



The  
**Advisory**  
Board  
Company

Health Care IT Suite

## **State of the Health Care IT Union**

Addressing Current and Future Industry Imperatives

**Future of Healthcare in Washington**

June 19, 2013 • Bellevue, WA

## Health Care IT Suite

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Health Care IT Suite

# State of the Health Care IT Union

Addressing Current and Future Industry Imperatives

## Road Map

6

1

**Drivers of Change in Health Care IT**

2

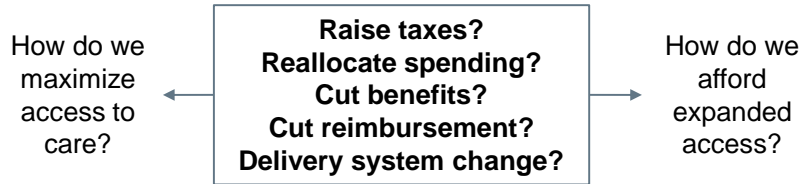
State of the Industry

3

Where We're Headed

# The Reform Paradox

Giving More Care to More People, and Paying Less for It



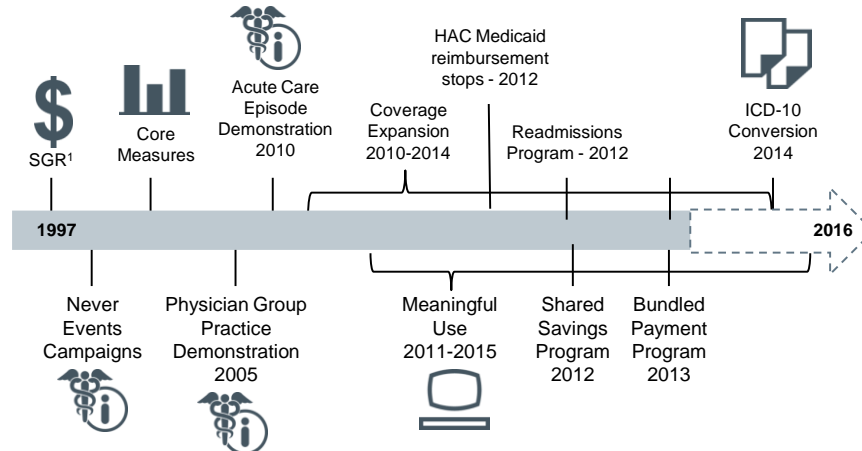
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Source: Advisory Board analysis.

# Beginning of a Fundamental Transformation

Legislation Only One Part of Health Care Reform

Delivery System Reform Timeline



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1) Sustainable growth rate.

Source: Advisory Board analysis.

## Toward Accountable Care

### New Incentives, Greater Risk Characterize Industry Transformation

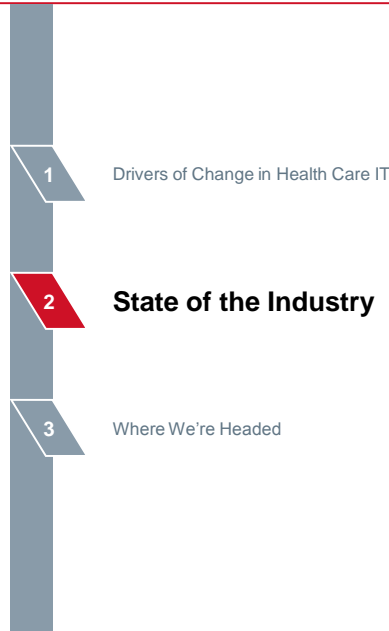
#### Strategic and Operating Imperatives

Management Imperative	Fee for Service		Accountable Care
<b>Accountability</b>	Optimize performance within the facility	➔	Optimize performance across settings and time
<b>Utilization</b>	Maximize acute-care utilization	➔	Redirect acute-care utilization to lower acuity settings
<b>Physician Partnerships</b>	Align economically to drive acute-care volumes	➔	Align economically to manage shared risk
<b>Technology Investments</b>	Win clinical technology "arms race"	➔	Wire the health system for coordination and collaboration
<b>Facility Strategy</b>	Centralize and co-locate acute-care services	➔	Widely distribute primary care and preventive services
<b>Care Coordination</b>	Invest in only as an "avoidable losses" strategy	➔	Develop high-performance partner network across continuum
<b>Expense Management</b>	Manage inpatient cost trend below revenue growth trend	➔	Drive care to lowest-cost setting

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Source: Advisory Board analysis.

## Road Map



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## Second of Three Increasingly Complex Stages

### Data Capture and Sharing

Stage 1



- Increase implementation and adoption of electronic health record (EHR) systems
- Capture structured data

### Advanced Clinical Processes

Stage 2



- Increase exchange of health information
- Demonstrate care coordination across sites of care
- Empower patients with health information

### Improved Outcomes

Stage 3



- Drive use of real-time data at the point of care
- Use outcomes-focused clinical quality measures
- Utilize clinical decision support for prevention, disease management, and safety

## Stages of EMR Adoption

### HIMSS Analytics EMR Adoption Model, Q1 2013

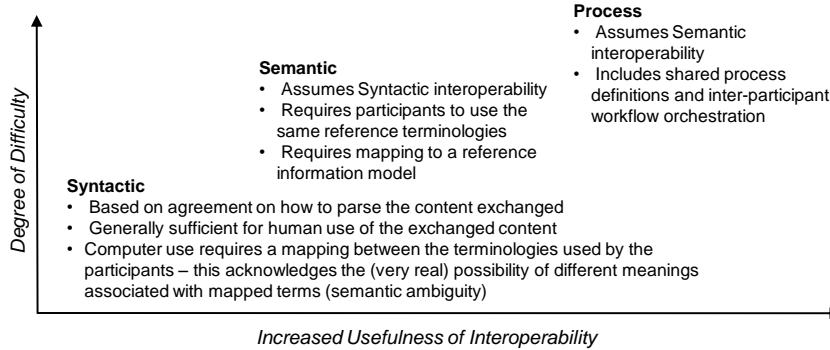
Stage	Description	Percent of Hospitals At Stage	
		Q3 2009	Q1 2013
7	Complete EMR; CCD transactions to share data; Data warehousing; Data continuity with Emergency Dept, ambulatory, Outpatient venues	0.5%	1.9%
6	Physician documentation (structured templates) on one inpatient unit, full clinical decision support (variance and compliance), full radiology PACS	1.2%	9.1%
5	Closed loop medication administration fully implemented on one inpatient unit	4.8%	16.3%
4	CPOE and clinical decision support implemented in at least one inpatient unit	4.1%	14.4%
3	Nursing/clinical documentation (flow sheets) on one inpatient unit, clinical decision support (error checking in pharmacy), image access outside radiology dept.	40.4%	36.3%
2	Clinical data repository, controlled medical vocabulary, clinical decision support capability, may have document imaging; HIE capability	29.8%	10.1%
1	All three ancillary systems installed	7.1%	4.2%
0	Not all ancillary systems (lab, radiology, pharmacy) installed	12.1%	7.8%
		N=5172	N=5441

## Towards Higher Levels of Interoperability

**Definition of Interoperability**

“In health care, interoperability is the ability of different information technology systems and software applications to communicate, to exchange data accurately, effectively and consistently, and to use the information that has been exchanged.”

NAHIT, 2005



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Source: NAHIT, 2005 and Advisory Board research and analysis.

## HIE Market: Everyone Wants to Get into the Act!

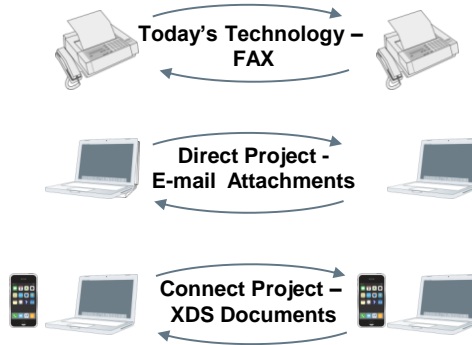
Category	Representative Examples	Strengths	Challenges
<b>Acute EMR Vendors</b>	Epic, Allscripts, Cerner, GE...	Established client base of IDSs, some experience with ambulatory, lab and payer integration	Competing EMR vendors will not play in the "sandbox"
<b>HIE Vendors</b>	CareFx, Covisint, dbMotion, ICA, Intersystems, MobileMD, Orion, RelayHealth	Built for HIEs, have connectors and adapters to most ambulatory and lab systems, support for centralized and federated models	Often reliant on grants and government-based non-sustainable funding sources
<b>Carriers</b>	Verizon, AT&T	Knows networking and communications	Lack of clinical HIE experience
<b>Specialty</b>	Surescripts, Emdeon	Existing extensive national backbone connectivity with providers, payers	Fee structures not popular for HIE
<b>Payers</b>	United Health/Axolotl, Aetna/Medicity	Experienced with transaction networks/clearinghouses – now extending into provider space	Payer "parents" not trusted by providers

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Source: Advisory Board research and analysis.

## Direct Project – Information Sharing

### Incremental Improvements



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**Direct Project Announcement from ONC**

"The Direct Project specifies a *simple, secure, scalable, standards-based* way for participants to send authenticated, encrypted health information *directly* to *known, trusted recipients over the Internet.*"

*The Direct Project Overview, 11 October 2010*

Source: Advisory Board research and analysis.

## More Than Just Incentives At Stake

### Breaches Are Costly and Destroy Trust

#### Redspin's 2011 Report on Breaches

- 385** breaches of protected health information (PHI)
- 19,016,894** patient health records affected
- 49,396** average # of patient records per breach in 2011, an 80% increase over 2010
- 59%** of all breaches involved a business associate
- 39%** occurred on a laptop or other portable device
- 25%** occurred on a desktop PC or server
- 60%** resulted from malicious intent (theft, hacking)
- 97%** increase in total records breached, 2010-2011
- 76%** increase in records breached involving a business associate, 2010-2011
- 525%** growth in records breached due to loss 2010-2011

**Quintuple Whammy from a Breach**

- \$???** M \$1,000 per patient seems to be the metric for lawsuits
- \$1.5 M** Maximum annual penalty from HHS due to HIPAA violations
- \$20,663** Cost to solve single case of medical identity theft\*
- \$???** M Potential loss of Meaningful Use money due to HIPAA violation
- \$???** M Cost to your reputation

**Daily Disclosures of Breaches are Becoming Alarming – It's "When," not "If"**

Some of the Wall of Shame include **Stanford Hospital and Clinics** (20,000 patients' data posted to the web; sued for \$20M), **Tricare** (SAIC – 4.9M patients' data lost; sued for \$4.9B), **Fairview Health Services** and **North Memorial Health System** (Accretive Health – 16,800 total patients data stolen), **Nemours** (1.6M total individuals' data lost); **UCLA Health System** (16,288 total patients' data stolen).

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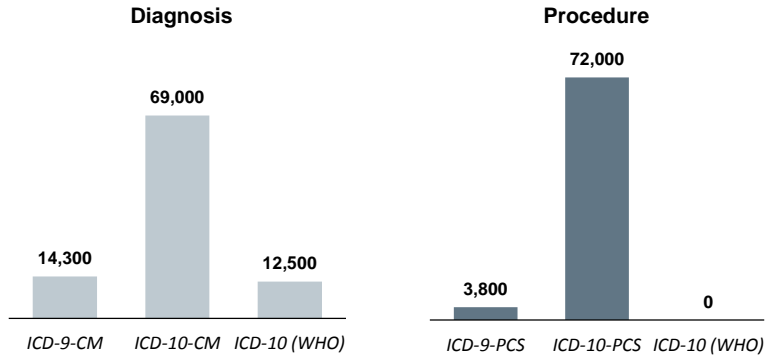
Redspin Breach Report 2011, Protected Health Information, [www.redspin.com](http://www.redspin.com) (accessed 17 February 2012)

\*Miliard, M. "Medical Identity Theft on the Rise," Healthcare IT News, March 15, 2011, available at: <http://www.healthcareitnews.com/news/medical-identity-theft-rise> (accessed March 30, 2011)



# ICD-10 versus ICD-9

## Explosion of Granularity



**“ ICD-10 CFO Survey respondents who expect to lose revenue through transition:**

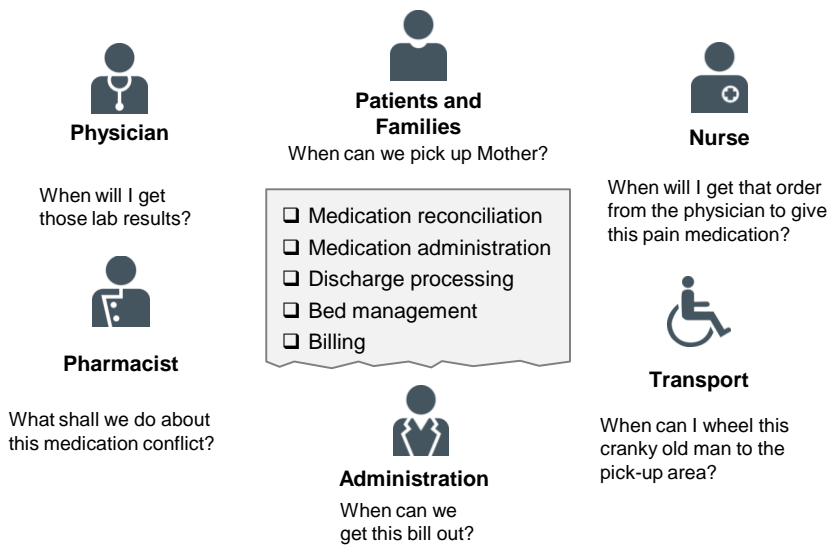
- 28 % predict revenue loss between 6% and 10%<sup>1</sup>
- 23 % anticipate revenue losses to last one to two years<sup>1</sup>

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1) Shaw, HealthLeaders Media, 7/26/11.

# Mobility-Enabled Business Process Management

## Who is waiting on what from who?

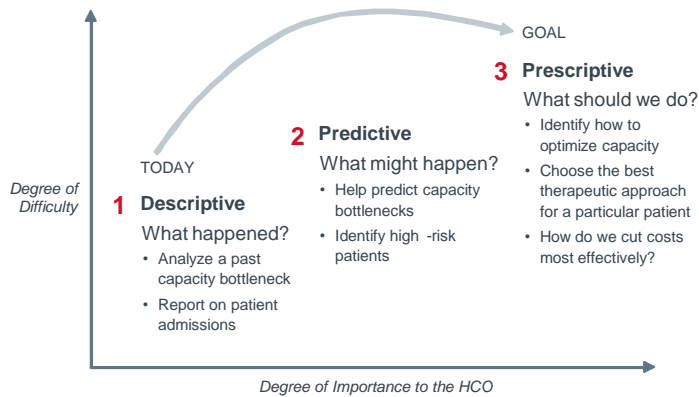


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Source: Care Advisory Board interviews and analysis.

## Our Systems Describe the Past

We need them to guide the future

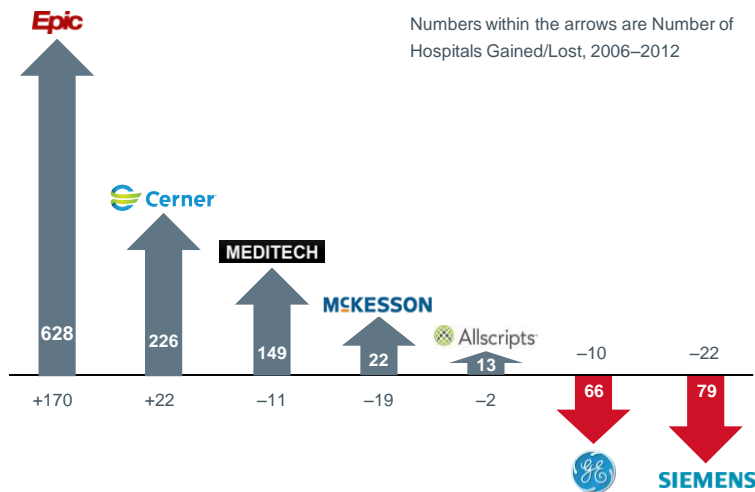


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Source: The Advisory Board company interviews and analysis.

## State of the Enterprise Vendors

You Win Some, You Lose Some...



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+ - : Numbers of Hospitals Gained/Lost in 2012

Source: HIMSS Analytics Database.

# Road Map

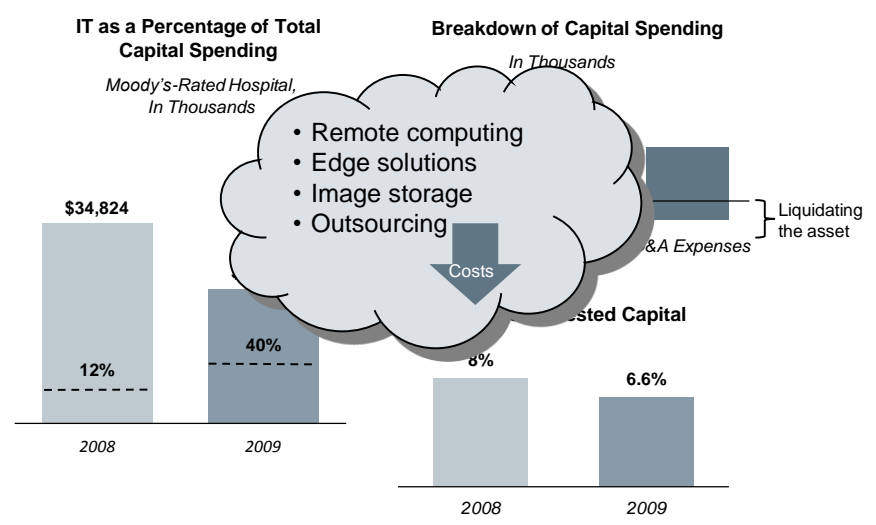


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## Where We're Headed – IT Budgets Going UP

# Spending Up, But Return Down

## Where We're Headed – IT Budgets Going UP

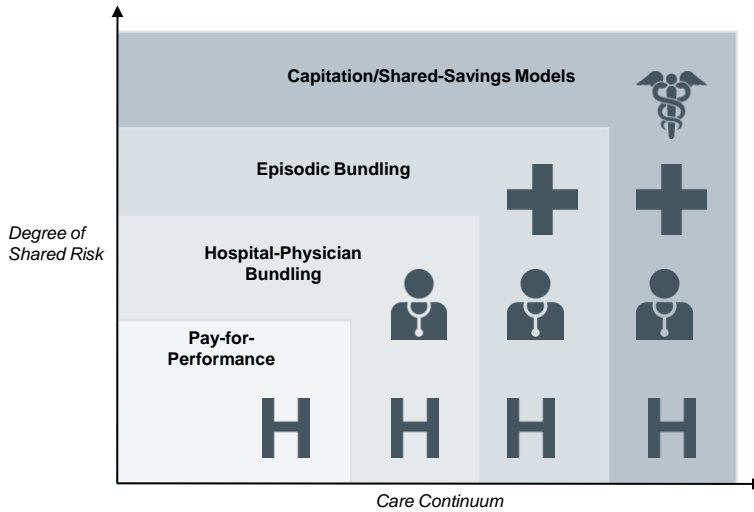


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Source: Moody's Preliminary Medians for Not-for-Profit Hospitals, April 2010; Advisory Board analysis.

# Toward Accountable Payments

## Building Accountability Through Experiments in Payment



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Source: Health Care Advisory Board interviews and analysis.

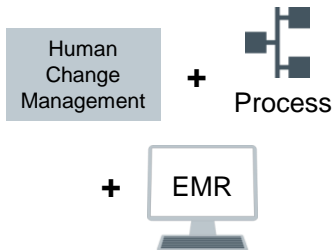
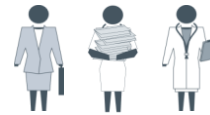
# Emphasis on Change Management Is Essential

## Under-Adoption, Under-Utilization, Sabotage Not Desirable Options

### Technology Adoption

The application of human Change Management principles to technical projects, such as Electronic Medical Records or ICD-10 implementation.

*Claire McCarthy*



### It's Always About People

- Only 1/3 of change initiatives achieve success. Users determine success or failure of project.
- Change is messy. People start where they are, not where we want them to be. Get to hearts and minds to develop willingness and ability.

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# The Intelligent Enterprise

