



The Healthy Hospital™ Initiative: Improving your bottom line

By Dr. Mark L. Dean, MTTC Program Manager

In a previous issue, we introduced the Healthy Hospital™ Initiative, an aggressive endeavor to export quality improvement methods from manufacturing and industry to hospitals and the health care industry.

The Healthy Hospital™ Initiative employs Lean Enterprise methodologies and applies them in hospitals to drive out waste, eliminate non-value added activity, and decrease cycle time. Through the Healthy Hospital™ Initiative, hospitals in Kentucky will achieve improved patient safety, increased patient satisfaction, reduced errors, reduced costs, increased efficiencies, increased throughput, and overall, an enhanced bottom line.

WHY SHOULD YOU CARE?

As a Kentucky business, what does this have to do with

you and why should you care? You care because health care expenses are likely your most costly supplier. In early May, behemoth General Motors announced its deepest quarterly loss in a decade, and primarily attributed that loss to rising health care costs. Industry statistics show that \$1500 dollars from each automobile sold in the U.S. goes towards employee health care, exceeding the cost of sheet metal.

Health insurance premium costs consistently exhibit double-digit growth, exceeding the rate of inflation by more than 10 percentage points. In 1971, the U.S. spent 7.5% of its gross national product on health care—about \$75 billion. We now spend 14.5%, which is about \$1.3 trillion. Coupled with an aging population and soaring drug costs, most health care

researchers predict that health insurance costs and health care costs will only get worse.

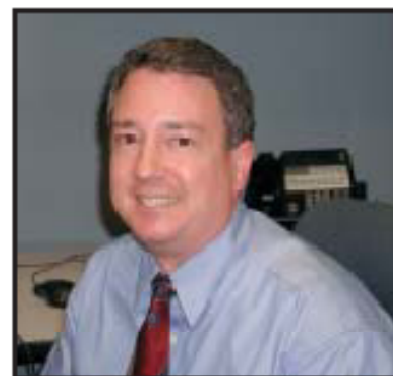
Manufacturers are second only to the U.S. government in providing employer-sponsored health care. Consequently, they will continue to be burdened by increasing costs. According to Neil Trautwein, the National Association of Manufacturers' Director for Employment Policy, "We really see the rising cost of health care as one of the biggest obstacles to sustained recovery for the manufacturing sector. As we compete in a market where we can't raise prices, we have to compete with foreign competitors who do not have these burdens. The pressure is becoming acute."

HELP HEALTH CARE IMPROVE

The health care industry can derive much benefit from

continual improvement methods applied successfully in the manufacturing sector. According to Cindy Jimmerson, a leader in the national healthcare improvement movement, "The national numbers for waste in health care are between 30% and 40%, but the reality of what we've observed doing minute-by-minute observation over the last three years is closer to 60%. [That's] waste of time, waste of money, waste of material resources. It's nasty." The Healthy Hospital™ Initiative targets this waste, and by eliminating it helps hospitals achieve greater throughput at significantly reduced cost.

Through the Healthy Hospital™ Initiative, a team of quality improvement, healthcare, and manufacturing experts are teaming up (502) 638 4460 and leading edge hospitals to



Mark L. Dean

help them improve. These hospitals are learning about the benefits of Lean manufacturing techniques, Lean principles and practices, and how to implement Lean in their organizations. They are the leaders in an effort that holds the promise for dramatically reducing what manufacturers pay for health care.

For more information on the Healthy Hospital™ initiative, contact Dr. Mark Dean, Program Manager for Innovative Productivity, Inc.

(92) 367-2186 ext. 781 or dean@mttc.org.