7 Strategies To Compete Using Analytics

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Learning Objectives

1. Learn the 7 strategies to compete to make better decisions and extract maximum value.

2. Identify the analytics needed to move from volume to value to change the care delivery model.

3. Understand the tools and analytics needed to achieve significant growth strategies and improve clinical effectiveness.

4. Use analytics to create physician partnerships; effectively manage the cost of off quality; become adept at population-based planning and be successful in the competitive merger and acquisition market.
The Perfect Storm

Dramatic increase in healthcare spending:
- Federal Government up 23%
- State governments up 26%
- Individual Consumers up 19%

10,000 new Medicare enrollees per day

Obama budget = Ryan Budget-Medicare cuts

Medicare Sequester:
- 2% x
- 4% expected
“You’ve got the AHRQ, HCAHPS, NHQM, and the RHQDACPU in addition to anything you may be doing internally. And there’s the Joint Commission, and meaningful use. So now what we have is a whole lot of data confusion about what’s going to need to be reported, and how, and when. Getting that data together, consistent and valid as well as timely, is a very big deal.”

– Jeff Rose, M.D.
VP Clinical Excellence, Ascension Health
HealthLeaders, January 2011
Compete Using Analytics – 7 Strategies

1. Understand the new healthcare reality
2. Understand your data and how it fits together
3. Understand your performance compared to others
4. Identify ways to improve - internal opportunities (cost/quality/value)
5. Identify ways to improve - market dynamics (including population based planning)
6. Understand the relationship between internal performance and market dynamics
7. Foster a culture of change
Strategy #1 - Understand The New Healthcare

- Understand The New Healthcare
- Move from Volume to Value
- Achieve Physician Alignment
- Drastically Reduce Costs

- Use analytics to compete and monitor performance
- Adept at population based planning
- Effectively manage the cost of off quality using evidence based medicine
- Create linked incentives
- Medicare break even
Strategy #2 - Understand Your Data & How It Fits Together

- Significant investments in legacy platforms
- Data are in silos
- See interrelationships between data
- Ask vendors/partners to work together
Strategy #3 - Understand Your Performance Compared To Others

<table>
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<tr>
<th>Hospital Strength Index™</th>
<th>Market Strength</th>
<th>Value-Based Strength</th>
<th>Financial Strength</th>
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<tr>
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<td>Competitive Strength</td>
<td>Competitive Intensity</td>
<td>Market Size &amp; Growth</td>
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<td>Percentile Rank based on Indicator</td>
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<td>Target Facility’s Herfindahl-Hirschman Index (HHI*)</td>
<td>Market Competitors’ HHI</td>
<td>Quality Index</td>
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<td>Inpatient Overall 5-Year Demand Projections for Total Market Case Volume</td>
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<td>%HIG Derived from Market Share Calculations Based on Medicare Hospital Service Area File Data for Calculated Service Area (75% of Inpatient Origin)</td>
<td>Proprietary Demand Projections, Market Size Based on Medicare Hospital Service Area File Data for Calculated Service Area (75% of Inpatient Origin)</td>
<td>Data Sources</td>
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<td>Hospital Compare, Process of Care Measures, Quarterly Release</td>
<td>Outcomes: Hospital Compare, PSI: HRR QI Software Applied to MedPAR Inpatient Data</td>
<td>Hospital Cost Report, Healthcare Cost Report Information System (HCRIS), Quarterly Updates</td>
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**Data Sources**
The most recently available...

Leverage: Debt Ratio (Total Liability/Total Assets)
Liquidity: (Net Working Capital/Total Liabilities)
Capital Efficiency: (Net Income/Total Revenue)
Resource Availability: (Total Assets/Total Expenses)
Strategy #4 - Identify Ways To Improve.
Internal Opportunities

Step 1. Focus on Creating Value
90% of off-quality expenses and revenue loss is generated by 6% of your physicians.
90% of your quality issues are focused on a handful of improvements.
Strategy #4 - Identify Ways To Improve.
Internal Opportunities

Step 2. Focus on Reducing Costs
90% of your staffing excess comes from 10% of your operations
Strategy #5 - Identify Ways To Improve. Market Dynamics

Step 1: Environmental and Market Assessment
The environmental and market assessment includes the following elements:

- Overview of the service area (including primary, secondary, target, and ACO service area definition)
- Service area demographics
- Competitive analysis
- Medical staff analysis
- Hospital analysis
- Hospital utilization and market share
- Financial results and trends

Step 2: GIS Mapping to see the interrelationships displayed on map layers

- ACO/Medicare beneficiaries files
- Hospital Strength Index
- High volume/low performing physicians
- Demographics
- Population-based planning
Strategy #6 – Understand The Relationship Between Internal Performance & Market Dynamics
GIS & Strategic Decision Platform Demonstration
Strategy # 7– Foster A Culture Of Change

There are three cultural styles that we find in hospitals:

1. Constructive styles;
2. Passive/defensive styles; and
3. Aggressive/defensive styles.

A constructive culture leads to better execution of strategy, improved quality, engagement, retention, satisfaction, teamwork, positive financial results and is the style that is most effective using analytics.
Strategy # 7– Foster A Culture Of Change

Impact of the most effective and successful leaders using analytics
To receive a copy of your organization’s hospital strength index, value based purchasing incentive or to learn more about how to use these advanced analytics contact:

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