

2023 VIZIENT CONNECTIONS SUMMIT

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Cost Savings Reinvestment
Program

Stanford's Path for Engaging Physicians on Cost

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Learning Objectives

- Create a cost-savings program with physician leadership.
- Discuss effective physician engagement strategies used in quality improvement.
- Describe the benefits of sharing a portion of the realized cost savings from physician-led improvements.

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Considerations for Structuring Incentives



Self Determination Theory

Intrinsic Motivation vs Extrinsic Motivation

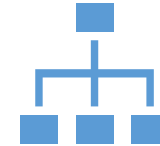


System vs Team and Individual Incentives



Legal Considerations – Fraud and Abuse Laws

Civil Monetary Penalties Law
Stark Law
Anti-kickback statute



Integration with Current Incentive Structure



Potential Pitfalls

Sources of Intrinsic Motivation:

- Improving the health of patients
- Social and peer group norms
 - “right thing to do”
 - Actions may be viewed as admirable or condemned
- Performing a task well

Sources of Extrinsic Motivation:

- Salary
- Fee-for-service
- Capitation
- Target payments and bonuses

How do you engage physicians in your organization?

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Cost Savings Reinvestment Program Overview (CSRP)

Vision: Facilitating partnership between SoM faculty and SHC to improve the value of care that we provide to our patients

Mission: To benefit the School of Medicine (SoM) and Stanford Health Care by engaging physicians to develop and assist with the implementation of initiatives that reduce hospital costs while maintaining or enhancing the quality of care provided to hospital patients

Cost Savings Reinvestment Program Overview (CSRP)

Purpose

- A physician engagement strategy to benefit Stanford's School of Medicine (SoM) and Stanford Health Care (SHC) by sharing realized cost savings from physician-driven improvements ("Physicians leading Physicians")

Mechanism

- A portion of realized cost savings from physician-driven improvements shared with the SoM
- Funds for departments to purchase equipment, research, continuing education, and other program development activities (not compensation)

Structure

- Savings will be calculated based on direct costs over the first 12-month period ("Eligible Savings")
- Eligible Savings for Reinvestment (transfer)
 - For savings of \$50K to \$500K, 50% will be transferred to the department
 - Portion of savings over \$500K, 25% will be transferred to the department
- Timing
 - 80% of Eligible Savings transferred after first 12-month improvement period
 - 20% of Eligible Savings transferred after second 12-month period for sustained improvements

Engagement

- To learn more about CSRP and to receive a proposal intake form with submission instructions, please visit the CSRP website via the SHC intranet.
- The CSRP Office will review all proposals and facilitate review by the CSRP Governance Committee.

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6 Year Reflections – Financial Snapshot for CSRP



Program Savings Dashboard

| Target Savings | Validated Savings |
|----------------|---|
| \$31,718,867 | *\$34,368,282 <small>*Validated savings average 108% of target savings</small> |



Proposal Summary

- Received: 128
 - Endorsed: 70
 - Not Endorsed: 53
 - Withdrawn: 5
 - Complete: 56
- Endorsed Categories
 - Clinical Improvement: 37
 - Non-Medical: 2
 - PPI: 19
 - Pharmaceutical: 12



Participants:
15 SoM Departments/7 Divisions
2 Destination Service Lines

• Top 5 Interventions – Cost Savings

| Intervention Title | Validated Savings |
|--|-------------------|
| EP Service Early Discharge | \$12.9M |
| Improving Appropriate Inpatient Level of Care | \$5.7M |
| Spinal Implants Phase 3 | \$1.6M |
| Repatriation of Novel Fungal Nucleic Acid Tests for Non-Invasive Diagnosis of Invasive Fungal Infections | \$1.4M |
| Rapid Molecular Influenza A/B/RSV Testing | \$853K |

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Lessons Learned - Key Learnings



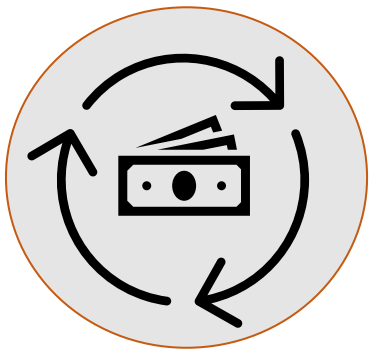
Empower

- Front line clinicians to identify opportunities and innovative solutions to advance care delivery for our patients
- View the CSRP program as an incubator for novel ideas to improve quality and reduce cost
- CSRP allows a venue and supports/connections with stakeholders for physician teams to implement the novel that they are challenged to do on their own



Engage

- Align projects with SHC priorities
- Collaborate with front line nursing leadership, operations, IT to implement innovations
- All submissions are carefully reviewed with SHC Ops/Quality/Finance teams to support project team/idea prior to approval



Reinvest

- Calculation based on validated savings for the Stanford enterprise
- SHC and SOM share the risk – no savings, no reinvestment
- Funding reinvested is at discretion of physician leader involved in the work – supports people/team/research/education/improvement
- Cost share based on Yr1 savings and impact made carries on for years
- Spread and scale – vision is to apply interventions enterprise-wide

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Key Takeaways - Considerations – Open Discussion

- Incentives become an expectation
- Factors not rewarded may be overlooked
- Factors outside of physicians control might impact outcomes
- Efforts to establish and monitoring measures may be resource intensive



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- How would you address the above considerations in your organization?
- Would this program be of value in your organization?

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Questions?



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Contact:

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