The pressure on hospitals and health systems to simultaneously improve quality and reduce costs will only intensify, no matter the outcome of healthcare reform. Healthcare spending is expected to grow at least 7% of gross domestic product (GDP) through 2029. Even if Medicare is projected to reach maximum value by 2029, trends that will continue no matter the outcome of healthcare reform. Opportunities exist for all hospitals, even top performers, to improve supply chain efficiencies while continuing to offer the highest quality outcomes. We have found, somewhat counterintuitively, that the highest-performing providers are simultaneously able to reduce cost and improve quality, in part by reducing clinical variation. It’s clear that many hospitals have the appropriate strategies and processes in place to efficiently manage supply budgets while maintaining quality will only intensify, no matter the outcome of healthcare reform. Opportunities exist for all organizations, even top performers, to improve supply chain efficiencies while continuing to offer the highest quality outcomes. We have found, somewhat counterintuitively, that the highest-performing providers are simultaneously able to reduce cost and improve quality, in part by reducing clinical variation.

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