

# Burwood Group

## Reduce Risk:

What Should Healthcare Organizations Do First to Support HIT Reform, and How

February 4, 2010



# Reform and the Drivers for HIT

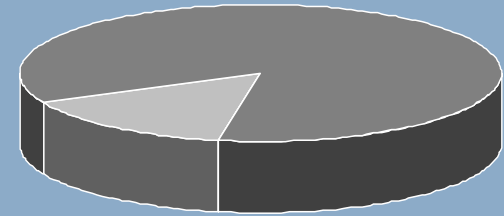


- Escalating costs get passed on to employees and has tremendous economic impacts
- Healthcare is a public right
- The cost equation
  - True cost of care
  - The cost insurance companies charge businesses
  - The amount hospitals get reimbursed
- Boomer bubble is going to strain the system over the next 20 – 30 years
  - Paying for social security and healthcare is a major issue
- We need to optimize – HIT is one part of the equation
  - Beyond savings is analytics to produce better outcomes

# Industry Drivers



- Healthcare projects to be **20% of the US GDP** in 5 years
- “Baby boomer” retirements; Medicare; SSA
- With nothing done, the Federal Government will have to **raise taxes by 1/3** and **cut the Federal Budget by 50%**
- The Federal Government is moving in multiple ways to address:
  - Standards Interoperability
  - Access to Care
  - Consumerism
  - Funding Quality
- HIT is a key part of the **Healthcare Reform Issue** impacting



Healthcare represents nearly **\$1.7 trillion** in annual spending and **15% of the GDP**

***How will you leverage these policy opportunities to your strategic advantage?***

Source: Office of the Health and Human Services

# Macro Healthcare Trends



## Efficiency

- Patient safety
- Pay for performance
- Transparency

## Revenue/ Employee Relationships

- Rising cost of care
- Reduced reimbursements
- Charity/uninsured care
- Physician relationships



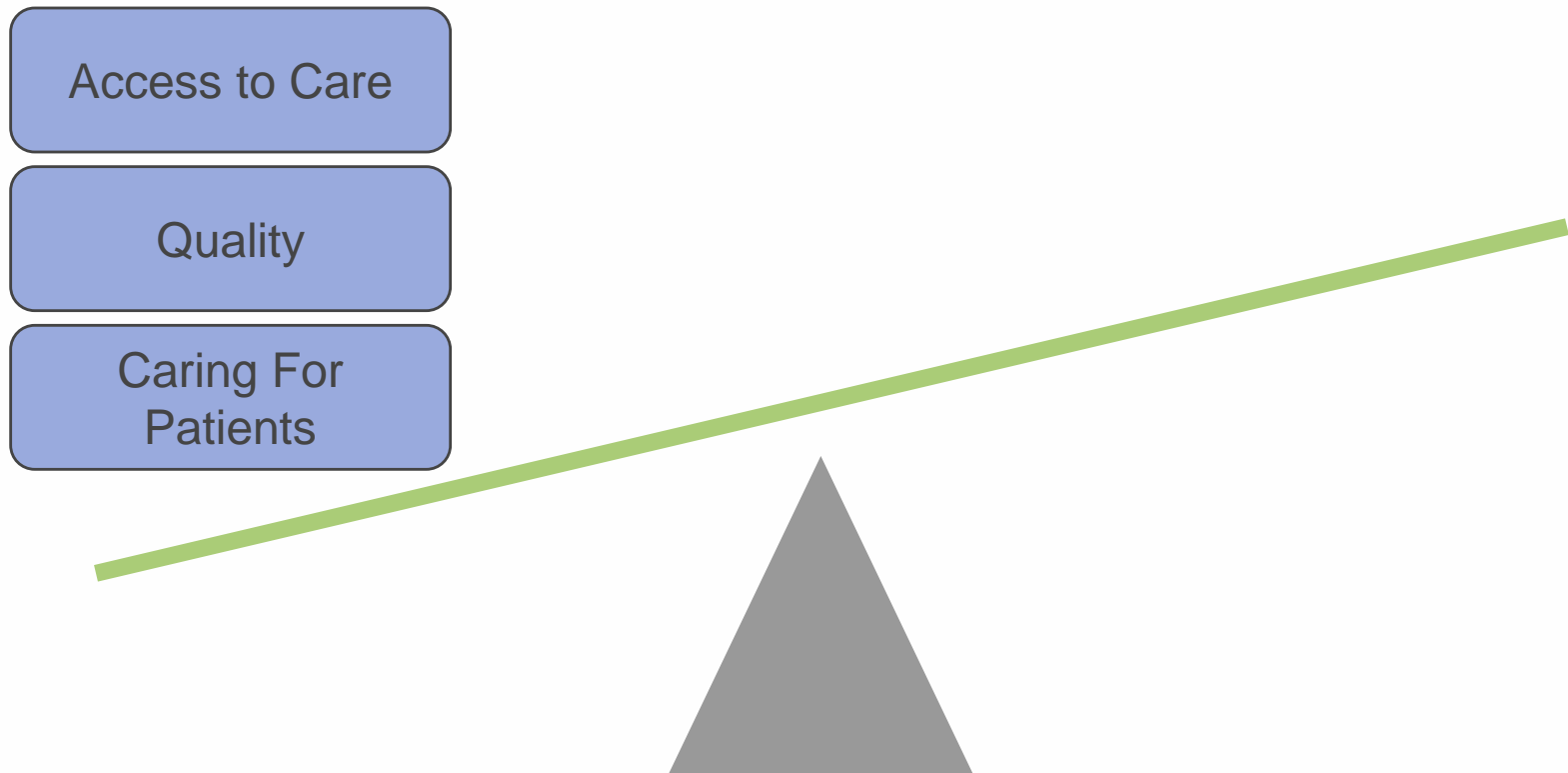
## Government and Regulation

- HIPAA
- JCAHO
- NHIN
- AHIC
- DHHS

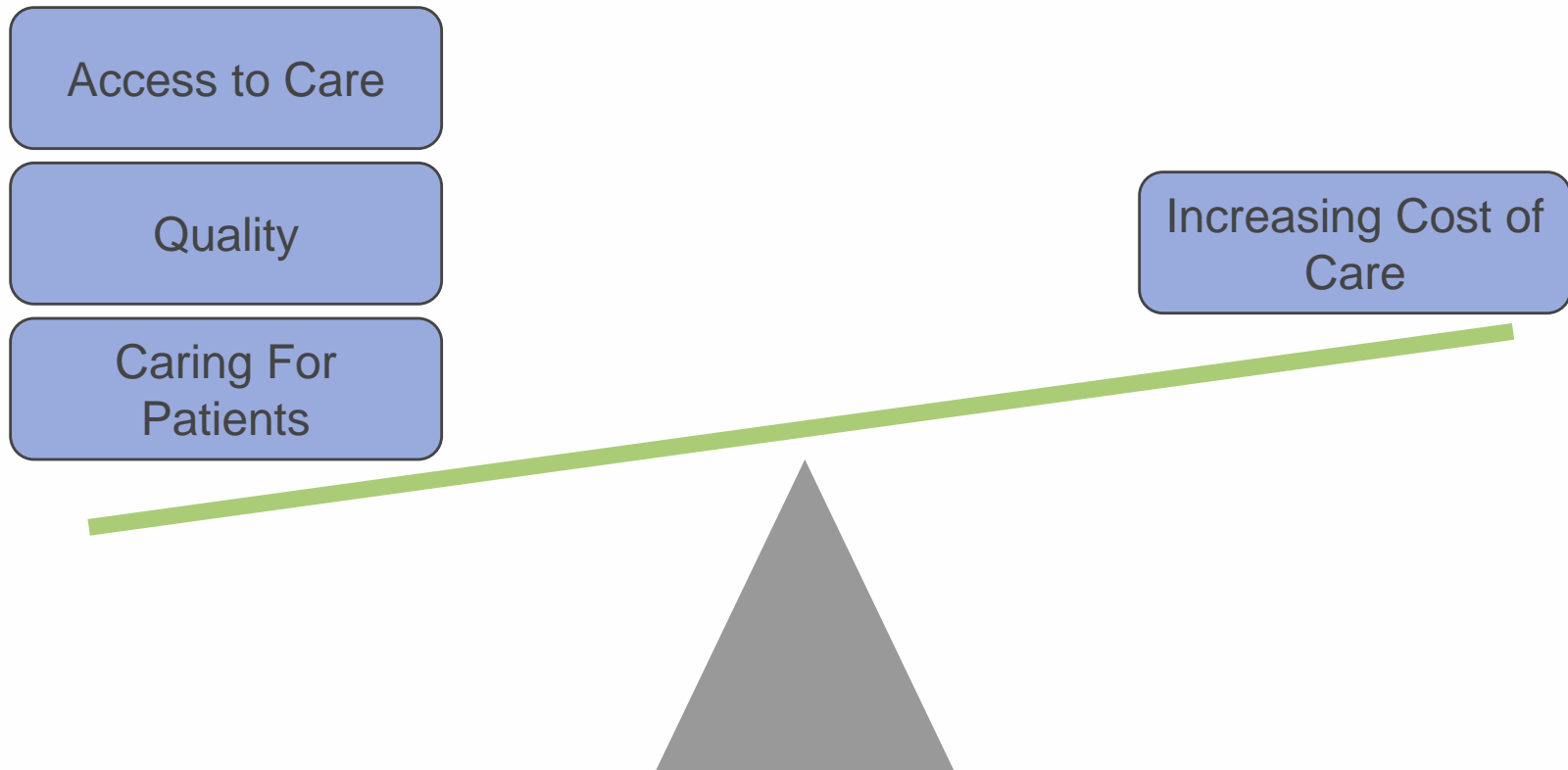
## Quality of Care

- Patient safety
- Pay for performance
- Transparency

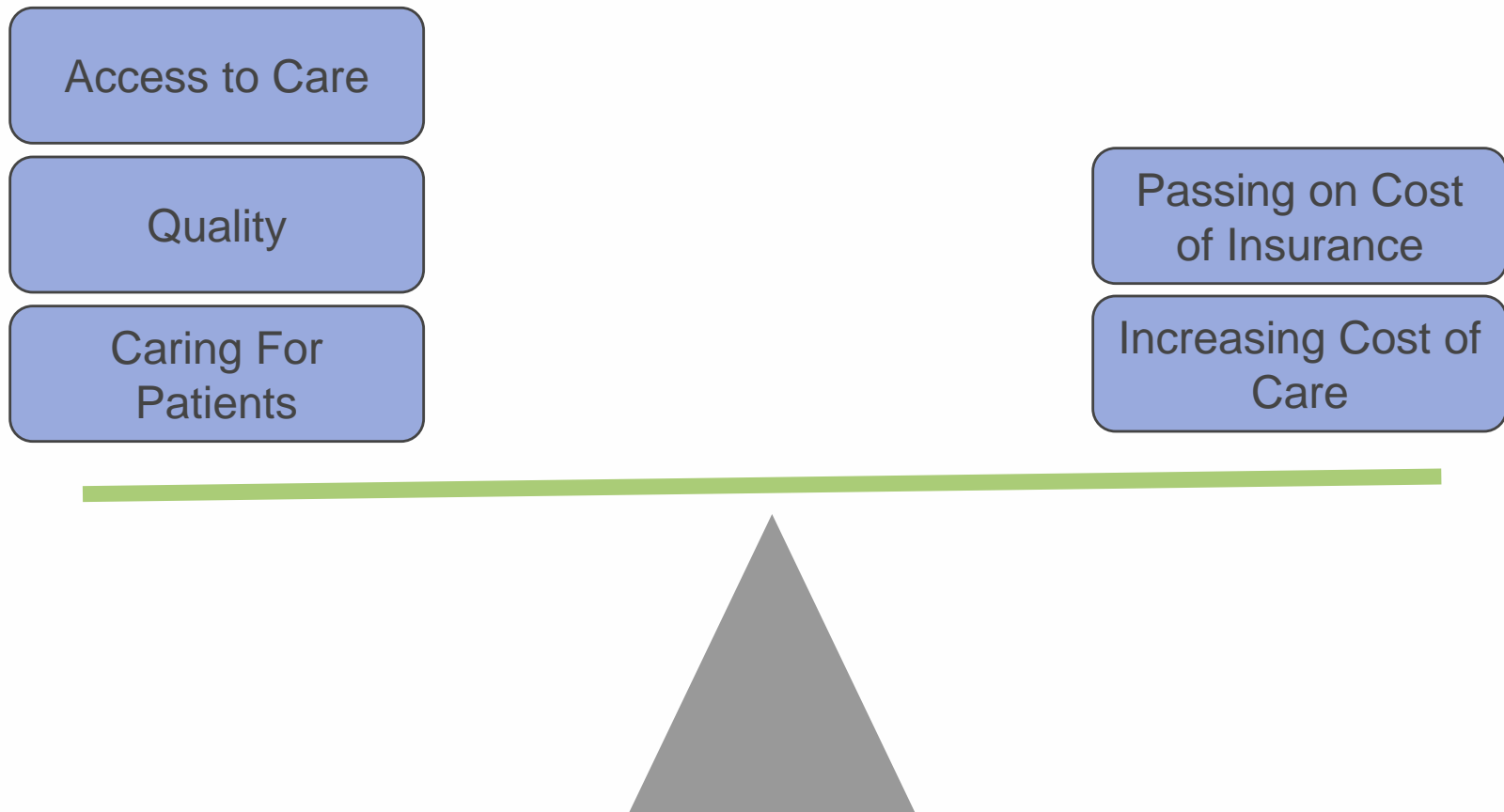
# What Would *Hippocrates* Do?



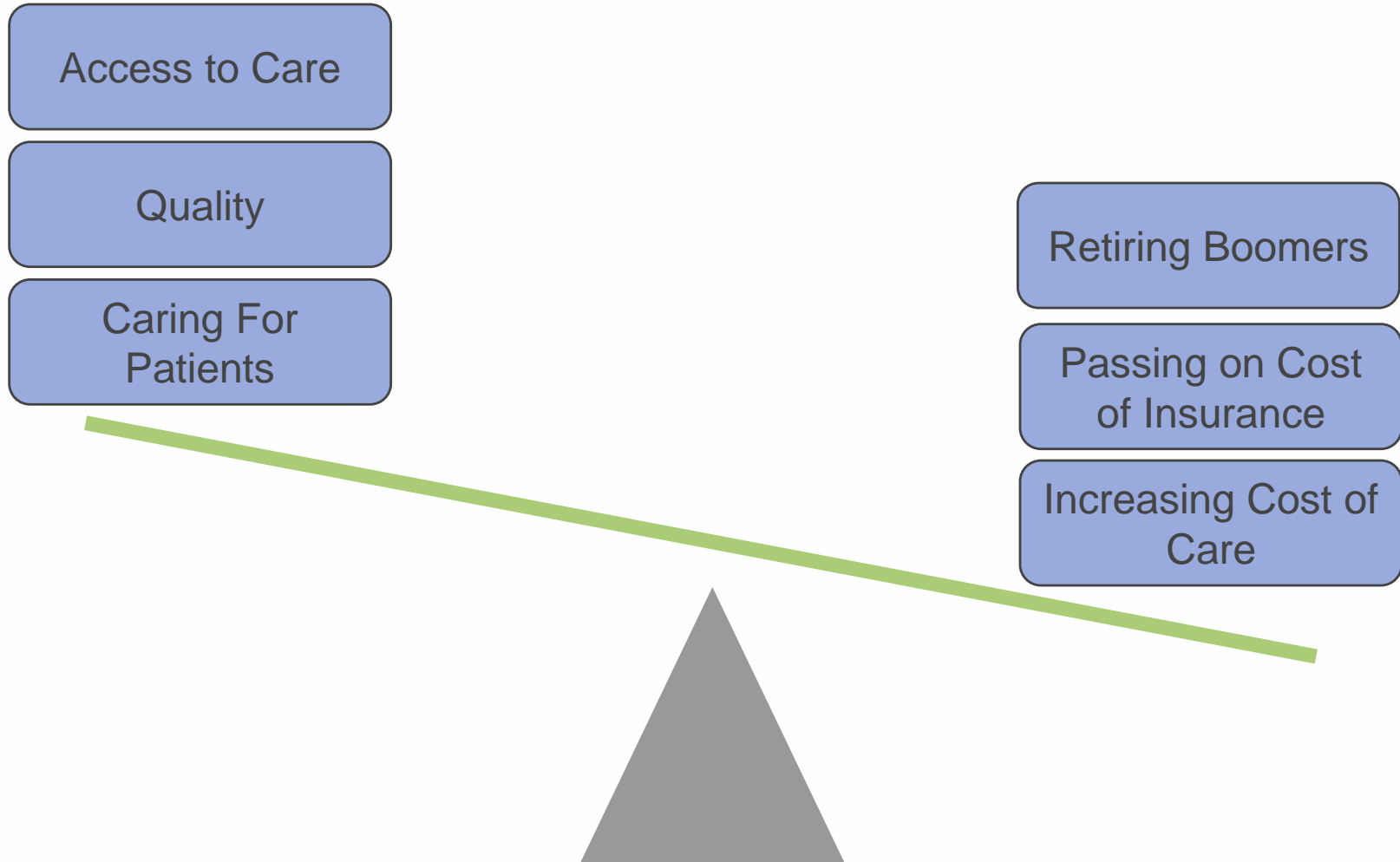
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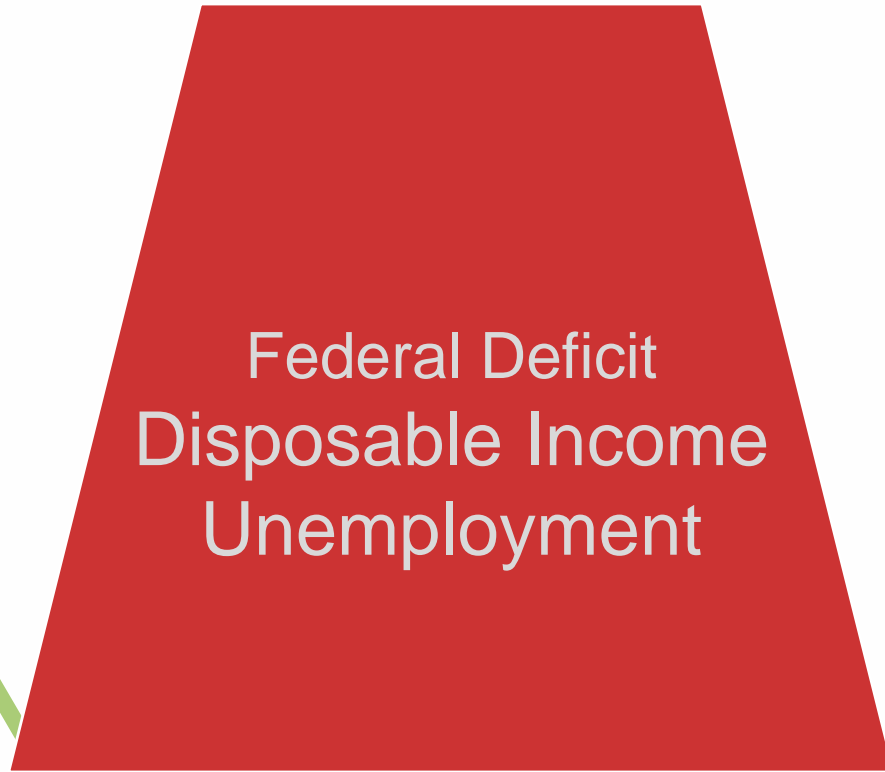
# What Would *Hippocrates* Do?



# What Would *Hippocrates* Do?



- Access to Care
- Quality
- Caring For Patients



- Retiring Boomers
- Passing on Cost of Insurance
- Increasing Cost of Care

# Aligning the Organization to Reduce Costs and Improve Quality



- Lean
- Six Sigma
- Quality
- Reporting
- Outcomes
- Transparency

## Hospital Strategy



- EMR/EHR
- Physician Connectivity
- Nurse Connectivity
- Regional Connectivity
- Reporting/Analytics

## Clinical Strategy



- New Care Delivery Models
- Staffing
- Clinical Workflow

## Technology Strategy





## Planning Tools for HIT Alignment



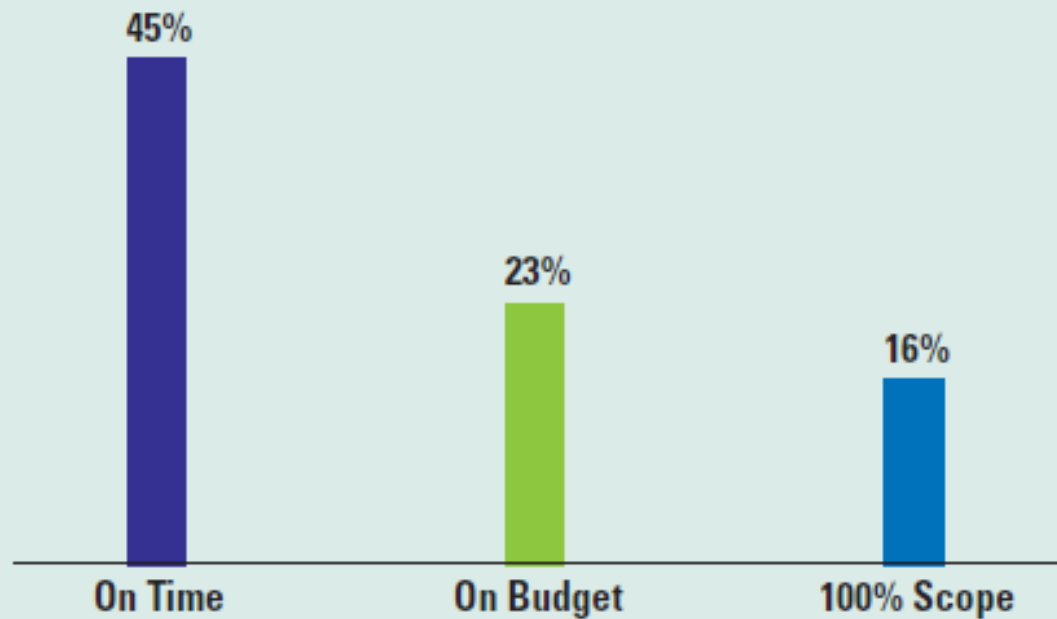
# Planning Statistics – Why Plan?



- A recent article in CIO magazine featured the following statistics on HIT planning:
  - 25% of planning is geared toward collecting the project ideas
  - 25% spent towards preparing business cases
  - 15% on linking the initiatives to a strategic roadmap
- The presence of a multi-year strategic roadmap is a strong indicator of company performance, but only 37% claim to have a clear roadmap
- Developing a roadmap should communicate a complex plan in a simple way
- And – it helps reduce execution risk



## Execution of IT Projects Falls Short on Critical Measures



Source: Diamond Digital IQ 2009 N=451

# Recommendation: Plan Smarter / Not More



- Dos:
  - Understand IT project linkage to the business function
  - Understand the priorities – and leverage them
  - Think with a clear mind - think like a board member and patient – what do they care about?
  - Align your employee compensation plan to cost savings
  - Challenge your technology vendors to develop a cost effective plan that works in your favor yet creates a win for them
- Don't:
  - Ignore planning or the associated governance
  - Make it complicated
  - Focus only on technology
  - Think IT is the cure all for your organization's challenges
  - Think you know everything – Listen to caregivers and leaders!



# Approach to Roadmap Development



# What is a Strategic Roadmap



## Definition:

- A communication mechanism which synergizes IT and Business strategies over a three year period of time
- A mechanism to communicate and initiate the transition of a planning effort into an executable body of work

## Purpose:

- Provide a clear and concise view of all strategic objectives and align IT projects in a manner to support the Business initiatives in order to achieve the Companies goals
- Shows inter-dependencies between business initiatives, applications, and underlying infrastructure requirements
- Provide multi-year visibility and alignment of Business and IT objectives
- Better inform cross-area planning efforts

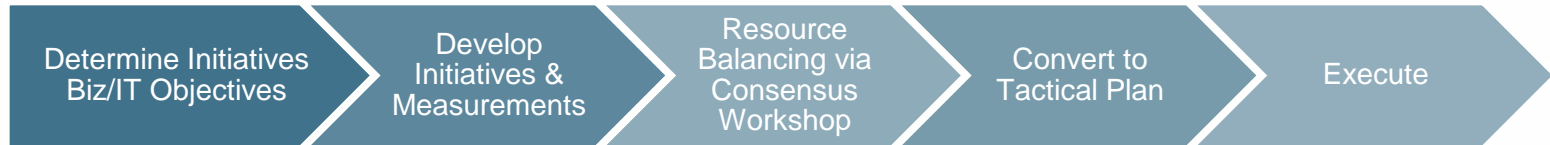
# Benefits to Developing a Strategic Roadmap



- Initiatives are aligned to overall corporate objectives
- Better project definition and estimation techniques to reduce chances of budget and schedule overruns
- Improved communication between business, IT, vendors and customers
- Continuous improvement through the ability to measure success against standard measures
- Ability to capitalize on synergies across projects across business units

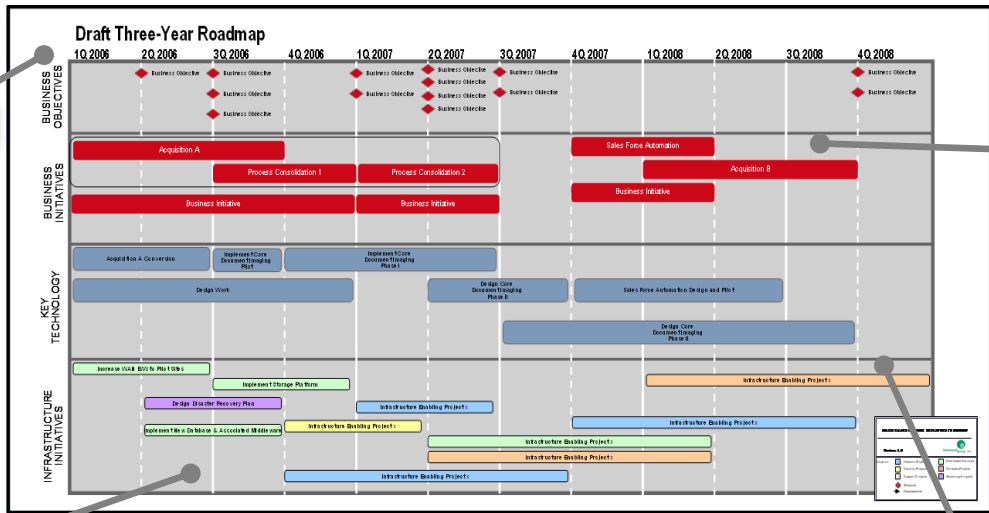
# Developing a Strategic Roadmap

## One Possible Approach



1 Determine Business Objectives

- Conduct Interviews with Business Leadership
- Extract Plans from Strategic Plans
- Create if they don't exist—drives questions/ changes



2 Determine Business Initiatives

- Initiative/program examples are:
- Global CRM/ERP
- Sarbanes-Oxley/Other Compliance
- Acquisition/Expansion/Conversion Projects
- Disaster Recovery/Business Continuity
- Office Consolidation

4 Identify Required Infrastructure Initiatives (e.g. Upgrade WAN, Upgrade Security, etc.)

- Align Initiatives to show complexity of supporting business
- Determine support initiative timeline by applying resource load logic
- All projects need to be a minimum of one month of FTE time

### Benefits of Developing a Strategic Roadmap

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3 Develop Supporting Strategies, Architectures & Programs

- Strategies may be:
- Business Supporting Programs
- Unaligned IT Strategies (e.g. Refresh)
- Cost Containment or Process Related



## **Who should be involved:**

- Executive Leadership
- Key Business/Clinical Partners/Sponsors
- Project Management
- Application Owners
- Representatives from each area of IT

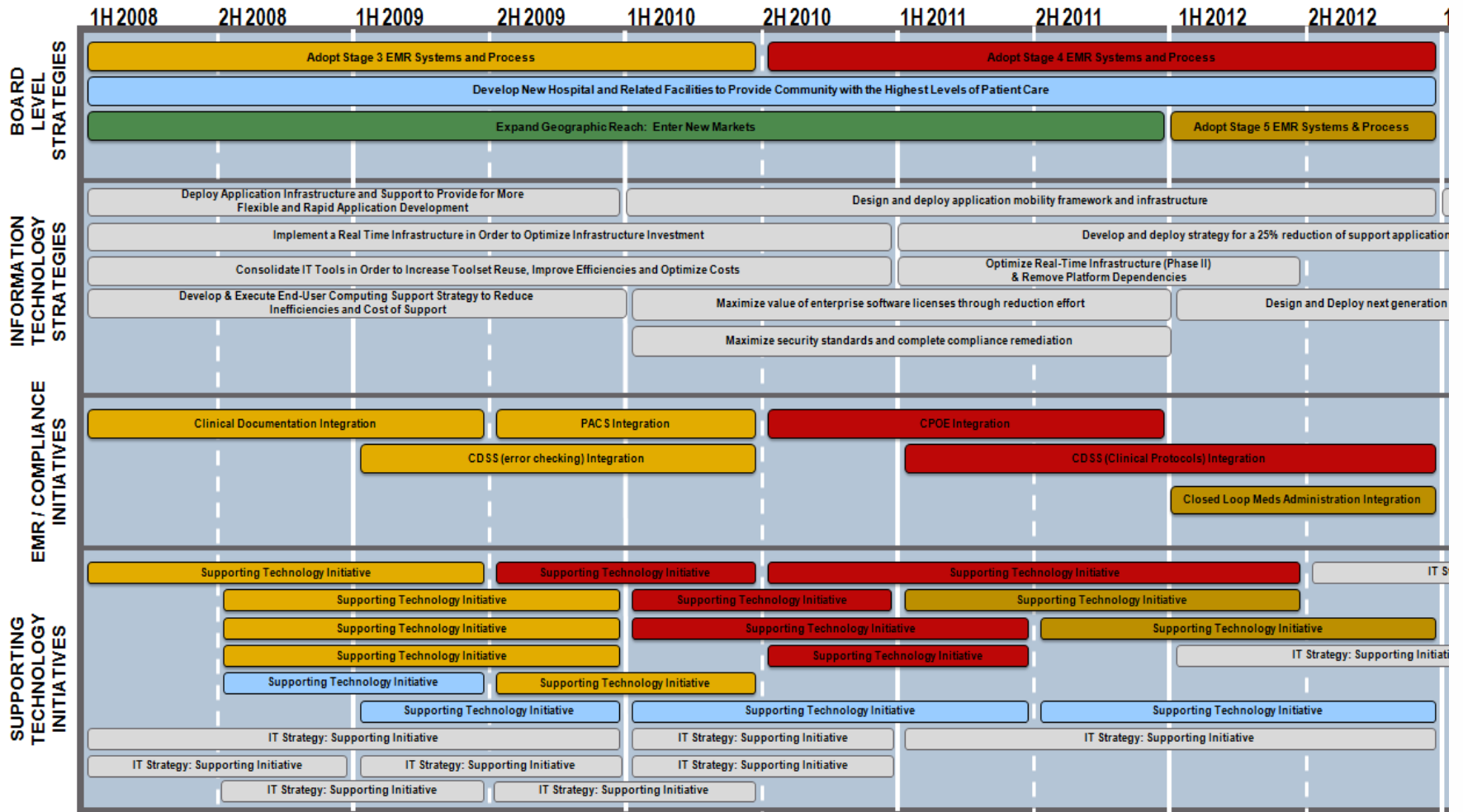
## **Process:**

- Establish Strategic Business Objectives
- Conduct Strategy Workshops to establish granular business requirements
- Establish IT objectives to meet business requirements
- Study inter-dependencies and hierarchical relationships
- Place IT objectives in roadmap timeline format, showing logical focus area grouping and inter-dependencies

# Sample Aligned Roadmap - Healthcare



## Sample Hospital -- Draft Six-Year IT Strategy Roadmap



# Question & Answer

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