THE IMPORTANCE OF DATA STRATEGIES FOR THE RURAL PROVIDER

ICAHN Annual Conference 2019

THE TREND AND THE RISK

May 30, 2019—For the fifth straight year hospital CEO turnover held steady at 18 percent, according to a recent report by the American College of Healthcare Executives.

"Hospitals and health systems continue to evolve to meet the changing needs of the healthcare environment," says Deborah J. Bowen, FACHE, CAE, ACHE's president and CEO. "Organizational restructuring, the movement of CEOs to different positions within health systems, and the fact that many CEOs are reaching retirement age, all contribute to this high level of turnover in hospital CEO positions. Succession planning for C-suite positions, *along with a focus on developing the next generation of leaders, is key to organizational success."*

ACHE's CEO turnover rates are based on changes in an organization's CEO, as reported to the American Hospital Association and confirmed from ACHE data and public sources.

American College of Healthcare Executives
Hospital CEO Turnover

FROM THE AMERICAN COLLEGE OF HC EXECUTIVES

YEAR	ADJUSTED (percent)	NUMBER OF HOSPITALS
2018	18	4,465
2017	18	4,435
2016	18	4,401
2015	18	4,448
2014	18	4,501

Since 1981 we have 1,222 fewer hospitals

1983	13	5,672
1982	14	5,678
1981	14	5,687

ANNUAL CEO TURNOVER RATE BY STATE FEB'19

Rank	State	CEO Turnover Percent
	(High-turnover states)	
1	VERMONT	36
2	HAWAII	30
3	MASSACHUSETTS	26
4	OKLAHOMA	26
5	WISCONSIN	25
6	TEXAS	24
7	UTAH	23
8	MISSISSIPPI	23
9	ARIZONA	23
10	CONNECTICUT	22
11	MISSOURI	22
12	KANSAS	21
13	ARKANSAS	21
14	TENNESSEE	21
15	NEBRASKA	21
16	IOWA	20
17-18	RHODE ISLAND	20
17-18	ALASKA	20
	(Medium-turnover states)	
19	WEST VIRGINIA	19
20	FLORIDA	19
21	PENNSYLVANIA	18
22	KENTUCKY	18
23	OHIO	18
24	ILLINOIS	18
25	CALIFORNIA	18
26	MONTANA	18
27	NEW YORK	18
28	NEW JERSEY	18
29	VIRGINIA	18
30	MINNESOTA	17
31	NEW MEXICO	17
32	NORTH DAKOTA	17
33	OREGON	17
34-35	DIST. OF COLUMBIA	17
34-35	LOUISIANA	17
	(Low-turnover states)	
36	ALABAMA	16
37	SOUTH CAROLINA	16
38	GEORGIA	16
39	MICHIGAN	16
40	NEVADA	15
41	COLORADO	15
42	INDIANA	14
43	MAINE	13
44	NORTH CAROLINA	12
45	MARYLAND	9
46	WYOMING	8
47	SOUTH DAKOTA	8
48	NEW HAMPSHIRE	8
49	IDAHO	8
50	WASHINGTON	7
51	PUERTO RICO	4
52	DELAWARE	0
	US Total (50 states, DC, Puerto Rico)	**18**

LOOKING AT THE CURRENT LANDSCAPE

We have looked back for perspective and understand the challenge. Now let's look at what current leaders are saying about what is important in the times ahead.

The following set of information is work from the Advisory Board, June 2019, presented by permission with reference to source.
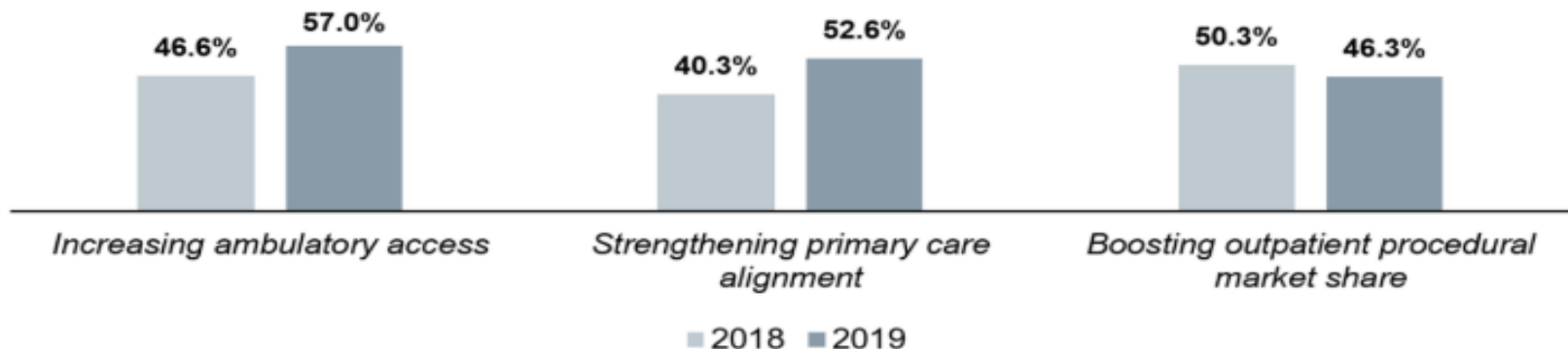
CEO SURVEY PERFORMED BY THE ADVISORY BOARD

Margin pressures are not relenting, but executives' top priority has shifted from cost control to revenue growth.

- Margin management – top strategic priority – past two years
  - Reflects the dire financial reality facing many hospitals and health systems
  - Median operating margins among nonprofit hospitals in 2017 hit an all-time low of 1.6%ve years

Executives are looking beyond the hospital to capture new revenue growth.

Percentage of C-suite respondents giving revenue-related topics an 'A'

	Increasing ambulatory access	Strengthening primary care alignment	Boosting outpatient procedural market share
2018	46.6%	40.3%	50.3%
2019	57.0%	52.6%	46.3%

CONTINUED…..

Different types of organizations are embracing different strategies for growing revenue. While all respondents expressed strong interest in improving ambulatory access, leaders from larger health system also indicate intentions to explore diversified revenue streams.

Percentage of C-suite respondents giving revenue-related topics an 'A,' by constituency

55%
61%
46%

25%
46%
41%

Improving ambulatory access

Exploring diversified revenue streams

■ Community hospital ■ Hospital that is part of a larger health system ■ Health system
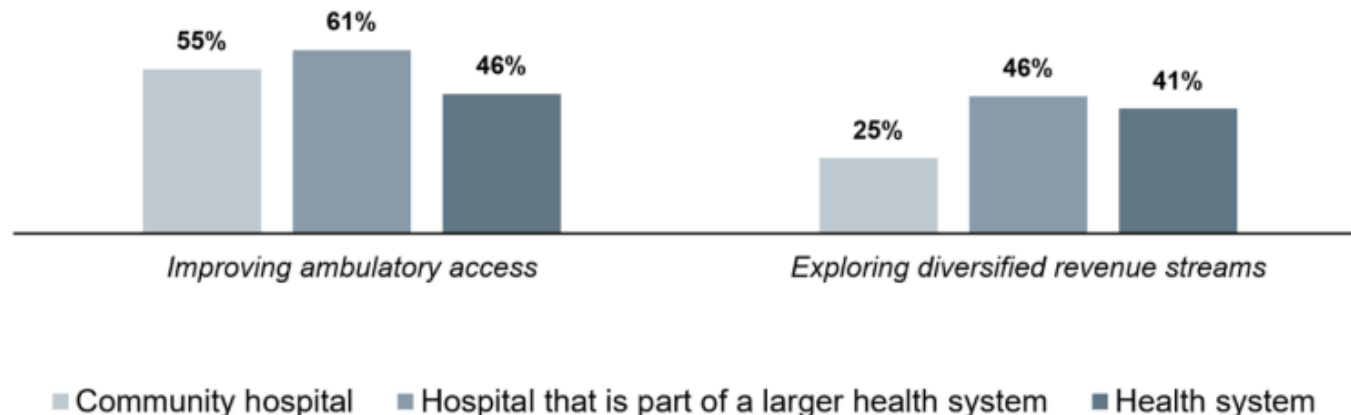
SHIFTING BACK TO PHYSICIAN RELATED TOPICS

Physicians will be critical to margin management efforts across the board.

- Executives' interest in physician-related topics dropped 2018.
- In 2019, leaders are highlighting physicians' integral role in both revenue growth and cost control, and physician-related issues returned as a leading priority.
- Competition in strengthening ties with physicians
  - Private equity firms
  - Health plans
  - Retailers
  - Technology companies

Percentage of CEO respondents giving physician-related topics an 'A'

Bar chart data:

	2017	2018	2019
Strengthening primary care alignment	58%	46%	56%
Strengthening specialist alignment	32%	25%	54%
Minimizing unwarranted care variation	57%	40%	61%
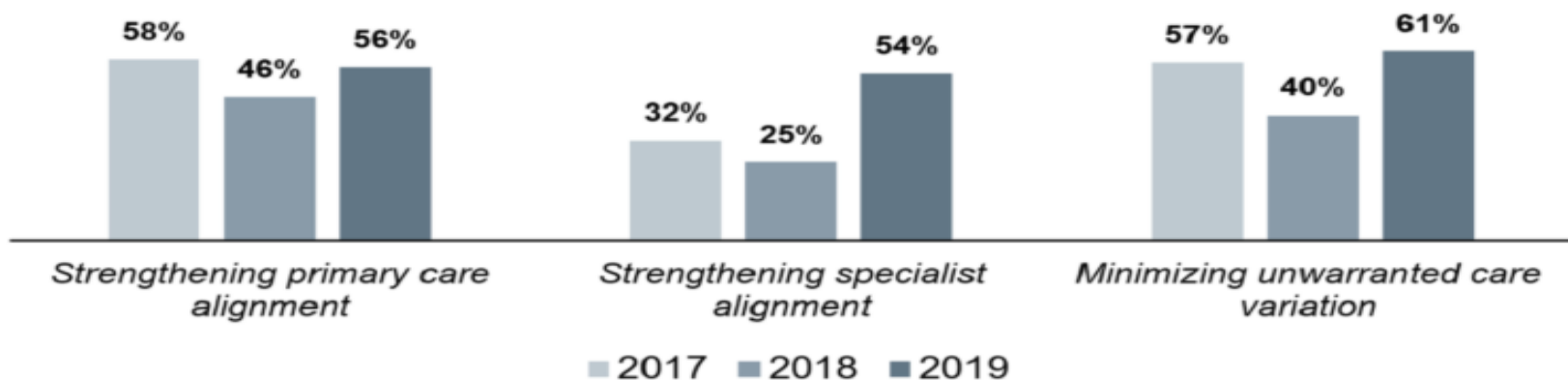
WE FEEL THIS ONE IS VERY IMPORTANT

Innovation is becoming a key response to industry disruption.

Amongst all admistrators, the highest-ranked topic across all respondent groups was "hardwiring innovation into planning, improvement, and staff culture," with 51% of the 330 respondents ranking it an "A." This same topic was ranked number eight on the list in 2018.

Reaction to
- Intensifying financial pressures and competition from new entrants
  - Silicon Valley
  - Big tech companies
  - Private equity firms

HOW CAN WE IMPROVE THE SUCCESS PATH?

Seeing the issues – and working with providers who are achieving results.

Understanding there is no easy button that can be pushed to make everything better…

Seeing something and learning something about the large investments we have all made into systems. And as we and other leaders within the industry look forward there is a common theme….

THERE IS AN OPPORTUNITY TO DO BETTER!

WE'RE FINDING THIS MORE THAN WE WOULD LIKE TO

Data Frustration and Overload

We have expensive systems providing
Wonderful ways to improve and record

- Care processes (EHR)
- Human Capital (Scheduling)
- Financials (Great Plains)
- Revenue Cycle (TrueBridge)
- Supply Chain (Lawson)
- Patient Satisfaction

Other agencies and regulatory and
Payer organizations want information
About

- Patient Quality
- Patient Care
- Patient Satisfaction
- Coding
- Billing

Reports from systems….reports from CMS….excel files….flat files….more files…

THERE IS A BETTER WAY

Data Chaos
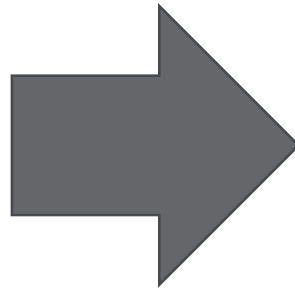
Business Intelligence

IF YOU ARE THE CFO…

and you are getting reports that say different things about the same subject
- …how does that feel?

and trying to lead your teams forward but are getting data that is weeks, months, a quarter ago old
- .how does that help you lead?

and you can't find resources available to help pull information from the systems that have cost a lot of money
- ….how frustrating would that be?

Just about every program, every strategic mission, every point of care, every report needed by some regulating agency needs….DATA.

DO OUR CURRENT SYSTEMS AND REPORTING PROCESSES SET US/THEM UP FOR SUCCESS?

THIS ISN'T JUST A JED CLAMPETT REFERRAL...
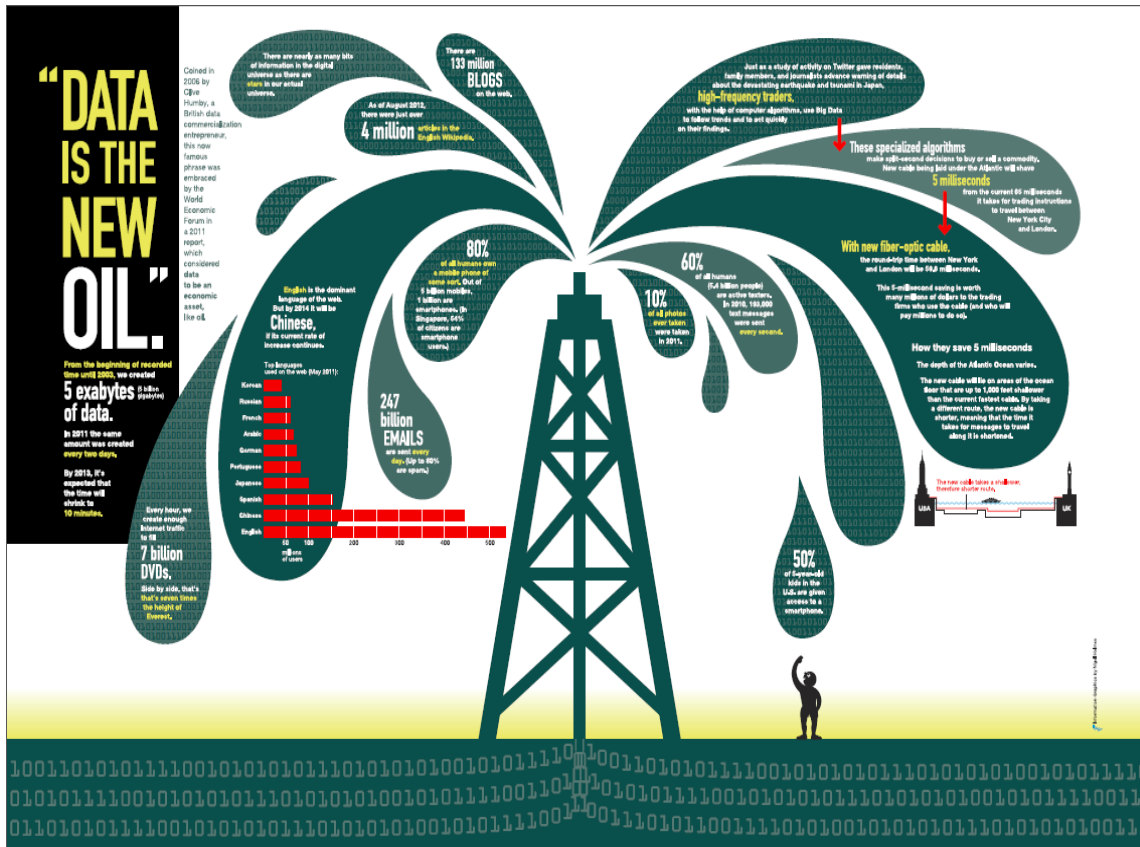
Oil reduces friction

Oil can withstand heat without exploding

Oil helps things work together

Oil is better when it's new

LET'S LOOK AT THIS AGAIN…
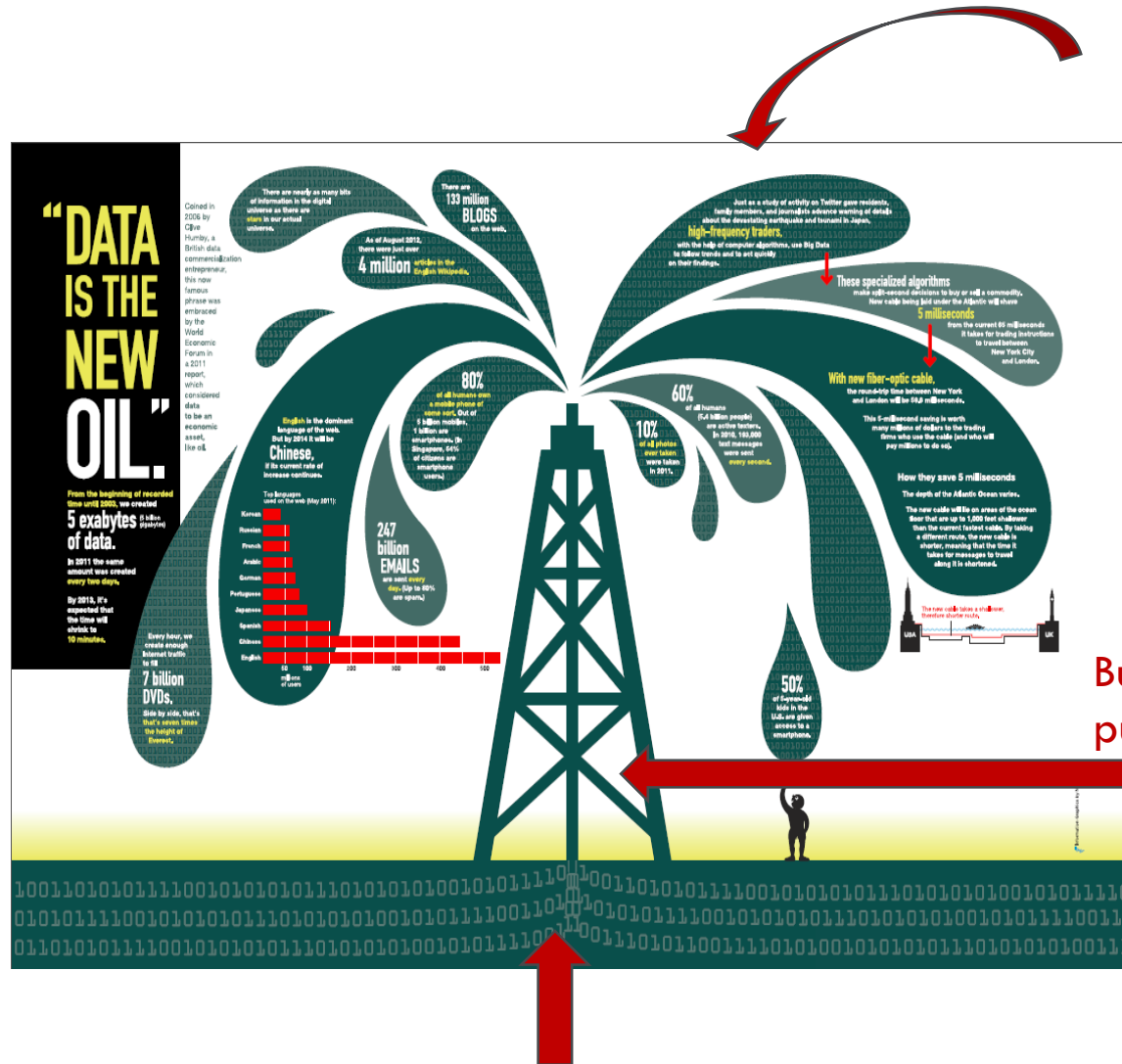
Improved data visualizations providing more real time information to teams

Business Intelligence tool pulling and organizing data

Information stored in your organizations systems

DATA IS THE NEW OIL – LET'S BE CLEAR

➤ We've been storing data into our systems for well over a decade
  ➤ providing a fertile source of information that is being tapped
  ➤ reports are not meeting needs
  ➤ we need a better well pump!

➤ New technology has driven the cost down
  ➤ allowing data (oil) to be pulled out and presented to leaders and teams
  ➤ his new technology is business intelligence

➤ Data sources can be correlated to help us understand more about productivity

➤ If we don't pull and present data we can't have more innovative and creative conversations about care and operations

GARTNER HYPE CYCLE FOR TECHNOLOGY

Interactive Hype Cycle
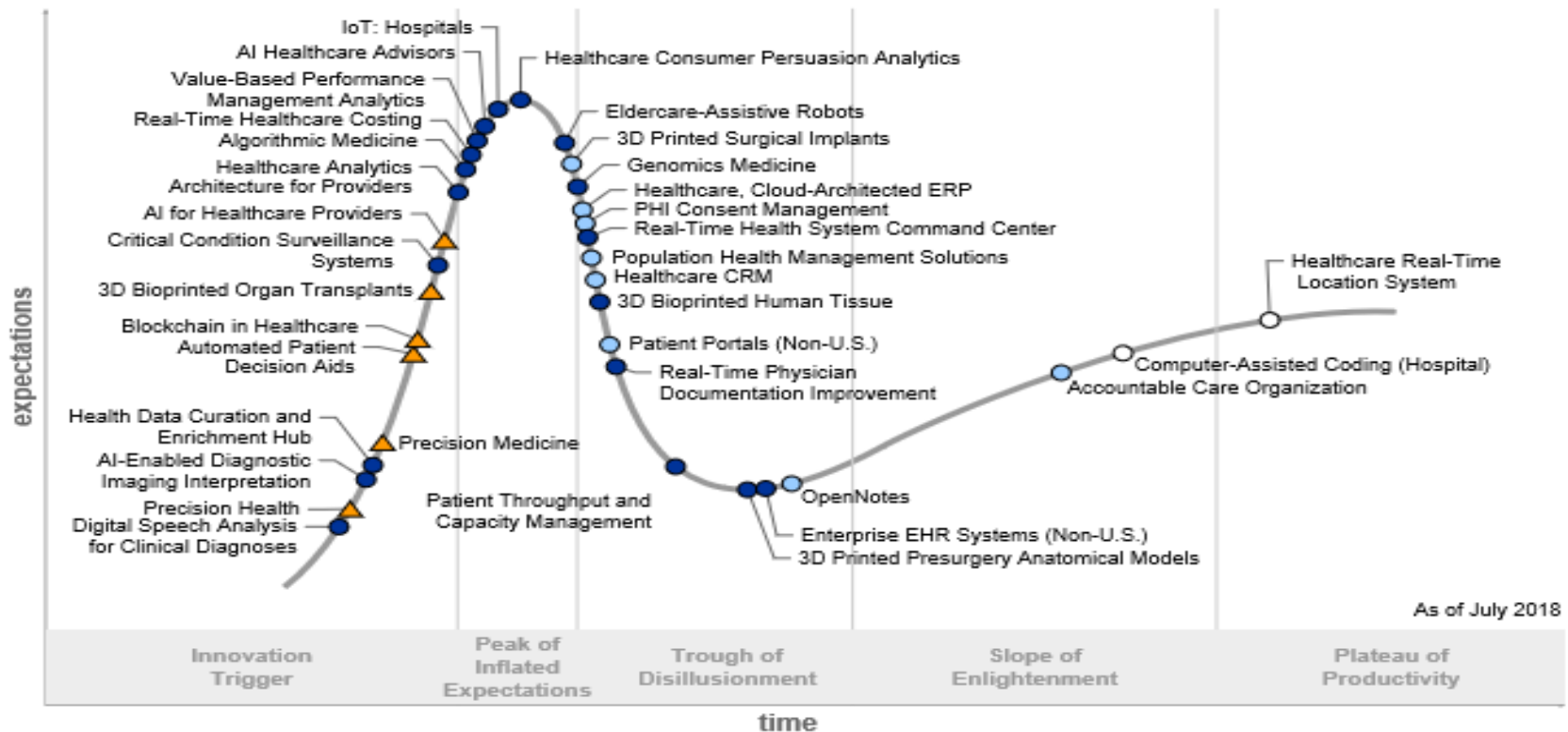
WE CAN BE SMARTER WITH BUSINESS INTELLIGENCE

- So what exactly is it?
  - A software tool that can connect to various systems and pull the data that YOU NEED

  - Allows you to adjust date ranges and departments that you are viewing and want to view.

  - Enables the user to ask meaningful questions and uncover information in real time

  - Allows leaders to lead and not waste time analyzing, sorting and formatting data

- The best part is….it's affordable

LET'S TAKE A LOOK...
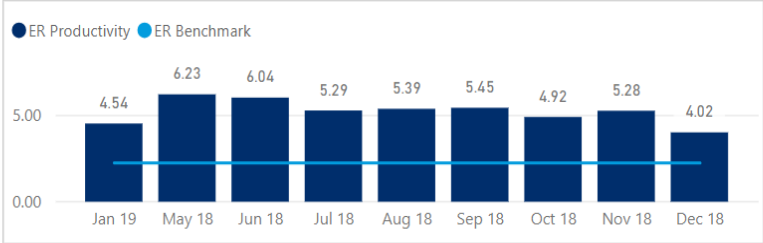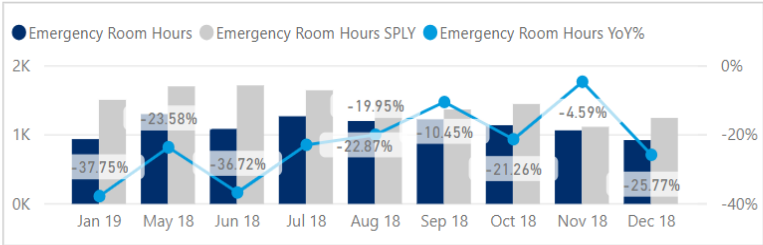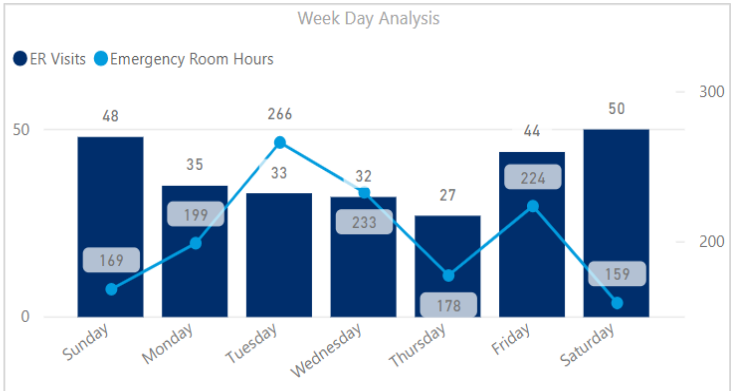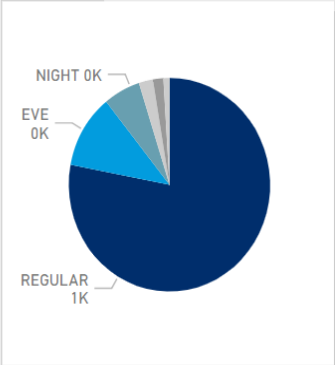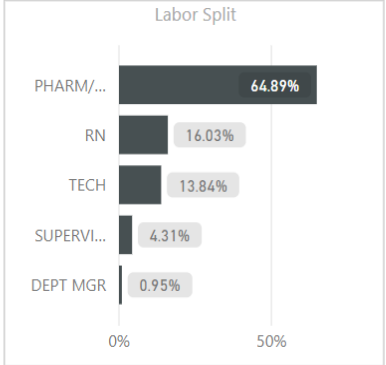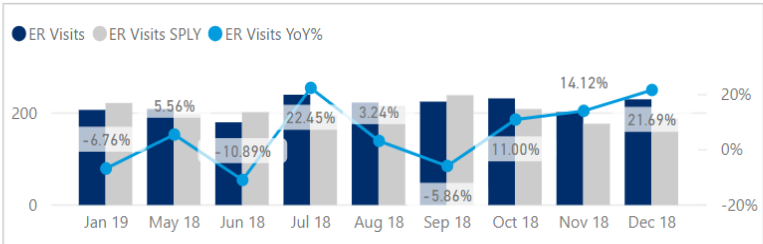
ONE BI VISUAL BUILT FOR A CAH HOSPITAL

This is the opening page that give the leaders the ability to see much in a quick glance

LOOKING AT ONE OF MANY DEPARTMENTS

This view presents the emergency room and a leader can look at this same set of information
For the administrative department, lab, radiology..the many tabs that have been built.
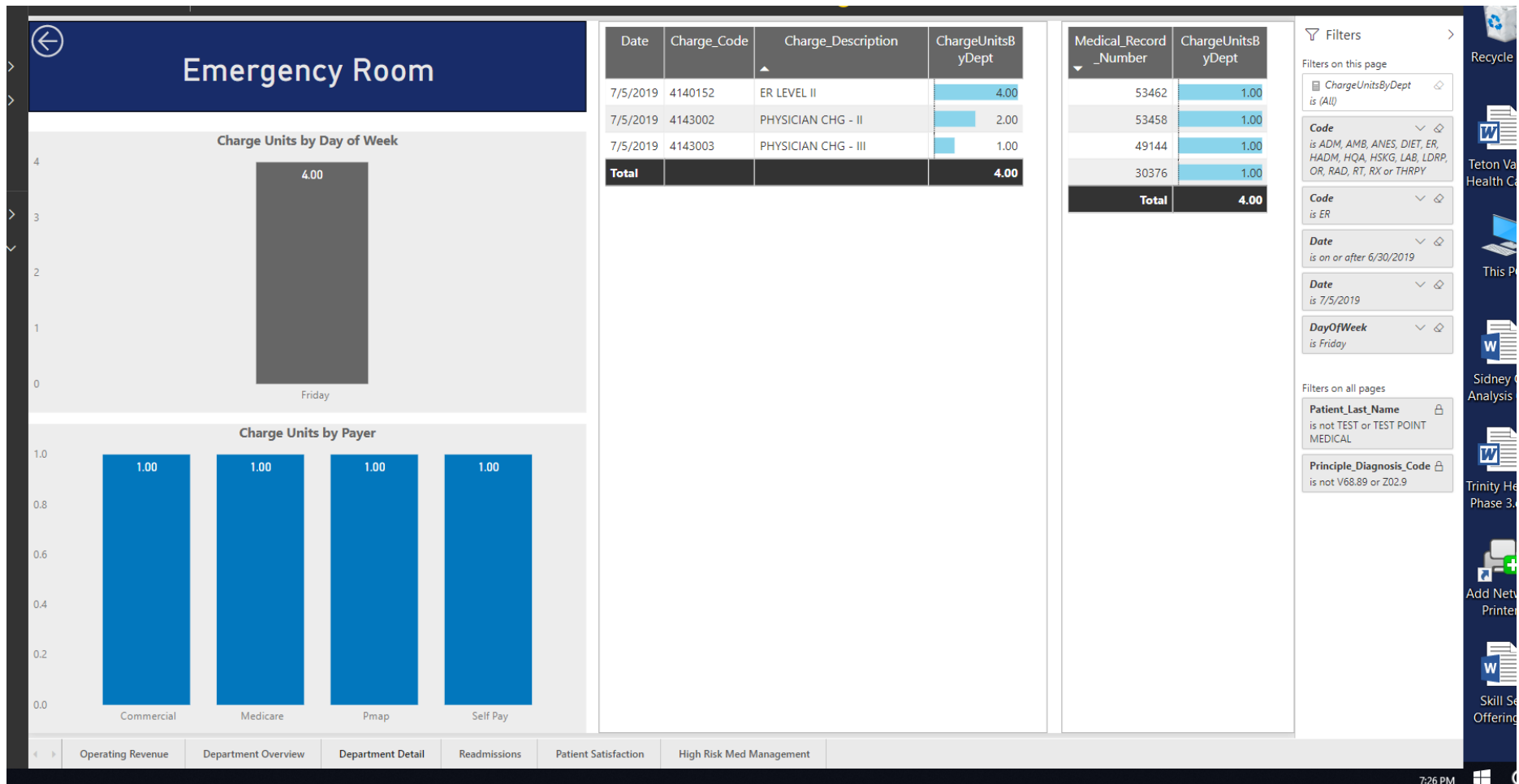
DRILLING INTO THE DATA WITH A CLICK

We are drilling into the ED one layer down showing us more information. If we wanted
To see a different date range, we could change. The next slide is another layer in.
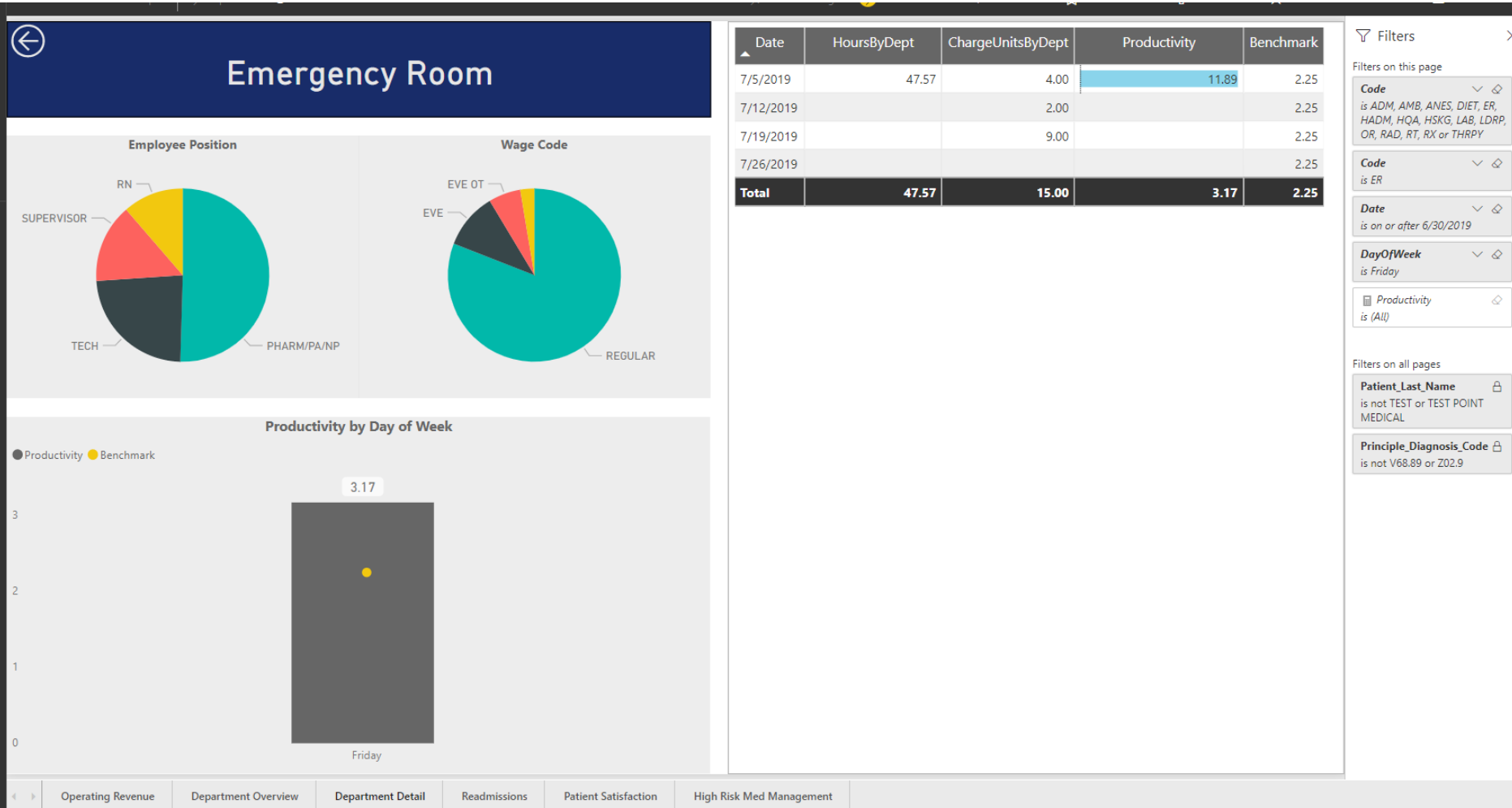
DRILLER DEEPER

Now we are another level deeper with a click looking at specific volume levels in the ED if you wanted to know more about productivity.

THIS IS KEY--AND WHAT IS NEXT--AI

We simply clicked on "ANALYZE" and the software looked into the connected systems to tell Us possible reasons for why productivity decreased 2:% This is one answer of five. Now systems Are helping us to be smarter, faster. Think about how that can grow leaders….
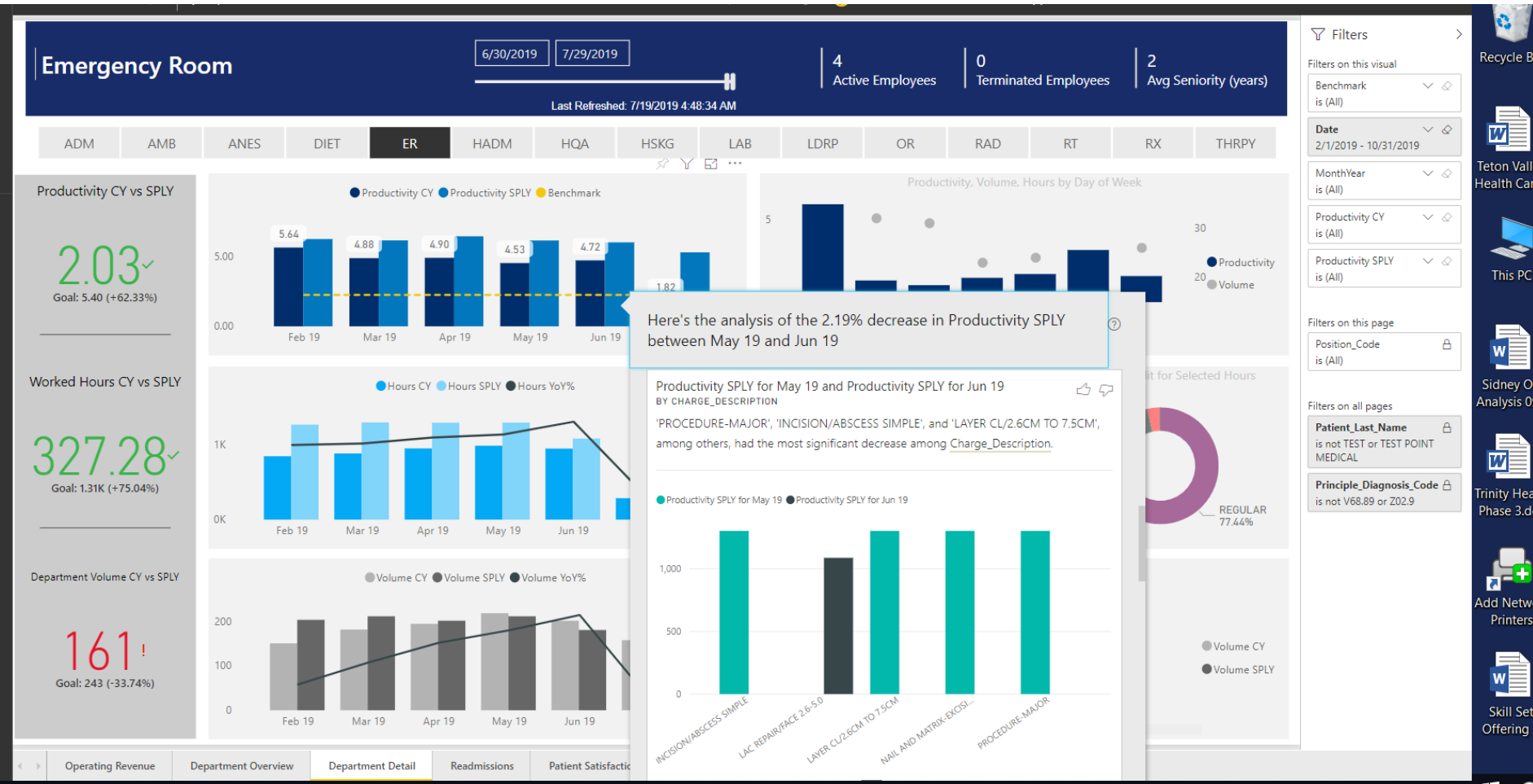
WE CAN'T STARVE LEADERS FROM DATA

As board members how does it feel to look at big binders filled with data that does not describe today but last quarter or last year?

How can you lead if your looking back?

Leaders need:

➢ Data that is closer to real time- so they can coach other leaders more effectively and stop problems from turning into tragedy
➢ Data that makes sense to team members and aligns to the strategic vision of the organization
➢ Reports that are automatic compared to waiting to show up in the inbox in an excel file
➢ Information that is transparent to department and service area leaders

ENGAGING YOUR WORKFORCE

data → insight → action

Foundational steps when incorporating Business Intelligence tools into your organization

BI PREPARATION — DIFFERENT TOOLING SETS

1

STRIVE TO BE *DATA-LITERATE.* THAT MEANS INVESTING IN THE TOOLS YOU NEED.

Only organizational leaders can make the decision to move towards a new way of understanding their operation and helping people who work with you understand what they can do to help improve patient care and operations.

DATA AND INNOVATION

"Without **investing into different tools** and supplying more accurate information, we won't reach a transformational stage for new phases of care and we won't be able to pull the innovation needed to reach new goals."

Jill Wilson, Altru Health

2. PULL (DRILL) FOR THE DATA & INFORMATION IN YOUR ORGANIZTION.

Data is the new oil, but remember it's not the Jed Clampett story, it's how information can help us all work better together because we have the right information at the right time.

3.

UTILIZE DATA TO BE *ACTION-ORIENTED* BY ALIGNING IT TO YOUR STRATEGY.

Often, data reports — as they are being developed from the software developers perspective — don't tell us much about the direction we are trying to get the organization to go. And, wouldn't it be nice if we could easily change the data sources and views and strategies change?

BI PREPARATION — BECOMING DATA DRIVEN

"Since this project began months ago, we have come to realize how important this data is to both the leadership team and the front line staff… They now say they **better understand** the rationale behind *making*."

Val Hoffman, Granite Falls Municipal Hospital

4. LEAN ON DATA TO DRIVE EFFECTIVE & INTELLIGENT *COMMUNICATION.*

Healthcare is a data centric organization and the better and more fresh the data the better the conversations will be. Innovation is key to moving forward. The organization needs innovation, and innovation needs relevant data.

WHAT LEADERS CAN DO

Ideas without action, is a waste.

Action without information can be reckless.

Provide an environment for your team to learn, challenge and grow.

- Step Out
- Invest
- Start Knowing – Find the Data – Stop Guessing
- Mobilize Data Through a Designed Model
- Grow The Capacity of Your Teams

WRAPPING UP

We understand the challenges leaders are having in healthcare.

We are seeing a gap between what leaders need to see and know about their organization and what is being presented.

Business intelligence tools as a safe and effective way to bridge the gap.

Growing your team and growing skill sets by providing the information they need to be successful is not a risky strategy.
- It has worked for a very long time.
- The amount of information we have in our systems is massive.
- The reporting process to present that information is small.
- Business intelligence changes that equation.

QUESTIONS?

THANK YOU

Ralph J. Llewellyn, CPA, CHFP
Partner
rllewellyn@eidebailly.com
701-239.8594

EideBailly®

CPAs & BUSINESS ADVISORS