HIT Think How providers can use analytics to manage risk in value-based care

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Healthcare analytics enables organizations to get the insights they need to make more informed decisions that will ultimately reduce care costs and improve patient outcomes. By bringing together disparate sources of data—such as patient data in EHRs, financial information and time-tracking records—analytics capabilitie

s ensure that organizations have greater visibility into hospital operations, finances and clinical care. In addition, healthcare analytics can help to track specific measures, or key performance indicators (KPIs), that are needed to report to various agencies.

Below are two real-world examples of how healthcare facilities are currently using analytics in innovative ways to succeed in the value-based care landscape.

In the first case, Maryland was the first in state in the nation to be granted a waiver from Medicare rules, giving the state flexibility to implement its own quality-based program. The Maryland Health Services Cost Review Commission (HSCRC) later set hospital rates that applied to all payers, including Medicare and Medicaid, as well as self-insured patients. Under this program, the HSCRC adjusts payment rates to hospitals according to the facilities' performance on a set of quality indicators.

In the first year under this reimbursement model, Western Maryland Health System (WMHS), a 205-bed hospital in Cumberland, Md., ranked last out of the 46 hospitals in the state. To improve its standing, WMHS knew it had to be more prudent with its resource utilization and be able to gain insights into the changes that would help improve its performance based on the quality indicators that determined reimbursement. To achieve this, WMHS looked to analytics capabilities that could integrate data from multiple sources and create dashboards and data views, helping users make more informed clinical and operational decisions.

As a result, WMHS jumped from last place on quality-based reimbursements to first in the state. Specific KPI improvements include:

- Timely utilization reports which helped optimize patient care delivery and reduce readmission numbers.

- Gaps in care being significantly reduced and improved patient follow-up care (from approximately 150 patient mismatches each month to zero).
- A positive revenue swing, from losing $1.2 million in quality-based reimbursement in FY 2012 to gaining $1.3 million in FY 2014.

For the second example, Allied Physicians Group, a network of 150 pediatricians across 35 office locations in Long Island, N.Y., also looked to analytics to attain valuable insights into productivity trends, revenue cycle management initiatives, clinical and financial operations. For Allied, which is surrounded by large and profitable hospital systems that are expanding their influence by acquiring physicians and driving their competitors away, they quickly realized that they needed to drive down overall costs while increasing the quality of its pediatric care delivery in order to compete in this environment.

Through healthcare analytics, Allied can be more strategic with tracking these initiatives, which is critical as the organization begins to expand on its value-based contracting. By incorporating all financial data - profit and loss statements, accounts payable, payroll and more, with their productivity data, all metrics can be in one place, enabling Allied to see how they are performing as an entire organization as well as specific to each division, and even by physician or operation.

Access to comprehensive analytics, through which they are able to identify key problems that are buried in the data, has been invaluable for Allied when it comes to strategic planning and daily operations. For example, Allied is able to see if one division may not be doing a particular task very well and determine ways to make improvements. Additionally, Allied can do comparisons between offices and identify how to make variations to improve performance or revenue.

The end result is consistent higher quality care delivery across entities while ensuring that industry benchmarks are met and profitability continues to grow. Looking ahead, Allied hopes that its analytics insights will also translate into the accountable care environment where the best care delivery practices can consistently be delivered without duplication of services.

These two examples show how analytics is a critical element in helping organizations attain the insights they need to succeed in the fee-for-value world. With the number of value-based care initiatives steadily rising, healthcare organizations must adapt to new ways of care delivery and reimbursement by having the right tools in place if they want to remain viable over the next several years.