# 2022 Healthcare Cost Savings Year In Review

## With Lisa Larter

### Episode 59

*Read the show notes or listen to the episode:*[*TheHealthcareLeadershipExperience.com*](http://thehealthcareleadershipexperience.com/)

Lisa Miller (00:01)

What are the revenue opportunities that sit outside of typical patient care? What things could you do for your community that could bring in revenue? Individually, you could have operational department leaders that are doing very innovative, interesting things that maybe need to be extrapolated out to the whole health system and I think that’s where there’s some real power. I think inflation needs to be really addressed head on. And the way to do that is through your contracts. I often say that I often say that contracts are a hospital's currency.

Introduction (00:32):

Welcome to The Healthcare Leadership Experience Podcast hosted by Lisa Miller and Jim Cagliostro. Lisa is the founder of VIE Healthcare Consulting and now managing director at SpendMend. Lisa and her team has generated over $1 billion in financial improvements for VIE's clients since 1999.

Since 2007, Jim has been a registered nurse working in critical care, perioperative services, and outpatient settings at nationally recognized medical facilities across three states.

You'll hear conversations on relevant and trending topics in healthcare and much more.

Now here's your hosts, Lisa and Jim.

Lisa Miller (01:11):

Hi, this is Lisa Miller, and you're listening to the Healthcare Leadership Experience. And it feels really good to be back online. As everyone knows, I've been sharing the time with Jim, and he's been doing such a wonderful job in bringing the clinical side of healthcare onto the podcast.

And today I am with Lisa Larter, who for many of you know, she has been the producer of our show, and I am so excited to have her back. She's going to be with me on the next few episodes. So, Lisa Larter, welcome to the Healthcare Leadership Experience.

Lisa Larter (01:47):

Thank you. It's good to be back on the mic with you, and not just in the back scenes of doing the production. I'm looking forward to this year-end conversation with you.

Lisa Miller (02:00):

Yes, definitely. And it does feel good, too, to be back on the mic. And as you are in the background, really helping us put together an amazing show. So thank you for the last two years. So let's kick it off. I'm going to throw a little bit of a curve ball your way, and ask you maybe one or two insights that you have from a 2022 year review. I know this is supposed to be a little bit about my insights, but I would be curious to hear what you might want to share with the listeners.

Lisa Larter ([02:32):](https://www.rev.com/transcript-editor/Edit?token=3vI8KxDGa3gL5U28THWzi8ErYhlD0z6DqQxkmyb7Nv6DG_5rtg89W5HZu8hAva3EM8YyjmKHpUyEaGpAGnEho1Ynbq0&loadFrom=DocumentDeeplink&ts=93.6)

Oh, wow. You're putting me on the spot. I wasn't expecting that. What are my insights from 2022? Well, I work with a lot of business owners, and I think one of my insights is the marketing landscape has changed significantly in 2022, and things that once worked no longer work. And so, whether you're a hospital who has a marketing team or you're an entrepreneur or a small business owner, the way that you approach marketing needs to really change. You can't do what you used to do to get the results that you want, because what used to work isn't working. And there's an expression out there that if you just try harder at something that doesn't work, it doesn't make it work. So, it's really a time for innovative thinking when it comes to marketing. The second thing that I would say that I've noticed in 2022 is too many people are listening to the media, and they're buying into doom and gloom instead of taking charge of what possibilities are out there.

Lisa Larter ([03:43):](https://www.rev.com/transcript-editor/Edit?token=0AuvIjBDZT6sYKjDOtY3VaA1b4PKLZ3oSjP1eMreDy1xQgntwZfCNLs_F5FvNu7jrU1-rgvoHlGeOClAbTmEsSxMR-U&loadFrom=DocumentDeeplink&ts=168.03)

I think that people forget the media gets paid for clicks, and they get paid for impressions and eyeballs and all of that stuff. And so, when people read headlines in the media about the recession and they start to panic and worry about things, instead of getting into a place of "How can I make changes? How can I improve my business, how can I improve my profitability? What is within my control?" I feel that they're missing opportunities. So, I see a lot of people that are almost immobilized by what they see in the media, instead of taking control of the so many things that they still have control of. So those would be the two things that I've really noticed this year.

Lisa Miller ([04:27):](https://www.rev.com/transcript-editor/Edit?token=qLXa0AfmZh0tLrZ18MWztMSeBxc38gNoh51kIDK3nsif-ZU06FLa-bKJlMmLujE6mi-jw6WDAMDnNx5wp9h8rb3uqsY&loadFrom=DocumentDeeplink&ts=213.3)

Those are great, and I think those are great for the listeners, because healthcare and hospital marketing is so important. We've got to get patients to understand and really want to go to the hospitals in their community, or those specialized hospitals that they have to go and travel to. So I would agree, what used to work does not work. And I feel like this new year coming, next few years, marketing will have to take a really different ship for healthcare and for everybody. Reading this really interesting book called The Sales Innovation Paradox. You recommended Smart Brevity to me. I think the combination of both is really insightful, but this having digital assets is so key.

Lisa Miller ([05:13):](https://www.rev.com/transcript-editor/Edit?token=HpNfs_6LVvJYTLSpqRS8m-Oe3MeifjsqB1YhK1y4lohTC2H4AaVLysHLzzdnWPA0zSalPDh9dgmYIQE0mRgLakGAibo&loadFrom=DocumentDeeplink&ts=262.56)

And then secondly, great point about, there's lots to be optimistic about, and we've got to remember that as well. Even in healthcare too, there's so many challenges that hit hospitals. And so, we've got to look at innovative solutions and really be poised for greatness. You often hear the story of how many businesses were started in the Great Depression, and we've got to be reminded of that. So thank you for your two great insights. I did put you on the spot, but you did fabulous.

Lisa Larter ([05:45):](https://www.rev.com/transcript-editor/Edit?token=B-FJ0TJjtA5TX1-cFE8uOQrjZQgtwlahCnMxCGXJZh9QOLrs_KMZbmwd33OSLgZT3kcZN4J3x1YJynr5e7M12ZaCbPo&loadFrom=DocumentDeeplink&ts=296.79)

I love it. I love it. I think we have to control what we can control, and there's a lot within our control. And we often forget that. And I think you and I could do an entire episode on marketing for healthcare. I think that would be really fun to talk about.

Lisa Miller (05:58):

All right, we're doing it. There you go. Add it to the list, Lisa.

Lisa Larter (06:02):

Why don't you share your insights? Because you know have been in this industry since 1999, and the last three years we've seen a tremendous amount of change in healthcare. And in 2022, there's definitely a lot of changes still happening. I'd love for you to share what some of the top insights have been for you based on the work you do, the deep expertise that you bring to your clients over the past year that could be of value to your listeners.

Lisa Miller (06:34):

Yes. So, I have about seven, but then they're a little bit all over the place, and they could have been 70, really. I mean, boy, what a year. I think there's some obvious things. There has been this tremendous financial loss that continue to really challenge hospitals. And I think we hear, like you said, there's so much difficult news which shortages and supply chain issues, and not having the service line full hospitals used to. And so many issues. And so we all know that there's been a real big economic hit to hospitals. And I think that that makes us look at what is possible. You said it perfectly, what do we have in our control? And we may not have access to so much revenue opportunities, although they still exist, and we've got to be more creative and even look outside of non-patient care revenue, which I'll talk about in a moment.

Lisa Miller (07:33):

But what can you control? And I do feel like on the cost side, there's a lot that can be controlled. And sometimes cost reduction or cost containment gets a negative view. And it's certainly not as fun and exciting as innovation and growth and some other areas like marketing. But it is a very, very important part to how a hospital is going to solve some of these challenges. So I really feel like we've been looking at costs. I think there's just an enormous amount of opportunity still left in looking, analyzing, reducing costs, reducing unnecessary waste. I think hospitals are going to uncover now and say, "Wow, I didn't realize the possibilities." Because you're almost forced to do it now.

Lisa Larter ([08:21):](https://www.rev.com/transcript-editor/Edit?token=Jyw0uSFnQz5g1F0QVQrB2W_58F0GErNt78oSNgb-tA5o_oQxjShyitLnjDtbqN0oAp__TXnSk8T_DJ5DfnL1vKYpySw&loadFrom=DocumentDeeplink&ts=482.94)

So I just want to ask you something, because the language you're using is you think there is opportunity. I am curious in your work, are you actually seeing opportunity? Do you have clients that are actually making headway in this state right now? Because when you say "think," it sounds like, "Well, I think there's opportunity out there," but I think you know there's opportunity out there. So can you give us a little bit more there?

Lisa Miller (08:48):

Yeah, yeah, sure. And did I say that word? I shouldn't have said that word. I absolutely, unequivocally know there's opportunity in costs. And our clients are achieving unprecedented cost savings in almost every single area. And what I think is very interesting is we're finding big savings. And it's not because these initiatives weren't done prior or people aren't good at what they do, I just feel like we're going deeper. We're taking more time. There's a lot of AI and technology, and we have technology too, but nothing replaces human thinking, a human review, expertise. And we're finding just enormous amount to take out in cost. So, I feel like that's an opportunity. It shouldn't be perceived as a downer. Like, "Oh, we've got to have a cost review." And I think really we need to flip the script on it. And I think there's opportunities to connect growth, connect employees and morale and have a culture around that.

Lisa Miller (09:59):

One of the things that happened last year, I had a number of these situations happen, but we had one, it was really unique. We had uncovered a couple of line items that happened to just fall off contract. We were just, and this is a very advanced health system, very smart people, and it was just this odd connection issue. And it just turned out to have a several hundred thousand dollars savings. And when we achieved it, we brought it to the department leader. The leader was about to have to lay off three people in their department. And these were just, I think it was an environmental service department. And because of that savings, he did not have to lay off anybody. And-

Lisa Larter ([10:40)](https://www.rev.com/transcript-editor/Edit?token=hlDy9HtKvKtyawqvLjjq-rdWRmz8c4rAbKqPs8-ymaZvG4tAaolWBIRwiYlm39pcImsVwBMZM4Dz3mBVu2duWhUP8sY&loadFrom=DocumentDeeplink&ts=647.01)

Wow, that's remarkable.

Lisa Miller ([10:42):](https://www.rev.com/transcript-editor/Edit?token=XLwHYmHE5VmhjZSwE1NGgGfNLfaTq9LiSLe7IaIhaNRJvHMyip4wksPfHz-G7IS667XxymOKaGX6l_Tj76oUE3KxmFY&loadFrom=DocumentDeeplink&ts=651.63)

Yeah. And so again, I almost just thinking about it, it's a wow experience for me, because just really tremendous team. These are smart people, and it just shows you the amount of rigor. And just having someone else there, your trusted advisor or trusted partner that's also looking out and digging into the numbers, too. They were thrilled. And I've had a lot of that happen over the years. But to happen this year, save three jobs, was quite meaningful. So you asked what I'm seeing. I'm just seeing consistently for those hospitals who really say, "This is the opportunity we need to focus on," you're going to win big. So in a face of challenges, this is a place to win big. I'm not saying it's the only place, and there's certainly innovation and revenue in other places, but this is a place to win on.

Lisa Miller (11:33):

As I mentioned a little bit earlier about those other labor shortage or supply chain issues, I do feel like there's opportunities for innovation. So I think it's going to take hospitals taking a step back and saying, "Well, how can we do things a little differently? Maybe we don't need to spend millions of dollars and outsource some of our shortages. Maybe there's some innovative ways." And there are, right? And I just think that this is a time that you really can get the ideas of your team, you can go to the market, you can get frontline insights.

Lisa Miller (12:07):

And so again, to your point, those lead to opportunities. I will say, and I've said it before, but I think hospitals need to focus more on it. What are the revenue opportunities that sit outside of typical patient care? What things could you do for your community that could bring in revenue? And you see companies out there that are charging for full body scans, or they're charging for extra monthly lab testing. Those high performers, athletes or business people. But there's all these companies, for-profit companies that are selling in the space where really, hospitals should own it. And so I think there's that revenue opportunity.

Lisa Larter ([12:48):](https://www.rev.com/transcript-editor/Edit?token=wZCar3bNUVaX1-Pb2KwaAzqUaam9THxa9hsNfEEvueJ2-gH6Lz0k9P4bmdSZpiLEyzxJodwujWQr1_Injm4JsQGvV6k&loadFrom=DocumentDeeplink&ts=795.18)

I love that you said that. It makes me wonder sometimes there's this expression, you don't know what you don't know until you know. And I'm a Canadian. And as a Canadian, you can't just pay easily to go have one of these tests done because of the way our healthcare system is constructed. And it is such a benefit in America that you can do that. And I wonder sometimes if people recognize what a privilege it is to be able to do that.

Lisa Miller ([13:18):](https://www.rev.com/transcript-editor/Edit?token=qn7OSjcQ3VKtBCM9h_rm1Mq_VkvK3kTK4B6ubHdHufemqTdDWRmnc5MdFg65Bt4mdZwu6kVkX6Fz-kKEyLZOZnShVYQ&loadFrom=DocumentDeeplink&ts=835.41)

Yes, absolutely. And I probably don't, right? It is, and I've talked about that, because I think you've come here to get some of those extra services and tests. And granted, you're here in Florida now, but you've really been able to see both sides. And it's given me a unique perspective because you've taken such a proactive approach on your healthcare. So it's a really great point. And I think we've got a population, a diabetic population, population that is obese and sedentary. And I think there's all these opportunities to help our community get walking, eating better, little steps. So it's just going to require some hospitals to say, "Okay, what's the opportunity to serve our community?" They're buying products. The weight loss industry is just ginormous, so they're buying products. How can we tap into that, maybe provide a better, more customized local service? So, that’s that.

Lisa Miller ([14:16):](https://www.rev.com/transcript-editor/Edit?token=nWI1Aabgb8rrNy__UUUc5s6vFBh_jI944YgDTvlFmnBb9rcKsIdACX4_wxqF8oorp1fpc3d32qXBuR7lGxS38xTxqV4&loadFrom=DocumentDeeplink&ts=900.78)

Okay, now we're going to get into some issues that I think might be a little controversial, but I'm going to jump in, we'll get there gradually. So not so controversial but important, and I think hopefully it'll push and inspire people. We're seeing spend analytics, true spend analytics, which is taking lots of data from different sources, analyzing utilization trends, variation, but a real slice and dice way of analytics. Not just like a PO detail report, looking at monthly spend, but we're seeing true spend analytics delivering cost savings. And it's beyond technology, ERP tools. This is like thinking, this is taking lots of data and pulling it all together. And spend analytics has really, I think, starting to emerge, and it will be a really big foundational part of hospital. So I feel like 2022 has really started that more momentum. Not just talking about it, not just doing a little bit or dabbling. I think we're seeing more movement in spend analytics as a driver.

Lisa Miller (15:26):

So here's my number four, it's about incentivizing the right behaviors for the results you want. So you know it's interesting, over the years, hospitals, like most businesses are going to bonus for financial results, different results. And so many of our hospitals bonuses, part of the bonuses put in place are hitting certain milestones. And cost savings is one. And I think that's fantastic. I think the nuance about that is what I've noticed is sometimes people get one cost savings goal. Let's say they have to achieve, I don't know, a million dollars in cost savings for the year. And sometimes they may achieve that in the first quarter. Like me, Lisa Miller, my goal is achieve $1 million for general hospital, and I could hit that in month three. Now I have other responsibilities, of course. It's not my own responsibility. I have to, I'm strategic sourcing, I'm doing all these other things, but what happens for those other nine months?

Lisa Miller ([16:24):](https://www.rev.com/transcript-editor/Edit?token=af0Hj3AZgnZclcKsyML0qvXkwnQAvEqlTVMw7Yww6JSNz4U62dO_2qNvwLgoDvKU1fisddNt3FdJASYOxwz3aI5xoAg&loadFrom=DocumentDeeplink&ts=1041.96)

And so my experience is very well-intentioned. Good people have checked the box, have said, "I've got that one covered. Now I can focus on my other day-to-days." And I work and I may get thrown something else. So I check that box and I think, "Oh my goodness, you got nine more months. Come on, let's save more money." And they got a lot going on, and they've clicked that box. So I think there's an opportunity to really evaluate these cost savings goals and make a stretch goal. So you have a million, but maybe there's two stretch goals. And I think there's a missed opportunity there.

Lisa Larter (16:59):

Yeah, it's funny that you say that. It brings me back to my corporate days where I had my targets, and I had to convince my boss that she should let me exceed my targets and that my bonus should get bigger if I was able to exceed the targets. Because I always hit my sales targets. But there was no incentive for me to go beyond the sales targets. So I literally had to convince her that if I hit 110% of the target, I want 110% payout on the bonus. I don't care about my base salary. Leave it where it is, but let me drive results and reward me for going above and beyond. It's essentially what you're saying in healthcare, too, right? You need to incentivize people for the maximum contribution that they're capable of, not just what the baseline is.

Lisa Miller ([17:50):](https://www.rev.com/transcript-editor/Edit?token=vTA-_vWxOxSbWoQLd6ytxI36jU9dE4yLPEhD7S3Lj_0dLMpewyzWVwaDfbvlV6oJdZZxD91TeaVzfP72YIBpoqjR86E&loadFrom=DocumentDeeplink&ts=1130.82)

Absolutely. So I have a question before I go forward. Did she say yes to you?

Lisa Larter ([17:54):](https://www.rev.com/transcript-editor/Edit?token=Ql5HNnV81ad7BB8oo-fN8FIzKsTb8XdnoiwjeTR-L2rV9uqfnbGkva1VlltehkXutr5An9caHQA0G-u9cqz_1EzWQv8&loadFrom=DocumentDeeplink&ts=1135.23)

She did, but it was a bumpy conversation, because what she heard me say is that I wanted more money. And she's like, "I keep giving you a raise every year." And I said, "You're not understanding, I'm not asking for a raise. I'm asking for you to pay for performance." And I finally got it.

Lisa Miller ([18:09):](https://www.rev.com/transcript-editor/Edit?token=CllfojrRH0ap3G0UNSrV-8CbCkOQ6JzPC_ElNBEj3ZMRnipkUVU_vua2PxqtTDypDT9kZyrSD-nXxn5j-uk3I-dquOA&loadFrom=DocumentDeeplink&ts=1151.64)

Right. Great. I'm glad you finished that story, because I wanted to know the outcome. But yeah, it's true, right? Yeah, I guess you probably have two different mindsets. You have somebody that's like, "Well, they're getting paid for a job, they're getting a bonus. So they should be just running and going as hard as they can and achieving as much as possible." Some people do that innately because they want to expand their career, they want to move forward. But there's some people, maybe they don't want to run a department, but they could be high performers for you. And why not increase their ability to perform?

So I think that's a missed opportunity or an opportunity for people to think about when you're incentivizing, your employees possibly think of a tier two and tier three. We all have to look at the results you want and how we incentivize, and sometimes, by what we think we're incentivizing may not lead to the best outcome.

Lisa Miller ([19:07):](https://www.rev.com/transcript-editor/Edit?token=cDF6RLb_JrzwuNo1g1iihDSuBGcozdfwNTy_3Ajhgy5SEDYGTWbeC5t09J21YUlU4zUHnNr8amE9d_REuRW5w6Mz0O8&loadFrom=DocumentDeeplink&ts=1216.95)

So I think we have to be really thoughtful. People are afraid of sometimes these big numbers. And it may be like, "Well, wait a minute. If you give me this stretch target of let's say, $5 million, and I don't achieve it." But the flip side is what if you do achieve it? And sometimes we need big, scary goals, because people really do rise to those occasions. So I think we have to put that out there.

Lisa Larter (19:31):

Absolutely.

Lisa Miller (19:33):

So okay, this is where I might get a little controversial. So with cost savings and contracts benchmarking, pricing, analytics, looking at negotiations, this is whole part of the aspect of achieving savings. There's a methodology, and there's a way to do it, and there's a lot of work that gets done on that side. And what I've seen over the years and what's really jumped out at me this past year, Lisa, you and I've started to talk about it because I had my own personal experience of it recently too, is that there's a change management aspect to achieving performance improvements, like an organizational-wide cost savings initiative. That's a change management project.

Lisa Miller ([20:18):](https://www.rev.com/transcript-editor/Edit?token=5KJp-IvcEfw7zlEiVAS8fJV_qNf6YyEJX6AwZTY_lyzb1F3UaZz3xjCHef-JPwlMrXy-quQAcV685Wqxep09iJ9P6s0&loadFrom=DocumentDeeplink&ts=1301.76)

So I'm going to probably do a longer podcast about this, but something happened a few months ago, and it made me realize that unfortunately, there's dysfunctions. And we all have dysfunctional families, dysfunctional business relations. I mean, just people. So there's going to be dysfunctions. And change management's really about how do we identify, assess, and pull it together and recognize that we might have to change some of our behaviors in order to have the best outcome for the organization? So it led me to reread a book called The Five Dysfunctions of a Team. And the reason why that happened is because over the years, I have noticed that we could pull together the most brilliant strategy, have the right analytics, the right benchmarking, the identification, pull everything together, and we have this tremendous cost savings number. It's all teed up. There's no reason in the world why it can't be implemented.

Lisa Miller (21:17):

And now we go and have to bring it to an internal person. And then we get, "Oh, that can't be done. Oh, the vendor tells me that those price points don't exist. Oh, well, the reason why that's in the marketplace is for a different reason." Or really don't understand it's a sensitive issue. But I think the one that I want to focus on just for this podcast is the vendor telling the internal stakeholder, "No, that doesn't exist. No, the pricing doesn't exist." Or just that "I gave you the best pricing and you have it, you did a good job." Or they're wrong or supply chain's wrong, or whatever that may be. And that happened to me this year internally, and I brought a price point out, and that an proposal was already provided. And I got internal pushback, and I'm like, "But I'm just trying to help the organization, the team." I got internal pushback.

Lisa Miller (22:13):

I'm like, "Wow, this happened to me." And I've seen it with hospitals, and it was more frustrating for me. And it ended up being a benefit, because again, I read the Five Dysfunctions of a Team, and the first one is the absence of trust. And it is the fear of being vulnerable prevents team members from building trust. It prevents them from saying, "I may not be right about something" or "I'm okay if I'm not right" or "I'm open-minded."

Lisa Miller ([22:41)](https://www.rev.com/transcript-editor/Edit?token=rwc1VnKLcznE8WBRqR6i6Npaw_XwRwMWfTKpP-Ib9wWhTWARH5KsD3wEQigqEdXEQ8wYshb9KlwKU4JhaXYbRUdrN2o&loadFrom=DocumentDeeplink&ts=1469.22):

But Keith Cunningham says something really, really brilliant and it's a version of it, but he said it to me and he said it to others. He's like, "Some people would prefer to be right than rich, Lisa." And in this context, if there's a contract or a pricing proposal that was submitted to somebody and that vendor was like, "Nope, you got the best price." And you have someone coming along on the backend to say, "Wait a minute, there's a better price," that's a hit. You have to be vulnerable. It's a tough position. And I get it. And I'm always cognizant to say, "Listen, there's a reason. Let me explain to you why I came to this conclusion, what we know and why, and this is what the vendors do."

Lisa Miller ([23:18):](https://www.rev.com/transcript-editor/Edit?token=UBXM5lsc32azk0VEUyQVxYzBqWQY5eVYTaGfbAstOTIyvNS4vQByqPV9X-j4G0Ec4OOpWelrwGDVKgwZjA97sdiBfmI&loadFrom=DocumentDeeplink&ts=1515)

But to have someone just to push back internally and say, "No, I'm going to accept the price as it is, that's not correct." And it's same theme of you'd rather be right than rich. And it's so stark. And I feel like it's something that organizations need to be aware of, these internal conflicts that go on that prevent real deep cost savings. And I think that sometimes prevents the best outcomes.

Lisa Larter ([23:43):](https://www.rev.com/transcript-editor/Edit?token=m7jOLPMIT5wZLOhRUn3LoxM0khDiFUbK3a5yRE83FjyVdPB3BIOvyQyqVxEipg_-B5Yy7SiGk_jQA3MioBq2FTmC8nY&loadFrom=DocumentDeeplink&ts=1549.44)

Yeah, absolutely. You reminded me of an article that I read in HBR years ago, and I think it was called The Art of Decision-Making, and I've referenced it so many times. And that article essentially sums up what you just said, and it talks about leaders who lead with inquiry versus leaders who lead with advocating. And inquiry means that you want to get the right outcome, the right decision for the entire team. Advocating means or advocating means you want to be right. And so when you need to be right, there's a lot of ego tied up in that, and you see that inside of teams all the time. I see it even inside of my whole team sometimes. It's like a protection mechanism that people put up because they don't want to be perceived as not being good enough. And if we could just drop the cloak of fearing not being good enough and be more interested in doing the right thing for the organizations we work for, that would be a game changer.

Lisa Miller ([24:44):](https://www.rev.com/transcript-editor/Edit?token=7zyyGUoEvdetGYnyQxiTEyFB2KrP4jLQoOmZS38o_Kyof5Wd_iv4sHqIQAoc5Byq4Il2XXHsELlMq66YY6T2I5cF068&loadFrom=DocumentDeeplink&ts=1615.71)

Absolutely. And I wanted that article, so please send that article to me.

Lisa Larter ([24:49):](https://www.rev.com/transcript-editor/Edit?token=Gf3L5pGH6l7gpQAdXPDWng6vTaS8dYsifl3qw5xelDCLNrtoI_2UxjpzJRGG2UlZVsV1R9cbxVERIl9h59RYNwk2JVM&loadFrom=DocumentDeeplink&ts=1621.14)

I'll see if I can find it. Yeah, I think it's a paid article, but it's a fantastic article.

Lisa Miller ([24:53):](https://www.rev.com/transcript-editor/Edit?token=FIMN_DQZeyZ5TiE45y_oThUEFyuDXSMCnuXAM7Cj_MMG1fHuIQn34ucr7ELdQcZHfdYvEikOodRTlHcDbsjjMxqk3Z0&loadFrom=DocumentDeeplink&ts=1626.78)

Send me the link. I think that's great.

Lisa Larter ([24:55):](https://www.rev.com/transcript-editor/Edit?token=KViAyG3k_dadOT812ZQOXmlSFk81cnnjT8-geyaAnT4402bh8A5hk-54FenBP43ll3UfHC6xnURqasVthj-aVSCSSgA&loadFrom=DocumentDeeplink&ts=1627.65)

I'll find it.

Lisa Miller ([24:56):](https://www.rev.com/transcript-editor/Edit?token=zPsZGtw2fUgD9zCvb7sKpuo6hWOL_fR5hs4etGlJSoFUVyjRbBe0ictb13CqM5UMIg9sEe_cvyzVXSFAFl4COJXsMH8&loadFrom=DocumentDeeplink&ts=1628.97)

I love the inquiry, right? You want to do what's right versus advocating and approving that you're right. So the other dysfunctions, just for everyone that's listening to the podcast now, is number two is fear of conflict. Number three is lack of commitment. Number four is avoidance of accountability. And number five inattention to results. I feel like those five are probably attribute to 30 to 40% of why initiatives either fail or they don't get the outcome that they could. And here's the issue, we can't quantify the misses like this. These misses could be so substantial, not because of everything that occurred on that backend, which is the analytics, the strategy, all the time and effort, but it's what happens when it goes to the internal stakeholders or internally. And I think there's just probably just hundreds of millions of dollars across the industry that's lost because of those five issues. And so in 2022, that rose for me to a higher level of awareness where I'm going to be really focusing more on how can I help really on the change management part so that hospitals can save money.

Lisa Larter ([26:12):](https://www.rev.com/transcript-editor/Edit?token=gDUHWiQDSyg0VuJ1vlBY-d0MPBKw9GwFk9sCvQS88XtJTHi3jf6W2NOr-n-sT4vFu-GsQRgC4OO4w764liO4xGy6-cM&loadFrom=DocumentDeeplink&ts=1712.16)

I think you also saw contrast this year. Without going into details, I know you worked with a really high-performing team that did an exceptional job at change management. And so when you've worked with a team that works exceptionally well together, and then you work with a team that doesn't, the contrast becomes so evident. And then you see the cost and the impact to the organization. And one of the things that Lencioni doesn't necessarily talk about in his Five Dysfunctions is the energetic cost of the five dysfunctions. How many team members are lost from organizations because good team members just give up on trying to work with people that are difficult to work with? It's a big problem, and I think it's a big problem for organizations all over the world, not just in healthcare.

Lisa Miller ([26:59):](https://www.rev.com/transcript-editor/Edit?token=MVk1H95cbh6PL6srXYzzIQYQvY3IDcqm2-7OzbYZSN1qJV5FK-MJlH77vvxnjBXp20ASdqob_5l7jRPNZfO2_h4X0SE&loadFrom=DocumentDeeplink&ts=1762.95)

I agree. So you make a good point. I did have an opportunity to work with a very high-performing team who really just pulled together and took out just an incredible amount of money, but a lot of what we did, of course, it's on that front end. The analytics of looking at every single dollar, taking a zero-based budgeting approach and having leadership really be all in. But we really worked on that change management perspective, and really in a gentle way. Doesn't have to be rough. But it's questioning a lot of what you said before, our decision-making or willingness to be vulnerable in the group. Just being genuine about being open to each other. And I think that there definitely was a contrast. And so that's an area that we're really going to bring to light more in this year. So I appreciate your feedback on that. It's probably a topic we could really spend a lot more time on. So-

Lisa Larter (27:56):

I think we have lots of spinoff topics from this conversation.

Lisa Miller ([28:00):](https://www.rev.com/transcript-editor/Edit?token=iTG4fGHuj3NV1wDABdQDsXhcTSK1verDYFFg76KqXbEXk_SqZ0qmSc_aX9pQBgZgvmFcShOVX0LgCKiqCxOmU0rFQ_E&loadFrom=DocumentDeeplink&ts=1836.63)

I think so. I think so too. So number six, and this relates to, I would say about 50% of the hospitals and health systems, but it's important because I saw this a lot in 2022. That big health systems have big spend challenges. These are health systems that have multiple hospitals across multiple states, many vendors for the same category, and they need to see their spend in many ways to make important operational decisions. And those operational decisions for those big health systems, those mega-systems, may actually impact cost savings more than pricing only. So these are the systems that may have 15, 20, 30, 40 hospitals. And now they've got to say, "Okay, we have a," let's say a linen contract. Or "We have linen services." Or "We have dietary services." They have need to have multiple vendors.

Lisa Miller ([28:57):](https://www.rev.com/transcript-editor/Edit?token=veWV2GqFNOWckm5pnjm3sVROpbXYG5zHixzujAPYPODriQOEnPoqa8PVH3Eq-XzUv8Qv6Wxz4RW-n_3wdVep_84Fqk0&loadFrom=DocumentDeeplink&ts=1902.36)

Typically one vendor can't serve all the system, and it's may not even be a good idea to do that, but they have multiple vendors serving their whole system, their corporate system. And how do they take that volume of data? It's just massive. One category, let's say dietary or linen or regulated medical waste. One category could be 20, 30, 40 million across 10, 15 vendors. And so big systems have big spend challenges. And so we saw in 2022, and we were really supporting that is, taking all that data and looking at it as a collective spend. And being able to slice and dice it, helping hospitals say, "Wait a minute, General Hospital is doing something different than Fairview Hospital. And what are they doing differently and what's the variation?"

Lisa Miller ([29:51):](https://www.rev.com/transcript-editor/Edit?token=VBQxBwjFMupZhYKTRuVIDY80z2ZCqLx8vW4czx_zYuRa4UqZONBvEKRq5PK8A0s4gLBNsDKTLn__vGg-t58Wv2UPYI4&loadFrom=DocumentDeeplink&ts=1960.8)

But that's really very advanced analytics, but that's what the big systems need. They have big spend, they have big responsibilities. And I think that how they look at what's going on in the utilization level and comparison in their system and operationally is where they're going to make the big win. So that's what I saw in 2022. And the desire for these large health systems to tackle spend in that particular way.

Lisa Larter ([30:18):](https://www.rev.com/transcript-editor/Edit?token=Apg0eTl8YNTEECLdBphodTO5WLti9Di-m2qo3n--xchi2XfzVxkXDytVTdUQoxijOR0SLpKNhzs9MMK7L_lEEXDH3Os&loadFrom=DocumentDeeplink&ts=1995.24)

Super-valuable point. It makes me think of a hotel chain like the Marriott. The Marriott doesn't necessarily operate in independent, I'm going to use the word silos. And I'm not using it in a negative connotation, but I mean, what they do is they leverage the power of multiple locations for the best price. And what I'm hearing you say is in some of these cases, hospitals might not know that one hospital in their system is getting a better price than the other, and they're not leveraging the power of their collective spend as easily or as well as they could be, because it's probably really hard to get to that information.

Lisa Miller ([30:57):](https://www.rev.com/transcript-editor/Edit?token=YtL4C58G3RZ4UUvSgkOW-KyfOh_60N5MIrKU5cwC-OI_I3ZKuUWkZwT2_PW2jyGwWDxvbSsCQUgLxMO6cJ50JZXErSM&loadFrom=DocumentDeeplink&ts=2037.06)

Yes, absolutely. It's that view on pricing. It's also the view on utilization. So why do you, Fairview Hospital, have very low lost linen? Or why do you have different patterns in your regulated medical waste than me, General Hospital, and why my variation so different? Why am I using lab tests that seem to be very different or in very different patterns? Panels and testing are different than your hospital. So it's the understanding of utilization that really can drive pricing and even beyond pricing to say, "Wait a minute, we're using a panel here that's less, that does more. This other hospital is using individual testing. Why aren't we moving that to that panel?" Or "That hospital brought that test in-house. Nobody else in the system's doing it." And so individually, you could have operational department leaders that are doing very innovative, interesting things that maybe need to be extrapolated out to the whole health system. And I think that's where there's some real power. There's some smart people running departments, and their individual ideas sometimes don't get pushed out to the system.

Lisa Larter ([32:13):](https://www.rev.com/transcript-editor/Edit?token=anXwnyWlher4K692G-6mVAIS3pAzKBqeO6qDisNxQa0VLiV7flh_auIQoCx8irgIATOMM43YIeBwGn9OTaULCHqEZqU&loadFrom=DocumentDeeplink&ts=2122.8)

Right. It's almost like you need analysis of utilization at the top and at the bottom. Because the lowest level utilization could be where the opportunity is to save money, and the highest could be the opportunity where people can bring it back. So it's like how do you pull these outliers together to paint a picture so that you can see what the opportunity is for the whole system? Fascinating.

Lisa Miller ([32:35):](https://www.rev.com/transcript-editor/Edit?token=49N9EhzRuNUX6j5EliTaxgu5P-NIPsgjxCVg_o8VMWf22HVqdj4jqfJW3QzDcI6yYnHlLEyOEZgx6f_WP7M8LAQOb4o&loadFrom=DocumentDeeplink&ts=2149.98)

That's right. So my number seven, and one of my favorite topics, of course, is purchase services remains a challenge and an opportunity. It's funny you said that, because our biggest challenges do become our greatest opportunities. So this space still is 50% of non-labor costs, and there's a lot of activity around it and focused on putting some of these services on a GPO contract. Whether or not that remains to be the best place or position for a hospital to do that, I'm of the insider, I'm of the thinking that there's so much... Again, back to utilization... of this invoice detail level analysis that needs to be done before you make any decisions to just move a contract to a GPO contract, or extend a contract or just take 5% off or 10% off.

Lisa Miller (33:29):

There just remains to have so much more rigor around analyzing purchase services. And again, lots of activity, lots of conversation about it, but I still think we need a lot more rigor and a lot more commitment for that. I did see it in 2022. A lot more hospitals are saying, "Yes, we're putting resources, time and energy." The unfortunate part is supply chain only oversees a very small part of overall all purchase services. So there's so much that resides outside. That's why the CFO and C-suite leaders do need to bring these services under their umbrella, because anything that would reside outside supply chain is probably not getting that same rigor. So in 2022 we saw more focus, more attention, which is great. I think 2023 is going to lead to lots of savings in this area.

Lisa Larter ([34:19):](https://www.rev.com/transcript-editor/Edit?token=uscsWZhwFTI5j9jsY_rCpf-yTwkKzxZ2fH53F7uCqDER-VvcLlEDDiU9_ptYCOLERf61WjddI4KsrpPx1yKzlpuboEw&loadFrom=DocumentDeeplink&ts=2277.81)

Awesome. So Lisa, I didn't hear you talk about something that I think you maybe want to, and maybe I just missed it in the conversation. But what are your thoughts on inflation and labor shortages for hospitals right now? What have you seen in 2022?

Lisa Miller ([34:34):](https://www.rev.com/transcript-editor/Edit?token=XBFNvWLkHcldWVfUvlkhiExLni_vlCZAQEK0ikCuBtHW7WTyN_q1wZHPDdyJE12wVsTTazs_LjwTtvb7S_PApySS6Uw&loadFrom=DocumentDeeplink&ts=2293.83)

Yeah, I was going to talk about it, and then you brought up a really good point about, we talked so much about negative things. And I thought, "Let me pivot away from that," but I do think it's an important topic. Look, I-

Lisa Larter (34:43):

It's truth. It's truth. Doesn't mean you have to get mired down in it, but it is a truth that people are dealing with.

Lisa Miller (34:50):

It is a truth. And I don't know how well prepared everyone is in their thinking or their plans or for 2023, because I actually think inflation's a big issue. So last year in 2021, we saw fuel prices started going up. And we told our clients "Anything that's got fuel charges in your contracts," could be regulated medical waste or other aspects, to really focus there. "And even if you've got to open up midterm contracts, let's focus on that and let's get those prices firm for the next three to five years." And those hospitals or our clients who did that are saving so much money. I mean, just more money than expected. What I'm telling hospitals now is in the next six to nine months, there is a window where hospitals can re-establish, reset agreements before we get to a place where it's really going to be very, very difficult.

Lisa Miller ([35:45):](https://www.rev.com/transcript-editor/Edit?token=UNFWErvSeEGEAoIxQif9sJAAjdBTX0yZzWQKmZUkyMvuuhhHPnS-c5zhzwzEZdxAg9pZpOWDC7FpYJmgjpNyVNSR788&loadFrom=DocumentDeeplink&ts=2384.07)

I think we're already starting to get difficult. So I think inflation's a big deal. Every aspect of inflation will impact a hospital. And a hospital can't charge more money. I mean, we've all heard it right from eggs just to food, of labor, everything is increased. So you got to not just look at those contracts that are coming due, but opening up midterm agreements. And some things that I'll talk about in other podcasts, but I think inflation needs to be really addressed head on. And the way to do that is through your contracts. I often say that contracts are a hospital's currency, and you could really drive improvements, but we've got to catch that headwind that's coming. So inflation, to me, is a really big deal. There are shortages, there are staffing issues, but when it comes to just having almost this tsunami price increases from just about every aspect, I think this has to be priority one for hospitals. So thank you for mentioning that.

Lisa Larter ([36:46):](https://www.rev.com/transcript-editor/Edit?token=cBJr4HpK_Jt8ETm8EYduqqdUk02aK9lI6E_H4r02FOF9p3BTRl9dGfQOgJm1Wpv4_BcU3B8pO9mKbsCs1bNYHvvAM8M&loadFrom=DocumentDeeplink&ts=2454.09)

I read something really interesting in the news this week about the farming industry in America, and how because of the cost of fuel and the cost of fertilizer and the interest rates, that it is costing the average farmer 30% more to produce their crops. And in some cases, farmers cannot afford the interest rates on the loans that they take out to fund their crops. And so there is a sentiment out there that it could result in somewhat of a bit of a food shortage. And if that happens, you're going to see the price of food go up even more. Because it's like back to the toilet paper days of when COVID first hit, you couldn't find toilet paper. And so I think that's something, you think about hospitals. And you just said you can't charge a patient more, but you're feeding patients. So in some cases, you may need to charge that patient more for the food, because if the food is going to end up costing 30 to 40% more, that's a problem. That's a big line item for spend, I would assume.

Lisa Miller (37:53):

But they can't charge more. And I read the same article, and I was amazed to know that farmers just every year anyway, take out short-term loans.

Lisa Larter ([38:01):](https://www.rev.com/transcript-editor/Edit?token=3wCfOoROYik0XLPVxbgrLNqJXVejVlYMRhWxKDUKQeX32TkoMdw2zqEClwlvdiq5lcUZN4LqSCVYTQKAWIJIDC4BlVE&loadFrom=DocumentDeeplink&ts=2533.38)

Yes.

Lisa Miller ([38:02):](https://www.rev.com/transcript-editor/Edit?token=fyYTXIqk2quCuqCDGDyUiLl6-iW7No791-znwJExSRNoNQfV5sdVdj9aZplCAG_VhhZTjQ5WAJttz4xf7d7hdi-o1gU&loadFrom=DocumentDeeplink&ts=2533.47)

They just normally do, but this year, the loans are because of interest rates like you mentioned, and just because of the economic situation, these loans are so upside down that's not even worth it for them to take it out. And I did read that, and it's a great point because that's going to have another consequence. And is there an opportunity for disruption? Is there an opportunity for hospitals to think differently about how they feed patients, or in the same manner or even better? I think for me, just all of a sudden, I have different thoughts about maybe hospitals making different investments. Maybe they have to co-invest something in the food industry. I mean, it's not unlike hospitals to make investments into aspects of the business.

Lisa Miller ([38:46):](https://www.rev.com/transcript-editor/Edit?token=lvZjWkCUidmvY1VH06pB7FvKzpXdVgfRyLoh2-5SUXRt34wpvUkDnaAs1ykgeBhQD634ioS_MOjHaW6dNV8-nz6eikg&loadFrom=DocumentDeeplink&ts=2586.63)

I forget which hospital it might be. UPMC, they were doing an ERP installation, and it was so huge they ended up buying the consulting firm that was the number one firm. And it was a smart decision for them to do that. And now they have that in competency. So is it a way for hospitals to think differently about, "Okay, we probably might have food search shortages." Or they may increase, "But what could we do differently to sustain and get ahead of it?" And that's what always excites me. Although I'm in the cost world, truly, I'm a innovative thinker about my line of business. But I think innovation and entrepreneurial insights is what will transform and can fix these problems. I mean, that's ultimately what it is.

Lisa Larter ([39:31):](https://www.rev.com/transcript-editor/Edit?token=GtazRInR0wmMkJvH0UBwiHE01vD7dJ8BtnhStg7RrFhweFPdkioSR5vUKQ7Djsc8RzuNY9LIctuZM0PSLz9LjbHMwyk&loadFrom=DocumentDeeplink&ts=2640.51)

Absolutely.

Lisa Miller ([39:32):](https://www.rev.com/transcript-editor/Edit?token=rVWp7xigrRDaxYsM79bp-66dqrlVDZS4YnRXdBzDze3TGj5xkCZvRopj-WiSLijz88qxp0zoYbEdIyCJIPolndEiGCk&loadFrom=DocumentDeeplink&ts=2641.89)

So what a great conversation. And we have a few more coming up. Lisa, thank you for joining me today. You've been listening to the Healthcare Leadership Experience podcast. I'm Lisa Miller. I am the managing director at SpendMend. And we are the industry's only spend management, cost savings platform. And we'd welcome you to jump on our website at spendmend.com to learn more. And I have an interesting announcement. I have recently just completed a long-overdue project that a lot of my hospitals have been asking for, but I've created a keynote speech, it's called Gain A Cost Advantage. And that keynote will be delivered to hospitals through healthcare leaders.

Lisa Miller ([40:19):](https://www.rev.com/transcript-editor/Edit?token=3dBfyqpw70da_7izthyN9E8Eto3RUIbCDiasNdxws6RIKsSPezr6cuqPV_cfg0uD7sxIwlo3Hk6P_VyjvZUYhhpUf-U&loadFrom=DocumentDeeplink&ts=2695.53)

It's engaging, it's informative, it's about 90 minutes. But it really is an area that really can drive enthusiasm, because you can gain a cost advantage. And if you'd like to learn more about the keynote to bring that to your hospital, or I've also had those keynotes at associations and conferences, you can reach out to me.

So Lisa, thank you, and I would love to know what you're working on. Those of you that are listening to my podcast, as you know, I've just announced my keynote. I'd love to know what you're working on. I'd love to know topics you'd like us to speak about. And I want to thank you for listening to our show.

Lisa Larter ([40:51):](https://www.rev.com/transcript-editor/Edit?token=MUrX6pJl6XBLkLKwYqSvq5XpxhzuQDDcy8Z_uKN5CRA9WYSF-krF82iJy4y_mtcKPUhvllm-x6utEJlhflTmkNMCqCw&loadFrom=DocumentDeeplink&ts=2742.39)

Thanks for having me, Lisa.

Lisa Miller ([40:53):](https://www.rev.com/transcript-editor/Edit?token=BOEt_ujQDAscqamd6QcOXtC8HwljU_7IcX-IUzISr8I-ixohiIDEcPvmDQcnhn2PNTQOs73erdugsMJqI4ovhteZmZY&loadFrom=DocumentDeeplink&ts=2743.89)

Okay.

Speaker (40:56):

Thanks for listening to The Healthcare Leadership Experience Podcast. We hope you've enjoyed this episode. If you're interested in learning new strategies, best practices and ideas to utilize in your career and healthcare organization, check out our website at thehealthcareleadershipexperience.com. And oh yeah, don't forget to rate and review us and be sure to join Lisa and Jim next time on The Healthcare Leadership Experience podcast. Thanks again for listening.

****MEET LISA MILLER

*“It’s important for hospitals to have a clearly defined cost savings strategy with purchased services as a component to that strategy. We provide our clients with a focused roadmap to achieve those savings through our expertise since 1999.”*

Lisa Miller launched VIE Healthcare Consulting in 1999 to provide leading-edge financial and operational consulting for hospitals, healthcare institutions, and all providers of patient care.

She has become a recognized leader in healthcare operational performance improvement, and with her team has generated more than $720 million in financial improvements for VIE Healthcare’s clients.

Lisa is a trusted advisor to hospital leaders on operational strategies within margin improvement, process improvements, technology/ telehealth, the patient experience, and growth opportunities.

Her innovative projects include VIE Healthcare’s EXCITE! Program, a performance improvement workshop that captures employee ideas and translates them into profit improvement initiatives, and Patient Journey Mapping®, an effective qualitative approach for visualizing patient experience to achieve clinical, operating, and financial improvements.

Lisa has developed patented technology for healthcare financial improvement within purchased services; in addition to a technology that increases patient satisfaction through front line insights.

Lisa received a BS degree in Business Administration from Eastern University in Pennsylvania and a Masters in Healthcare Administration from Seton Hall University in New Jersey.
She is a member of the National Honor Society for Healthcare Administration – Upsilon Phi Delta. Her book The Entrepreneurial Hospital is being published by Taylor Francis.

MEET JIM CAGLIOSTRO

Jim joined VIE Healthcare Consulting in 2018 and brings to the role over a decade of critical care nursing experience at highly regarded medical facilities across three states.

During that time, he observed both the ‘good and bad’ of hospital operations in a number of regions, giving him a unique insight and understanding which he brings to VIE Healthcare Consulting’s clients

MEET Lisa larter

Lisa Larter is a Business Strategist, Digital Marketing Expert, Author and Speaker.

Her business, the Lisa Larter Group helps their clients to formulate marketing strategies that support their business goals and objectives for increasing their visibility, leads and sales customer acquisition. Lisa provides consulting and advisory services as well as a full suite of implementation services that include social media and content management, book marketing campaigns, and website design.

Lisa recently launched her podcast, She Talks Business, where she shares the strategies that are necessary to start and scale your business beyond 7 figures…and keep it there.

For more about Lisa, please visit: https://www.lisalarter.com