net savings per provider.

Lean Concept 6)

Normal companies try to reduce costs using across-the-board cuts (e.g., cut head count by 10%) without excluding the value-added processes which are already cost effective. If a process is very cost effective (i.e., highly productive) and you attempt to cut costs across-the-board, you will destroy the value-added portion of the process. Doing across-the-board cost reductions can cause irreparable harm to a company's product portfolio and services infrastructure.

AHI offers your firm a unique opportunity to incrementally outsource or overhaul your non-value added administrative tasks with out disrupting the quality of your service. We do this by managing integration projects and training you and your staff at a time and place that is convenient for you. We can train you on-site in your workplace, train you remotely at your own computer, or in our office. Which ever solution is right for you.

Lean Concept 7)

Think in terms of differences before thinking in terms of similarities with regard to their past experience. This approach avoids attribute error (i.e., misclassification) which is caused by equifinality (i.e., multiple causes can have the same effect and multiple effects can have the same cause). Jumping to conclusions based on intuition and hunches (i.e., pattern matching) is natural and is effective when equifinality does not exist. Attribute error caused by equifinality affects diagnoses by experts. Approximately 15% of all diagnoses by medical doctors are wrong because of attribute error. Medical doctors have approximately 20-30% inter-observer variance and a 20-30% intra-observer variance. This means that 20-30% of the diagnoses by two different doctors for the same patient will be different.

This is exactly why AHI provides PRAXIS as our primary electronic medical records system. Praxis is different from all other EMR software on the market because instead of using templates which cause you to think in terms of similarities and provide generic responses to complicated medical procedures, Praxis is revolutionary because it provides you with your own medical writing from the case most similar to the one you are currently working on, then Praxis prompts you think about the case you are currently working on in terms of differences. Praxis insures that you have considered all the possibilities before making your final diagnosis. And by using innovative concept processor technology Praxis does this with more ease and less time then other template based EMR software without the need for cutting and pasting. Every physician practices medicine in his or her own way, Praxis allows you to do this with excellence and optimal efficiency.

Citation:

7 Lean Concepts for Healthcare was written by Adam M. Foley

Boldfaced lean concepts are from the PDCA document written by Dr. William Fredenberger

Keywords: Lean health care, Lean healthcare, EMR, Praxis, Lean Concepts, Health care plan, health care industry, Lean, TPS, cost cutting, Electronic medical records, medical billing, health innovation, health technology, future medicine, Toyota production system, outsource, billing, value added, streamline