

7-27-2018

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## Recommended Citation

Mbitcha, Jean Calvin Tchatchoua, "Strategies for Improving Healthcare Efficiency While Reducing Costs" (2018). *2018 Program & Posters*. 4.  
<https://scholarworks.waldenu.edu/symposium2018/4>

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# Strategies for Improving Healthcare Efficiency While Reducing Costs

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## Problem

- In comparison to the European healthcare system, the U.S. healthcare system has lower quality care, higher costs, and covers a smaller percentage of the population (Thomas et al., 2016).
- The United States spends annually approximately \$9,523 per person on healthcare, which is more than 2.5 times the average paid by the other Organization for Economic Cooperation and Development (OECD) countries (Abbott, Sutton, & Edwards, 2014; Martin et al., 2016).
- The general business problem is that the high cost of limited and modest healthcare services jeopardizes the standard of living and the economic security of U.S. citizens.
- The specific business problem is that some healthcare managers have limited strategies to improve efficiency while reducing healthcare costs.

## Purpose

The purpose of this qualitative, exploratory single case study was to identify the strategies that some healthcare managers use to improve efficiency while decreasing healthcare costs.

## Significance

Rising healthcare costs are stifling economic growth, consuming increasing portions of the nation's GDP, and putting added burdens on businesses, the public sector, individuals, and families. In spite of sensitive concerns about the detrimental influence of U.S. healthcare spending, information about what is driving spending is deficient (HCCI, 2014). Learning more about strategies available to healthcare managers to improve efficiency while decreasing healthcare costs is crucial to ameliorating problems in the U.S. healthcare system as a whole.

## Social Change Implications

Potential to provide solutions to promote social change by:

- Providing solutions that may improve overall organizational performance within a hospital setting
- Benefiting from the quality of new informed decisions and strategies in the healthcare system
- Increasing improvements in communities, institutions, societies, cultures, and in individuals that could affect social change or behavior
- Considerably reduce medical waste in categories such as: overtreatment, failures of care coordination, failures in execution of care processes, administrative complexity, pricing failures, and fraud and abuse

## Theory or Framework

I used the complex adaptive systems (CAS) theory as the conceptual framework in the study. CAS theory was born of the scientific study of complexity. CAS theory is a multi-disciplinary approach to understanding the behaviors of diverse, interrelated agents and processes from a system-wide standpoint (Peters, 2014).

## Relevant Scholarship

• **Categories directly related to healthcare costs.** From my review of the literature, a number of categories are directly (+) related to increases in healthcare costs. As they go up, healthcare costs will go up; as they go down, healthcare costs will go down. The categories are the following: (a) Inappropriate or non-beneficial treatments, (b) unnecessary administrative expenses/excess costs, (c) Medicaid fraud, waste, and abuse, (d) use of name brand medications versus generic drugs, (e) care coordination problems, (f) hospital-associated infections, (g) preventable medical errors, (h) preventable or avoidable hospital admissions, (i) nurse turnover rate, and (j) drug shortages and drugs in short supply.

**These ten categories account for approximately \$666.7 billion dollars or 21.5% of the \$3.1 trillion dollars in healthcare expenditures on an annualized basis .**

• **Categories inversely related to healthcare costs.** From my review of the literature, a number of categories are inversely (-) related to increases in healthcare costs. As they go up, healthcare costs will go down; as they go down, healthcare costs will go up. The categories are the following: (a) health information technology, (b) healthcare literacy, (c) medical tourism, (d) safety and efficiency improvements, (e) use of telemedicine, (f) preventative care, (g), accountable care organizations, (h) outpatient services.

**These eight categories account for approximately \$391 billion dollars or 12.61% of the \$3.1 trillion dollars in healthcare expenditures on an annualized basis.**

## Research Question

The overarching research question for this case study was: **What are the strategies that healthcare managers use to improve efficiency while decreasing costs?**

## Participants

- To be eligible for this study, participants must have had a minimum of 3 years of experience in successfully improving efficiency and reducing costs. The participants held managerial positions at a hospital in Illinois.
- A purposeful sampling procedure guided my selection of participants for the study.

## Procedures

- I collected data from face to face interviews and a variety of documents, including project proposals, reports, presentations, email communication, minutes of meetings, abstracts, policies, Web site data, audit data, written reports, memoranda, newspaper articles, and executive letters.
- I did not put participants at risk or expose them to any harm
- I prepared and followed a case study protocol that contains all of the necessary precautions.
- Ensured comfort and privacy of participants.
- Recorded interviews with a digital voice recorder.
- Used local transcription service to transcribe each interview for accuracy.
- I secured hard copy documents and electronic files and recorded data

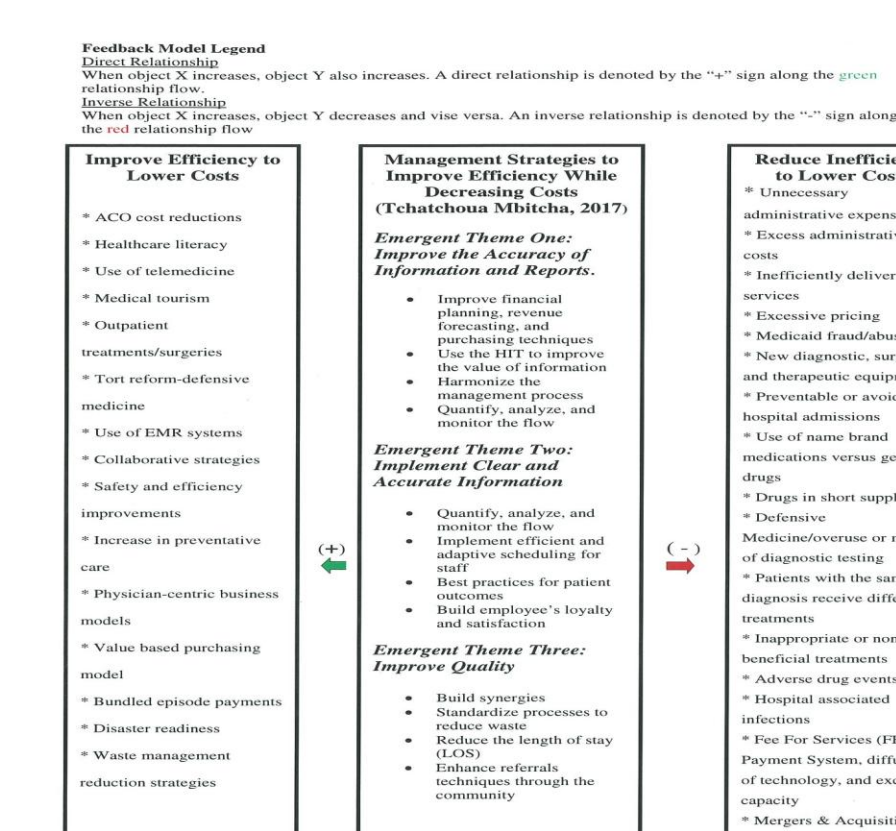
## Analysis

- I employed coding as the primary data analysis technique for the qualitative case study.
- Codes were also derived from an analysis of the interview questions to identify and to isolate keywords and themes related to the conceptual framework selected for the study.
- I used the software tool- Atlas.ti7 to support the handling, sorting, and analysis of document and interview data collected during the study.
- I used the information regarding code rate of occurrence to determine the relative importance of deductive and original codes and to identify major underlying themes and strategies within the data.

## Findings

I identified 12 strategies to improve healthcare efficiency while reducing costs.

**My study might provide the first academic opportunity to analyze the healthcare efficiency improvement and costs reduction in the United States through the lens of complex adaptive systems.**



## Interpretation

- The total cost of avoidable spending for all healthcare services exceeds \$666.7 billion dollars and represents 21.5% of the \$3.1 trillion spent on yearly healthcare expenditures. The total potential savings exceed \$391 billion and represent 12.6% of the \$3.1 trillion spent on yearly healthcare expenditures.
- I conducted my study in a hospital setting According to the National Center for Health Statistics, in 2015 hospital care represented 32.3% of the national health expenditures for an amount of \$1 trillion (CDC, 2016).
- The potential savings in total hospitals costs is \$478.26 billion, which means 47.8% of the total cost of hospital care.

## Limitations

- One limitation of this study was the number of interview participants, which may have restricted the diversity of opinions and perspectives offered.
- The second limitation was the fact that participants may not have expressed or described evidence based practices during their interview.

## Recommendations

- Implement a more in-depth analysis of external factors influencing healthcare organizations and preventing managers from delivering efficient and affordable care
- The use of a system's thinking approach that enables managers to identify interrelationships and parts of the system instead of individual patterns.
- Improve feedback consistency to support repeatable informed and actionable decisions.
- Build skill sets and tools to extract reliable feedback from sources utilizing staff and stakeholders.
- Make sure that healthcare managers participating in a similar study are knowledgeable and experienced regarding efficiency improvements that can be made
- Extend the study nationwide as the issues of healthcare affect all persons living in the United States
- Include other variables consisting of access to healthcare services, safety and quality of healthcare services, and patient and stakeholders satisfaction of healthcare services

## Acknowledgements

- Dr. Kenneth D. Gossett, my Doctoral Committee Chairman
  - Dr. Edward Paluch, the Second Committee Member
  - Dr. Roger Mayer, the URR
- for their support and belief in my project