

Clicks & Mortar:

eHealth options proliferate for providers at a San Francisco forum. How real are they?

Executive Summary

If all the talk about eCommerce and eHealth has you screaming eeeee!, you're not alone. Most healthcare executives are still struggling to identify what "Internet portal" means, let alone map out their organizations' eHealth strategies. There's no shortage of efforts, however, to help healthcare decision-makers come to terms with what surely is becoming a new way of business. Scottsdale Institute co-sponsored one of those efforts, the eHealth conference "Clicks & Mortar: Rethinking Healthcare Delivery in the New Millennium," held March 7 at the Palace Hotel in San Francisco. We summarize some highlights from the conference in this issue of *Information Edge*.

Clicks & Mortar tried to put eHealth in the perspective of real life for integrated delivery systems—hence the play-on-words: "Clicks" (for computer mouse clicks) and "Mortar" (for traditional "bricks & mortar"). A wide-ranging group of speakers covered everything from the top 10 trends in eHealth for 2000 to more specific realms of clinical trials and telehealth. There was also an interesting session on top eHealth companies to watch in 2000, mostly small, startup firms that few CEOs or CIOs would recognize but which are literally changing the face of the healthcare marketplace almost overnight.

Just how far will eHealth take us? Unfortunately the Clicks & Mortar conference did not offer a definitive answer. Indeed, when the issue of the online medical record was addressed in an early general session, it was, to quote Yogi Berra, "like *deja vu* all over again." It will take 10 years to happen, according to the panel consensus. Hmmm, didn't we say that 10 years ago about the computer-based patient record—and aren't we still waiting? Ambiguity and hype notwithstanding, however, the conference shed much light on a fast-emerging business model that it behooves all healthcare executives to embrace. As one speaker put it, eCommerce is a journey, not a destination.



Improving Healthcare
Performance Through
Information Management

March 2000
Volume 6, Number 2

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Top 10 Health Trends for 2000

Stephen T. O'Dell

VP, First Consulting Group and Managing Director, eHealth@FCG

With apologies to David Letterman, Steve O'Dell presented what he described as a dynamically changing top 10 eHealth trends for 2000, starting with No. 10. The following points have been edited for inclusion in *Information Edge* by FCG's Emerging Practices unit, with particular thanks to Chris McGoldrick. For the time bars that accompany each of the 10 trends, read "short term" as 12 months, "near term" as 12-48 months and "long term" as 48 months and longer.

Who should participate in Scottsdale?

Anyone in your organization interested in improving healthcare performance through information management!

Our mission is to assist your team in understanding and deploying information management solutions, including people, process, and technology, to address our many healthcare challenges.

The topics for this year, eHealth, Patient Safety, Clinical Trials, Managing IT Value, etc., will require the participation and leadership of business and clinical leaders in your organization.

If they should be on our mailing list, please let us know and we will be happy to include them.

10. Content, as a standalone business, has starved itself to death.

Online health-content companies, whose major source of revenue is advertising dollars, are being forced to rethink their business models in an effort to ensure future survival. Online health content has become ubiquitous and, in order to thrive, content providers must become more than "information suppliers." They are either being gobbled up or are attempting to transform themselves into organizations specializing in such areas as disease management and clinical trials. Look for continued consolidation in this space as market players attempt to buy bandwidth necessary to build broader businesses.



9. The connectivity vendor market space is consolidating rapidly—yet the promise of creating valuable, bundled solutions remains elusive.

Healthcare organizations lack the time and resources needed to create their own customized transaction-based solutions but seek the value such solutions promise to return to the bottom line. Healthcon, through high-profile acquisitions, has positioned itself to define the standard and potentially become the Microsoft of this market segment. Look for further consolidation in reaction to Healthcon's moves while it works to integrate recent acquisitions.



8. eTransformation of healthcare has not yet taken hold among providers or payers.

Healthcare organizations see the potential value the Internet will bring to their businesses. In a recent survey of eHealth executives at top health plans, FCG found that nearly 80% of plans believe the Internet will enable them to streamline processes but few have done anything about it. We found the industry is still in a nascent stage of Internet adoption. The real value is yet to come. Web integration with legacy systems and workflow will be the Holy Grail and sort the winners from the losers.



7. eTransformation of supply-chain management is setting the stage for the eTransformation of care-chain management.

Health delivery organizations have much to gain from the automation of supply-chain management. As an industry, healthcare has even greater issues to overcome

in care management: reducing medical errors and increasing adherence to evidence-based practices. This is where true cost and quality improvements can be achieved that will eclipse the value realized by automating the supply chain. The potential of the Internet to alter the relationship between patients and providers through knowledge and information sharing will have a profound and lasting effect on care delivery.



6. Patients will take an active role in medical records. Medical records will continue to be maintained by institutions for clinical, financial and legal purposes. However, a personal health record will emerge that will be utilized to support self-management and empowered patients will bridge the gap between their two records. This trend will be aided by the advent of home medical monitoring devices and interactive care-management tools that will incorporate patient-reported information into routine documentation.



5. The war over the desktop will expand to the war over the handheld. Growth projections for the number of wireless Internet users over the next four years are staggering. Web devices of all kinds will be pervasive. This trend will hit healthcare through the advent of interactive, connected hand-held devices for clinicians. Companies that offer free hand-held devices for physicians will proliferate, with significant consolidation in this space as vendors attempt to develop the one killer application-set that providers will use. The key question remains: will such devices return fundamental value in the eyes of clinicians? Whether hand-helds are an end-stage or a stepping-stone, they will accelerate the movement to bring MDs into the eCare revolution.



4. Disintermediation of traditional players will continue, ushering in a whole new set of electronic intermediaries.¹ Traditional "middle men" have been eliminated and replaced by a group of "unseen" players that lurk behind the electronic curtain. Because consumer-identifiable data will pass through their hands (or servers), this trend raises serious questions about privacy and corporate allegiance to consumers with which the industry must struggle—witness the recent FTC announcement into Doubleclick's business practices.



3. Demanding connectivity and communication, consumers will begin to vote with their feet. Consumers have expectations about what and to whom they will have access via the Internet. Today, these expectations are not being set by your competition—they are being established through experiences with eTailers and financial service organizations. Increasingly, con-

What is the Relationship between Scottsdale Institute and First Consulting Group?

This is an excellent question, since the relationship has taken several forms over the past years. Here are a few facts to help dispel the confusion:

- Stan Nelson and Don Wegmiller founded CCI as a membership organization to address the challenges facing health-delivery networks that were in the process of integrating.
- With help of Jim Reep, founder of FCG, CCI evolved into the Scottsdale Institute to foster the understanding and use of IT to improve clinical and operational performance.
- Both FCG and Jim Reep have been, and FCG continues to be, financial sponsors of the Scottsdale Institute. As many of you know, Jim Reep lost his battle with cancer a year ago.
- As an expediency during the incorporation process, SI became a part of FCG, but our desire to keep SI independent and not-for-profit caused us to seek our current 501C3 status.
- FCG provides services as a subcontractor to Scottsdale Institute. As SI requires staff support, point expertise or research resources, FCG provides those resources to us as a part of an organized, high-priority program. The partnership with FCG is not intended to be exclusive or a mandate for your organization to engage FCG services.
- FCG's primary interest in SI activities is in research conducted and resulting knowledge gained. It is also interested in the opinions of healthcare leaders with respect to these issues in order to continually improve its understanding of the healthcare industry.
- Both SI and FCG believe that IT is an important enabling factor—a supporting technology, not a primary driver—in the delivery of operational and clinical process improvement.
- In short, SI and FCG have a relationship which is based on a compatible philosophy and the desire to exchange information and research. It is also based on many long-standing, mutually respectful personal relationships.

Thanks to several of you for asking. We hope this helps clarify the relationship.

¹ Source: Nicholas G. Carr "Hypermediation: Commerce as Clickstream" HBR Jan.-Feb. 2000

sumers will make buying decisions based on the access they are provided and ease of doing business. As a result, providers and payers will be forced to advance current levels of personalization and interactivity. Those who do not will risk market share.



2. We will finally trust healthcare content and connectivity companies when the Dalai Lama becomes the Master of the Internet in the year 2077. Privacy and security are increasingly becoming the most significant roadblock to further adoption of Web-based technology in healthcare. Deep-rooted consumer concerns exist that must be addressed. The challenge is to understand when security and privacy concerns are legitimate and when they are just an excuse not to change.



1. Devolution of employer-purchased health insurance will be a major stimulus for the triumph of consumerism in healthcare. Consumers will not only expect value and service from prospective insurers but will also scrutinize medical spending as they begin to associate medical costs with their own wallet. Both payers and providers must focus on one-to-one marketing and service delivery.



Bottom Line

There is currently a lot of talk about eHealth but little action and little value being realized as a result. The Internet remains a relatively untapped opportunity for the industry. Success will come at tremendous expense as industry players position their infrastructure, organizations, workflow and applications to begin to reap tremendous value from their eHealth investments.

There is no choice to opt-out; while you read this, consumer expectations are rising.

Bringing Your Business to the Internet

Teresa Shappell

General Manager, Dell Computer Corp.

Teresa Shappell talked about Dell's customer strategy and how it might be applied to healthcare. "You are never unique in your industry," she said, counseling healthcare executives to break from parochialism and learn from Internet-based firms. In a successful Internet model, the Internet is integrated into every part of the business. For Dell, the Internet has become the first point of contact for every customer.

According to this transformational Internet model:

- inventory yields to information
- physical assets become intellectual assets

Would you find it valuable if:

- We provided an update and opinion on what vendors are doing about making their products HIPAA-compliant, and what you should be doing with your vendors as a result?
- We conducted research to identify actual examples of IT driving cost savings or revenue enhancements?
- We organized regional meetings or teleconferences with several of the major or emerging "dot.coms" in order to collectively review and comment on their offerings?

Thank you for your suggestions. We can develop these ideas if enough are interested.

- closed strategies yield to collaboration

In the online customer experience, the drivers of eLoyalty are:

- Content—unimpeachable information presented in a compelling manner
- Commerce—ability to conduct business transactions online
- Community—ability to connect and communicate with others who share your interests or business

Shappell closed by urging healthcare executives to take their business direct and minimize the number of "touches." In other words, they should use the Internet to eliminate middlemen between patients and providers or between customers and the information and/or people who can solve their problems.

The Personal Medical Record—Creating the Empowered Healthcare Consumer

Moderator:

- Stephanie P. Massengill, Sr. VP, Corporate Development, Eclipsys Corp., www.healthvision.com

Panelists:

- Albert L. Greene, President, CEO and Director, HealthCentral.com
- Scott M. Rifkin, M.D., Founder, CEO and Chairman, America'sDoctor.com, Inc.
- Gail McFadden, Chief Business Development Officer, HealthMagic, Inc., www.healthmagic.com
- J.J. Singh, Chairman & CEO, CareSoft, www.caresoft.com
- Uli Chettapaly, M.D., M.P.H., ClinicAmerica.com
- Ray Scott, President and CEO, Axolotl Corp., www.axolotl.com

The panel, whose firms reflect a variety of approaches to the online medical record, addressed the value of personal health-management systems, points of access and funding sources for those records.

J.J. Singh said that the benefits of personally managed records arise from the following:

- Doctors have too many phone calls
- Health plans need to lower costs and build brand awareness
- Employers need to cut healthcare costs and need improved services

In terms of access control, Albert Greene said that it is possible to lock out specific patient information through means such as passwords, fingerprints and smart cards. Ray Scott noted that security problems require not so much a storage solution—a single place or record—as a messaging solution, because there are multiple locations to which patient information can be sent.

Uli Chettapaly said that in ClinicAmerica.com, both sender and receiver must pick the other side before the transaction will work.

Thank You!

Thanks to the 24 member organizations that responded to the recent eHealth survey. Early analysis suggests that we have a rich source of data from which to draw conclusions and implications. Look for Steve O'Dell and Tom Schnetzer of First Consulting Group to present the findings of this survey at the Scottsdale Member Conference in April. Summary reports will be provided and participants will receive the detailed analysis for your own use. Thanks for making this a success! We look forward to supporting any further collaboratives that SI members wish to undertake upon reviewing the survey results and reflecting on internal plans and requirements.

- Advocate Health Care*
- Allina Health System*
- Ascension Health Information Services*
- Banner Health Arizona*
- Botsford General Hospital*
- Cedars-Sinai Health System*
- Central Maine Healthcare Corporation*
- Christus Health*
- HealthEast*
- HealthPartners*
- Heartland Health*
- Integris Health*
- Legacy Health System*
- McLaren Health Care Corporation*
- Memorial Health System*
- Memorial Hermann Healthcare System*
- North Memorial Health Care*
- Partners HealthCare System, Inc.*
- Rex Healthcare*
- Saint Raphael Healthcare System*
- Sparrow Health System*
- Sutter Health*
- U.T.M.D. Anderson Cancer Center*
- University of Pennsylvania Health System*

Stephanie Massengill summarized the features of a personal medical record as having the following features:

- It's a virtual record
- Consumer-centric
- Consumer-given information
- Real future is integrated care management and a personalized data stream
- Continuum of the EMR rather than a separate thing

Watch For:

Information on our approach to IT Benchmarking. We will conduct pilots this year and hope to make this service available. We plan to help you compare yourselves with like organizations regarding IT costs and services provided, as well as identify which of you may benefit from collaborating on improving in specific areas. Give us your feedback on this program, and we will take the suggestions into consideration as we develop and pilot the tool.

In the Q&A that followed, the following points were made concerning personal medical records:

- It will take 10 years before the personal medical record and the EMR become integrated
- Management of chronically ill patients will become the first targeted application
- Hand-held devices will become critical tools in the next two to three years
- India and other overseas sites will become the first real staging areas

Strategy Matters: Optimizing the Internet

John Eudes, President & CEO, Greystone.Net, Inc.

[Editor's Note: SI's perspective on the following presentation is that eStrategy is embedded in an organization's business strategy, and that eEnablement is a component of that strategy.]

Greystone helps healthcare organizations develop Internet business models. John Eudes said the Internet offers a new business model because it is more efficient in terms of critical relationships:

- B2C—business to consumer, such as doctor to patient
- B2B—business to business: such as transactions between providers and health plans
- C2C—consumer to consumer: such as support groups

Executives have understandably resisted this emerging model because of skepticism, vertigo or the fact that different perspectives are held by different players often without any strategies or accountability.

The virtual environment of the Internet model incorporates the Internet, intranets, extranets and existing IS network. Three primary audiences include consumers, current patients and physicians (both referring and medical staff).

Strategy matters in this model because it requires combining common sense with electronic capability. For example, personalized online scheduling doesn't make sense for new patients, but it does for a physician's long-time patients.

Internet strategy barriers:

- No formal system-wide effort (time) devoted to Internet strategy development
- No structured transition into a Web-organization culture
- Single-function sponsorship (It's IT's problem)
- No multi-departmental planning process

What a plan provides:

1. Consensus around an organization's Internet vision or digital business model
2. A perspective on this new healthcare digital business model:
 - 1st inning in a long, new ballgame
 - 3, 6, 12-month planning phases
 - The new digital business model is a path, not a destination
 - Evolution means that the right business model today may not be the right model in the future
 - Realistic short development time frames are OK if a mistake could jeopardize your brand equity (patient confidentiality)
3. Opportunity to manage expectations
 - Sets priorities among many choices and applications
 - Balances the budgets with implementation time table and work load
 - Establishes evaluation (ROI) criteria to be used in reporting on performance...cost-cutting, increase in satisfaction, etc.
4. A "model" to measure vendor products and other opportunities back against:
 - Does this product support or fragment our current strategy?
 - Is this product cheaper than in-house development?...Is it better? ...Is it faster to implement?...Is it compatible?
 - What's the exit strategy?
5. A process that combines best applications of the Internet with best traditional business
6. A way to dispel all-too common misperceptions held by all-too many:
 - Too few have Internet access
 - E-mail is bad (Physicians at Stanford Children's Hospital say liability is less...E-mail gives me a record)

Organizational Development

(some key issues that must be grappled with)

- Senior administrators' understanding of the new business model
- Revised job descriptions
- Job performance partially based on incorporation of e-mail into workflow, etc.

What Works

1. Single strategic business-plan development process—one IT person, one marketing person (business model is not IT, not marketing)
2. Cross-business (multidisciplinary) management planning team (senior administrators)
3. Clearly defined scope...narrow better than wide...step-change performance is best...focus on small #s of initiatives that represent greatest impact
4. Target market focus...even if vendor, employee, etc.
5. Realistic expectations
6. Emphasis that culture is as important as technology

Executive Briefings

A variety of Executive Briefings or Workshops are available to you, at your location, for a nominal fee. If you would like education sessions or facilitated discussions about many of the topics we mentioned last month in *Information Edge*, please give us a call. We will bring a subject expert to your health system for a 2-4 hour session including education and discussion. Conference calls could also be arranged for this purpose. Topics include:

- HIPAA: What will Happen and What to do Now
- eHealth: Trends and Opportunities
- Outsourcing IT Services: Why and When?
- Patient Safety and Medical Errors: the Challenge, the Future, and the Response
- Measuring and Achieving IT Value
- Enhancing your Clinical Trials Business

If other topics are of interest for this program, please suggest them.

7. Stress that this is a new business
8. A cultural change
9. Recognize that Web is still most underutilized tool

This report was meant to highlight trends in eHealth. Those wishing to pursue this in more depth, please contact us at the SCOTTSDALE INSTITUTE and we will address your needs in future reports, discussions or educational sessions.



Welcome!

Saint Raphael Healthcare System in New Haven, Conn. is a new member of **SCOTTSDALE INSTITUTE**. Welcome to CEO David Benfer, COO Roberta Saunders-Gray, CMO Charles Riordan, M.D., CFO Stephen McPherson and CIO Eric Yablonka as well as the entire SRHS team.

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