

LEAN healthcare

Manufacturers teach lean principles to medical providers to lower costs.

In recent years, the surging cost of health care has sent employers and providers alike into a tailspin. Employers have been upset at providers for their pricey care, which in turn has upset providers whose high-quality care has been turned away because of its ever-expanding price tag. And with the risks present on any production floor, the manufacturing industry is taking a harder hit than most. In 2005, manufacturers in northwestern Minnesota spent an average of 10.1 percent of their total wage and insurance expenses on insurance, while other industries in the area spent just 8.4 percent.

But the same year, a group of manufacturers in northwestern Minnesota—the Digi-Key Corporation, Marvin Windows and Doors, Polaris Industries and Team Industries—devised a plan: help hospitals and clinics control rising health care costs by training them in lean practices. Although lean is usually used to eliminate waste in manufacturing, company leaders were confident it could minimize health care providers' operating costs, which might curb the amount they were paying to provide their own employees with health insurance.

Victor Carder, vice president of human resources at Marvin Windows and Doors, helped spearhead the project, which is called the Lean Health Initiative.

“In any organization, there are things that we do that are duplicative,” Carder explains. “Unless you take a look at your processes in a very organized way, these things can become institutionalized. We wanted to encourage the medical providers to take out of their businesses those non-value added processes that they have, just like we in manufacturing have done.”

After being assured that “leaning up” wouldn't require trimming workers, the health care providers agreed to give it a try. Through an initial pilot grant and a three-year grant secured from the Minnesota Job Skills Partnership, the program partners manufacturers with teachers from Northland Community and Technical College, who in turn share lean expertise with workers at eight health care facilities in northwestern Minnesota. Rick Trontvet, vice president of human resources at Digi-Key Corporation, says the 60-hour training is project-based, with objectives in specific areas within a medical facility, such as emergency rooms and billing offices.

The hospital in Roseau saw \$50,000 in savings when workers eliminated wasted time in documentation of visits, filing of medical records and appointment scheduling processes, while minimizing costs in housekeeping expenses like laundry and stocking outpatient procedure rooms. “In the big city, they may not look at that, but up here, [\$50,000] is a pretty large number,” Carder says.

First Care Medical Services in Fosston also streamlined its billing, filing and inventory management processes to reap \$73,000 in hard savings and \$63,000 in soft savings.

It is this soft savings—the time saved—that most benefits the manufacturers. With more time, medical workers now conduct optional health screens for employees of the program's manufacturing partners and their spouses. Screens are optional but popular because participants receive a lower contribution rate. For some, they have been a lifesaver, discovering cancers or other serious conditions that had previously been

unknown. Because early identification and treatment is more successful and less expensive for both the patient and the employer, Carder calls the screens “a win-win for everybody.”

The Lean Health Initiative is gaining ground beyond northwestern Minnesota, with Northland Community and Technical College quickly becoming a central knowledge base in lean expertise. Carder hopes more manufacturers and medical providers will be willing to work together to develop a statewide hospital-leaning effort. “You’ve got to look beyond [the mindset of] ‘That’s a manufacturing process. That doesn’t fit us,’ ” he says. “We’ve proven differently. We’ve proven that it does, and it can be successful.”

NOTE: Northland Community and Technical College is a charter member of the Coalition for Continuous Improvement In Healthcare.

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