

HOW ACOS CAN IMPROVE PERFORMANCE AND REDUCE COSTS WITH DATA ANALYTICS

Like never before, accountable care organizations (ACOs) are under pressure to improve quality and lower costs. Many Medicare ACOs are deeply concerned about the potential financial risks of putting the proper processes in place. In fact, 71% of ACOs say they would likely quit the voluntary program rather than assume financial risks, per a survey conducted by the National Association of ACOs.

It's not exactly surprising that one of the top concerns among survey respondents was a lack of reliable financial projections to help them measure and monitor their performance. That's where data analytics comes in.

Analytics can tell a unique story about an ACO's past, current, and future performance. How so? Data is the lifeblood of ACOs, and understanding how, where, and when data circulates throughout the organization is critical to measuring and managing performance.

If data is the foundation of this narrative, it is also a key conflict. An accurate account of performance requires contextualized data from multifarious sources—an arduous undertaking for many ACOs.

Using analytic storytelling to understand your data

In analytic storytelling, data provides the structure for a compelling narrative. Like any good plot, an analytics story answers questions like what, why, where, and who? This enables ACOs to take a high-level data point, such as the cost of service, and drill into the details to reveal the unknown story behind the data set.

Applying a narrative approach to analytics can make the story of your data come to life in ways that can be engaging to stakeholders and business leaders. Consider the following anecdote, in which an ACO physician is wading through a deluge of data. Lacking insight as to why there are anomalies in the cost of care for a few services, she formulates a series of questions to guide the story and ultimately use the analytics in a way that brings value to her ACO.

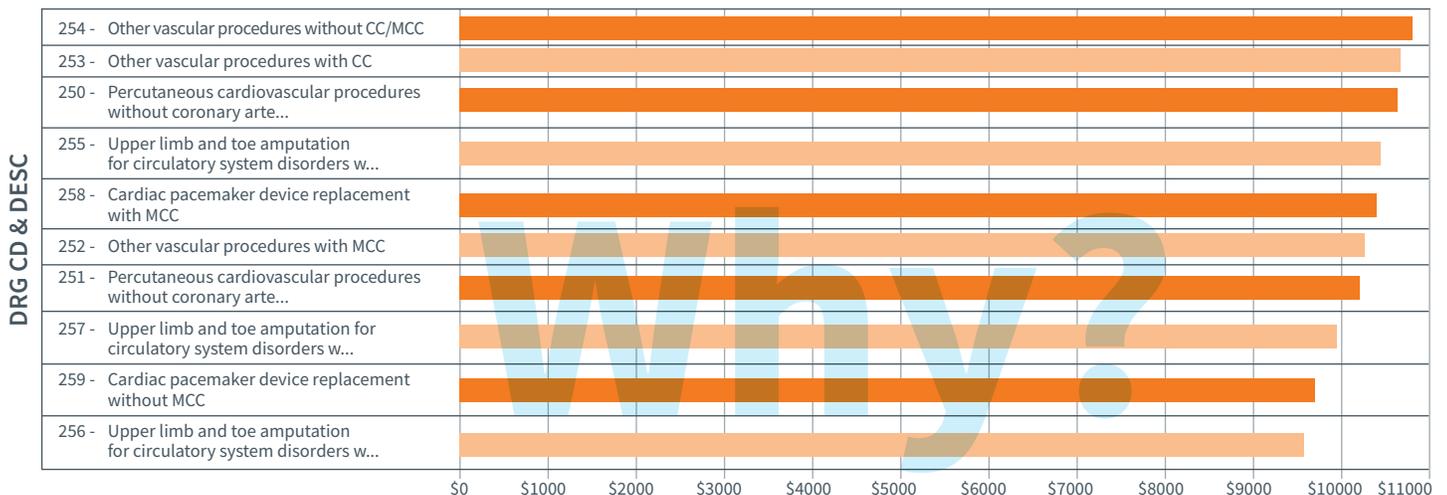
WHAT?

The what is the thousands of claims ACOs receive daily. Pulling these claims into one platform won't tell the physician much, since the level of care varies among her patients. She factors in the context of why the patient visited a hospital to deduce the reason for the higher costs.

WHY?

In pursuit of why, the ACO physician explores the Diagnosis Related Group (DRG) classifications. Using a simple analytic tool, she aggregates thousands of services and organizes them into standard groups that describe the reasons for the hospital care. In this case, she notices DRG code 257, a procedure for upper limb and toe amputation used to treat circulatory system disorders, is performing much differently than the other services across facilities. She follows this clue to delve into the specifics—including where the service was provided—to add context that could explain the cost variance.

COST PER CLAIM

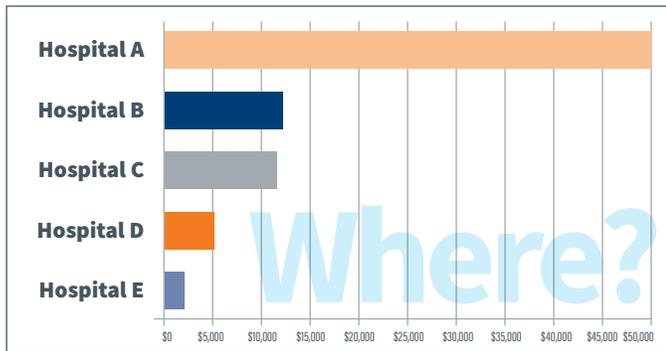


WHERE?

In comparing results for DRG 257 among facilities, the physician finds that the where of these surgeries uncovers a significant variance at one hospital. The cost at this facility, in fact, is five times higher than at others. This cost difference seems questionable, given that each hospital delivered the same services. Further insight, she decides, could lie in who performed the procedure.

COST PER CLAIM BY FACILITY

FOR DRG 257-UPPER LIMB AND TOE AMPUTATION FOR CIRCULATORY SYSTEM DISORDERS WITHOUT CC/MCC.

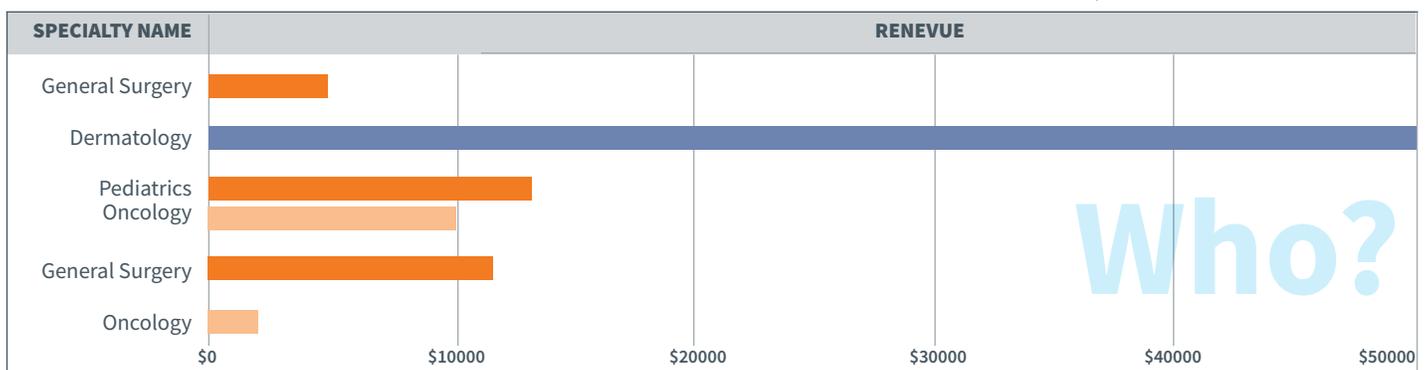


WHO?

The physician analyzes the data for who performed the surgery at the high-cost facility, and the story is revealed. The who data reveals that the service was provided by a specialist, while other facilities use general surgeons. The cost difference, therefore, could be explained using a specialist. In addition to clarifying the higher costs, the who data also gives the physician insights into lowering care fees at the high-cost hospital.

COST PER CLAIM BY FACILITY AND SPECIALTY

FOR 257 - UPPER LIMB AND TOE AMPUTATION FOR CIRCULATORY SYSTEM DISORDERS WITHOUT CC/MC



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While this anecdote is very specific, it demonstrates the value of analytic storytelling. Not only does storytelling help identify patterns in care and costs, the use of key performance indicators (KPIs) also may help ACOs understand anomalies and trends in the quality and cost of care.

Data analytics and metrics, in turn, can help ACOs uncover patterns, which can lead to new questions and discussions that ultimately result in a cycle of continuous improved performance and an analytics strategy that uses data insight for better performance measurement and to help reach financial goals.

About CohnReznick

At CohnReznick, we understand the value of your data and how it can help you boost sales, efficiently manage inventory, and provide insights into business operations. Our Information Management and Analytics practice can help you design a strong data analytics strategy that turns data into informed decisions by creating a centralized repository that incorporates multiple data types and enables accurate, automated ingestion and analysis of data. These capabilities can help you answer the questions you need to create growth and competitive advantages in a data-driven world.

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