

More risk requires more maturity in healthcare data

Written by Ray Guzman, CEO, WPC Healthcare | April 07, 2015

Healthcare is transforming from its current fee-for-service reimbursement model toward a fee-for-value model.

According to a [McKesson-sponsored study](#) than two-thirds of payments will be based on value measurement in 2020 —up from just one-third today.

The transition creates significant market disruption, but the end result is a more viable system where prices are better controlled and patients benefit from better outcomes.

The rapidly evolving fee-for-value models require stakeholders to take on more risk. Organizations that fail to learn how to manage that risk threaten the viability of their respective businesses. As a result, we've seen an increase in consolidation. But the consolidation of 2015 isn't always in the form of competitors buying each other. Instead, it's about complementary pieces coming together—providers buying payers, payers buying technology companies, and technology companies vertically expanding their services—all in the name of better managing risk and, to a lesser degree, acquiring the talent needed to transform their business.

While Merger and Acquisition activity dominates the headlines, other business arrangements that are increasing in popularity include affiliations, joint ventures and, to a lesser extent, joint operating agreements. In fact, a [2012 survey](#) revealed that only 13% of hospitals intend to maintain independence from alignment with other hospitals or systems. Said a different way, the market remains interested in exploring creative ways to align with other organizations for the purpose of managing risk, increasing scale, expanding reach and benefiting from complementary strengths.

Key to the success of these partnerships (particularly clinically integrated networks and accountable care organizations) is the ability to exchange data with stakeholders across the care continuum. And therein lies the problem!

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While much can be gleaned from the aggregation of data from varying parts of the health system, it first requires a level of data maturity (something most participants lack) to ensure meaning can be derived from that data.

Essentially, the rationale behind these partnerships is that the sum of the parts will generate more value than the individual parts themselves. Yet this presumes the individual parts are valuable in the first place. To determine the value of the data, organizations must have the ability to glean insight from the data.

In addition, validating the effectiveness of another organization from a financial, clinical and operational standpoint requires the availability of normalized data. While many organizations are responding to this challenge by aggressively investing in advanced analytics, it is a foolish endeavor to pursue if the necessary investment in data maturity has been overlooked.

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Healthcare organizations certainly need to walk before they run. Static reports are interesting, and they answer the question "what happened?" but we've got to move beyond what happened and toward what is likely to occur. Forward-looking analytics help healthcare organizations understand why an outcome is likely, and what can be done to change or improve the result. Moving from analysis to action enables organizations to thrive in the midst of the massive volume to value transition.

*Ray Guzman is CEO of **WPC Healthcare**. Before being named to the CEO position last year, he was a senior vice president for the company. A decorated US Army veteran, Ray joined WPC from Microsoft. At WPC Healthcare, we've built a solution set that supports organizations in developing a data maturity capability regardless of where they are in the continuum today. Although data science is a core capability, more than 40 years of data expertise make us the right partner to assess and address issues with underlying data sources. This process positions our clients for success and prepares them to seize the opportunities presented from the ongoing changes.*

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