

# Creating Clinically Integrated Networks: Challenges, Successes, Lessons Learned



## Prepared for the Scottsdale Institute

*By Tonya Edwards, MD, Impact Advisors*

**Executive Summary:** CIOs from thirteen leading healthcare organizations convened in April 2016 for the annual Scottsdale Institute Conference and CIO Summit. With the passage of MACRA signaling rapid acceleration of value-based payment, the focus of this report is on key challenges and lessons learned related to CIO support of clinically integrated networks and health system value-based care efforts.

## **SUMMIT PARTICIPANTS**

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- > Mary Alice Annecharico – Henry Ford Health System
- > Mark Barner – Ascension
- > David Bensema, M.D. – Baptist Health Kentucky
- > George Conklin – CHRISTUS Health
- > David Graham, MD – Memorial Health System
- > Kyle Johnson – Eastern Maine Health System
- > Ken Lawonn – Sharp HealthCare
- > Gerry Lewis – Ascension Information Services
- > Patrick O’Hare – Spectrum Health
- > David Pecoraro – SCL Health
- > Bruce Smith – Advocate Health Care
- > Rebecca Sykes – Mercy Health
- > Jim Veline – Avera Health
- > Laishy Williams-Carlson – Bon Secours Health System

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# Introduction

In January 2015, the Department of Health and Human Services (HHS) announced new goals for value-based payment. Specifically, by the end of 2018 they expect 50 percent of Medicare payments to be tied to alternative payment models, and 90 percent of Medicare fee-for-service payments to be tied to quality. Then a few short months later, with the passage of the Medicare Access and CHIP Reauthorization Act (MACRA), HHS began the process of rapidly accelerating the transition to value-based payment.

Now a year after those announcements but with the implementation of these statutes on the near horizon (the first performance period is 2017) and with commercial payors beginning to accelerate their value-based payment reforms as well, Scottsdale Institute brought together CIO thought leaders from diverse organizations across the country to assess how they are responding. In particular the focus of this summit was on the challenges related to development of clinically integrated networks from the lens of the Chief Information Officer.



**George Conklin**, CIO,  
CHRISTUS Health

Because MACRA is likely to be the victim of election year delays in implementation, health systems and providers will have to make strategic decisions without knowing what the final rule will hold. But the December 2015 Leavitt Partners report “Projected Growth of Accountable Care Organizations” suggests that with widespread support of ACOs related to both commercial adoption and adoption related to the MACRA legislation, growth in ACO-covered lives is expected to increase from the current 23 million lives to 105 million lives in 2020. With that kind of growth projected, speed is of the essence.

Many of the organizations represented have been preparing for value-based care with development of clinically integrated networks (CINs) for some time, others are just getting started. George Conklin of CHRISTUS Health shared that even in a volume based payment scenario development of CINs has been critical. **“With acute care volume deteriorating, decreasing revenues and increasing capital expenses, CINs are necessary to provide care where patients want it and to drive patients back into our acute care facilities. They ensure we maximize volume.”** Bruce Smith states that Advocate has been a leader in shifting from provider centric care to patient centric care in preparation for value-based payment, but **“what is working against that is the traditional way we are structured and organized and reimbursed. It has made us become a schizophrenic**



**Bruce Smith**, CIO,  
Advocate Health Care

organization. We are building capability for more and more acute care but the other half of the organization is working on keeping people out of the hospital."

For many of the summit's participants the acceleration of the shift to value-based payment is welcome, as it provides definite direction, rather than having to remain with the proverbial "foot in two canoes."

## Challenges and Successes

Clinically integrated networks are definitely part of that strategic direction, but just what constitutes a clinically integrated network can

be quite different depending on who you ask.

Mark Barner, retiring CIO at Ascension, states that at Ascension

they don't use the term clinically integrated network, but rather **"clinically integrated systems of care."** He notes that **"this manifests differently in different markets. In some markets we are getting everyone on the same systems with a shared infrastructure, but in others where relationships are more immature this doesn't make sense and we are working toward data integration. The same systems and same vendors aren't the issue, it's all about the shared data."**

Others agree that they are forming many different relationships within their markets and each is different, with different technology support needs.



Mark Barner, retiring CIO, Ascension



Rebecca Sykes, CIO, Mercy Health

All summit participants report that their organizations have some version of a CIN. Some are just getting started while others are very mature and have robust tools. Mercy Health's Rebecca Sykes notes **"we stood up our CIN based on the (Federal Trade Commission) rules and regulations...we are partnering to negotiate contracts."** Kyle Johnson, Eastern Maine Health System, agrees. **"The purpose of our CIN is to negotiate joint contracts."** In some markets developing a CIN has been relatively easy. Dave Pecoraro with SCL Health notes that his organization has a large population of employed physicians and that has made developing a CIN easier. SCL's clinically integrated network has multiple contracts. In other markets however there are more challenges, particularly in areas where there are still large numbers of independent providers.



Kyle Johnson, CIO, Eastern Maine Health System

## SPECTRUM HEALTH



**Patrick O'Hare, CIO,**  
Spectrum Health

**makes it that much more challenging. As you add partners, it obviously increases the standardization efforts required, which is key to being successful in a value-based environment."**

With industry estimations of variation and waste of twenty to 40 percent, business leaders have to ask hard questions about what they are willing to commit to in terms of reducing variation in pursuit of increasing value.

Managing variability is a key challenge to performance of clinical integrated networks. Spectrum Health's Patrick O'Hare notes his organization also has an insurance company.

**"Trying to facilitate standardization within and across a myriad of organizations**



## BAPTIST HEALTH



**David Bensema, MD, CIO,**  
Baptist Health Kentucky

Shifting focus to tools, including tools for internal performance and utilization measurement, external reporting, predictive analytics, risk scoring, contract performance analytics and calculation and distribution of incentives to providers and health systems based on performance, the majority of summit participants are in the early to middle stages of development. Laishy Williams-Carlson notes that at Bon Secours the focus is on forming regional clinically integrated

networks.. **"In each of our markets we are playing a convener role with other providers, focusing on quality and a comprehensive approach to population health."**



**Laishy Williams-Carlson, CIO,**  
Bon Secours Health System

According to Ascension's Mark Barner, "some of our CINs are still forming, but some markets are storming" indicating it will likely take a while before the CINs reach the "norming" and "performing" stages of team development. "We are working through issues and making decisions regarding which organization is going to do what and how we will manage security," he says. "There is not a playbook; we are creating a whole new framework for business. Internal service agreements are going to be incredibly important."

Overwhelmingly the CIOs agreed that developing analytics is their number one priority. Per Rebecca Sykes, "data is the name of the game." Gerry Lewis, Ascension Information Services, agrees calling data **"the key to the kingdom"**. In fact, he notes that Ascension is now organizing around that concept, adding data



David Pecoraro, CIO,  
SCL Health

display real-time data to drive performance. Mary Alice Annecharico, Henry Ford Health System, notes that because Henry Ford has had a health plan for many years, they are well advanced compared to others in healthcare from an analytics perspective. And she notes that the analytics team is not housed in IT. IT provides the tools and end user support, but the quality and analytics teams manage the business data. **"We provide the tools but the analysts are being provided by operations. The organization has a thirst to become a data driven organization."** Others agree that this is



Gerry Lewis, incoming CIO,  
Ascension

scientists, data modelers and other experts to help Ascension succeed. Dave Pecoraro notes that SCL has partnered with EMC for cloud computing and big data capabilities including Hadoop. They are converting report writers to analysts and are hiring people with economics, banking, and finance backgrounds to become data scientists and are also using products like Tableau for visualization. **"We are converting our staff to health science teams."**

Like SCL, a few of the other organizations represented are further along than others in the analytics space. George Conklin notes that his team has been planning for data and analytics for years and is well prepared now. "We have been planning for the past three years and putting in place analytics tools, a data warehouse and data governance. Every year I pulled some money to put into the data infrastructure, knowing this would be the need." Now the CHRISTUS team is building applications and has installed very large monitors in key locations so that they can

way we need to structure for the future. **"It is hard to give it up (analytics)",** says Dave Pecoraro, **"but IT needs to do the data management and give up a lot of analytics to the end user."** There is consensus that

analytics requires significant operational leadership input and this is one of the things that is pulling IT, clinical and operational leaders into far more collaboration than in the past, in some cases even with dyads or triads within the organizational structure.

Still, considerable data challenges remain. Gerry Lewis, incoming CIO at Ascension, notes that **"the challenge with clinical transactional systems is that they are built for putting data in and not necessarily taking data out. The data is very heterogeneous**



Mary Alice Annecharico, CIO,  
Henry Ford Health System

# Avera



**Jim Veline**, CIO, Avera Health

and costly in terms of expense and time to normalize, often requiring assistance from vendors or consultants. **“The price of data acquisition needs to fall. We have to commoditize the costs of managing data. We need to do this in a very different way and at increased velocity.”** Jim Veline, Avera Health notes that data needs are changing dramatically. **“Health plans have good data but it is old. We now need access to real time data. Our hospitals are used to working with cost data, but utilization data is far more valuable going forward.”**

While many of the preparations for value-based payment are largely ambulatory focused, many of the organizations represented are also making significant investment in hospitals. Both Rebecca Sykes and George Conklin note that their health systems are still making significant investments in building hospitals but new hospitals are being built with more efficient design and fewer beds. Conklin notes

“We are still building new hospitals but the focus is on efficiency. We are closing some facilities and consolidating others.” SCL is still investing in hospitals but in a very different way. “We are building four micro-hospitals with an ED and 10 beds,” says CIO Dave Pecoraro. “That places our name brand in places where you wouldn’t put a big hospital and creates access.” But at Ascension and others the focus is actively on the continuum of care. “Investing in new hospitals is not a big focus for us,” says Gerry Lewis. “Our leadership wants to invest money along the continuum, including in primary care, home and senior care, and clinically integrated systems of care. Our focus is on how to be more agile and nimble.”

## Lessons Learned

What advice would these CIOs give to their colleagues facing these perplexing times in healthcare? Here are some of their key recommendations.

### 1. FAIL FAST, LEARN FAST.

With MACRA and other programs looming on the horizon speed is everything. There is no playbook for the road ahead. Successful CIOs have to be willing to make strategic decisions and move forward quickly and nimbly, all the while closely monitoring performance and learning from mistakes. A corollary to this is that organizations that are bigger and having more stamina may be better positioned to have the resources to withstand making some mistakes.

# Memorial



**David Graham, MD**, CIO,  
Memorial Health System

## **2. DATA (ANALYTICS) IS THE KEY TO THE KINGDOM.**

To be successful in a value-based environment health systems must have access to real-time actionable information. Ultimately, the consumers of the information – operations – should own analytics, with IT performing the technical data management functions. Data governance is critical as is giving end users desired direct access to the data. New highly skilled resources like data scientists will be in high demand. “Tell your college kids to get degrees in cyber security or analytics,” says Mark Barner.

## **3. DEMONSTRATE RETURN ON INVESTMENT IN ORDER TO GET FUNDING.**

Many new tools will be needed to be successful, but with shrinking margins and competing demands getting funding can be difficult. Plan to demonstrate return on investment with small projects or low hanging fruit in order to get future or more extensive funding. In the meantime, do the infrastructure work necessary to get your team ready to use new tools.



**Ken Lawonn**, CIO,  
Sharp HealthCare

## **4. DEVELOP INTERNAL SERVICE AGREEMENTS WITH PARTNERS.**

New partners mean new complexities. Clearly lay out which organization is responsible for what and create service level agreements to hold everyone accountable. Boundaries make for good relationships.

## **5. DEVELOP FORMAL COLLABORATIVE LEADERSHIP.**

Dyad and Triad leadership models will likely become the norm. “CIO’s can play a significant role in helping the senior management team understand what additional information is available to run the business,” says Jim Veline. For the purposes of clinically integrated networks CIOs will need to work closely with CMOs and CMIOs and there will be new relationships with Chief Analytics Officers, Chief Quality Officers and others. Collaborative leadership styles will be necessary for success.

## Conclusion

The next several years are sure to be exciting for CIOs as health systems accelerate their efforts to prepare for the pending shift to predominantly value-based payment. We're likely to see a lot of experiments and pilot projects in an effort to learn the path to success. CIOs need to rapidly focus on putting the infrastructure in place to turn massive data into actionable information. Connecting many diverse stakeholders for information sharing whether it be with interfaces, HIE tools or portals will be high on the list of to do's, as will maximizing clinical decision support, and using a myriad of tools to engage patients in their care. Needless to say, it's not going to be boring.

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