Charting the course for sustainable growth in a modern health organization

Today’s health care CFO provides data-driven decision-making support. These insights help reduce cost and support the shift to the new operating model.

Presented by Optum
Financing for transformation

As margins thin, competition heats up, and consumers are more empowered, both payers and providers face a strategic imperative to make fundamental changes to their operating model. The CFO must lead the journey to efficiency, profitability and growth by aggregating data sources, improving the timing and quality of data, and providing analyses that can be used to chart the course of business.
Steering through disruption with data-driven insights

**CFO PERSPECTIVES**

- **91%** believe their organization should do more with financial and operational data
- **72%** struggle to pull data from multiple sources into a single report
- **74%** say providing better insight is a top 3 priority
- **$1.5m** the per-incident penalty set by the HITECH Act for patient data leaks
- **By 2025** data creation will swell to 163 zettabytes. A ten-fold increase in today’s numbers

Health organizations rely on the CFO to improve big data and analytics capabilities. The CFO leads investment in decision support and data quality, including the acquisition of technology and expertise, to create a coherent, integrated and sustainable platform from which high-quality insights are derived and new value created.

With its culture of rigor, the Finance Department is a natural center of governance for data and analytics, a shift that changes the role of the CFO from controller to strategic operating partner to the CEO.
For health organizations to remain competitive and realize growth, they must be able to deliver what modern consumers care about: excellent customer service, competitive pricing, the ability to compare services and costs, and billing and payment that is straightforward, uncomplicated and online.

While the CEO articulates the vision for a value-based, consumer-driven future, the CFO must erect a financial operating model that supports transition to a big data-driven business.

Predictive, statistical modeling and decision support will enable organizations to assess and manage risk, respond more granularly to consumer preferences and needs, and identify opportunities to contribute health value in the payer/provider collaboration.

In the consumer-focused market, net promoter scores (NPS) reveal if your experience is strong enough to attract and retain customers over time. These published scores have a growing influence on patient and member acquisition — making it imperative for the CFO to find ways to reduce costs and finance the digital transformation that will produce the quality experience that meets the expectation of today’s consumer.
The era of big data and decision support gives the CFO the ability to measure and control the cost of care, conduct risk-adjusted scenario modeling and confidently recommend growth in new segments and markets.

While health organizations have made investments in technology, most are not fully utilizing data to manage performance. Data is fragmented in legacy systems and often not shared across financial, care and management systems. In the new operating model, the CFO will make data quality and decision support a central, integrated component of the business. The insights derived from compiled financial, actuarial and risk data will enable a more complete picture of the customer and the ability to improve risk management and product offerings.
The journey to digital transformation

The CFO must unlock access to analytics on data-driven issues like cost, outcomes and performance benchmarking to extract and deliver timely, relevant and concise insights.

In the new finance operating model, the CFO could oversee all financial data and analytics including financial planning and analysis, actuarial, risk, capital management, M&A, corporate finance and investor relations — even pricing.

The CFO will lead the journey to an integrated platform to optimize operations and reduce workload, enable value-based care, and identify and deliver new customer value in a shifting market.
Modernized operations

Staying agile while managing costs is the cornerstone of competitive advantage. But managing systems to keep up with change can quickly become overwhelming and expensive for both IT and administration. Migrating operations to the cloud relieves the pressure on maintaining infrastructure, and increases security and interoperability. Modernizing core administration and enterprise data platforms to integrate information in the health ecosystem is critical to lowering total cost of care.

DIGITAL TRANSFORMATION OF OPERATIONS IS KEY TO GROWTH.

<table>
<thead>
<tr>
<th>Factor</th>
<th>Action</th>
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<tbody>
<tr>
<td>$ Cost reduction</td>
<td>Remove the expense and burden of building and maintaining infrastructure; migrate administrative functions to as-a-service.</td>
</tr>
<tr>
<td>Data and analytics</td>
<td>Identify a platform on which to aggregate finance, risk and actuarial data and run decision support.</td>
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<tr>
<td>Margin</td>
<td>Increase speed and volume through automation and straight-through processing to simplify billing — the most confusing aspect of care — and ensure consumers understand what they’re paying for.</td>
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<tr>
<td>Growth</td>
<td>Impact NPS scores by improving speed and effectiveness in customer interactions through automation and digitization.</td>
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<tr>
<td>Risk</td>
<td>Decrease data vulnerability by establishing secure cloud infrastructure for data in the supply chain.</td>
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FIRST STEP: Though the CIO will drive digital transformation of operations, the CFO must ensure modernization both reduces costs and enables insights and future innovation.

52% of CFOs surveyed said moving technology to the cloud is their most common cost management investment.6

OBJECTIVE

EFFICIENCY

BEST PRACTICE

To gain the most cost savings from a cloud adoption strategy, think through both short-term and long-term data requirements.

6Accenture Strategy CFO Reality Check
A value-based strategy revolves around matching care providers with members in the network, reducing complexity and cost, and leveraging analytics to support health value at scale.

The CFO must play a management oversight role to ensure reporting, controls and risk-sharing programs are operating and functional, and through the use of advanced modeling and analyses, advise the leadership team on everything from cost reduction to risk and quality measures to contracting in order to seize opportunities for growth.

**PAYER/PROVIDER DATA SHARING IS CRITICAL TO CREATING HEALTH VALUE.**

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<tr>
<td>Cost reduction</td>
<td>Measure cost effectiveness of care; coordinate with a narrow group of specialists to address costly and under-treated disease states.</td>
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<tr>
<td>Data and analytics</td>
<td>Identify top-performing providers; share quality, cost benchmarks and performance metrics to scale models by disease types.</td>
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<tr>
<td>Margin</td>
<td>Create highly segmented patient models based on shared data (e.g., conditions, diagnoses, outcomes).</td>
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<tr>
<td>Growth</td>
<td>Operationalize cost and quality reporting, reward quality outcomes and cost effectiveness, and scale to capture growth in population health.</td>
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<tr>
<td>Risk</td>
<td>Merge claims and clinical data to stratify risk and streamline care across the continuum.</td>
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**FIRST STEP:** Increase communication, data, reporting and technology investment to support provider/payer collaboration.

**BEST PRACTICE**

Recognize the value of innovative partnerships for integrating data pools and aligning goals; population health analytics are growing in importance and value.
Managing new accounting and regulatory standards falls also to the CFO and includes health care fraud, waste and abuse, the requirements and obligations set forth by the CMS, employment, whistle blower and insurance laws. Failure to comply with applicable federal and state regulations exposes the organization to fines and potential loss of its Medicare programs and undermines its reputation and credibility with consumers, partners and employees.

HEALTH CARE TECHNOLOGY ENABLES ELASTICITY AND SCALABILITY.

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<tr>
<td>Risk and growth</td>
<td>With changes in Medicare reimbursement, the health care marketplace is taking shape, one that presents greater quality, cost and compliance pressures.</td>
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<td>Working with experts to analyze options and implement solutions to streamline operations and improve population health enables the CFO and finance department to focus on growth.</td>
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<td></td>
<td>The growing role of the CFO reflects the growing role of the government as purchaser, regulator and catalyst. The ability to facilitate physician employment arrangements, care coordination, population health management and ongoing performance measurements are key to meeting the demands of regulatory bodies and can be accomplished with the right tools, expertise and foresight.</td>
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FIRST STEP: Receive an assessment to ensure that your infrastructure protects you and your network from the full range of compliance violations.

In 2016, CMS spending on health care will exceed $1.25 trillion, and account for 49.9% of all U.S. health insurance expenditures.  

BEST PRACTICE

An integrated web portal to manage provider information is a simple first step to improving data quality and compliance with CMS rules.
To create risk-bearing partnerships, payers and providers need systematic, actionable data and analytics to design efficacious, value-based contracts that align the member/patient population with the provider networks in the partnership.

The transformation of America’s health care industry is driven by a decline in population health, unsustainable cost growth and consumerization. The need to deliver better outcomes has created a shift in the way providers, consumers and payers share risk and measure outcomes.

**UNIFIED DATA STREAMLINES CARE AND SAVINGS.**

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<tr>
<td>$ Cost reduction</td>
<td>Support transition to a coordinated, high-performing organization by incorporating technology and services to support risk-based payment models and operational efficiencies such as shared savings and capitation.</td>
</tr>
<tr>
<td>Data and analytics</td>
<td>Support risk-bearing partnerships with technology and data, actuarial services, decision support, data management and claims capabilities to create a common view.</td>
</tr>
<tr>
<td>Growth</td>
<td>Scale population health models and increase capabilities for engaging a broader range of outcome based partnerships.</td>
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<tr>
<td>Risk</td>
<td>Manage risk by creating mutual investment in population health — based on data analysis and predictive modeling.</td>
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**FIRST STEP:** Create a cross-functional executive planning team to identify value-based care goals.

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**OBJECTIVE**

**TRANSFORMATION**

Large U.S. health systems, insurance companies and employer groups will shift 75% of contracts to risk-based by 2020.8

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**BEST PRACTICE**

Data aggregation, sharing and security to transact risk-based partnerships require cloud platform scalability and elasticity.

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8Modern Healthcare, January 28, 2015
Consumer engagement and satisfaction

With an increasing number of members purchasing their own health insurance, they now seek lower cost, convenient access and a care model that suits their lifestyle and preferences. Health plans can respond by educating members on cost-effective access, offering easy payment options, and delivering personalized communication and recommendations.

Fifty percent of health systems have applied or intend to apply for an insurance license; if payers cannot improve the payer/member relationship in an integrated system of care they will fall into obsolescence.

CUSTOMER LOYALTY AND HIGH NET PROMOTER SCORES TRANSLATE TO REVENUE.

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<td>Data and analytics</td>
<td>Leverage digital channels to redefine decision support for consumers. Integrate data insights to cater to the needs of unique consumer segments. Prepare for integration of IoT and the ability to create personalized, digital health apps and tools that heighten the payer’s value to consumers.</td>
</tr>
<tr>
<td>Growth</td>
<td>Ensure the organization is focused on improving NPS through creation of secure digital tools that enrich and inform the consumer experience and build brand loyalty.</td>
</tr>
<tr>
<td>Risk</td>
<td>Protect consumer identities and health information from digital theft and fraud; breach is a growing risk for all health system players.</td>
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</table>

FIRST STEP: Break down internal functional silos to produce a consumer-centric experience. Create and empower system-wide NPS improvement goals.

OBJECTIVE

By 2022 intelligent systems will drive 70% of your customer engagements.

CUSTOMER ENGAGEMENTS BASED ON THEIR CONTEXT AND MOMENT OF NEED.

BEST PRACTICE

Create feedback channels to capture consumer preferences, remove barriers and build a relationship with members.

Product innovation

The CFO is operating in a new economy of health care in which his or her most important skills are to understand trends and retool operations to meet the needs of the new marketplace. Product innovation requires new collaborations inside and outside the organization to become market responsive and fiscally sound.

With the explosion of mobile devices, the Internet of things and the profound capability of analytics, cloud connectivity is key to growth, scalability, elasticity and innovation. The CFO must keep an eye trained on what’s coming to ensure each stakeholder has the access and insight they need to respond to the market.

CONNECTIONS PAVE THE WAY TO A BETTER ECOSYSTEM.

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<td>All</td>
<td>The ability to meet the demands of a changing marketplace require data, analysis, operational and financial acumen, negotiating prowess and the ability to evaluate the timing of acquisitions and divestitures.</td>
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</table>

FIRST STEP: In a data-driven business, the CFO is at the center of the decision-making process when new programs and services are evaluated to meet market need.

OBJECTIVE

INNOVATION

Connected devices worldwide are estimated to rise from 15 billion today to 200 billion in 2020.¹⁰

BEST PRACTICE

Finance must serve as an educator to department managers to help utilize data-driven decision-making in creating and delivering value.

With an integrated base of strategic business and clinical information, the CFO can (and must) deliver insights to identify cost savings, segment customers, negotiate favorable contracts and reduce time to recognize value. The transition from volume to value emphasizes the role of the CFO in building reliable decision support on product profitability.

DATA MODELING IS THE STRATEGIC BLUEPRINT FOR PRODUCT INNOVATION.

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<td>$ Cost reduction</td>
<td>A comprehensive view of clinical and operational processes is necessary to improve services and reduce costs. The ability to analyze a wide range of data over time enables pinpoint precision in identifying waste, adverse outcomes and the most effective clinicians.</td>
</tr>
<tr>
<td>Growth</td>
<td>Data modeling enables clear understanding of costs and outcomes and the ability to identify areas (including populations) where improvements will lead to gains in safety, quality, effectiveness and profitability. Predictive modeling views a patient’s data against thousands of similar patients — and the ability to treat earlier, less expensively, and before conditions grow in complexity.</td>
</tr>
<tr>
<td>Risk</td>
<td>The ability to apply analytics to new and diverse data sources creates new opportunities to predict risk, identify variances and validate hypotheses and unexpected outcomes.</td>
</tr>
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</table>

**FIRST STEP:**
Draw a comprehensive picture of each patient as an individual, and as part of a larger set, to enable predictive modeling with aggregated data sets.

In the United States, 1/3 to 1/2 of the $3.2 trillion annual health-care spend is estimated to be waste.¹¹

**BEST PRACTICE**
Digital transformation when done well, can save payers 10% to 15% in SG&A costs.

¹¹UHG, 2016 Leadership Forum, General Session.
Where are you on the journey?

The CFO will lead the charge to widely scale processing power, increase data pipelines feeding intelligence to the organization, and expand the delivery of their own monetizable data to the market — all while driving down costs and reducing waste.

The most important features of success will be the ability to grow data supply and deliver decision support throughout the organization to drive revenue, efficiency and quality. Gartner estimates the window of opportunity for transformation from siloed to big data is three to five years.12

12Gartner, 2016.
Optum offers an integrated approach to sustainable growth by connecting the business of health with technology for better outcomes.

Maximized through an integrated modern platform

Through a partnership with Optum, we make it easier for you to stay focused on your business goals.
The CFO uses data-driven insight to finance the shift and manage to a new operating model.

Modernized operations
Manage administration processes to lower costs, adapt quickly and thrive.

Secure ecosystem
Proactive protection of data, systems and networks.

Process accuracy
Across enrollment, registration, service, billings, claims and reconciliation to reduce waste and increase quality.

Consumer engagement
Expert guidance, education and resources to find the best care at the right price.

Outcome based partnerships
Robust data and analytics paired with top medical, behavioral and Rx care programs.

Connected
Aligned consumer, payer and care delivery system for a healthier community.

Consumer growth and retention
Sustained engagement through exceptional experiences to drive growth.

Efficiency
Optimization
Transformation
Innovation

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