

What the Cloud Can Do for Health Care

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HFMA Summer Institute



May 19, 2011



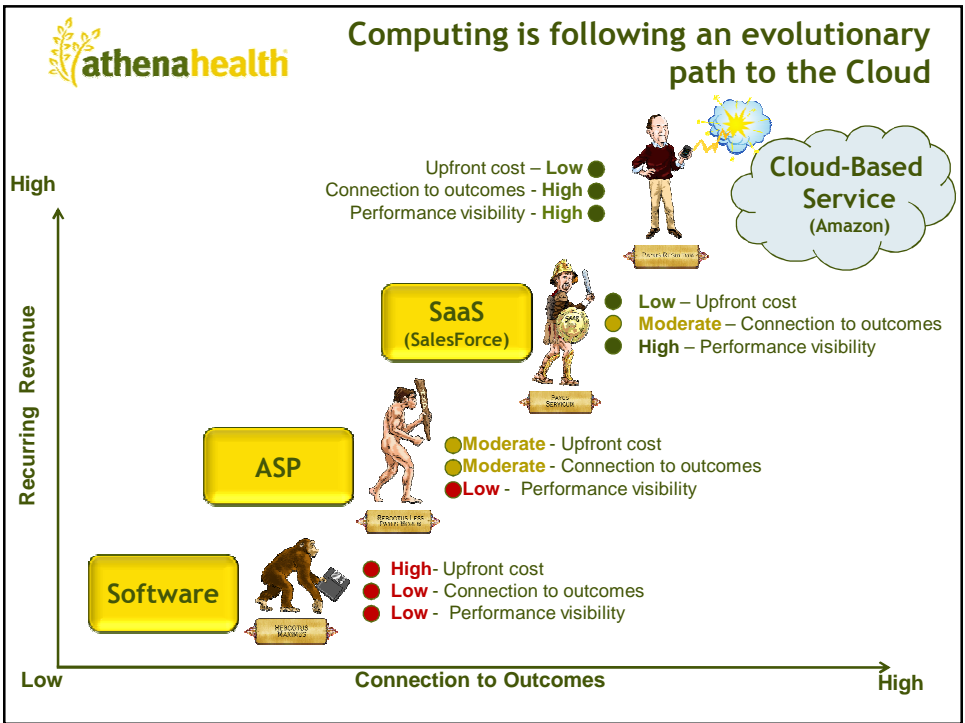
Getting clear on
The Cloud

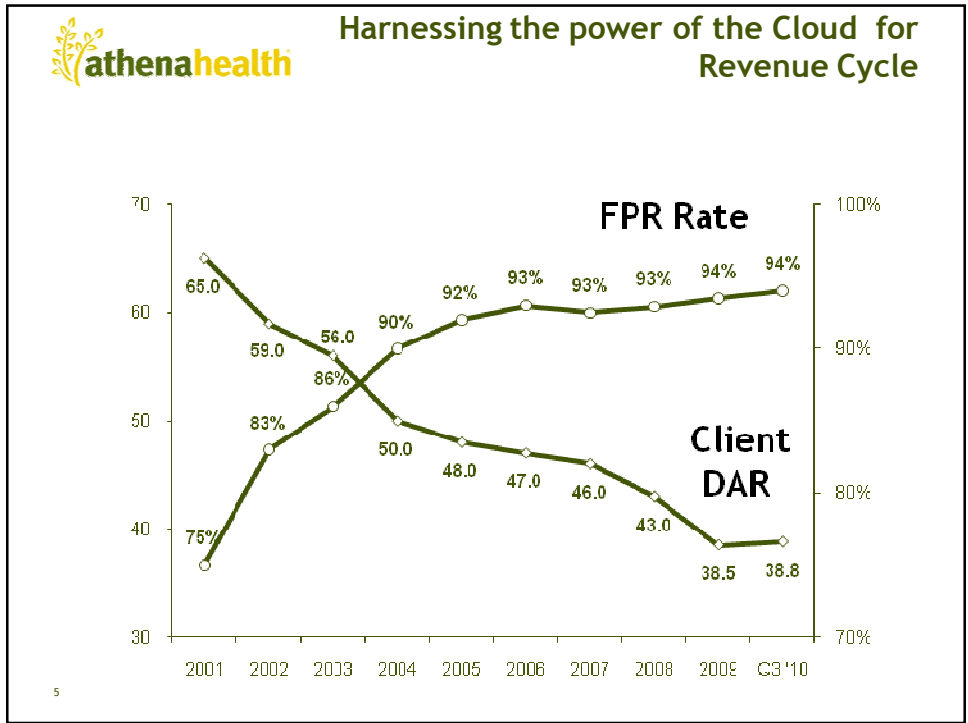


Despite the buzz, understanding of the Cloud remains, well, cloudy

- ▶ **NEARLY 40%** of IT professionals answered "yes" to the question, "when I hear the term 'cloud computing,' I am generally confused given the many definitions"
- ▶ **33%** believe cloud computing is more hype than substance
- ▶ **24%** of respondents believe their CEO could define cloud computing while 59% responded their CEO would fail at the task
- ▶ **10%** said their finance heads could accurately define cloud computing.
- ▶ **43%** responded "yes" when asked if they felt that "cloud computing is less secure than managing things in house"
- ▶ **47%** answered "yes" when asked the question, "if we implemented cloud-based services, many of our IT staff members would perceive that our company was preparing to lay them off."

3 *Data from an August 2009 survey by ProofPoint of more than 200 IT professionals





...and we are also using it to measure performance across the network

- Same Day Encounter Close Rate
- Provider Documentation Time (distributed across stages)
- Delegation: Intake
- Provider Documentation Time (ave across all encounters)
- Real-time vs Post-visit Documentation
- Delegation: Document Actions

athenahealth Software Isn't the Only Things on the "Cloud"

- ▶ Monitors, fixes broken claims
- ▶ Creates new rules for everyone on the Network
- ▶ Identifies and helps manage P4P data requirements so get every dollar you qualify for
- ▶ Formulary checking
- ▶ Drug /drug interaction
- ▶ Clinical reminders

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Movement Towards **The Cloud**



The Cloud is exploding, and leaving traditional IT behind

Global revenue from IT cloud services is expected to reach \$55.5 billion in 2014 – **a 27.4% growth rate.**

This is more than **five times** the projected rate of growth for traditional IT products (5%).

International Data Corporation (IDC), June 2010

9 Through 2014 Public IT Cloud Services Will Grow at More Than Five Times the Rate of Traditional IT Products, New IDC Research Finds. June 23, 2010.





Even the US government just announced a preferential “Cloud First” policy

“This policy is intended to accelerate the pace at which the government will realize the value of cloud computing by requiring agencies to ***evaluate safe, secure cloud computing options before making any new investments.***”

*Vivek Kundra, U.S. Chief Information Officer
Federal Cloud Computing Strategy,
February 8, 2011*

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 **And the Cloud is already actively being used in healthcare**




CVS on-line prescription refills

Google Health

Cook Children's Stewart Health

RxHub

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there is a better way

Government-sponsored efforts
(HIEs, NHIN, NHIN Direct)

"Cloud computing will enable a fundamental shift in how we serve the American people...Citizens able to access their health records electronically will be able to easily share them with doctors and providers, and thus improve their healthcare."

Vivek Kundra, U.S. Chief Information Officer
Federal Cloud Computing Strategy

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**Market Dynamics Pushing
The Cloud**

athenahealth **In This Era, Paying Up Front for Empty software is getting dangerous**

A Recipe For Trouble

- ▶ HIT capital expenditures of \$20k - \$40, up front, per physician – average newly acquired doctor will cost a hospital \$150K in 2011
- ▶ 35% of bonds issued to hospitals in 2010 are underwritten with software – amortized over 10-15 years
- ▶ Payment environment set for rapid flux over the next FIVE years (more patients, lower rates)
- ▶ Normal life of most software is three -five years
- ▶ Fickle nature of physician community regarding employment



- ▶ Large capex on HIT creates a LARGE risk of balance sheet squeeze in five years which could seriously affect viability of many hospitals

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athenahealth **Success requires wrestling down some significant cross-purposes**

Hospital

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Community

Inpatient

Ambulatory

Close Affiliation

Casual Affiliation

Owned Physicians

- ▶ Improve financial performance
- ▶ Common registration
 - Interfaces!
- ▶ Clinical integration
 - Shared clinical data
 - Not all - just enough

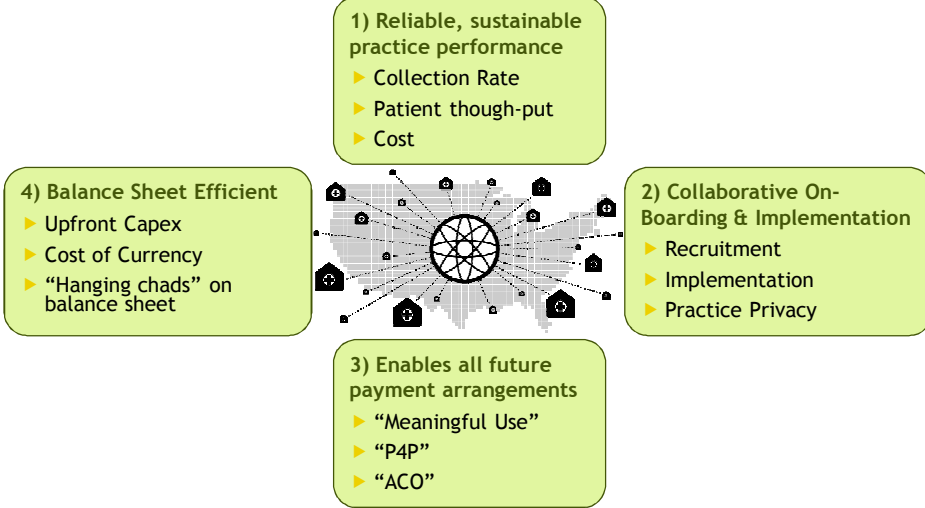
Affiliated Physicians

- ▶ Do no harm
- ▶ Make it easy to do business with
 - Place orders, get results, track patient
- ▶ Surgeons: Big shiny toys
- ▶ Sticky Services: Billing & EMR
- ▶ Ensure revenue and business stability:
 - Billing services
 - Access to MU and P4P dollars
 - Joining an ACO



The "Cloud" - The Best Choice for the Varied Needs of the Successful Hospital Strategy

The four pillars of a "cloud-based" community solution



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