



Health and Actionable Advice

INDUSTRY BRIEF

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IN THIS INDUSTRY BRIEF

This Industry Brief assesses market drivers and models for actionable information investments among healthcare organizations in the postreform U.S. healthcare market.

SITUATION OVERVIEW

The success of every healthcare reform initiative rests on more transparent, timely, and targeted information. In the postreform U.S. healthcare market, healthcare payers are challenged by medical loss ratio mandates, cost constraints, consumer demands, and the market imperative for improved quality and outcomes. These drivers compel healthcare payers to seek a greater understanding of business operations, customer expectations and behavior, and how to deliver services that produce optimal financial, health, and clinical outcomes. At the heart of the reform strategy is information access and availability for all healthcare constituents to enable the collaboration and decisions needed to improve costs, quality, and access. In the emerging postreform market, rapid and informed coordination based between the provider, the patient, and the healthcare payer is the platform for improved access, care coordination, and health. Information becomes the new business differentiator.

The "Actionable" Mandate

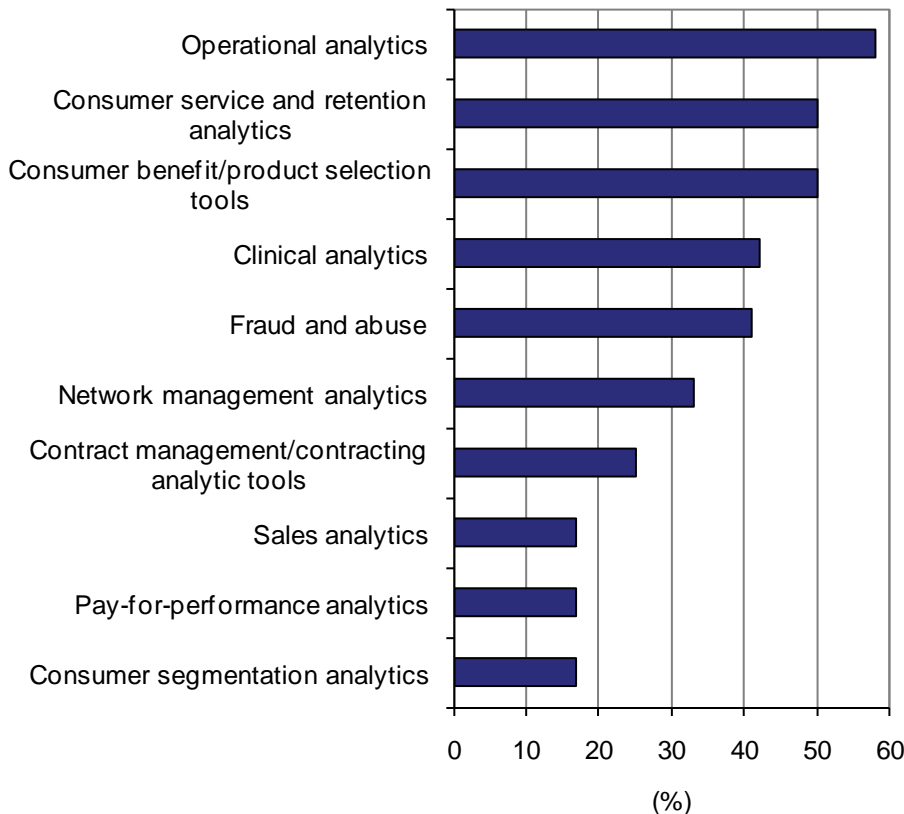
For decades, the focus of business intelligence in the healthcare market was on making information available. Many of the investments in the past decade, particularly among healthcare payers, were spent on extracting, consolidating, rationalizing, and presenting information. These investments finally enabled healthcare payers to begin to access and mine the wealth of information stored in their applications. However, mere availability and presentation of information is *not* the endpoint. It is just the first step. Better results and improved outcomes can be achieved only from timely, appropriate, and effective action based on reliably and consistently available information.

Healthcare payer technology investments reflect the emerging market strategic shift to an information-based services and outcomes-focused organization. In surveys by IDC Health Insights in 2009 and 2010, U.S. healthcare payers reported that business intelligence is the most rapidly growing healthcare technology investment category for the healthcare payer market. More healthcare payers intend to invest in business intelligence initiatives through 2013 than in claims and operational systems. Reflecting synergy with the top mandates of healthcare reform, the top 3 investment priorities are (see Figure 1):

- Operational analytics — supporting compliance with the medical loss ratio mandate
- Consumer service and retention analytics — supporting entry into the new individual and insurance exchange markets
- Clinical analytics — cost and quality improvement of healthcare service

FIGURE 1

Percentage of Healthcare Payer Investment in Analytics by Category, 2011



Source: IDC Health Insights, 2011

The Emerging "Actionable" Model

Reform market demands require a new model for how healthcare information is delivered and consumed. A rapidly changing market requires a more rapid, if not real-time, response to business challenges. Success in the growing individual market will require that healthcare payers engage in the same level of consumer analytics and knowledge as retail and financial service markets. Simultaneously, consumers, accustomed to the active and responsive interactions of retail and financial services markets, will demand the same level of information specificity and availability as they take on more responsibility and ownership for their health and wellness decisions.

To meet these new market dynamics, the emerging "actionable" model then requires a paradigm shift from:

- Broad and general trend information to customizable and personalized information
- Disparate and disjointed information sources to a single source, common view of consumer and clinical information
- Latent information that is "pulled" by the user to actionable information pushed at the point of decision making
- Information managed within the four walls of the health plan to information transparency among the health plan and its constituents

FUTURE OUTLOOK

Actionable Information: 2020 Evolutionary Pathway

Through 2020, healthcare organizations will seek solutions and invest in actionable information strategies. A differentiating strategy will include:

- Targeted populations with customized information: Messaging triggers or alerts that are delivered to targeted populations or individuals in customized and personalized formats
- Focus on outcomes: Information delivery to produce a specific action or outcome
- Best practices: Integration of best practices or guidelines against which data and response can be assessed
- Threshold triggers: Establishment of performance thresholds, with reporting and communication triggers if threshold performance is not met

- Results tracking: Documentation of action taken or outcome achieved after information has been provided
- Adaptive analytics: Behavioral assessment and adaptation of information and communications to produce the best result among specific individuals and circumstances

Actionable Information: Innovation for 2020 and Beyond

- **The Mature Consumer 360-Degree Engagement Model:** In the postreform market, business, cost, and quality improvements increasingly depend on a strong consumer engagement strategy. The consumer engagement model builds from the consumer-defined health plan concepts and then extends the relationship beyond financial and cost awareness to include consumer engagement and loyalty. Future success requires:
 - Targeted identification and marketing
 - Demonstration of service, product, and program value through efficiency, individual service, outreach, and personalization
 - Engagement and collaboration through strong and customized individual consumer programs, communications, and outreach

Next-generation actionable information initiatives will extend the data model to include benefit, health and wellness, clinical, financial, payment, incentive, and social media/Health 2.0 sources. This more complete and comprehensive 360-degree consumer view propels consumer engagement through an integrated and aligned actionable information platform that includes sales, retention, health and wellness, clinical services, and outcomes information.

- **The Value-Based Platform — link action to incentives and rewards:** Most of the actionable information initiatives in the next several years will focus on identifying, communicating, and measuring impact. Simultaneously, reform and market drivers will shift payment and reimbursement models to reward greater value and incentives to improve outcomes. Next-generation actionable information solutions will better link performance and payment information to provide the real-time and customized payment and incentives that support value-based platform objectives:
 - Physicians who meet quality guidelines will be rewarded by payment methodologies and timely payments.
 - Consumers who meet health and wellness goals will be rewarded by copay reduction or other financial benefits.

ABOUT IDC HEALTH INSIGHTS

IDC Health Insights provides research-based advisory and consulting services that enable healthcare and life science executives to:

- Maximize the business value of their technology investments
- Minimize technology risk through accurate planning
- Benchmark themselves against industry peers
- Adopt industry best practices for business/technology alignment
- Make more informed technology decisions and drive technology-enabled business innovation

IDC Health Insights provides full coverage of the health industry value chain and closely follows the payer, provider, and life science segments. Its particular focus is on developing and employing strategies that leverage IT investments to maximize organizational performance. Staffed by senior analysts with significant technology experience in the healthcare industry, IDC Health Insights provides a portfolio of offerings that are relevant to both IT and business needs.

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