The Evolving Comparative Analytics Market:

Benchmarking Key Business Metrics Against Peers to Reduce Risk, Pinpoint Areas for Improvement, and Optimize Performance

COMPARATIVE ANALYTICS

UNDERSTANDING THE OPPORTUNITY

Optimizing performance at today's healthcare organizations requires aligning clinical, financial and operational business components for organizations to deliver efficient and cost-effective care that produces optimal patient outcomes. For this to occur, organizations need to measure, monitor and manage these components.

With so many variables within their enterprises, healthcare organizations are challenged to pinpoint the areas where they should focus their efforts to maximize performance. To overcome these challenges, forward-thinking organizations are turning to advanced business intelligence (BI) solutions featuring comparative analytics to identify the components where improvements can make the biggest impact.

Although there has been a rapid growth in the development of business development technologies amongst vendors, far too few organizations have taken the time to become familiar with these BI tools that measure key performance indicators within their enterprise. Sadly, the majority of tools available today are localized, meaning that they lack the ability to benchmark against key performance indicators (KPIs). Organizations possessing advanced BI capabilities are met with resistance from other organizations that lack the ability or resources to understand and implement the results of comparative analytics.

EVOLVING TRENDS

Based on studies by the National Science Foundation, the California Academy of Sciences and John Miller, professor of Political Science for the University of Michigan, only around two out of 10 adults in the United States are scientifically literate enough to engage in critical thinking and problem solving, skills necessary for our

administrators, managers and other thought leaders to be able to compare those KPIs against peers groups. Leading comparative analytics solutions enable organizations to better understand their position within the marketplace and allow them to take advantage of the dynamic flexibility required to thrive in a time-sensitive environment. The only other option is to be held hostage to published data that is so outdated as to no longer reflect current industry trends.

Comparative analytics is not a new concept in healthcare, but it is being used in new ways across the industry. Traditional uses of comparative analytics include the measuring and monitoring of isolated areas across the enterprise, such as:

- **The American Heart Association's tracking of heart disease and treatment patterns to develop clinical pathways**

- **Clinical and operational performance measurement data provided by the University HealthSystem Consortium**

- **Non-clinical performance measures, such as clinician salaries, as well as the cost of medical supplies per patient and per procedure**

- **The Medical Group Management Association's (MGMA's) ongoing compensation and utilization surveys**

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New uses of comparative analytics in healthcare have expanded into other areas of the enterprise, providing organizations with a much broader perspective to discover the relationships between clinical, financial, risk assessment and operational components. This enables organizations to understand how changes in one area affect other components that impact regulation, care delivery cost, quality, reimbursement and patient outcomes. With these measurements – and a greater understanding of their relationships – organizations can be more proactive in their management of key indicators to drive higher levels of performance, thereby minimizing risk while optimizing profitability and quality.

By employing these emerging technologies to comparative analytics usage, organizations can more effectively pinpoint the areas where their improvement efforts will have the most impact, whether it's focusing efforts on coding, denial management, clinical indicators or payment velocity. With numerous regulatory and industry-driven changes taking place throughout the marketplace, now is the right time for using comparative analytics to drive meaningful improvements that increase clinical, financial and operational performance.

INDUSTRY TRENDS DICTATING NEED FOR COMPARATIVE ANALYTICS

The healthcare industry's current drive to improve care quality and reduce costs demands that all variables align to produce optimal patient outcomes. Under the new reimbursement initiatives, healthcare organizations are increasingly shouldering higher levels of risk to earn the same revenues that they received in the past.

These initiatives include pay-for-performance programs, Patient-Centered Medical Home and emerging accountable care organizations (ACOs), which are basing reimbursement on the attainment of care quality and patient outcome indicators while at the same time reducing the costs involved in delivering that care.

This merging of clinical and financial indicators requires organizations to evaluate the health of the entire populations that they serve, with the goals of not only managing patients with chronic conditions before severity worsens, but to also discover underserved areas where the offering of new services can contribute toward improvements in quality of life and quality of care. To say it is one thing, but to prove it requires comparative analytics to measure, monitor and manage key indicators through effectively benchmarking those results against peers. And these results can be measured in a number of ways, including patient-focused surveys, reductions in complications, and from a business perspective in how changes can make a positive contribution to the bottom line.

From an operational perspective, organizations need to understand the drivers that impact clinical and financial performance, such as clinician and staff productivity, as well as patient satisfaction scores that drive accreditation, referrals and consumer choice. Determining patient volume and revenue per physician, department or facility or other units of service– and comparing these same results against peers for meaningful measurements – enables organizations to better pinpoint areas needing improvement. Likewise, understanding the variables that impact patient satisfaction scores and comparing them against peers provides insights into underperforming areas where improvements can drive increased business and higher levels of revenue.

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From a financial perspective, organizations need to look for every opportunity to increase their margins, such as reducing claim error rates, implementing more efficient denial management strategies, and leveraging industry statistics to understand how their performance measures up against peers. With correcting and resubmitting a denied claim costing as much as $37[1], each error that is prevented adds an incremental improvement to the bottom line.

Increasing visibility into revenue cycle details through the use of comparative analytics enables organizations to isolate problem areas, identify opportunities, and get a better overall understanding of the variables that impact performance. This increased visibility — or transparency — will greatly help organizations prepare for the blending of clinical and financial indicators required by future industry initiatives, such as ACOs and bundled-payment strategies.

DIFFERENTIATING COMPARATIVE ANALYTICS AND BUSINESS INTELLIGENCE

Business intelligence solutions use technology that enables an organization to collect, maintain and organize specific knowledge, such as key performance indicators. Traditional BI solutions, however, are primarily focused on an organization's internal data, and generally do not allow the comparison of benchmarks against peers. Common uses include measuring accounts receivable (A/R) days, assessing internal performance metrics, measuring payer payment turnaround rates, evaluating cost measures, reviewing patient prescription adherence, as well as monitoring clinical pathway compliance.

In contrast, comparative analytics solutions leverage the concepts of business intelligence, but add the vital component of contextually comparing that data against peers and other benchmarks. Common uses include salary and compensation statistics, measuring reimbursement rates against benchmarked data (although that data is typically months or years old), and comparing actual clinical treatments against published pathways.

Next-generation comparative analytics capabilities include the use of real-time data to benchmark against peer indicators, such as claim denial rates, denial reasons, deviations in coding and claim types, staff productivity, payer performance compliance, utilization, and more. More timely data allows for more accurate comparisons that reflect what is happening now so that it can be corrected or modified immediately, before the financial impact is realized.

HOW COMPARATIVE ANALYTICS IS USED TO INCREASE PERFORMANCE

Business intelligence solutions enable organizations to measure their internal performance and indentify best practices. However, how do organizations know whether or not their own best practices are actually "best"? What if an organization's internal best practices are still poor when compared to peers? Comparative analytics enables organizations to make that distinction by providing the necessary context — via benchmarking against peers — so they can focus their efforts on improving the areas that will deliver the most meaningful results.

Key areas for comparative analytics usage include:

Clinical-Focused Usage of Comparative Analytics

Focus Area	What to Evaluate
Outcomes	How do patient outcomes compare against peers and national averages by condition, severity, pathway utilization, and by facility?
Case Mix and Population Health	How does an organization's patient outcomes compare against peers when accounting for case mix, patient severity, complications and comorbidities? Does your population include atypical demographic risk factors when compared against peers? Are there conditions within your population that are underserved?
Pathways	Compare clinical pathway-driven treatments against peers to measure outcomes, costs and reimbursement.
Hospitalizations and Readmissions	Does your organization have a higher percentage of hospitalizations and readmissions when compared to peers? Are there preventable hospitalizations and readmissions that impact reimbursement?
Utilization	Are high-cost treatments and services being overused without improving outcomes when compared to peers?
Contracting	Are utilization and outcomes being evaluated when contracting with provider organizations? Can documented improvements in clinical outcomes be used to negotiate higher reimbursement when contracting with payers?
Clinical Variation	Are treatments and pathways being used consistently throughout the enterprise? Does their usage deviate from regional and national peer organizations?

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Financial-Focused Usage of Comparative Analytics

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Focus Area	What to Evaluate
Gross Reimbursement and Collections	Are you being paid the same as peers?
Collections	Are there existing systems, techniques or tools available that would help you improve your collection ratios?
Utilization of Codes and Modifiers	Are you submitting different diagnosis and procedure codes than your peers? Are peers earning more reimbursement by submitting claims with higher evaluation and management (E/M) levels, complications or comorbidities?
Denials	Is your organization experiencing higher claim denial rates than peers?
Payment Velocity	Are peers receiving payments faster from payers than your organization?
Staff Productivity and Efficiency	Are your peers more productive? For example, evaluate the time from patient encounter to claim submittal, which measures documentation turnaround by clinical staff, and processes driven by the revenue cycle staff. Additionally, measure the time between the patient encounter and when either a denial or payment is received.
Compliance and Audit Risk	**Outliers** – Compare outlier rates against peers, and determine if documentation and coding can justify outliers. For example, one way to improve documentation and coding is to study unjustified outliers to make sure your practice isn't showing similar patterns . **Risk Assessment** – Use peer comparisons to identify and flag coding and claims that may trigger audits by Revenue Audit Contractors (RACs) and the Office of the Inspector General (OIG). **Medical Necessity** – Evaluate medical necessity denials against peers and determine which claim variables drive that risk. **Code Utilization** – Combine reimbursement and compliance data to compare code usage and performance against peers. Identify potential areas of risk for audits based on outliers and code usage.

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Operational-Focused Usage of Comparative Analytics

Focus Area	What to Evaluate
Clinician Productivity	Evaluate documentation turnaround time within the organization and against peers. Measure patient volume, case mix, and revenue per clinician. Evaluate denials based on documentation errors, insufficient documentation, and measuring denials by staff.
Revenue Cycle Staff Productivity	Measure coder throughput, accuracy, and compliance, as well as denials by staff member and denials due to ineligibility.
Patient Satisfaction	Evaluate scores against peers to identify areas needing improvement. Measure referrals to peer organizations for similar conditions to determine perception of organization within the community, and how that impacts revenue.

SIDERATIONS

- **Processing Power** —Vital to any comparative analytics solution is powerful processing capabilities so customers can get answers to queries quickly, rather than waiting hours or days for a response.

- **Accessibility** — Software-as-a-service (SaaS) capabilities enable users to access the data wherever and whenever they need it. It also alleviates the need for customers to build and maintain the infrastructure needed to drive the applications.

- **Timely, Complete Data Sources** — Comprehensive and ongoing data collection is necessary to provide timely data that is used for benchmarking and comparisons. Evaluate how the vendor collects data and from what sources. Plus, ask how often the data is updated.

- **Expertise** — Specialized skill sets are required by vendors to make meaningful analyses of the data and to provide customers with regular insights that can improve their performance.

- **Modeling** — Does the vendor offer capabilities to model changes before implementation to determine the potential impact on key indicators?

COMPARATIVE ANALYTICS BENEFITS AND RESULTS

The commonly heard axiom is true — if you can't measure it, you can't manage it. Organizations need to collect, measure and manage key internal business metrics, but also need to compare them against peers to gain meaningful performance insights. Comparative analytics provides the contextual insights needed to manage enterprises in today's challenging healthcare environment. In addition, comparative analytics increases the transparency and accountability by organization, facility, department, and individual staff members.

Comparative analytics allows organizations to pinpoint the areas where their improvement efforts can have the greatest impact. With resources scarce and margins getting thinner, determining the most efficient way to implement improvements is vital to the success of today's healthcare organizations.

REMITDATA COMPARATIVE ANALYTICS SOLUTIONS

With declining reimbursements, increasing costs, the ever-changing landscape of reform, and increasing regulations, every organization needs clarity now more than ever to be successful. Add to this the dynamic growth in patient volumes expected under the Affordable Care Act (ACA), along with a decline in the physician population, the need for technically proficient and timely business intelligence tools becomes self-evident. To help organizations succeed, RemitDATA offers powerful comparative analytics solutions

that enable the measurement, monitoring and management of the key indicators that impact performance.

TITAN®

TITAN brings an unprecedented level of user-friendly technology into healthcare processes that provide the insights needed to thrive in today's challenging environment. TITAN's comparative analytics platform presents health-care organizations with actionable insights into:

- **Reimbursement**
- **Utilization**
- **Compliance**
- **Benchmarking**
- **Productivity**
- **Accounts receivable**

TITAN's highly scalable software-as-a-service (SaaS) platform enables rapid access and analysis of huge datasets in seconds for immediate revenue cycle benchmarking performance, as well as utilization, compliance, and A/R analysis. Each practice can customize the system per user level, so answers to questions are simple, painless and intuitive.

ClarifyMD™

RemitDATA's ClarifyMD service combines a unique blend of powerful Big Data analytical tools and diverse healthcare consulting expertise via an affordable subscription model for physician practices to improve performance. Practices pay only for the level of reporting and advisory services that they need, whether it's monthly, quarterly, or periodically. No hardware or software installation is necessary. The end result is an ongoing assessment of performance metrics — backed by analytics and non-biased advisory services — that provide actionable intelligence to improve practice performance and financial health.

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- **Powerful Analytics** – Analytics for ClarifyMD are generated by RemitDATA's TITAN, which provides a real-time, transparent view into essential business metrics. TITAN extracts from multiple reliable sources, such as practice management systems, clearinghouses, and third-parties, then analyzes the data and other information for benchmarking against regional peer practices, based on specialty and geography.

- **Advisory Services** – ClarifyMD's network of advisors possess a broad array of skill sets and knowledge that span the entirety of today's healthcare enterprises. This expertise enables ClarifyMD to be the single point of contact for a practice's improvement efforts, instead of forcing practices to manage relationships with multiple consulting firms.

Analytics Leadership

Founded in 2000, RemitDATA Inc. helps more than 100,000 healthcare providers improve revenue and cash collections by identifying and correcting performance issues in the post-adjudication stage of the revenue cycle. The company provides a range of system-agnostic solutions with patented, proprietary technology offered in Software as a Service (SaaS) form for immediate value-add implementation, resulting in a faster return on investment. The end result is more enlightened providers with better educated practice management teams, improved employee productivity and increased profitability. Based in Memphis, Tennessee, and Plano, Texas, the company has enjoyed a more than 90 percent client renewal rate since its inception. For more information, please visit **www.RemitDATA.com.**

[1]Center for Health Transformation statistic.

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