SCOTTSDALE INSTITUTE

INSIDE EDGE

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Fall 2009 Forum

Healthcare Reform and Achieving Meaningful Use: The Pivotal Role of Clinical Business Intelligence

EXECUTIVE SUMMARY

Texas Health Resources hosted the Scottsdale Institute Fall 2009 Forum September 24-25 at the Omni Fort Worth Hotel in downtown Fort Worth, Texas. Given the national imperatives of meaningful use and health reform as well as the increasing need for business intelligence to meet those imperatives, this Fall Forum was so "edgy" that we decided to eschew the typical short conference summary and cover it in more depth in this issue of the Inside Edge report.

Texas Health Resources

Douglas Hawthorne, CEO, THR, Arlington, Texas

From the welcome by Douglas D. Hawthorne, CEO of THR, and keynote by Len Roberts, retired chairman and CEO of RadioShack Corp. and THR Board Vice Chair, who chided the healthcare industry for its lack of business intelligence, to John Glaser's masterful overview of the federal IT strategy to transform healthcare and Paul Keckley's to-the-minute update of healthcare reform efforts, the Fall Forum did not disappoint attendees. Members so inclined may visit the SI website www.scottsdaleinstitute.org and click on a link to the presentations and audio recordings under 2009 Fall Forum.

There you will also be able to follow the presentation by Susan Devore, CEO of Premier Inc., on "Sustaining Healthcare Reform," and case studies from Partners HeathCare, Geisinger Health System, Montefiore Medical Center and Memorial Hermann Healthcare System.

Welcome and Keynote: Business Intelligence in the Healthcare Industry

Transforming the health system, said Doug Hawthorne, CEO of THR, is "no longer conversation at just public forums—it's conversation at dinner tables." Clinical business intelligence (CBI) will provide the key tool for this transformation. He introduced Keynote Speaker Len Roberts, who led RadioShack Corp. during its greatest growth period in the 1990s.

When Roberts joined Fort Worth-based RadioShack in 1993 the company was in the midst of a five-year-long downward spiral. By the mid to late 1990s, however, it was making double-digit

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gains in revenue and its stock had risen 700 percent to become the darling of the market in 1999.

Smartly leveraged business intelligence fueled a dramatic turnaround. With 7,000 stores and 3,500 SKUs per store [stock-keeping units] which amounted to "more SKUs than an 80,000-square-foot Walmart," he said, improving the flow of SKUs became a critical focus of BI.

And BI required a culture change at the company. "We're all entitled to our own opinions; we're not entitled to our own facts," he told employees. That was the only way to reposition the brand in a retail industry that was undergoing its own transformation from the "value cycle"—cheapest price and biggest selection—in the early 1990s to the "holistic cycle"—who can take care of my needs, not just give me the cheapest price? This realization spawned the foundational slogan for RadioShack's ad strategy: "You've got questions. We've got answers."

Len Roberts, retired Chairman/CEO, RadioShack, Dallas

During this period electronics retailers like Best Buy caught on to this new reality and flourished while Circuit City did not and floundered. By mid-1995 RadioShack was converting its immense amount of operational data to business intelligence to dramatically reduce cycle time, increase merchandise delivery, create total transparency around supply chain and achieve a slew of other strategic and tactical goals.

Based on his business experience, Roberts advised, "Clinical business intelligence is the only way to make personalized medicine a reality. CBI will drive the technical renaissance that will bring healthcare out of the dark ages and into the light." Key factors in implementing CBI: 1) The EHR provides the indispensible foundation to implement CBI. 2) Increased IT budget—RadioShack was spending three times the industry average on IT at the time—"Five years from now that investment will differentiate winners and losers."

The Federal HealthCare IT Strategy: IT for the Foundation of the Federal Government's Efforts to Transform Healthcare

John P. Glaser, PhD, Senior Advisor, Office of the National Coordinator for Health IT at HHS, reminded everyone that the federal healthcare IT strategy is very high on the agenda of both the President and Congress.

"First, ARRA has put an amazing amount of money out there—$44 billion to hospitals and eligible providers… What this is saying is that for the rest of time government reimbursement will be dependent on your use of IT," he said. "Second, health plans are asking, 'What do *we* do now?'" now that federal money is so emphatically backing IT-enabled quality and safety goals. "This will have long-term broad impact," Glaser said of the stimulus.

"Meaningful use is an evolving definition," he said, noting that the "old" objective of IT *adoption* has yielded to *meaningful use* criteria whose ultimate objective is *outcomes*—"Is your diabetes any better?"

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Meaningful use is being defined and will follow an "Ascension Path" over time, he said. The regulations are due out in December, and by August 2010 will define meaningful use for 2013. The phasing of MU criteria aims to achieve a balanced mix that does not leave out the public health sector. And for those healthcare executives who might believe the government will loosen the deadlines, Glaser was quick to disabuse them. "Congress has no interest in changing the law," he said.

John Glaser, PhD, Senior Advisor, HHS, Washington, D.C.

The incentives are front-loaded. Boston-based HealthPartners, where Glaser has long been CIO, projects fiscal consequences of the incentives to the organization would amount to two-thirds penalty and one-third incentive payment. Glaser's summary of the elements of the Meaningful Use matrix is available in the audiovisual presentation on the SI website as well as at www.healthit.hhs.gov.

"There's a case for going now. The only bad answer is 'Let's go fast to get the money.' Don't cram it down the throats of your organization," he said, in referring to a meaningful-use initiative. Glaser was clearly moved by the significance of the moment. "In 25 years I've never seen anything like it."

Healthcare Reform: Policy Update and Anticipated Next Steps

Paul Keckley, PhD, Executive Director, Deloitte Center for Health Solutions, began by painting a portrait of the economic background to U.S. healthcare reform efforts. China, whose economy is overheated at a 9.5 percent growth rate, is the United States' biggest creditor and controls 70 percent of U.S. debt. We're about to hit $12.1 trillion for the US debt ceiling. "The economics of the world have a lot of impact on the U.S.," he said.

The federal stimulus has pushed $80 billion out the door, including $48 billion to the states for Medicaid. Keckley noted 70 percent of the economy is dependent on consumer spending and of 13 downturns since 1929, this is the second longest. The average rate of savings before the downturn was 1 percent; today it's 5.4 percent. While improving the savings rate is a healthy strategy to help avoid such crises in the future, it's a two-edged sword as it keeps down consumer spending. In healthcare that's translated into consumers delaying elective procedures, which are down 16 percent.

As a result of all these dynamics, said Keckley, "There's lots of growth in independent thinking."

In 2010, 435 congressmen are up for reelection. "Health reform being shaped in the next eight weeks will be implemented in 2013," he said. Today, one out of seven U.S. jobs is in healthcare and, while we've lost seven million jobs in the downturn, healthcare has grown by 300,000 jobs. "When thinking about this reform, some are saying maybe we should let healthcare grow at 5 percent because it keeps the economy going," said Keckley, adding that the 2 percent gap between the economy's growth and healthcare's growth over three decades

continued

applied operational experience. As such, they are exceptionally qualified and skilled at providing strategic consulting services that reflect integrated understanding and insightful analysis of challenging technology and business issues.

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Impact Advisors has had a longstanding relationship with Scottsdale Institute; Steve Heck, a member of the leadership team at Impact Advisors, has served on the SI board for over ten years. Scottsdale Institute welcomes the Impact Advisors team.

would mean the economy exists to support healthcare.

And healthcare is expected to grow 6.2 percent per year for the next 10 years. Even if the economy grows, he said, "Healthcare eats up the rest of the economy," which means even greater burden for the 58 percent of American companies that provide health benefits to employees.

"The mood is," said Keckley, "we've got to get ahold of healthcare because it has the potential to completely decapitate the economy."

Deloitte.

Paul Keckley, PhD, Executive Director, Deloitte Center for Health Solutions, Washington, D.C.

This feeling is only fueled by Deloitte's 2009 Survey of Global Health Consumers, which polled 14,000 people in six countries and found that U.S. consumers' level of satisfaction with care was at the bottom. Seniors are the most satisfied which flies in the face of the overreaction that reform implies a disastrous government takeover.

"People know there's a problem," said Keckley. "They just don't trust the government. There's a better understanding of the healthcare system in other parts of the world because it's embedded in the education system. How the healthcare system works for people is given less than a week in 9th grade class in the United States. We're living in blissful ignorance. There are deep-seated feelings not based on facts about the system. That's the way pandering to fear takes hold."

Data repositories will become imperative over the next 10 years. The reason meaningful use includes CDS and an agreement that data becomes public is because your data goes into a public domain. Meaningful use also mandates shifting 6 percent of the money to primary care what is now spent in specialized medicine. "Specialty care has lost credibility," says Keckley.

He highlighted some of the major healthcare-reform elements under consideration including the individual mandate—everybody up to 400 percent of the federal poverty level is required to carry insurance. Under this scenario, a standardized Medicaid program expands to reduce the uninsured to 5 percent from 15 percent, subsidizing those up to 133 percent of the poverty level. The cost: $700 billion.

If $900 billion is the price of reform, as many expect, it will come from four sources:

1. People with high income who will pay higher taxes and have fewer deductions.
2. Industry tax such as pharma, medical device and high-end insurance.
3. Medicare reduction by cutting $177 billion from Medicare Advantage plans and paying hospitals and doctors less.
4. Taxes on expensive insurance plans (Cadillac plans).

"In the next 10 to 15 years we're looking at the emergence of a pure public

SI TELECONFERENCES

November 16
Cerner Collaboration No. 18
- Judy Van Norman, senior director, Care Transformation, Banner Health, Phoenix
- Joel Shoolin, DO, vice president, Clinical Information, Advocate Healthcare, Oak Brook, Ill.

November 18
NextGen Collaborative No. 2: Meaningful Use Roadmap
- John McLendon, SVP and CIO, Adventist Health System, Winter Park, Fla.
- Billie Kennedy-Hutchinson, CPHIMS, VP Customer Service & Physician Systems, Adventist Health System, Winter Park, Fla.
- Judy Best, VP Business Systems, Adventist Health System, Winter Park, Fla.
- Jeremy VanWagnen, NextGen Client Services Manager, AHS Information Services, Adventist Health System, Winter Park, Fla.

December 3
IT Service Quality—Delivered Meaningfully
- Michael Wilson, Senior IT Director, Clinical Information Systems, Compuware

December 10
Optimize your ICD-10 Planning and Implementation
- Christine Armstrong, principal, Deloitte Consulting, Dallas

continued on next page

system," said Keckley. Costs will go up for hospitals and providers and likely get passed through. Congress is already scrutinizing GPOs and money-makers like free-standing imaging centers.

Keckley expects some kind of healthcare reform bill to reach the President's desk by mid-November. Looming over everyone will be the 2010 election cycle.
"If I were still at Vanderbilt, one, I'd be very cautious with my long-term capital expenditures. Two, I'd shift the focus from acute care to ambulatory and ask myself, 'How do I handle the masses of doctors coming to me and achieve full integration of physicians and hospitals for the next five to 10 years?' Three, I'm really getting my board up to speed on a new reality. Most boards are clueless as to what's going on," he said. Good sources:

1. The Kaiser Family Foundation website at www.kff.org
2. New York Times at nytimes.com (may require registration)
3. Healthreform.gov (White House site)
4. Deloitte Center for Health Solutions at deloitte.com

Sustaining Healthcare Reform: A Culture of Integration, Innovation and Transformation

"The goal," said Susan DeVore, CEO of 2,200-hospital-member Premier, Inc., "is universal healthcare. The problem is affordability and quality." Despite the challenges, however, she is confident. "There will be health reform."

We shouldn't be surprised at the problems of the existing healthcare system, she noted. "A system is perfectly designed to achieve its results. Our system is designed to get the results we're getting." So, it's clear that fundamental redesign is required.

Susan DeVore, CEO, Premier, Charlotte, N.C.

Still, she said, "Everybody talks about overhaul but we have to figure out how to incrementally transform it over time. The fix to the system lies within the delivery system." Advocates for reform within the administration "want to give money to integrated delivery systems. The problem is that there are so many models" that it's difficult to standardize what an integrated system would be for the country.

She highlighted areas of potential consensus regarding reform:

- Provider productivity adjustments (per unit cost reductions);
- Value-based purchasing (docs to adopt evidence, use evidence and measure);
- Bundled payment;
- Reducing readmissions (10 percent to 20 percent cuts can save $17 billion);
- Accountable Care Organizations (everybody loves it, the problem is there's no definition);
- Medical Home and Primary Care Teams (changing to Health Home);
- Transparency Initiatives;
- Evidence-based Care (evidence is there, how are they going to do this?);
- Waste, Fraud and Abuse (data is key).

continued

December 17
HHS/ONC HIT Policy Committee Update
- Marc Probst, CIO, Intermountain HealthCare, Salt Lake City, and HIT Policy Committee Member, Office of the National Coordinator for HIT, Department of Health and Human Services, Washington, DC

December 18
KLAS Reveals the Top-Performing HIT Vendors of 2009
- Adam Gale, president, KLAS Enterprises, Orem, Utah

December 21
Cerner Collaboration No. 19
- Judy Van Norman, senior director, Care Transformation, Banner Health, Phoenix
- Joel Shoolin, DO, vice president, Clinical Information, Advocate Healthcare, Oak Brook, Ill.

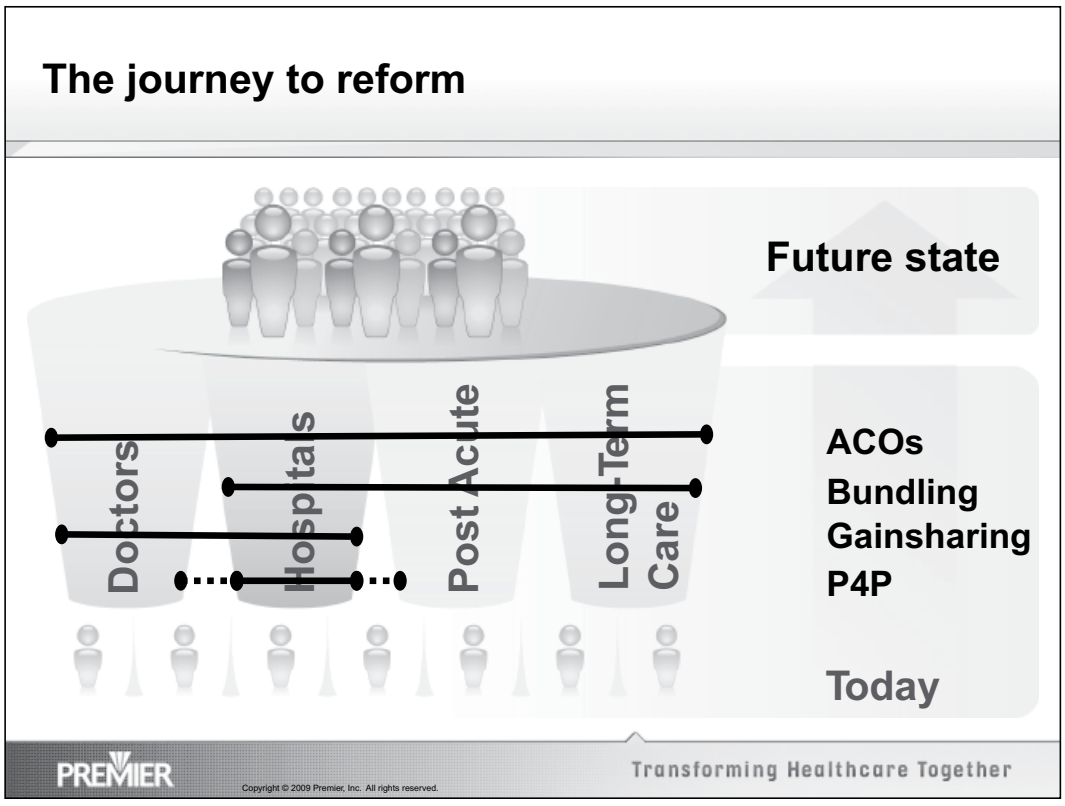
To register for any of these teleconferences or to listen to ones from our archives, go to www.scottsdaleinstitute.org.

Devore outlined Premier's efforts to incrementally change the system through "the power of national collaboration" as embodied in the organization's various quality initiatives that focus on five key indicators:

- AMI
- CABG
- Pneumonia
- Heart Failure
- Hip & Knee

"The harder task," she said, "is to take on systemic improvement, not just process improvement," and that means moving toward the Accountable Care Organization (ACO).

"The harder task is to take on systemic improvement, not just process improvement," and that means moving toward the Accountable Care Organization (ACO).



Devore highlighted what she said were the key characteristics of top performers in Quest, Premier's initiative to help member hospitals adopt the ACO model:

- A **"line of sight"** has been created from the mission of the organization to the individual improvement agenda.
- **Multidisciplinary teams** have been **empowered** to design and implement the improvements.
- A **learning culture of collaboration** has been built involving both internal and external stakeholders.
- Board, senior level leadership, and more importantly, **personal leadership** has been continuously present and optimized in the organization.
- **Tools, technologies, methods and data** have been used to provide actionable improvement opportunities and tracking capabilities.
- Knowledge sharing, communication and transparent comparison of outcomes to targets have fostered the **maintenance of momentum** to achieve results.

Case Studies

The Fall Forum presented four case studies with business intelligence implications which we highlight below. All the presentations and audio recordings are available in audiovisual form for members on the SI website at www.scottsdaleinstitute.org.

Observations and Lessons Learned from the Partners HealthCare Quality Data Warehouse/Report Central Project
Peter Emerson, Consultant, Partners Healthcare System
Aaron Abend, Consultant, Partners Healthcare System
Ed Marx, Senior Vice President and CIO, Texas Health Resources, Moderator
Optimizing Cardiovascular Care at Geisinger Health System
John McB. Hodgson, MD, Chairman, Department of Cardiology, Geisinger Health System
Ferdinand Velasco, MD, Chief Medical Information Officer, Texas Health Resources, Moderator
Empowering Practitioners for Data-Driven Care Improvement and Cost Containment with a Clinical Looking Glass at Montefiore Medical Center
David Fletcher, MPH, Director, Product Development, Emerging Health Information Technology, Montefiore Medical Center
Stephen C. Hanson, FACHE, Senior Executive Vice President of System Alignment and Performance, Texas Health Resources, Moderator
Eliminating Hospital Acquired Infections at Memorial Hermann Healthcare System
M. Michael Shabot, MD, System Chief Medical Officer, Memorial Hermann Healthcare System
Harold Berenzweig, MD, Vice President, Medical and Information Management, Texas Health Resources, Moderator

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Scottsdale, Arizona

Conclusion

The Scottsdale Institute Fall Forum was an exciting gathering of leaders and luminaries at one of the most exciting times in US healthcare. By providing a pitch-perfect blend of up-to-the-minute "news from the front" with highly interactive presentations on the latest applications of business intelligence, the Fall Forum paved the way for the Spring Conference, which, incredibly, promises even more exciting developments for our industry and nation.

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Alegent Health, Omaha, NE

Ascension Health, St. Louis, MO

Banner Health, Phoenix, AZ

BayCare Health System, Clearwater, FL

Billings Clinic, Billings, MT

Catholic Health Initiatives, Denver, CO

Cedars-Sinai Health System, Los Angeles, CA

Children's Hospitals & Clinics, Minneapolis, MN

Children's Memorial Hospital, Chicago, IL

CHRISTUS Health, Irving, TX

Cincinnati Children's Hospital Medical Center, Cincinnati, OH

Community Medical Center, Missoula, MT

HealthEast, St. Paul, MN

Heartland Health, St. Joseph, MO

Integris Health, Oklahoma City, OK

Intermountain Healthcare, Salt Lake City, UT

Legacy Health System, Portland, OR

Lifespan, Providence, RI

Memorial Health System, Springfield, IL

Memorial Hermann Healthcare System, Houston, TX

Munson Healthcare, Traverse City, MI

New York City Health & Hospitals Corporation, New York, NY

New York Presbyterian Healthcare System, New York, NY

North Memorial Health Care, Minneapolis, MN

Northwestern Memorial Healthcare, Chicago, IL

Norton Healthcare, Louisville, KY

Parkview Health, Ft. Wayne, IN

Partners HealthCare System, Inc., Boston, MA

Piedmont Healthcare, Atlanta, GA

Provena Health, Mokena, IL

Saint Raphael Healthcare System, New Haven, CT

Scottsdale Healthcare, Scottsdale, AZ

Sentara Healthcare, Norfolk, VA

Sharp HealthCare, San Diego, CA

Sparrow Health, Lansing, MI

Spectrum Health, Grand Rapids, MI

SSM Health Care, St. Louis, MO

Sutter Health, Sacramento, CA

Texas Health Resources, Arlington, TX

Trinity Health, Novi, MI

Truman Medical Center, Kansas City, MO

UCLA Hospital System, Los Angeles, CA

University of Missouri Healthcare, Columbia, MO

Virginia Commonwealth University Health System, Richmond, VA

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