



## Information Technology as an Alignment Strategy

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As health systems increasingly employ physicians, they also seek to leverage their substantial investments in information technology (IT) as part of an alignment strategy with key community providers, either in addition to or instead of employment. Having a large network of physicians, regardless of employment status, on a similar set of information systems or following an integrated data strategy can better position the health system in the community in terms of coordinated and cost-effective care for the population.

System alignment also allows organizations to mine “big data” for purposes of reviewing key cost and quality trends. Individual practices and their patients benefit from access to more comprehensive information and from the economies of scale and scope that allow the use of sophisticated technology and functionality the practices might otherwise not be able to implement.

**Why Use IT as a Strategy?** Over the last few years, the use of IT has come to the forefront as a strategy for physician alignment. In 2006, the Federal government relaxed the Stark law and Anti-Kickback Statute, enabling health systems to subsidize part of the cost of electronic health records (EHRs) for physician practices. This led health systems to think of IT as a strategic tool. The American Recovery and Reinvestment Act of 2009 and the meaningful use imperatives have increased physician practices’ demand for sophisticated technology and data exchange capabilities with other provider organizations. Evaluating the viability of IT as a component of the health system’s overall integration strategy must take these environmental developments into consideration, as well as the perspectives of both the health system and the physician practices in a particular market.

**Health System Perspective -- The Road to “Stickiness”.** To succeed as an alignment strategy, IT needs to be “sticky” enough that, once adopted, physician practices find pursuing different technology solutions or support models less attractive than continuing to work with the health system’s model. Proper implementation of EHR technology takes a lot of time and entails significant changes to daily work flows and provider and staff behaviors. Switching from that technology is extremely complicated, so once physicians are using a certain system, they will want to stick with it. Therefore, if deployed correctly, IT can serve as an effective tool to achieve beneficial and sustained alignment with physicians.

IT can also be a viable mode of strengthening a relationship in place of tighter integration. For various reasons, exclusive arrangements (leading up to or including employment) may not be an option in a particular market. For example, in a community with only one endocrinology practice but two competing hospitals, neither healthcare facility is in a position to alienate the practice if it chooses to remain independent or wants to align more closely with one of the hospitals by renting space in its medical office building.

One hospital may, however, provide IT systems, data-sharing tools, or IT services to the practice that enable more cost-effective and streamlined processes, particularly in terms of accepting referrals and delivering acute care. By doing so, that hospital can offer comprehensive services to its patient population and exchange information relating to those services, which will both improve clinical decision making within the hospital and enhance the overall coordination of care and patient experience.

A health system can use IT to set the stage for full physician integration if this is its long-term objective. For example, a health system could initially provide a hosted IT solution, then explore the possibility of migrating providers to a management services organization, which could lead to a professional services agreement and ultimately culminate in full employment. This progressive approach may be appropriate if practices are hesitant to consider an employment model or if the health system is not yet ready to build and manage a physician enterprise. In either scenario, the health system derives near-term benefit from a relationship based on the provision of IT systems or services while pursuing a more expansive integration model.

**Physician Practice Perspective -- Seeing the Big Picture.** Often, the logic of adopting a hospital-based IT solution is not clear to physicians, and doing so may seem much more expensive than what they can procure from a vendor directly. Most EHR vendors, for example, have offerings that are financially and operationally viable for small, midsize, and large physician practices. A software-as-a-service (SaaS) model requires very little up-front capital investment and typically has affordable per provider or per month subscription fees that may be compelling, especially for a small, single-specialty practice.

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**Information Technology as an Alignment Strategy...continued**

It may be possible for the vendor to offer content and tools for that particular specialty, resulting in high provider adoption and satisfaction. Even after taking full advantage of the technology donation options that are currently available, a health system may still struggle to provide a solution that is competitively priced and appropriately tailored to the visit types and work flows of the practice. An appropriate response to potential skepticism about the IT value a health system can offer focuses on three areas of benefit: data exchange, support, and advanced functionality.

**Data Exchange**

One of the reasons vendors can price systems aggressively for an independent practice is because those systems stand alone. That is, with the possible exceptions of national reference laboratories or state immunization registries, information is not being sent to or received from other care providers in the EHR. Although the Continuity of Care Document allows data exchange between systems using media such as CDs or flash drives, these kinds of exchanges are limited in nature and do little to streamline the ordering and results processes of ancillary services. As described in more detail below, a health system can offer an EHR that is partially or fully integrated with the organization and with systems being used by other physician practices; it can also offer exchange tools that enable the practice to retain its system but coordinate more effectively with other caregivers in the community.

**Support**

A traditional vendor relationship relies primarily on remote assistance once the implementation is complete. Even the support provided during the implementation may be limited; for example, vendor contracts often stipulate fewer than five on-site days for a complete practice management and EHR deployment. The practice, therefore, is responsible for most of the day-to-day implementation and training activities leading up to and during go-live. It must also become adept at user support and troubleshooting because vendor assistance is provided via telephone, Internet, or e-mail and by individuals who are, more often than not, unfamiliar with the practice and its configuration and work flows. As a component of an IT offering, a health system can provide much more robust customer service, in part because it can hire local or regional resources and distribute the cost of those resources across all of the participating organizations. Instead of five days, it can provide three to four weeks of go-live support, along with structured work flow assessment and redesign assistance, as well as tailored and recurring optimization services.

**Advanced Functionality**

A physician practice can potentially leverage more sophisticated features and functions from a health system-supported IT program than from a direct relationship with a vendor -- either because the less-expensive vendor-supplied software does not include the functionality or because the practice does not have the resources needed to configure and implement it. Additionally, many tools offer little or no value if not used in coordination with other healthcare providers in the community. By working with an affiliated health system for IT purposes, a practice is more likely to achieve greater benefit in terms of revenue growth, cost reduction, quality improvement, operational efficiency, and customer service enhancement.

**The Bottom Line.** Providing IT systems or support is a powerful way health systems can strengthen their relationships with desirable physician practices in the community, either as an independent strategy or as part of a broader goal of alignment and integration. However, the implementation of these systems or support offerings should not be viewed as the final goal; progress is generally slow, failed attempts can mean extensive rework, and frustration levels may run high among the target audience (the physician practice providers and managers). To avoid dissatisfaction, IT system and services goals and their associated metrics should concentrate on improving patient care. This focus is best achieved by setting explicit clinical and operational goals that benefit the health system and practices and by involving physicians in all aspects of planning and execution. The best way to promote the benefits of a health system IT strategy to a physician practice is to emphasize that results achieved collaboratively far exceed the results that either organization could achieve independently.

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