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Healthcare IT Done Right

IT Shared Services Model: What is it and how does it work?

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Agenda

- Challenges to Healthcare IT
- IT Shared Services Concept
- A look at the Models
- Value and Savings
- Is it right for you?
- Next Steps
- Q & A

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Challenges to Healthcare IT

- Increased utilization of technology
  - Increased costs for acquisition and on-going support
  - More complexity
  - Broader skill sets and expertise needed
  - Increasingly difficult to attract and retain IT talent
- Uncertainty of reimbursements
  - MACRA, MIPS and APMs
  - More payments tied to Value and Outcomes
  - Regulatory and Legislative
- Consumer climate and Population Health
  - Higher deductibles
  - Programs designed to keep patients out of the hospital
  - Healthcare consumerism

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Challenges to Healthcare IT

Annual Health Care CEO Survey:

- 183 C-suite executives rated 26 issues
- Coming in at #2 – Innovative approaches to expense reduction
- Observation: There's a hunger for new opportunities to reduce cost – and a growing recognition of where those opportunities lie.
  - Getting harder and harder to improve margins through familiar tactics like labor force reductions or group purchasing of supplies
  - Next big wave of expense reduction opportunity will come from improvements in clinical processes and pathways themselves

Advisory Board

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The Impact

- Healthcare organizations will have to find ways to reduce some their costs without sacrificing value or negatively impacting outcomes
- IT costs will get their share of scrutiny
- Is there a way to reduce the spend on IT without impacting technology use and performance?
- IT Shared Services just might be the answer…

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Survey Says…

- 84% confirmed - increased efficiencies and reduced costs from outsourcing IT are transformative to their businesses
- The most common outsourcing benefit sought by CIOs is reduced time spent on infrastructure
- ROI (81%), immediate access to trained staff (73%) and needed technology (71%) are the primary motivators
- 91% of hospital organizations reported in Q2 of 2017 that they were at or near a (6 months or less) ROI for IT outsourcing
- Cybersecurity needs are the biggest demands as nearly 44% of hospitals and 35% of physician groups outsource all security applications needs in Q3 of 2017

Black Book 2017 IT Outsource/Managed Services Survey

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Managed Services

- Cloud Hosting
- IT Outsourcing
- "… as a Service
  - Desktop as a Service
  - Infrastructure as a Service
  - Security as a Service
  - Print as a Service
  - *"IT as a Service"*

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IT Shared Services Concept

- Concept: Share IT resources (labor, hardware, software, support, etc.) with multiple organizations
- Provides the ability to lessen your spend on IT while still getting the expertise and value you need.
- Reduce some of the expertise you need
  - Systems and hardware updates, maintenance, etc.
- Lower your cost of recruiting and retaining IT talent

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A look at the Models

- Fractional FTEs
  - Only contract for as much as you need
  - Resource will be shared among multiple organizations (# would depend on utilization)
  - Likely have a broader experience base and expertise
  - $$ that would be consumed by a typical FTE could be spread across multiple resources with varying skill sets to provide a well-rounded talent pool
  - Provides better organizational value for the investment
  - Outsourcing could be an option, with a mix of resources

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A look at the Models

- Cooperative Processing
  - Shared hardware and software capabilities (common datacenter)
  - Likely reduce hardware and maintenance / support costs
  - Shared backup and recovery mechanisms = reduced costs
  - Power and cooling costs reduced
  - Opportunity to enhance security at a lower price point
  - Provides better organizational value for the investment

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A look at the Models

- Alternate IT Delivery Model
  - Encompasses a wide range of IT costs; hardware, maintenance & support agreements, telecom, enterprise & ancillary systems, voice communications
  - In reality, there are any number of costs that could be included in this approach
  - Concept is to combine two or more healthcare organizations' IT components to provide some economies that would otherwise not be available.
  - Works best if the organizations are somewhat aligned – same EHR, similar ancillary systems, like vision and direction, similar pain points, etc.
  - Likely would not compete for the same patient population

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Value and Savings

- Reduced Labor Costs
  - Only paying for what you need
  - Lower recruiting costs
- Improve Skillset and Expertise
  - Access to the right expertise when you need it
  - Ability to handle the occasional unique requirement
  - Don't have to hire or train for all the different skills your IT staff would need to effectively support the organization
- Lower Hardware & software costs
  - More efficient use of capacity and performance
  - Take advantage of multi-license discounts
  - Improved pricing when combining purchases (multi-quantity discounts, etc.)

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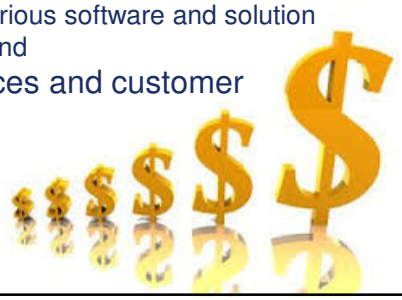
Value and Savings

- Reduced in-house support requirements
  - Someone else responsible for care and feeding of systems
  - Frees up local staff to focus on the customer – the users
- Lower utility and maintenance/support costs
  - Combined/shared systems reduce support needs
  - Multi-use discounts and pricing
  - Combined hardware likely to consume less power and cooling than running separate datacenters
  - Opportunity to share licensing of various software and solution licensing to further reduce your spend
- Deliver a better product (IT services and customer support) for the investment



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Example of IT Shared Services

Profile – 25 bed CAH, and a 99 bed regional hospital

- Approx. 60 miles apart
- Both running the same version of EHR
- Facing the same pressures and challenges
- Strong desire to remain independent
- Looking to reduce the cost of IT
- Open to innovative approaches

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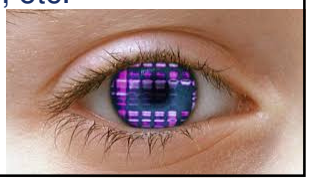
Example of IT Shared Services

Discovery Process

- Inventory of all IT assets (hardware, software, etc.)
- Compiled inventory of applications and solutions
- Identified all IT and support staff
- Gathered list of services, such as Datacom, ISPs, etc.
- Desktop, printers, office automation tools, etc.



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Example of IT Shared Services

Approach

- Combine into one datacenter
- Designate some staff to each facility, combine some into a shared pool – will be some reductions in staff
- Combine some applications and solutions and deliver as a managed service
- Pursue volume / multi-site discounts with vendors
- Look for opportunities to combine services to reduce the IT spend

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Example of IT Shared Services

Results (5 Year Savings)

- Lower datacenter / infrastructure costs by $150K
- Reduce labor costs by $1.35M
- Lower telecom costs by $172K
- Reduce printer / print management costs by $275K
- These four pieces total $1.9M

Infrastructure as a Service
Interfaces as a Service
IT as a Service

- SLA vs. FTE

???

- Innovation will lead to more opportunities

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Lessons Learned

Implement Model Over Time

- Existing contracts & agreements
- Some prep work & alignment activities

Standards make a difference

- Lessens complexity
- Reduces support requirements
- Focuses resources

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Is it right for you?

- Many factors should be considered, but:
  - Do you have difficulty finding and retaining the IT talent you need?
  - Do you often lack the IT expertise you need to tackle projects or implement new technology?
  - Are you needing to refresh your datacenter hardware in the next year or two, and would like to find a less expensive option?
  - Are rising technology costs eating your lunch?
  - Even with higher investments in IT resources, are you failing to adequately deliver a high level of customer support and value to the organization?

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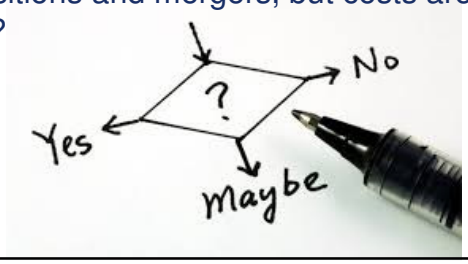
Is it right for you?

- Many factors should be considered, but:
  - As technology becomes more complex and taxes existing staff, are you looking for some relief?
  - Are there other healthcare organizations similar to yours that you align with, but don't compete with that face the same struggles?
  - Are you trying to remain independent amid the acquisitions and mergers, but costs are pushing you there?



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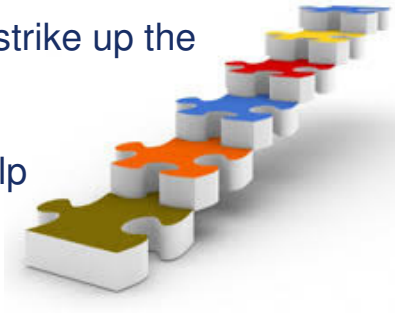
Next Steps

- Explore IT Shared Services
- Examine your needs and what you have to offer
- Find someone similar and strike up the conversation
- Don't hesitate to ask for help



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Thanks!

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Blog
Un-Complicating Healthcare IT
What Is A Magical End User Experience Worth?
Posted by Phil Stravers | Partner, V.P. Strategy & Development
What If Disney Ran Your Healthcare IT?
We recently published a pre-recorded webinar titled "What If Disney Ran Your IT?". In that webinar, we explore what creating a magical end user experience is worth. Using Disney as an example, we begin to unpack and explore how a focus on end user experience can drive positive results for your IT. If you are struggling to see the results from IT that you want for your organization or are frustrated with poor performing systems and ever rising costs, I think you will find these 50 minutes to be worth your time. Here are some examples of the "Disney-like" concepts that we unpack in this webinar:
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Posted by Roy Georgia | Partner, Ambulatory Surgery Centers
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