

Performance Strategies



Get Ready for the Future of Healthcare

Vol. 3, Issue 8, 2009

Accelerate or Stay the Course? How to Maintain the Bottom Line during Rapid Adoption of Advanced Clinical IT



Challenge

Between 2011, when early adopters receive the highest payouts, and 2015, when late adopters start paying penalties, the American Recovery and Reinvestment Act (ARRA) of 2009 will trigger a wave of IT implementation activity — or will it? Hospitals must evaluate how to maintain financial performance during the adoption of the advanced clinical systems necessary to qualify for “meaningful use.”

How can leadership focus on financial performance while building the infrastructure to support rapid adoption of advanced clinical IT solutions? Here’s what the seasoned leaders voiced at the McKesson Executive Leadership Summit for CEOs.

CEO Summit Discussion

Accelerate or Stay the Course?

While incentives have accelerated clinical initiatives at some organizations, hospitals are looking at what’s likely to come from Washington as the sign to stay the course or accelerate IT projects. Most organizations had IT initiatives under way before ARRA, and while capital spending is under pressure, the tightening has affected IT projects to a lesser extent than other infrastructure projects.

The majority of CEOs at the Summit said they do not plan to make changes to their overall strategies because of ARRA. Many characterized ARRA funding as beneficial, but not the main driver of IT investment priorities. Some have stepped up their clinical initiatives to “get there faster,” while others are focusing on revenue cycle and performance analytics. Most said the government would have to “show me the money” before making fundamental changes to IT strategies they believe are headed in the right direction already.

Organizations Are Scrutinizing IT Closely

The current economic crisis has forced organizations to refocus and closely examine their IT road maps. One CEO’s go-forward process is to put all IT funding decisions through a “value model” and scrutinize them much more, versus taking the annual “Christmas list” approach.

Finding the right resources and expertise to effectively implement IT projects is a challenge for healthcare organizations of all sizes. In fact, CEOs noted that time and resources are more of a limiting factor than capital, and the biggest resource constraint is human capital. Outsourcing the data center is one strategy.

Successful Transformation Requires Extensive Workflow Re-engineering

Successful IT projects are huge efforts that require significant investment of time and talent. At one organization, nurse and physician “clinical effectiveness teams” are building the system. Another organization is working to improve a typical bolted-on revenue cycle system by reinventing the process and putting more of its investment at the front end.

In addition to implementing IT solutions, the organization must re-engineer workflow for operational efficiency and productivity driven by actionable metrics. Quality is the area of greatest concern — and the hardest to measure. One CEO believes hospitals must own the quality standard, take control of it, be clear about what’s being measured, and post the outcomes. As one CEO noted: “This is not a one-trick pony; it touches everything we’ll be doing in the future.”

CONTINUED ON PAGE 2

Accelerate or Stay the Course? (Cont.)

Quality-focused solutions (such as computerized provider order entry) touch every clinician in the hospital, making for a long and expensive adoption runway. Organizations must have improvement goals in each area – clinical, operational and financial – and they must address the patient's perspective.

Grant and Institutional Monies Can Help Fund IT Projects

While hospital CEOs are keenly interested in obtaining grants and ARRA funds to support existing IT strategies, they need help. Most are counting on their health IT vendors to understand the ARRA legislation and sort through the noise. They also want to understand what “strings are attached,” adding that physicians perceive ARRA funds as the government watching over their shoulders, potentially telling them how to practice medicine.

SUMMARY: Accelerate to Earn ARRA Funds or Stay the Course?

- Incentives are good, but an IT plan is critical — no matter what
- Evaluate IT projects on a “value” basis, asking, “What is the return on investment in cost and/or quality?”
- Resources are limited; it’s important to apply them to the right projects
- Workflow engineering is a necessity, and change must be continual
- Quality outcomes count

How IT Can Help

IT Options to Help Balance the Bottom Line with Advanced Clinical IT Adoption

To move the mission and health of your business forward, continue implementation of clinical IT solutions, even in this challenging economic environment. Other drivers such as pay-for-performance programs, “never event” reimbursement policies, competition in your market, and consumer-driven healthcare require patient safety and quality of care improvements. However, you must justify expending resources (dollar and human capital) for clinical IT by improving your revenue cycle.

The Bottom Line

Protect financial performance and improve [revenue cycle management](#) by using revenue cycle solutions that optimize and accelerate the revenue cycle.

- Use [access management](#) to identify payment options, including charity care, before delivering care
- Verify [eligibility and plan benefits](#) up front
- Give patients online payment options via an [online billing office](#)
- Protect and speed reimbursement with [medical necessity checking prior to care delivery and claim checking prior to submission](#)
- Ensure [correct plan reimbursement and manage denials and appeals](#)
- Take advantage of ARRA and grant funding opportunities from the federal and local governments and institutions. McKesson offers its customers a complimentary grant identification service (GIFToffice@mckesson.com)

Financial Success Stories

[Novant Health: Clear Patient Statements and Online Self-Pay Benefit Patients and Bottom Line](#): At Novant Health’s Triad Region, self-pay collections (from both self-pay and balance after insurance dollars) increased to almost \$29 million in 2007.

[St. Elizabeth: Optimizes Pre-Service Financial Clearance](#): St. Elizabeth is verifying 84% of its patient population prior to rendering services. As a result, they have reduced AVR days, decreased insurance denials and increased point-of-service cash collections in the emergency and outpatient departments.

Advanced Clinical IT Adoption

Advanced clinical IT systems support “meaningful use” of information technology to improve care and patient safety. The systems also support financial improvement by streamlining care delivery and improving the providers’ productivity.

- Ensure patient safety with [computerized provider order entry \(CPOE\)](#)
- Promote [medication safety](#) through medication management from the dockside to the bedside using automation, bar-coding, medication reconciliation and advanced dosing, as well as e-prescribing
- Ensure a complete [electronic health record \(EHR\)](#) with solutions that support electronic capture of care delivery regardless of setting
- [Optimize the implementation of clinical IT](#), improve provider adoption and reduce costs with process improvement
- Use [performance analytics](#) to drive compliance, quality and process improvements
- [Outsource system management](#) to free resources for other projects

Clinical Success Stories

[Decatur Memorial Realizes Full Potential of CPOE](#): Decatur Memorial reduced the number of inpatient blood units administered from an average of 290 to 214 per month. There was also a dramatic decrease in the number of inpatients being transfused.

[Baptist Health Enhances Safety using Medication Management Automation](#): The average time a medication order went from written to verified in the pharmacy decreased from 1 hour and 53 minutes (for a handwritten order) to 8.7 minutes (for an electronic order).

Learn More

[HHS: Recovery Money for Support, Training of Health Professionals](#)

[IHI: Increasing Efficiency and Value — Ways to Achieve Savings in Operating Costs](#)

[CMS: Guidance on Medicaid Incentive Payments for EHR Use](#)