

Shaping the Things to Come

“UTMB welcomes the challenge to lead the development of knowledge and emerging solutions in a relatively untouched but crucial aspect of health care delivery,” said Dr. David L. Callender, president of UTMB. “We are uniquely positioned to help our global colleagues respond to the demand for lower cost and higher value health care experiences, while remaining dedicated to delighted patients and beneficial clinical outcomes.”

Background

Standards in healthcare organization management (“administration” in the US) will facilitate this sector’s evolution from a volume-driven to value based, patient centered systems of care while encouraging coordinated healthcare services across related entities. The proper application of voluntary standards to an area of management can dramatically reduce the cost of “back office” functions support the organizations principal operations.¹

For healthcare entities, the most important assets are not the buildings or investment portfolios. Instead it is the workforce — the individuals who directly or indirectly care for patients. The recruitment, management and retention of the hospital workforce have a direct impact on the cost of patient care. The American Hospital Association (AHA) reports that labor costs are the single most important driver of spending growth for hospitals, accounting for about 35 percent of overall growth.

Growth in labor costs also accounted for more than half of the growth in the cost of purchased goods and services. Other components included: prescription drugs, 5 percent; professional fees, 5 percent; professional liability insurance, 2 percent; and all others, 18 percent. **All told, the increased cost of these goods and services purchased to provide care represented 64 percent of overall growth in spending on hospital care from 2004 to 2008.** By comparison, rising demand for care (i.e., change in the number of services provided) drove 34 percent of spending growth, while increased intensity of hospital care and other factors accounted for only 2 percent of the increase.² The lion’s share of cost in the healthcare field is found in management costs. Lowering healthcare operational costs will result in lower insurance premiums. For employers, the reduction in premiums can be translated into more money for growth and expansion of business.

Healthcare Standardization Solution

UTMB was designated by the American National Standards Institute (ANSI) as the Accredited Standards Developer for Healthcare Administration. UTMB has begun the development of American National standards that will define and improve the operational workflows or “business processes and metrics” of healthcare entities in the United States. UTMB decided to pursue this initiative because experience and research reveals that better managed healthcare entities operate at a lower cost, provide more opportunities for consumer access, have greater patient satisfaction scores, and finally have lower morbidity rates among patients. Dr. Tom

¹ <http://www.standardsboostbusiness.org/case-cost.aspx>

² <http://www.fiercehealthcare.com/story/labor-costs-are-key-driver-hospital-cost-growth/2010-03-15>

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Boat, the former dean of the University of Cincinnati (UC) College of Medicine, has agreed to chair this committee. We expect to convene the first committee meeting in the fall of 2018.

Many domestic US organizations are showing strong interest in this work. The American Dental Association has expressed a desire to create a joint dental administration standard. We have met with ANCC-Magnet program, the Joint Commission, and other healthcare certifying bodies. All of them see value in this effort. We have corresponded directly with the Secretary of the VA, the former Acting Chair of CMS, and the Director of the CDC, of whom all have provided encouraging guidance and support for this effort. Northwestern University plans to pursue original research based on the use of these standards. We are also in fruitful discussions with for profit companies, like SAP, Walmart, Microsoft, and Disney, who anticipate lower employee health and welfare benefits costs to flow from more efficiently managed healthcare entities. GE has committed to participating in this work. Finally, Mr. Mark Bertolini, the CEO of Aetna, has personally directed his organization to meet with us to explore this topic.

Meanwhile UTMB has shared these plans with international standards representatives during several meetings this past year. In these meetings, the non-US attendees voiced strong, nearly total support for expanding the US standards effort to an international activity. UTMB submitted a proposal to create a global healthcare administration standards technical committee at the International Organization of Standardization (ISO) in Geneva. The members of ISO reviewed and approved this proposal, creating Technical Committee (TC) 304 for Healthcare Administration (later retitled “Healthcare Organization Management”). There are currently [32 countries](#) involved in this program. The United States will convene this body, while UTMB will act as the Secretariat and will establish the body of experts (US TAG) that will represent the US’s interests at these international meetings.³

“With more than \$360 billion spent annually on health care administration in the U.S., reducing costs and streamlining administrative processes in health care is a critical national priority,” said S. Joe Bhatia, president and chief executive officer of ANSI, the U.S. member body to ISO. “The newly formed ISO TC 304 shows great promise in tackling inefficiencies in health care administration worldwide, and ANSI proudly supports UTMB’s leadership role as acting secretariat on behalf of the United States.”

Rationale for the Creating Healthcare Management Standards

Below are the rationales for developing these standards.

- **Justification 1:** Establishing healthcare administrative standards will slow if not reduce the cost of providing healthcare through the widespread adoption of interoperable metrics and workflows, and practices.
- **Justification 2:** Reducing the cost of healthcare will make these services more affordable and thereby provide an opportunity for greater access to those needing affordable care.

³ Note that UTMB also currently oversees the development of ISO standards for human resource management (ISO TC 260).

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- **Justification 3:** Improving the administrative and managerial performance of healthcare entities results in better healthcare outcomes for patients.
- **Justification 4:** Although numerous standards exist for the laboratory protocols, clinical services and patient care functions of healthcare organizations, there are scant standards that address administrative workflows that are specific to healthcare entities.
- **Justification 5:** Standardizing healthcare administrative metrics will create apple-to-apple comparisons of organizations performance that will better educate consumers and drive process improvement activities.
- **Justification 6:** Rural communities and developing countries will have access to effective practices that offer a roadmap to improve the quality of healthcare services they receive.
- **Justification 7:** Positive support has been received from other standards developers and members of the healthcare technical community.
- **Justification 8:** Standards will complement standards developing efforts of existing ISO standards developing committees.
- **Justification 9:** The healthcare community and its stakeholders are highly receptive to standardization and certification and will adopt approaches from these sources readily.

Benefits to Society, Healthcare, Texas and UT

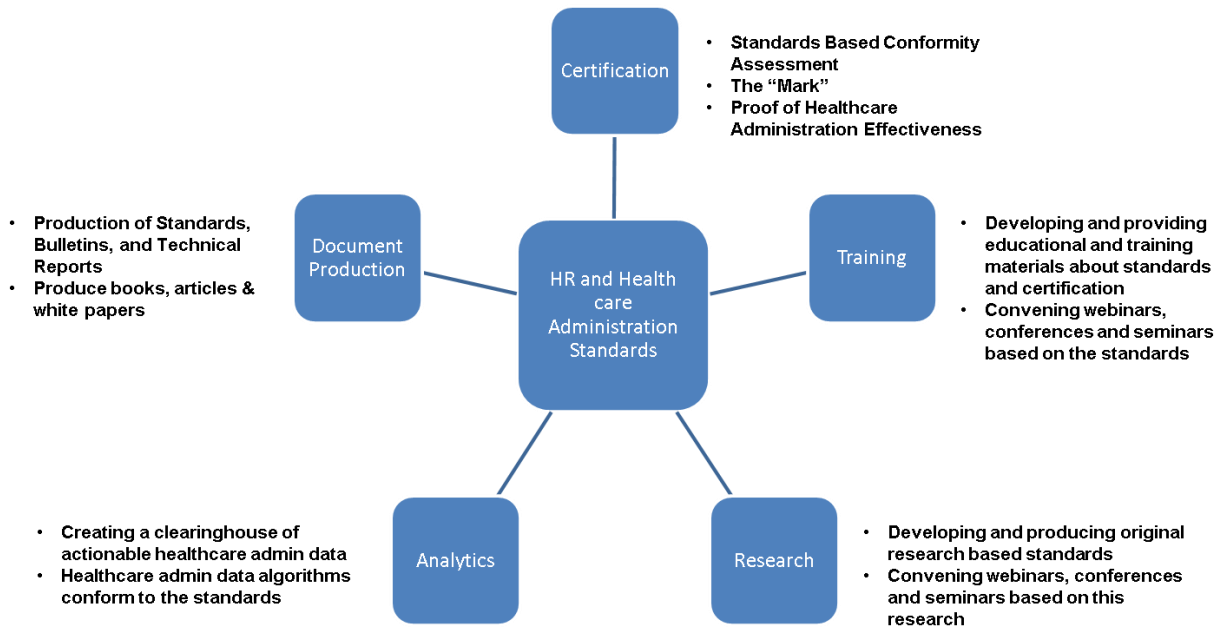
- Patients and consumers of healthcare will benefit from slower increases in the cost of health care and the resulting access to care. UK and US research also shows that patients are more satisfied and are healthier when receiving services from better managed healthcare organizations.
- Organizations that provide healthcare benefits will enjoy either a reduction in their benefits costs or more predictable, slower increase in the costs of coverage as efficiencies in healthcare management are transferred to the policy holders.
- Insurance companies and national Ministries of Health will more accurately monitor and compare the quality of management and assess cost control as they determine which healthcare entity provides the best value for their customers and populations.
- Developing countries and rural healthcare providers will more easily access and adopt the most effective practices and metrics of more established and better resourced healthcare systems.
- Healthcare entities will enjoy the sharing of effective management practices that will drive better outcomes for patients and will reduce the increase in spending of non-clinical services.
- Society in general will be better informed about the effectiveness of the management of their healthcare systems and gain access to a better quality of care.

The Healthcare Management Institute (“HMI”)

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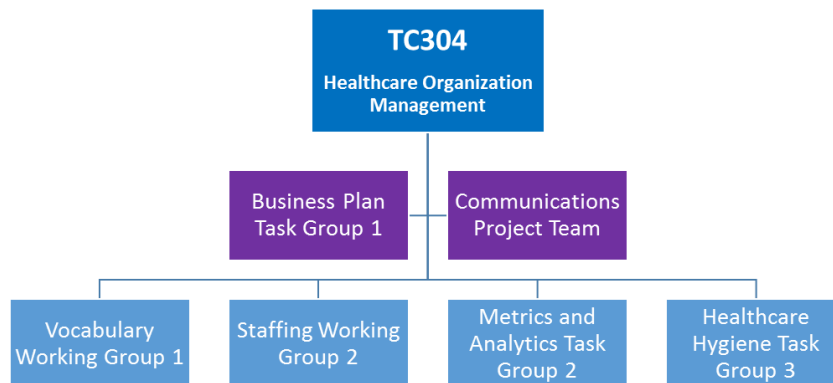
The chart below describes the leadership role that UT could seize in the area of healthcare administration which will lead to knowledge creation and the revenue generating possibilities for UT/UTMB. The HMI could transform Galveston into the “Davos” of healthcare administration and become a core operation for UT/UTMB.

UTMB/HMI’s Role in Advancing Standardization



ISO/TC 304 Structure

Depending on the outcome of current ballots and the resolutions from the 2nd Plenary, we expect the Ad Hoc Groups below to become Working Group.



Planned Scope of the Work

Standardization in the field of healthcare administration will include classification, terminology and nomenclature, management practices and metrics that comprise the “business” operations (or workflows) among healthcare entities. Covered subjects would include healthcare supply chain, capital (financial) management, patient admission and discharge approaches, human resource management specific to healthcare management, facilities management specific to healthcare facilities”, and all other non-clinical organizational support functions. These practices and metrics will be limited to staff and operational management of healthcare entities. For the purposes of this committee’s work, this proposal identifies healthcare entities as those organizations “whose principal operations consist of agreeing to provide health care services and entities whose primary activities are the planning, organization, and oversight of such entities, such as parent or holding companies of healthcare providers.”⁴ This proposal adopts seven broad categories of healthcare entities for the purpose of this area of technical inquiry.⁵

Standards that directly affect patient care and medical research are outside the scope of this standards effort. Test methods and specifications that are applicable to materials, appliances, instruments, and equipment that are in the practice of traditional and modern medicine are not within the scope of this standards effort. Clinical performance in patient safety and satisfaction standards will not be pursued by this standards setting body. These standards will not address water supply, sanitation, food relief and related services that have a healthcare benefit but are not exclusive responsibilities of healthcare entities. These standards will also not address: 1) the management or administration of organizations that practice dentistry, 2) the production and use of medical devices or instruments, and 3) the capture and analysis of clinical medical information or procedures.

At this stage, we see the work evolving in this manner:

- 1) Primary management standards
 - a. Terminology
 - b. A standard that describes and defines a classification system
 - c. A standard that defines effective healthcare administration
 - i. Cost and productivity management (e.g. Admission and continuation of services, materials management, food service management, complaint management) (in liaison with ISO/TC 267 Facilities management)
 - ii. Financial management (e.g. revenue/patient served, budget planning process, capital expenditure planning, revenue cycle operations, payroll and vendor disbursements)
 - iii. Human resource/labor management (e.g. engagement, exit interview process, patient centric staffing, vacancy reporting, separation rates,

⁴ Prince PhD, Thomas R. 1998. *Strategic Management for Healthcare Entities*. Chicago. American Hospital Association. p.4.

⁵ Ibid.

- volunteer management, conflict management, turnover) (in liaison with ISO/TC 260 Human resource management)
- iv. Anti-Microbial Resistance, Hygiene Management, Admissions and Discharges, Patient Data Records Management, Bio-Containment Lab Management Practices and Measures.

The priority of work will be establishing terminology, classification, cost and productivity standards that will resonate with the market place and provide immediate value to consumers, patients and end users.

Next Steps and Timeline

February 2016	Proposal from UTMB to create an ISO Standards program in healthcare approved. ISO Technical Committee 304 for Healthcare Administration (ISO/TC 304)
September 2016	UTMB established as the administrator of the body of US experts engaged in developing ISO standards in healthcare management (US TAG for ISO/TC 304)
September 2016	Meeting of the US TAG for ISO/TC 304 in Richardson, TX at Tarleton State Univ.
February 2017	Held first ISO plenary meeting for ISO/TC 304 in Galveston, TX at UTMB
March 2017	Second US TAG for ISO/TC 304 was held in Washington, DC.
9-11 October 2017	WG and 2 nd plenary meetings for ISO/TC 304 held in London, UK.
21-25 May 2018	Working Group meetings to be held in Vilnius Lithuania
10-14 October 2018	Working Group and 3 rd plenary meetings for ISO/TC 304 to be held in Buenos Aires, Argentina
October 2019	Working Group and 4 th plenary meetings for ISO/TC 304 planned for Seoul, South Korea

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Helpful Links

[ISO TC 260 for HR Management](#)

[ISO TC 304 for Healthcare Administration](#)

[American National Standards Institute](#)

[A primer on American and ISO Standardization](#)