

**HEALTHCARE SYSTEMS: SUPPORTING AND ADVANCING CHILD HEALTH****COST-EFFECTIVE CARE****INTRODUCTION**

The delivery of cost-effective care is an important responsibility and necessary skill for pediatric hospitalists. In the United States, hospital care for children, including neonatal conditions, pediatric illness and adolescent pregnancy entails 6.3 million hospital stays and \$46 billion in charges per year. Pediatric inpatient care accounts for 18% of all hospital days and 9% of total U.S. hospital charges. Of these, three respiratory conditions - pneumonia, bronchitis and asthma - are responsible for nearly \$3 billion in charges or 7% of the total US health care bill for children and adolescents. Although some categories of hospital expenses such as nurses or equipment may be outside the control of physicians, there are a number that are driven by physician practice patterns. Physician influence on hospital costs is exerted primarily through hospital length stay, medication prescribing patterns, and utilization of laboratory and diagnostic imaging services. Pediatric hospitalists can make a significant contribution to cost management efforts by increased awareness, standardization, evaluation and modification of practice and utilization patterns.

**KNOWLEDGE**

*Pediatric hospitalists should be able to:*

- List the various methods of financing health care for children and state the implications of each on patient care.
- Identify and discuss the importance of the metrics used to describe hospital costs such as charges, length of stay, cost per case, and hospital expense per adjusted day.
- Demonstrate knowledge of common payment mechanisms for hospital care such as case rates, percent of charges, observation status, per diem rates, and capitation.
- Describe mechanisms used by health plans and hospitals to limit hospital costs including pre-authorization and utilization review.
- Name hospital care costs that are controllable by physicians.
- Identify examples of how standardization of clinical care processes improves cost and quality of care.
- Discuss recent trends in health care delivery that affect pediatric practice such as coordinated management of complex chronic diseases and development of integrated delivery systems.
- Describe the concept of system integration and define the roles of various components of the health care system such as community health centers, academic health centers, private practices, and home care agencies.
- Define the role of major federal health programs such as Medicaid, Women Infants and Children (WIC) and Vaccines for Children (VFC) in funding healthcare to children from low-income households.
- Give an example of differences in costs of commonly prescribed medications. Illustrate the importance of various considerations when prescribing drugs such as total cost, compliance, availability of pediatric formulation, and insurance formulary lists.

**SKILLS**

*Pediatric hospitalists should be able to:*

- Apply strategies to control costs in the daily care of patients in the hospital, such as use of generic drugs, case management, and avoidance of ordering unnecessary tests, as appropriate.
- Participate in hospital committees where finance and clinical care are discussed such as pharmacy and therapeutics, quality improvement, ambulatory access, and others.
- Incorporate cost considerations when writing orders, and use these opportunities to educate trainees on the importance of such considerations.
- Obtain information about costs of care including drugs, medical imaging, and devices.
- Work with consultants to determine cost effective approaches to testing and treatment plans.
- Coordinate the care of patients to reduce redundant testing or procedures.
- Work effectively with home care, discharge planning nurses, care coordinators, and case managers to ensure timely and safe hospital discharge.
- Provide education for patients and the family/caregiver that promotes an awareness of costs in developing treatment and discharge plans.
- Develop and utilize metrics and performance reporting (such as medication usage) to improve delivery of cost effective care.

## ATTITUDES

*Pediatric hospitalists should be able to:*

- Assume personal responsibility for providing cost effective care.
- Serve as an advocate among professional colleagues and in the community for methods to reduce costs of care.
- Work collaboratively with others to continuously evaluate and improve care while reducing costs.

## SYSTEMS ORGANIZATION AND IMPROVEMENT

*In order to improve efficiency and quality within their organizations, pediatric hospitalists should:*

- Support efforts to gather and disseminate cost, quality and safety data for use in monitoring quality and business improvement efforts.
- Promote standard methods of clinical care that improve cost, quality and patient safety.
- Work to develop benchmarks for “best practices” in cost effective care.
- Collaborate with hospital administrators to determine and direct policies that impact healthcare utilization.

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