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## Decoding Patient Cost



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The University of Pittsburgh Medical Center (UPMC) has formed a strategic partnership with Health Catalyst to develop and commercialise a hospital-based costing analysis solution. The two organisations will combine expertise and technologies to help health systems solve one of their most pressing problems — how to measure the true cost of healthcare delivery for each patient.

The complexity of human illness makes it difficult for hospitals to calculate the cost of their activities and services. The problem is compounded by a limited ability of healthcare providers to systematically share, store and analyse data.

As an integrated health system, UPMC encompasses not only hospitals but also physician groups and a health plan. This gives UPMC the ability to compare outcomes and costs across a patient's entire care experience, allowing the health network to identify and adopt best practices that enhance quality while reducing spending.

"Allowing us to take costs and put those together with outcomes, is the only way we'll be able to reduce costs in healthcare," said C. Talbot Heppenstall, Jr., president of UPMC Enterprises, the health system's development arm. "Health Catalyst is developing a platform with us, essentially. Health Catalyst will take what we've developed so far and work with us and commercialise it."

Health Catalyst, which is based in Salt Lake City, is a data warehousing, analytics, and outcomes improvement vendor. Under the agreement, Health Catalyst is licensing technology, content and analytics innovations developed by UPMC as part of the health system's effort to advance patient care while lowering costs. The health IT vendor intends to commercialise these innovations to further enhance UPMC's cost management programmes, and to benefit other health systems.

"There's been a lot of interest among our peers about what we've done — other health systems. So this [agreement] will give us the opportunity to share what we've learned, with others," Heppenstall pointed out.

UPMC deployed its cost management tool in 2014 to blend quality data with physician and patient-specific cost data. The deployment has driven significant changes in clinician behaviour leading to improved care at reduced cost. For example, the number of "open" hysterectomies, compared with vaginal or minimally invasive versions of the surgery, has fallen 30 percent across the system, reducing patient complications, lengths of stay, readmissions and costs. In addition, UPMC clinicians are using the cost management tool to assess practice standardisation opportunities associated with alternative payment mechanisms, such as the impending Medicare Comprehensive Care for Joint Replacement Programme.

"As a fully integrated network with an expansive health plan, UPMC is a recognised leader in activity-based cost management and we are delighted that it has selected Health Catalyst to refine and deploy its cost management excellence more broadly across the UPMC network, and to commercialise it for the good of healthcare in general," said Dan Burton, CEO of Health Catalyst.

Source: [University of Pittsburgh Medical Center](#)  
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