

Rising to Meet **Healthcare** Industry Challenges

Health System Executives Seek New Ways to **Reduce Costs** and Tackle the **Patient Experience**



Introduction

A study of 100 healthcare executives identified two issues to be top of mind for health systems in the coming three years: addressing the cost pressures that have resulted from declining reimbursements, and improving the patient experience.

The study, conducted by Porter Research in December 2018, gathered input from health system executives and finance leaders across 98 unique organizations across the United States. Participants included 71% C-level leaders, including CEOs, CFOs, and CIOs, and 29% vice presidents and directors across finance, administration, and operations teams. The participants were from acute care hospitals and integrated delivery networks with over 300 beds, located in the United States.

In this paper, we will highlight insights from this research, including the key challenges faced by healthcare executives, how new technology will play a critical role in solving them, and recommendations for taking action.

KEY FINDINGS

The research uncovered three key findings:

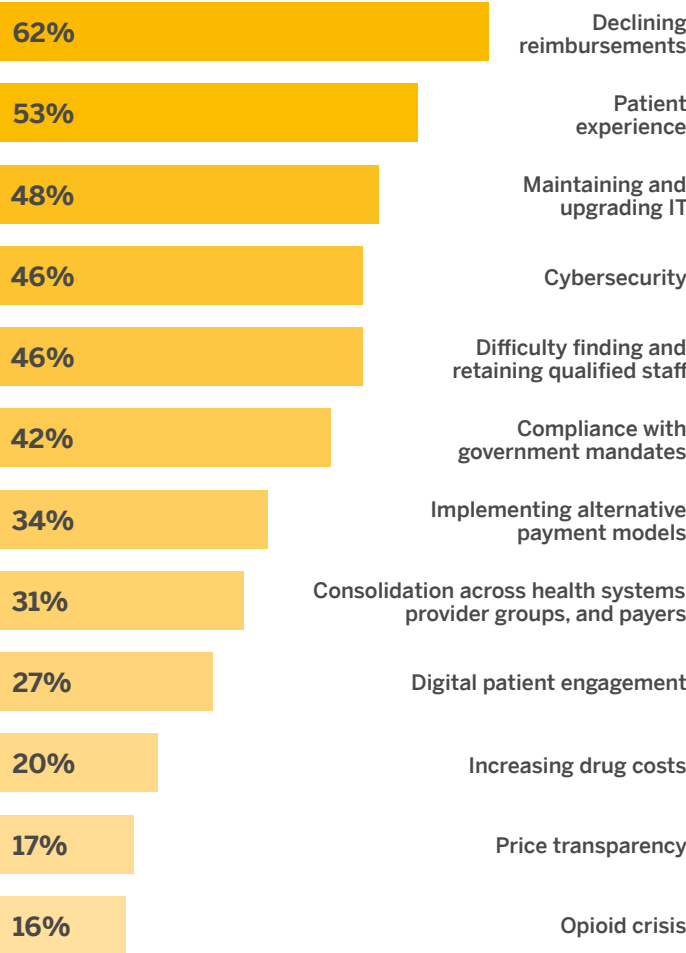
- Health systems are focused on addressing cost pressures resulting from declining reimbursements and improving the patient experience as retail, finance, and travel consumerism continue to influence expectations in healthcare.
- Healthcare executives believe that key initiatives required to reduce costs and improve the patient experience include identifying and scaling operational efficiencies, enabling interoperability, increasing visibility into data across the enterprise, and improving patient engagement.

- Health systems are investing in solutions to support initiatives that directly impact the patient experience and the bottom line: ERP, supply chain, human resource management, and revenue cycle.

HEALTH SYSTEM CHALLENGES

When asked what the top challenges were to their organizations, healthcare executives listed declining reimbursements and the patient experience as the top two challenges, followed by maintaining and upgrading IT and cybersecurity (see the figure).

Figure: Health System Challenges



Tackling the Challenges

ADDRESSING COST PRESSURES TO ACHIEVE OPERATIONAL EFFICIENCIES

Healthcare margins are continuing to shrink as the industry experiences changing payment models, rising labor costs, aging baby boomers, and an uncertain regulatory environment. Healthcare spending is predicted to rise to almost 20% of the United States GDP by 2026,¹ and it is clear to providers that reimbursements are not keeping pace with cost inflation. Many providers may even experience decreased reimbursement in the coming years. In addition, provider organizations are facing challenges and uncertainty as the industry shifts from traditional fee-for-service payment models to value-based care, accountable care organizations, and other models. Health systems are feeling the pressure, as 62% of executives indicated declining reimbursements are a top challenge in their organization. As a result, leaders are looking for new ways to reduce costs.

The high cost of – and demand for – healthcare leads to an urgent need for better strategies around operational efficiencies, prevention, and optimized care. The right intelligent technologies can change the current course of healthcare to reduce costs and achieve healthier outcomes.



As leaders seek new solutions, many are turning to technology. When asked what role technology will play in addressing key challenges, 37% of executives indicated technology will support improving efficiencies to reduce costs. Diving deeper, the study made it clear that the foundation for enabling processes to be more efficient is interoperability. Interoperability is defined as “the ability of different information systems, devices or applications to connect, in a coordinated manner, within and across organizational boundaries to access, exchange and cooperatively use data amongst stakeholders, with the goal of optimizing the health of individuals and populations.”²

When asked what will have the greatest impact on reducing costs or increasing revenue, respondents pointed toward integration and visibility of clinical and financial data. One participant explained it this way:

“The key area of deficiency is around getting specific data within data silos that will allow us to have complete data and turn that into value. A lot of organizations do not focus on data mining. Data mining with legacy systems can become an issue because organizations cannot efficiently and accurately obtain information. The right technology can help us solve this.”

1. “[NHE Fact Sheet](#),” Centers for Medicare & Medicaid Services, updated June 12, 2018.
2. “[What Is Interoperability? Defining Interoperability in the Health Ecosystem](#)” Healthcare Information and Management Systems Society (HIMSS).

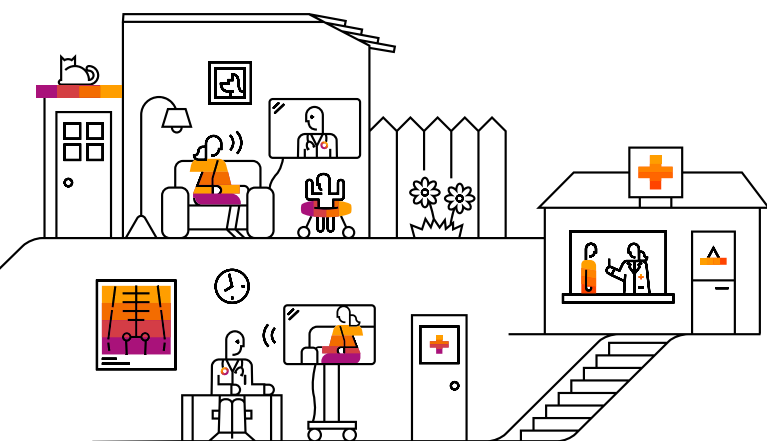
Visibility across the enterprise aids in removing costs from the system, because organizations can turn data into intelligence that can be used to identify inefficiencies and revamp processes to reduce expenses. With integration and visibility of clinical and financial data, participants cited outcomes such as improving resource capacity and productivity with reduction in clinical practice variation, and reducing scheduling bottlenecks with predictive staffing models. Other benefits include identifying enterprise-wide readmission risks, leveraging point-of-care analytics, and providing visibility of the enterprise-wide revenue cycle.

In addition, the power of interoperability and analytics lays the foundation for organizations to use tools of the future such as artificial intelligence (AI). AI holds the power and promise to further automate, refine, and improve healthcare operational processes and clinical workflows and perhaps lead to better patient care, quality outcomes, satisfaction, and engagement.

However, implementing cost-reduction strategies cannot be achieved through technology alone. Organizations must implement process and culture change as well. This requires collective trust between clinical and financial teams as well as developing new processes and procedures to make better use of the data and information.

To act and implement new strategies for reducing costs, health system leaders should do the following:

- **Evaluate technology gaps** – Identify key departments or processes in which your organization is lacking data visibility or has legacy systems. When do staff rely on manual or outdated technology that is causing inefficient processes? Make a plan to identify solutions that will deliver a strong return on investment through automating key areas.
- **Understand data silos and workflow barriers** – Where is data trapped in disparate technology systems? At which points in day-to-day processes do staff members have to exit one system and transition to another or deliver information manually? Map key processes and workflow to identify where barriers exist. Use this map to prioritize interoperability efforts, and work with technology vendors to break down walls.
- **Combine these insights to drive best-practice processes** – Understanding where current data silos and workflow bottlenecks exist will likely affirm and expose where there are physical location, resource, or technology gaps. Develop visual representations of information workflow to help identify where technology gaps might be the culprit. Patient throughput visualizations can also expose where physical and resource constraints may be the barrier. Consider leadership, regulatory, and cultural factors for current process design, and then fill technology gaps and eliminate data silos to drive future-state process redesign.



IMPROVING THE PATIENT EXPERIENCE TO SUPPORT A NEW HEALTH CONSUMER

Today's culture drives consumers to seek fast, automated, and digitally connected experiences. This trend, which has impacted finance, retail, travel, and other consumer industries, is now triggering a shift of traditional healthcare processes, priorities, and technology. Healthcare system leaders know they must adapt to meet the consumer culture expectations of patients to keep pace in an ever-competitive market. But an improved patient experience is not just about brand loyalty. It is clear that its focus is fueled by confidence that modernizing the patient experience will result in better patient engagement, seen as the key to better individual, population, and community health. And under new reimbursement models, healthier patients equate to better financial outcomes for the provider.

But how does one define a better patient experience? The overall patient experience varies widely, but its most basic definition is “the range of interactions that patients have with the healthcare system, including their care from health plans, and from doctors, nurses, and staff in hospitals, physician practices, and other healthcare facilities.”³ And then “better” implies a quantitative, measurable improvement. The successful veterans of effecting consumer behavioral change in retail, finance, and travel industries mined existing data but also created new data sources to first understand their consumers' experiences.

They then looked for ways to improve them and earn better loyalty and engagement. With reimbursement at stake, healthcare organizations are identifying ways to measure the patient experience in an effort to encourage healthcare systems to quantify and show progress against those metrics. Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) scores provide one example, but there is much more work to be done to collect the right information. One participant explained it this way:

“Patient engagement is a top priority for us. I call it patient-centric knowledge strategies. That means we are putting patients first, incorporating patient input, and developing specific technological tools that will benefit a patient inside and outside of the organization. Each patient is your new CEO.”

These new metrics will invariably mean more data. As a starting point to revolutionize the patient experience and ensure positive social brand value, health system leaders must start with understanding the current patient experience and invest in technology that enables interoperability, visibility of enterprise-wide data, and automation. When asked what technology will have the greatest impact on improving the patient experience, 52% of executives pointed to data sharing between providers, payers, government, and industry. To achieve these objectives, organizations must invest in technology that facilitates interoperability between internal systems and external facilities as well as revamp existing, outdated processes and infuse them with efficient intelligence and engaging encounters.

3. “[What Is Patient Experience](#),” Agency for Healthcare Research and Quality (AHRQ), content last reviewed March, 2017.

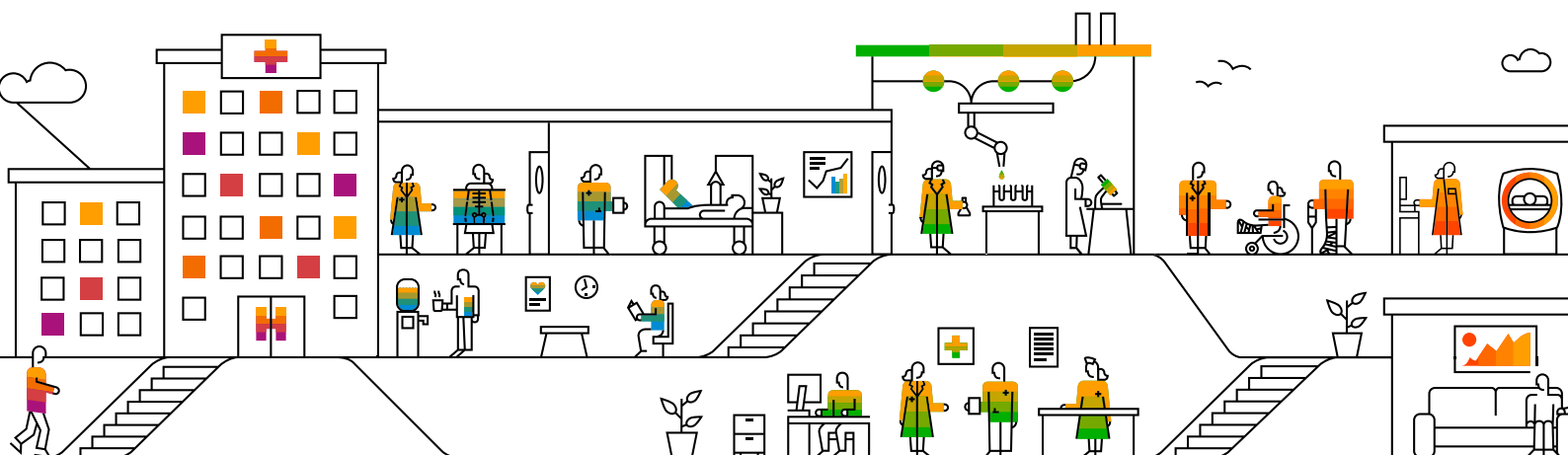
Some organizations are beginning to take a more systematic approach to architect the patient journey through the care system from initial contact to follow-ups postdischarge. As healthcare leaders work to make interoperability a reality, they indicated key priorities include revenue cycle (13.75%), patient engagement (11.75%), and patient financial services (10%). When healthcare systems allow connectivity in these areas, patients will experience a vastly different course when it comes to engaging with the healthcare system.

In addition, interoperability is the foundation to implementing tools, such as AI and machine learning, that bring the next-generation experience to the healthcare industry. The ability to monitor patients, collect health data, and react early to, or even predict, medical conditions will change the way providers deliver care to their patients. Organizations leveraging these solutions can transform the current healthcare model to precision care with superior outcomes and optimal experience.

However, significant work exists to achieve these results. In fact, when executives identified areas in which visibility of data is lacking, patient engagement topped the list with 36%. Becoming a patient-centric healthcare system requires a

shift of the current culture, processes, and technology. To make the shift, organizations should do the following:

- **Visualize and quantify the current patient experience** – Use technology to map the patient experience and data workflow. This allows organizations to visually understand barriers and factors contributing to a negative patient experience, such as physical and digital silos and disparate teams and technology.
- **Establish the ideal patient experience** – Use industry best practices to intentionally architect a new experience and workflow that will optimize use of resources and engagement with the patient. This new design will allow institutions to effectively prioritize interoperability efforts.
- **Define a path to better patient engagement** – When asked where the organization is investing in new technology, almost half of the participants indicated patient engagement (49%) to be a top priority. Patient engagement can be a vast concept, so leaders must start by investigating patient perceptions of the experience in their organization. With this information, teams can establish a baseline and identify goals and investment priorities. Objectives may begin with small cultural or process shifts and move toward large technology investments.



Becoming an Intelligent Enterprise

As healthcare systems launch new initiatives, reducing costs to mitigate declining reimbursements and improving the patient experience will be top of mind.

“Executives are evaluating the right technology solutions to support these objectives. We are seeing health system leaders desire to work with vendors to fill technology gaps, integrate existing clinical and financial solutions, and prioritize departments that deliver a true return on investment and improve the patient experience,” notes Cynthia Porter, chief executive officer of Porter Research.

Through internal and external collaboration, organizations can move from disconnected, time-consuming, inefficient processes to an intelligent, automated, value-based experience. To accomplish this, health system leaders should:

- Evaluate technology gaps
- Understand data silos and workflow barriers
- Combine these insights to drive best-practice processes
- Visualize and quantify the current patient experience
- Establish the ideal patient experience
- Define a path to better patient engagement

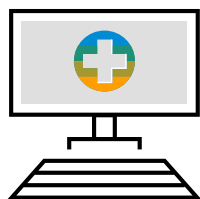
By evaluating and reimagining processes, implementing innovative solutions, and putting patient needs at the core, health systems can transform into intelligent enterprises that will accelerate delivery of value-based care and become game changers for the industry.

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