

HIMSS[®]16

Conference & Exhibition

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TRANSFORMING
HEALTH THROUGH IT



Operating in a Value Based World March 3, 2016

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Barbara McAneny, MD, CEO, New Mexico Cancer Center

Immediate Past Chair, AMA Board of Trustees

Jeffery D. Hurst, Sr. Vice President, Sr. Finance Officer, Florida Hospital (Adventist Health System)

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**Healthcare
accounts for
20% of the
U.S. economy**

**CMS has announced
plans to move 30% of all
Medicare hospital and
physician payments from
FFS to value based by
the end of THIS YEAR**

**They expect that
number to
increase to 50%
by the end of
2018**

**Will you be
ready?**

Speakers

- Jennifer Horowitz, MA, CPHIMS, FHIMSS
 - Senior Director
 - HIMSS North America
- Barbara McAneny, MD
 - Chief Executive Officer
 - New Mexico Cancer Center/NMOHC, Ltd.
 - Immediate past Chair, AMA Board of Trustees
- Jeffery D. Hurst
 - Senior Vice President/Senior Finance Officer
 - Florida Hospital (Adventist Health System)

Agenda

- Learning objectives
- Survey background
- Survey methodology and sample
- Data highlights
- Conclusions
- Questions

Learning Objectives

- Gain an understanding of the market readiness to move from a fee-for-service payment model to a value-based payment model
- Identify the metrics that healthcare organizations should take into consideration when determining cost and price of healthcare services when operating under a value-based payment model
- Learn about the ways that healthcare organizations are approaching pricing transparency

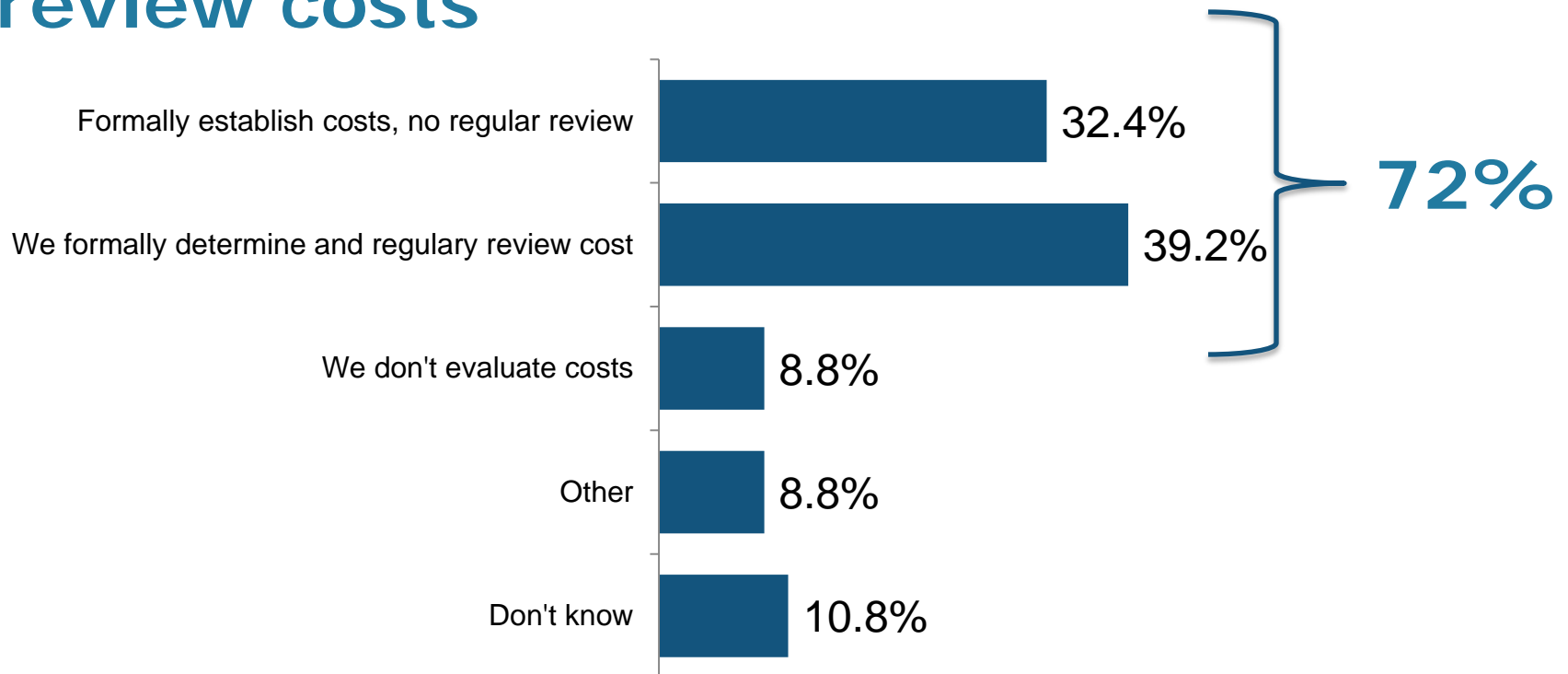
About the Survey

- 102 respondents
 - Work for a variety of healthcare organizations, with the majority working for hospitals/health systems.
 - Majority of respondents were finance executives/professionals, operations executives and CEOs.
- All respondents were required to have some knowledge of the financial operations of their organization
- Data collection: November 2015 through January 2016

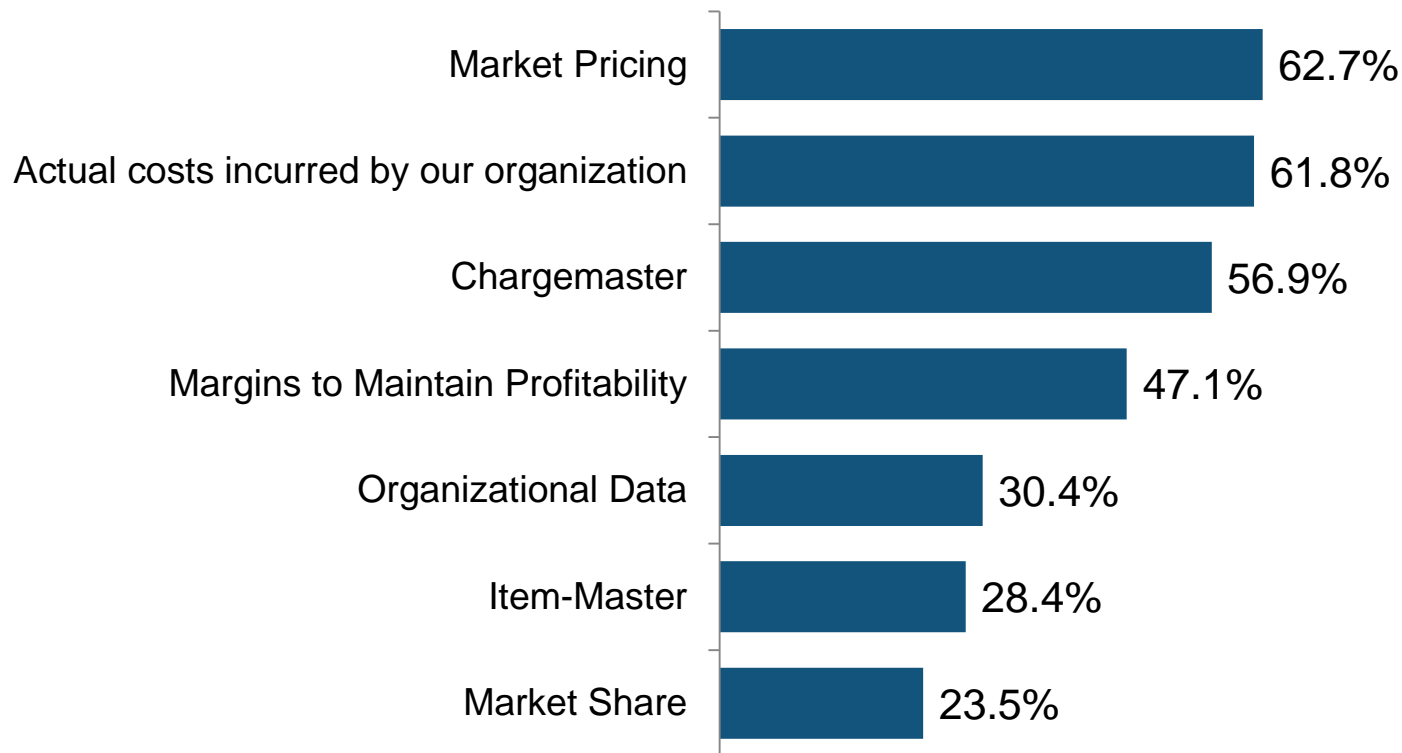
Definitions

- **Cost** – defined as the money that your organization pays for the products and services it uses in its delivery of healthcare
- **Price** – the amount that organizations charge the party with primary financial responsibility. For an insurance company, this would be the amount charge to the insurance company/insured individual.
- **Item master** – the tool that organizations use to track the amount of money paid for materials/supplies purchased by the organization

Healthcare organizations have the ability to determine *cost* ... but not all regularly review costs



Healthcare providers use an array of factors to determine *price* of services ...



But few have the ability to automate factors that are most important

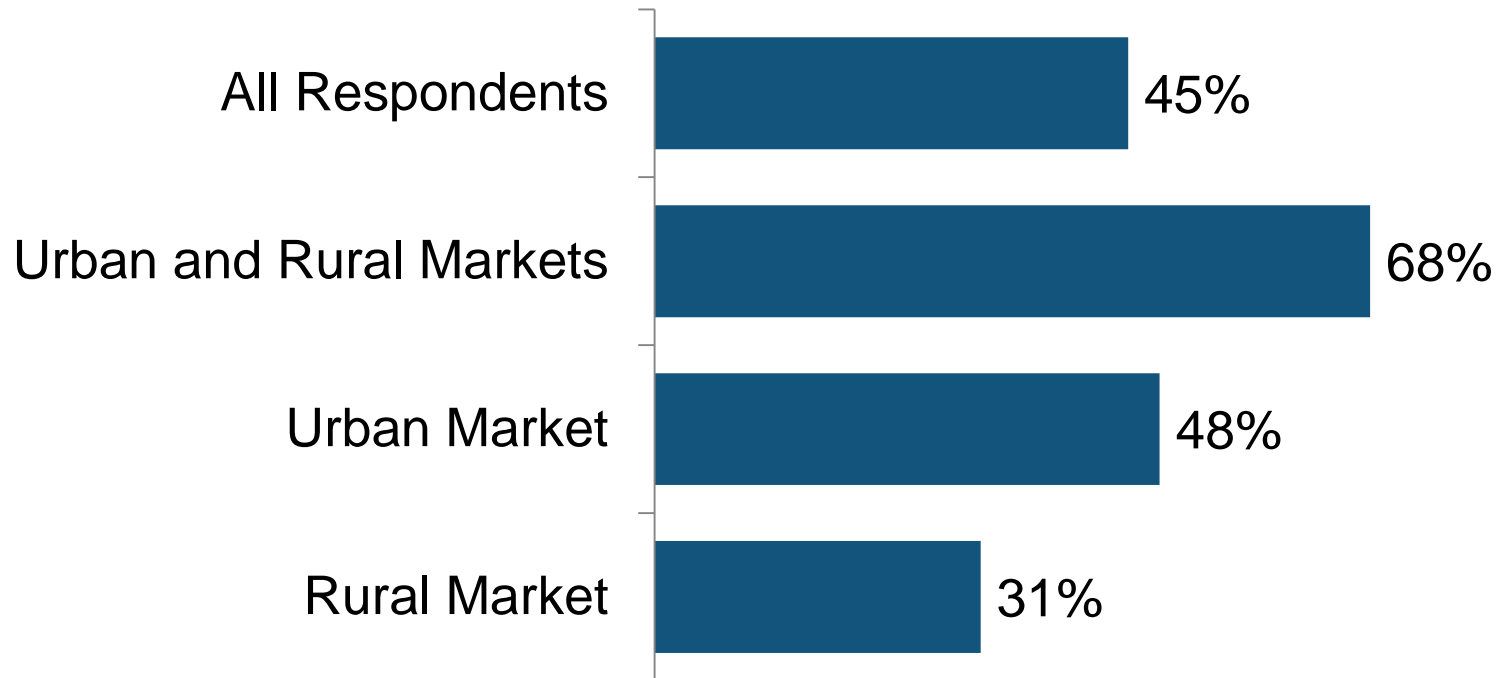
Actual cost of care delivery

- Percent using “actual cost” – 62.8%
- Level of importance – 73.0%
- Ability to automate – 34.3%

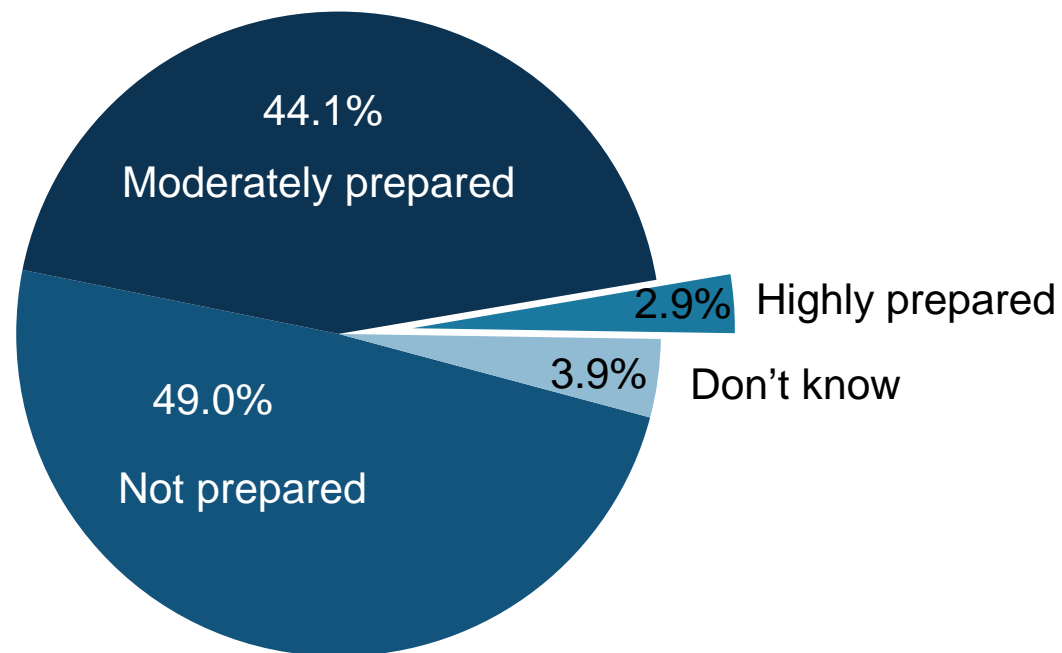
Profit margin needed to be profitable

- Percent using “profit margin” – 47.1%
- Level of importance – 75.0%
- Ability to automate – 28.4%

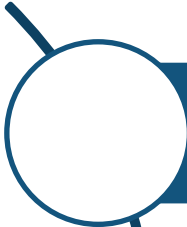


Healthcare organizations beginning to participate in alternative payment programs



Few organizations are prepared to move to value-based payment model



Resources perceived necessary for successfully transitioning to value-based payment model

-  Tools to track and evaluate quality of care
-  Better communication between disparate providers
-  Consistent definition of quality by specific type of disease

There are many opportunities to help providers transition to a value-based payment system

Cost
accounting

Price
transparency

Approach to
pricing

Managing
exchange of
information

Healthcare purchasers can expect more transparency in prices providers charge

- 73 percent of respondents currently provide or plan to provide price transparency
 - The most common price transparency approach is through customized pricing estimates.



Conclusions and Next Steps

Industry is willing to embrace value-based payment models, but they need help developing the proper infrastructure and business processes to successfully make the transition.

HIMSS Next Steps:

- Create task force
- Prioritize industry needs
- Begin working to identify solutions to fill those needs:
 - Share findings with policy makers and healthcare officials
 - Initiate conversations with appropriate Strategic Partners
 - Continue monitoring industry readiness through annual surveys

Thank you & Questions

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