



## highlights

Building consistent, accurate cost engine across continuum

Promoting physician buy-in with costs

Quickly & accurately determining the true cost of care

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## impact story

# Academic Health System Deploys Time-Driven Costing to Understand True Cost of Care

### problem

#### Lack of Accurate Information Makes Identifying Cost Variation Difficult

Organizations that don't have access to detailed time and staffing data within their cost accounting setup lack the ability to calculate an accurate cost per case. Traditional costing methodologies like RVUs aren't patient specific and don't capture when a surgeon spent twice as long or had additional support staff in the room for the same procedure. These scenarios would result in the same cost per case and a missed opportunity to reduce potential cost drivers.

Leaders at this academic health system realized the importance of moving away from less accurate, non patient-specific costing methodologies. The organization invested in Time-Driven Costing™ (TDC™), a methodology combining data on billing activities, employee-level payroll and timestamps pulled from EHR logs to determine costs of patient and staff-level variation.

### play

#### Deploy Time-Driven Costing (DS 106)

This organization enabled TDC across departments including perioperative procedures, emergency room visits, anesthesia, labor and delivery and all imaging modalities. One decision support leader emphasized that the process "is a data game; it's less about tweaking the cost model and really about a shift to front-end data capture and data validation activities." By adopting the much more automated TDC process, they reduced their reliance on RVUs, which required a significant amount of time to build and maintain, and

moved away from the more faulty ratio of cost to charge (RCC).

In their pursuit of value analysis across all spend categories including labor and supplies, the organization has developed three main departments focused on cost value: operation time managed, imaging and emergency departments. The health system plans to expand this effort as more hospitals adopt their system's EHR.

### impact

#### Develop OR & Patient Cost Variation Analysis

This academic health system now has access to the accurate data they need to be more specific with their costing. With visibility into how long a procedure actually takes and who is involved, leaders make better-informed pricing decisions for certain procedures.

Since shifting to this more accurate and data-driven costing model, the organization has also experienced significant engagement from clinical leaders and staff. For example, members of the perioperative department now come to the organization's cost accounting leaders seeking out data points of the staffing minutes and number of staff attached to a case. Improving the accuracy of their costing by using TDC has helped this organization to engage leaders in understanding the costs associated with delays and cost variance in the OR and other areas. As a result, they better tackle cost variation using deeper, more accurate data. This analysis has helped them price appropriately and keep doctors accountable to set surgery times in areas such as self-pay cosmetic surgery.