



*Analytics Brings Insight to Healthcare

JOHN HANSEL, Vice President of Provider Solutions at MedeFinance, discusses the company's role in providing actionable healthcare business intelligence and analytics.

MedeFinance claims to provide actionable business intelligence (BI). Can you explain what actionable means and how that differs from other healthcare BI?

Actionable BI delivers relevant, timely insight directly to business and clinical decision makers in the appropriate context. It allows them to make business decisions without relying heavily on IT or decision support for data management and report writing structures. Also, actionable intelligence is typically surrounded by meaningful internal and external benchmarks. It enables the business users to track metrics relative to established goals and targets. It also enables users to look at historical trends and forecast outcomes, and it allows nontechnical business users to quickly determine the root causes of

problem areas. This is quite different from traditional BI and report writing in healthcare, which typically relies on IT staff and decision support resources. Relying on IT to run complex data queries and to manage a data warehouse often leads to the delivery of canned monthly reports. The MedeFinance “software-as-a-service” model is focused on bridging this chasm between data management and actionable intelligence.

You refer to your analytics platform as “software-as-a-service”. How does that differ from a traditional software license style?

I would describe software-as-a-service in two different ways. First, software-as-a-service in the analytics context is a hosted solution. In other

words, MedeFinance extracts and manages all of the data and provides access to business users via the Web. Typically, this is delivered on a subscription basis with limited upfront investment from the healthcare organization. I often compare software-as-a-service to the delivery model of the phone company or other public utility. Rather than each individual household (or hospital) planting its own telephone poles and laying the wires themselves, customers subscribe to the phone service on a monthly basis and have access to a reliable phone line to conduct their core business. With software-as-a-service, a hospital can outsource all of the “heavy-lifting” of data management, hosting, report writing, and ongoing customization to a company like MedeFinance, and focus instead on its core competency of delivering high-quality patient care.

The second aspect of software-as-a service is people - including ongoing advisory services and healthcare expertise. Along with the Web-based analytics software, MedeFinance delivers a team of healthcare industry and data experts that understand healthcare finance, operations, and clinical performance. These subject-matter experts are dedicated to ensuring that the analytics are up and running in 90 days and that the analytics result in the actionable intelligence, and measurable value, by which MedeFinance is measured.

Again, this is very different from a traditional software license sale. A traditional software license sale typically includes a huge upfront investment, license fees, hardware and IT resources. It often takes 12 to 24 months to implement a major data warehouse and BI software solution. In the end, the business users have very limited access to information. They rely heavily on IT and decision support for analysis, report writing and running complex queries. Ultimately, the time to value is much faster in the software-as-a-service framework.

What specific healthcare provider challenges can be addressed through analytics and performance management?

Healthcare providers are inundated with data and constantly changing business issues. There are changes in reimbursement, patient volumes, supply costs, government compliance and quality requirements, in addition to staffing shortages. In this environment, BI is essential to managing a large healthcare organization. MedeFinance has developed a broad suite of healthcare solutions to address these financial, operational and clinical challenges. For example, our customers leverage analytics throughout the revenue cycle from patient access to the business office. Analytics help these hospitals gain insight into accounts receivable, denials, charge capture, bad debt, charity care, and registration quality. In more strategic areas, we have applied these analytics to the issues of service line margins and patient level costs. Many hospitals have already invested in cost accounting systems or decision support systems, but the disparate silos of data rarely provide any truly

actionable intelligence to the business users who make clinical and operational decisions. A hosted analytic solution like MedeFinance can sit on top of these legacy systems and bring a new level of insight directly to the desktops of these business users on a daily basis.

You mentioned compliance as a critical industry issue. How can a healthcare provider apply hosted analytics to the issue of compliance risk management?

Compliance is a great example of another area where healthcare providers can greatly benefit from improved insight into both clinical and financial data. Hospitals can leverage analytics to more proactively identify and monitor compliance risk areas, particularly those areas related to Medicare coding and billing compliance. Our customers have experienced a huge increase in scrutiny from CMS and from the Office of the Inspector General in recent years. The MedeFinance BI platform has improved their insight into compliance metrics including: complication rates, coding outliers, one day stays, transfer DRGs, readmission rates, and Medicare overpayments. The government very carefully monitors these metrics and hospitals need the analytics and BI infrastructure in place to proactively monitor these compliance metrics themselves. Many of our customers have established real-time compliance dashboards that provide graphs, charts and key performance indicators on a daily basis examining readmission rates, for example, across the health system. These hospitals can drill down to determine the root causes of outliers and variances to look at these compliance issues by facility, physician, coder, department and service line. A hospital can more proactively address the challenges of government compliance if it has the analytics infrastructure to bring the underlying data to the clinical and financial decision makers.

What compelled MedeFinance to address your client's challenges in the area of Medicare compliance?

In recent years hundreds of acute care hospitals have faced lawsuits and government audits related to Medicare fraud and false billing practices. CMS and the Office of the Inspector General have substantially intensified their efforts to combat this abuse. As a result, healthcare providers paid over one trillion dollars in fines and penalties in 2006. The MedeFinance Compliance Analytics solution essentially came from our provider clients as a requirement for doing business in 2008. Most hospitals currently have a manual retrospective compliance process in place in which, on an annual basis, they hire accounting or consulting firms to do compliance reviews. MedeFinance now enables these health systems to be much more proactive in monitoring compliance risk areas. With the increased government scrutiny concerning compliance, these customers have found it critical to have real-time compliance dashboards in place. **FH**



JOHN HANSEL, Vice President of Provider Solutions at MedeFinance, is responsible for addressing the challenges of healthcare providers through the development of specific business intelligence solutions. John leads the MedeFinance team of healthcare product strategy and subject-matter experts. Before he joined MedeFinance in 2004, John held various positions at NFO WorldGroup, where he focused on software-as-a-service and business analytics. John has a BA from the University of Pennsylvania and a MBA from the University of California, Berkeley.