

Strategic Objectives:

- Expand data and analytics capabilities to drive fact-based decision making across the organization related to changing industry dynamics, service line performance, and value-based care models

Solution:

- Implemented multiple applications from the Axiom Healthcare Suite including solutions for Cost Accounting and Decision Support

Results:

- Cost Accounting results are precise and reliable with full transparency for the organization
- Strategic decision making is supported by data and a clear understanding of the ProHealth Care patient population
- One source of truth for decision support reporting and analytics, ensuring a clear and consistent focus for senior leadership



How Reliable Cost Data Supports Strategic Decision Making at ProHealth Care

Background

ProHealth Care is a two-hospital integrated system in Wisconsin that includes numerous clinics, a home health and hospice program, assisted living centers, and other services. The health system does about 17,000 inpatient discharges annually and 400,000 ambulatory visits in its clinics. ProHealth's medical group employs 170 physicians, but with nearly 700 total on its medical staff, the health system has a dualistic model.

ProHealth participates in two accountable care organizations (ACO) – AboutHealth, a clinically integrated network of six major health systems in the state of Wisconsin, and ProHealth Solutions, which is the health system's own integrated network for engaging with its independent medical staff. ProHealth Solutions involves shared savings, pay-for-performance, and other risk-based contracts driven off of a common EHR platform.

Several years ago, ProHealth's executive leadership sought to develop expanded data and analytics capabilities to strengthen fact-based decision making related to changing healthcare policies, service line delivery, and value-based population health management across the continuum of care.

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Management’s goal was to distribute accurate and reliable costing and profitability information across the enterprise and require use of that information for capital planning, service line management, business plan development, pricing, managed care contracting, and all other key strategic initiatives, said Ron Farr, ProHealth’s chief financial and administrative officer. Implementation of a robust decision support system three years ago was foundational to accomplishing that change.

Solutions

As users of Kaufman Hall’s Long-Range Planning solution since the late 1990s, ProHealth has a deep trust in the firm’s ability to help the organization navigate change and develop effective solutions. When conversations about using Kaufman Hall’s Cost Accounting and Decision Support tools began in 2014, the health system had an existing cost accounting system but wanted to step back from that system and start fresh.

The previous system was hospital-centric and did not incorporate the organization’s growing ambulatory and home health services.

“Our senior leadership wants to make informed decisions on our entire network of services. So when we looked at what decision support has to have, we had to rethink how we were bringing information into the system,” said Brad Treichel, Vice President of Finance and Administration at ProHealth Care. “We had to think two to three years down the road. If we want a joint venture or we want an independent group to share their information with us, open up a business associate agreement, give us their financials, give us their volumes, we need to have a system that can support that type of evolving environment.”

“It’s a new paradigm that we were trying to work through,” Treichel continued. “We had to ensure that we have the right platform and that year by year we’re moving in the direction that we continue to give our senior executives the information they need.”

With the previous system, leaders were not receiving timely profitability information, other than standard, entity-specific financial and operational statements.

In contrast, the new Kaufman Hall Cost Accounting and Decision Support solution facilitates reporting across ProHealth’s various entities, service lines, and providers. The finance team relies on the resulting analytics, incorporating them into business plans for organizational strategies.

Service Line Planning: Knowing What to Provide and Where

Kaufman Hall’s Cost Accounting and Decision Support solution allows the finance team to more efficiently analyze and report on service line costs. The previous cost accounting system required extensive data aggregation and manual manipulation to group service line results by the applicable definition (i.e. diagnosis, procedure, provider, and others).

With the new system, such definitions are integrated in the software table structure, are easily updated, and can be easily applied to the data. As a result, the decision support team can be more productive in responding to reporting requests, Treichel said. Having consistency and the assurance that the definitions are congruent with organizational objectives have been essential to ensuring that encounters are not duplicated or omitted in the service line reports.

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Kaufman Hall’s Cost Accounting and Decision Support solution has expanded ProHealth’s capabilities to provide service line profitability reporting across all patient services, including its hospitals, outpatient centers, medical group clinics, and homecare and hospice services. By looking at provider-specific costing, the finance team can assess individual physicians or other clinician profitability at all service locations.

Clinical Performance Improvement: Engaging Physicians With Reliable Data

Utilization reporting through the Decision Support System has enabled service line and operations directors to provide physicians with actionable information on variations in care, and to improve physician preference-item adherence and care pathway planning. The viability of the data increases physician buy-in, Treichel said. Clinicians are eager to review the analyses and have provided constructive feedback on how to further enhance reporting.

Strategic Pricing: Making Informed Contracting Decisions

In negotiating contract agreements with its payers, ProHealth’s managed care team relies on the Decision Support System to provide service-specific data on care delivery costs. This information is used in contract modeling to assess proposed rates against the organization’s actual costs. As more risk-based payment models develop, the costing data will be increasingly important in analyzing and improving the hospital system’s cost structures for associated services, Treichel said.

In Summary

“Our perspective was, we really want to see best practice and make this the best cost accounting and decision support system that we can,” Treichel said. “With any implementation, the data is the key, and with Kaufman Hall’s help, we’re bringing in all the data elements that we need to ensure that our organization can do the type of reporting that’s required. We now have a product that is meeting our current needs and is capable of growing with us as future needs are defined.”

For more information on Kaufman Hall’s Cost Accounting and Decision Support solutions:

Visit www.kaufmanhall.com/healthcarecosting or contact us at info@kaufmanhall.com.