

FIVE TAKEAWAYS FROM THE WEBINAR

The Innovative Use of Data and Technology in Reducing Variation and Improving Margin

In addition to causing unprecedented margin and operational challenges, the COVID-19 crisis has been a catalyst to accelerate change and rethink the path to sustainable margin improvement.

In our Aug. 13 webinar, McLaren Health Care CFO Dave Mazurkiewicz joined experts from Premier to discuss how his organization has invested in creating a data and technology platform to inform business decision-making around clinical variation and margin improvement. To access the full webinar, visit: modernhealthcare.com/ReducingVariationWebinar.

1 *In their efforts to improve margins, leaders must have a single source of truth regarding their organization's financial health.*

Healthcare organizations possess massive amounts of data stored in disparate systems. Providers looking to embark on a margin improvement journey should bring all of that data together in a data warehouse, a repository that gives leaders the ability to analyze various data sources together and develop dashboards to better gauge performance. Leaders should also take that data and benchmark it—against other health systems in their region and those with similar characteristics. This process levels the playing field and lets data drive decision-making and outcomes.

2 *It's important that your organization addresses both sides of the margin challenge: cost and effectiveness.*

Efforts to improve margins should not sacrifice quality and safety for lower costs. If a device is purchased at a great cost, but it leads to poor outcomes or readmissions, the savings are irrelevant. To balance these levers, providers need to develop a unified foundational understanding of financial performance across the clinical enterprise, bringing both financial and clinical data together. Leaders should ensure their dashboards help them understand the drivers of profitability at the service level, to drive accountability for financial performance across services and entities.

3 *Sustainable margin improvement requires more than a tactical approach.*

One-time, tactical projects do not transform an organization, they often just shift costs—pushing challenges and financial loss into the future or to other areas. This traditional, antiquated approach makes it difficult to coordinate and prioritize projects. The next generation of margin and quality improvement will require clinically driven operational solutions. Healthcare leaders must ensure they're holistically and comprehensively approaching these efforts to create sustainable gains. Sustaining margin improvement requires a technology-enabled approach and engaged clinical governance. Future optionality comes from financial stability and scalable operational processes.

4 *A clinically focused approach to margin impact needs to be built on business intelligence and a technology ecosystem.*

A focus on clinical redesign in margin improvement efforts drives broader operational improvement. To accomplish this, providers need advanced analytics and business intelligence, as well as a performance improvement technology platform that enables project outcomes to be repeatable. Additionally, health systems should encourage partners to engage in co-invested, risk-based relationships that ensure accountability for the products and services that impact

margin and quality. Lastly, collaboratives within a health system ensure that data and best practices are shared across departments and facilities.

5 *Technology is important, but so is expertise.*

Health systems looking to create scalable, long-lasting margin improvements should invest in both technology and expertise. Data analytics are crucial to understanding financial health, but leaders should also seek out clinical and business intelligence experts with significant experience in margin improvement. Your customized solution should be able to be "left behind" and continue to offer benefits even after the end of the consulting engagement, and technology and advisory services should work in lockstep to ensure a successful, well-integrated and customized solution.

Learn more about our advisory services at premierinc.com/consulting.

Watch The Full Webinar on-demand at modernhealthcare.com/ReducingVariationWebinar.