HealthIMPACT WHITE PAPER

Cutting Costs and Scaling Service While Improving Quality of Care

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Abstract

As healthcare IT organizations grapple with reduced budgets, increased regulation and the disruptions created by a global pandemic, leadership faces the challenge of how to continue providing patient care with continuity to the business in the face of disaster while endeavoring to reduce costs. This white paper discusses how organizations are leveraging a hybrid cloud strategy, mixing public and private clouds to realize significant cost savings for their organizations while expanding telehealth and remote patient care offerings to ensure revenue sustainability across the organization.

What We'll Cover in This White Paper

- Changing revenue demands post-Covid and outlook for next 6-12 months
- Ways to drive revenue, cut costs and improve patient experience and outcomes
- Adapting to a hybrid cloud offers to scale quickly and expand digital infrastructure while cutting costs

Methodology

HealthIMPACT Live held a webinar panel discussion in November of 2020 with Theresa Meadows, SVP and CIO, Cook Children's Health Care System; Josh Peacock, Healthcare Solutions Advisor, Sirius Healthcare; and Bill Russell, Managing Editor and Host, This Week in Health IT. This white paper is the output of that discussion and surveys of the audience of over 100 Health IT leaders.

Introduction

Healthcare systems can't serve their communities without generating positive cash flow. In that sense, they are just like any other business. Without a positive margin, there is no ability to invest. Instead, cuts often have to be made, and those cuts affect the quality of healthcare, the patient experience, and—of course—the healthcare workforce. But the truth is that many healthcare providers are operating on negative margins. Prior to the COVID pandemic, 33% of provider systems in the U.S. had more money going out than coming in. Since the advent of COVID, that number has risen to 49%, despite a massive infusion of cash resulting from the CARES Act. Aggravating factors for that increase are many and varied, but the major issues have been the costs associated with shutting down elective procedures, peaks and valleys in patient loads as the pandemic has spread, escalating labor costs and the expenses associated with adapting what is traditionally a hightouch, in-person service delivery model to remote service methodologies. On top of these is the fact that the fixed costs of medical facilities are high, so when they are underutilized, the financial model breaks. Health systems are under financial pressure at the exact same time that they are under unprecedented pressure to perform, so they are focusing hard on economy, efficiency, and the development of new ways to perform medical services.

Efforts to cut costs and increase revenue generation.

In surveys taken during the HealthImpact Live webinar titled "**Cutting Costs and Scaling Service While Improving Quality of Care**," 83% of respondents reported that subsequent to COVID, they've come under business imperatives to cut costs and/or increase revenue generation. Only 12.5% reported that the situation had not affected their perspective on how to exploit the public Cloud to this end, and those responses orbited around two centers of gravity: the first consisted of providers who were already very mature in their Cloud adoption strategies, with greater than 50% of their workloads already running in the Cloud; the second consisted of providers who had no significant Cloud adoption. From this, it seems very clear that Cloud strategies are central to efficiency, scalability, and quality improvements for most providers.

Theresa Meadows is the CIO for Cook Children's Health System and served as a key panelist for the Webcast. She commented that the public Cloud has obvious advantages and that she is prepared to exploit them, doubting the value of having 50 specialized servers and specific hardware requirements for users when she is able to move workloads to the Cloud where they cost less, have better mobility, and are more secure. The immediate obstacle she perceives is that many major Healthcare Application providers aren't mature enough in the Cloud at this point, but she also thinks that as they become more Web-based, there will be a rapid acceleration in Cloud adoption for Healthcare. For Theresa, the principles that are inherent in Cloud service delivery have more immediacy. "**We were a well-oiled machine…" she commented. She notes that since COVID, "…we've learned to be more agile, failing fast and moving on to something else if that doesn't work.**"

Radical distribution of the workforce caused a rapid scaling of online services.

Josh Peacock, a Principal in the Sirius Healthcare Practice, agrees with Cook's CIO, but also says that there are immediate opportunities to drive down Healthcare provider costs by using the public Cloud for Business Resilience and Disaster Recovery. His experience has also been that the radical distribution of the workforce caused a rapid scaling of online services, which Healthcare providers are now optimizing for efficiency, trying to balance performance and cost as they approach a steady-state where a remote workforce is integrated with onsite workers in clinical settings. He comments that end-user computing in the Cloud exploded with COVID. Business "took the handcuffs off IT," he says. And this is because expediency was a bigger issue than cost in the enablement of remote workforces, but that now the situation is becoming normalized. Cook's IT department has roughly 400 employees, 300 of whom are now remote. "We were not a culture that worked remotely at all," the CIO reported, "but I expect that we will become an organization that permanently works remotely and only comes into the workspace when necessary." Some of those occasions are likely to be project kickoff meetings and planning and strategy

sessions because—with a years' experience—it's clear to her that some work is simply not as effective when it's done remotely. For meetings that require a lot of interaction, there is no replacement for in-person collaboration.

IT needs to support seamless transition between onsite and remote care delivery

With the increase in Telehealth (remote medical service delivery), the ability to scale has never been more important. Most observers, including Cook's CIO, expect that requirement to persist for as long as reimbursement for the services is eligible for payment. Theresa related that Cook's mental health workload is now 80% served remotely and that they have no intention of returning to predominantly in-person appointments. This isn't just an issue of the technology having made it possible or COVID making it essential during the pandemic, but because it is a superior user experience. Patients are very content not to have to go to a clinic and wait, providers can observe patients in normal surroundings and gain better insights, and—particularly for acutely ill patients—Telehealth means they don't have to be transported someplace in an ambulance for a regular appointment. This, of course, means greater investments in technology, but it also means that there are opportunities to shift costs to pay for it. For example, Cook's has building plans in development that optimize the use of space to facilitate the integration of in-person and remote care. Caregivers will be able to operate from pods where they can seamlessly move between onsite activities and Telehealth delivery.

In another case, Cook's is building a new facility 50 miles away from the main campus. The ability to staff that facility with specialists during its ramp-up period is enhanced by these improved remote delivery technologies. But remote delivery places other demands on the system, the most important of which is increased stress on networks and bandwidth. Josh Peacock reported that during the first days and months of workforce distribution, bandwidth was stretched to the limit for home providers. He said that there was a radical difference in testing between data delivery for remote workers over regular ISP networks and ATT's FirstNet, which sets aside bands for emergency and first responders.

5G and the technology to support quality improvements to remote care delivery

Theresa believes that further deployment of 5G technology mitigates the problem, which is proven in the primarily urban areas where 5G is available; she encourages more rapid deployment by all providers for similar performance across the country: "This is the real use case for 5G," she says, "If I have to look at a radiology exam on my phone (or mobile device), having that data transfer rate is highly critical." Analysts seem relatively unified in their belief that financial pressure on Health systems isn't temporary. If half of them operated at negative margins throughout 2020 (which they did), and if those providers were to close down (which red ink will cause), the quality of life in the U.S. will be profoundly affected. This makes it incumbent on Health systems and their partners alike to figure out how to create efficiency through technology.

Conclusion

- Demands on IT teams and the technology have increased as have the revenue and operational demands on hospital leadership
- Cloud services continue to be a way to drive revenue, cut costs and improve patient experience and outcomes
- Adapting to a hybrid cloud offers to scale quickly and expand digital infrastructure

References

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