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Breakthroughs

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The Promise of Healthcare Analytics



Executive Summary | Pathways to Data Analytics

This is the EXECUTIVE SUMMARY from HealthLeaders Media Breakthroughs:
The Promise of Healthcare Analytics

In collaboration with **MCKESSON**

BY EDWARD PREWITT

Executive Summary

Pathways to Data Analytics



The healthcare industry is data-rich, but few organizations are making effective use of data to improve how they practice healthcare. That is changing. An increasing number of hospitals, especially larger institutions, are tracking clinical quality measures to win the meaningful use financial incentives. Meanwhile, as reimbursements decline, leading health systems are adopting business intelligence applications and other tools to ensure that they can operate profitably.

There is no single path for healthcare organizations to employ data analytics. **St. Luke's University Health Network**, a six-hospital system based in Bethlehem, Pa., recognized early on the potential of analytics software that is widely used in other industries. Over time, St. Luke's has installed decision-support software, a data warehouse, a business analytics application, and most recently a predictive analytics package—each tool building on the previous. Executives, managers, department heads, and on down to care teams and individual physicians

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An increasing number of hospitals, especially larger institutions, are tracking clinical quality measures to win the meaningful use financial incentives. Meanwhile, as reimbursements decline, **leading health systems are adopting business intelligence applications and other tools to ensure that they can operate profitably.** But there is no single path for healthcare organizations to employ data analytics.

are able to view data reports to check their progress against internal goals and external benchmarks. The data is updated regularly, in some cases near-real time, and is available through any computer screen. Joel Fagerstrom, the system's executive vice president and chief operating officer, says, "I don't know how I could manage without" reports and data-driven scorecards. "When I started here, we weren't using [analytics] to a very large degree, and I remember saying, 'I feel like I'm flying blind.' I just didn't have access to the information on a timely basis that I could drill down to in different ways that I wanted to, and now I have the ability to do that at my fingertips."

St. Luke's use of analytics has matured to the point that it now operates an "analytics shop" to apply data for problem-solving across the organization. The decision support group supports more than 1,400 reports

online, which users access more than 13,000 times per month. Yet the expansion in analytics capability has only whetted the organizational appetite for data. The decision support team trained 52 employees from other departments across St. Luke's in techniques to mine the data warehouse. Analysts now mentor the outside users, and a new user group is active.

Another path to using data is that taken by Boston's **Brigham and Women's Hospital** a decade ago. Leaders there adopted the Balanced Scorecard tool, developed at nearby Harvard Business School, as a means of ensuring that the hospital was performing well in all its functions. The scorecard assesses four areas—service (termed "Service Excellence and Growth"), quality ("Quality and Efficiency of Care"), people ("Commitment to People, Research, and Teaching"), and finances ("Financial Performance"). Brigham and Women's scorecard now pres-

ents data feeds from 80 clinical, operational, and financial sources, including an incident reporting database, a nursing quality measurement database, patient satisfaction surveys, and many more.

Quality improvement efforts are another route to relying on data for operations. Many health systems have adopted continuous improvement, Six Sigma, Lean, and other methodologies to reduce variance in quality and improve efficiency. For **Charleston Area Medical Center**, a four-hospital system based in Charleston, W.Va., applying for the Malcolm Baldrige National Quality Award in 2007 was the start of a data-based approach to management. The Baldrige application requires a rigorous review of organizational processes, and then ongoing measurement of how well the organization is doing is meeting its goals. Even though CAMC continues to pursue the Baldrige designation, the application process has already transformed how the organization is managed, its leaders say.

Of all the players in healthcare, insurers have the longest history of collecting and analyzing vast amounts of data about their customers. As with life insurance companies, a health insurer's insightful analysis of data in a risk management environment can determine success or failure. But for **BlueCross BlueShield of North Carolina** and other payers, the risk equation might be about to change. The Patient Protection and Affordable Care Act precludes ratings based on health risk status. In anticipation that the PPACA will survive challenge in some form, BCBSNC is pursuing predictive modeling to help it understand what factors will, for example, drive claims. Even if the federal act goes down, BCBSNC leaders are counting on predictive analytics to help it manage changes in health claims and payments.




“When you look at how [hospital] payment is changing [to] a value-based equation, you have to have good analytics for finance and for quality.”

Donna Sabol, MSN, RN, chief quality officer,
St. Luke's University Health Network

Conclusion

Increasingly, a data-driven approach to healthcare is necessary. The complexity of clinical care requires it, says Glenn Crotty Jr., MD, FACP, executive vice president and chief operating officer at CAMC. “We’re moving from an individual practitioner cottage industry to a team-based process now. . . . [Medical care] is beyond the capacity of any one individual to be expert enough to do that. So we have to do it in a team.” And a team requires information.

The changing dynamics of healthcare spending and reimbursements also require data to navigate. “Our analytics are not just for finance, which traditionally is what hospitals invested in,” says St. Luke’s Chief Quality Officer Donna Sabol, MSN, RN. “When you look at how [hospital] payment is changing [to] a value-based equation, you have to have good analytics for finance and for quality.” 

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Health systems have unprecedented access and ability to *learn* from their data, *predict* based on anticipated trends and *hardwire* process change for ongoing improvement. The **McKesson Enterprise Intelligence™** solution is designed to help healthcare leaders instill a culture of excellence by measuring clinical effectiveness, managing operational capacity, maintaining shared accountability and monitoring patient safety initiatives, with the goal of improving patient outcomes and financial results.

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Paul Mattioli, Senior Director of Sales

800/639-7477

pmattioli@healthleadersmedia.com

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