



# Ensuring Healthcare Vendors Deliver Value

MEASURING ROI THROUGH ADVANCED ANALYTICS



# Market Landscape

Healthcare technology and related services spend is on the rise in the value-based care marketplace, driven by the increasing number of products available to payers and providers that purportedly lower costs, improve operating performance, and increase revenues. In most cases, the benefits of these products and services are clear, however, data does not always exist to provide quantifiable support for the scope and scale of return on investments (ROI), which can make it difficult for organizations to confidently evaluate new product and service offerings and related contract renewals.

We believe best-in-class healthcare organizations have a structured framework for tracking and assessing their vendors and other service providers, including ensuring that regular updates on ROI are provided and that value is in fact being extracted from the organization's investments. The challenge for vendors and customers alike is knowing how to develop an ROI model that can be trusted. FTI's experts work with vendors and their customers to evaluate the impact of healthcare technology products and services, and other value-based care activity, and to develop models that provide data-driven, statistically-sound and repeatable quantifications of performance and return.

## — HOW FTI CONSULTING CAN HELP



Evaluation of vendor savings and value guarantees and other proposed ROI calculation frameworks



Analysis in support of vendor contract renewal decisions



Analysis of software metadata to uncover value drivers and areas for improved customer performance



Development of data models and reporting to calculate and present ROI across a multitude of dimensions



# Our Approach

FTI Consulting is an industry leader in harnessing, analyzing, and extracting value from the vast amounts of enterprise and patient data that exists in the healthcare industry. Our Health Solutions and Data & Analytics experts deploy cutting-edge forensic data analysis, machine learning concepts and statistical testing to help companies define, measure and report ROI internally and to customers and partners.

Our work is supported by our deep knowledge of healthcare operations and managed care contracting and related performance indicators, which allows us to get to the root of what drives value for each unique organization. We have had proven success integrating vendor software metadata and payer and provider data feeds, including risk adjustment and quality data, to assess key population health and financial performance measures (e.g., RAF, HCC Recapture, HEDIS Gap Closure). Our team feeds these industry-standard metrics into our models to provide vendors and their customers with an accurate and defensible way to measure return and to more clearly and definitively articulate the value and commitment a vendor has to its customers.

Our iterative and phased based approach to assessing and calculating ROI is defined below:

- **Phase 1:** Execute a system review and Exploratory Data Analysis (EDA) to understand size and scope of available enterprise and patient data
- **Phase 2:** Aggregate, normalize and analyze metadata to develop measurable metrics
- **Phase 3:** Ingest metrics into data models and statistical analyses and iterate scenarios
- **Phase 4:** Review results with stakeholders and transition to client as a leave behind solution

# The FTI Consulting Difference

## Managed Care Expertise

FTI Consulting's Managed Care and Government Program experts help healthcare organizations implement and achieve their strategic visions in today's shifting regulatory and reimbursement environment. Our teams work with both large and small plans, provider groups and other entities in various regions, analyzing data and information encompassing millions of Medicare Advantage, Medicaid and commercial beneficiaries. Our team of clinicians, certified coders, compliance experts and former operators of health plans and provider organizations, provides unparalleled expertise and industry knowledge to address our clients' most critical challenges.

## Data Analytics and Reporting

FTI Consulting's Data & Analytics team utilizes leading technologies in tandem with our data management and analysis skills to perform advanced analytics on large volumes of data to solve companies' most pressing and complex issues. Our team works independently to build models and analyses that provide objective results. Because advanced analytics and complex modeling are often required to address issues, we explain the methodology and results in a straight-forward and transparent manner that can be understood by clients and audited by third parties. Additionally, we present results using interactive dashboards and reports tools that support drill-down capabilities. This approach enables users from all levels throughout an organization to leverage enterprise data to take data-driven-action.



### CASE STUDY

#### Evaluation of NLP Service Value for Provider

#### SITUATION

A primary care physician practice engaged in multiple risk-bearing capitation arrangements with regional and national MA plans requested our team's assistance with the evaluation of a technology vendor's use of NLP to perform retrospective chart reviews. The practice was considering an expanded project scope with the vendor but needed to understand and feel confident with the ROI data being shared from the initial project.

#### OUR ROLE

Our Managed Care and Data & Analytics experts pressured-tested the vendor's results by comparing the practice's submission and CMS response file data to the vendor's identified new and unique risk adjusting diagnosis codes. Our analysis detected conditions that had been previously submitted through claims, alternate submission methods, and other specialty practices. We also evaluated the vendor's approach toward estimating the financial impact that would result from the submission of the new and unique diagnosis codes.

#### OUR IMPACT

- We identified gaps in the data being provided to the vendor for use in its analysis and estimation of financial impact, which was resulting in an overstatement of the project's total value.
- We also challenged several assumptions being used by the vendor in its estimation of financial impact, which was resulting in an overstatement of the project's total value.
- Our review of the initial project's outcome and resulting estimation of financial impact gave the practice the confidence it needed to expand the scope of its engagement with the vendor, following the adjustment of the original contract to incorporate the findings of our review.



## CASE STUDY

### Quantification of Population Health Platform ROI for Large Vendor

#### SITUATION

A large healthcare technology company specializing in population health reporting engaged our team to complete a Return on Investment (ROI) analysis for several of the company's largest customers in order to develop a business case for those customers to renew their contracts.

#### OUR ROLE

To calculate the customer's ROI, we designed a difference-in-difference estimation framework, measuring performance changes in a treatment and control group at various points in time, to understand the effect provider use of the platform had on key outcomes, and to understand the financial return resulting from these changes in performance. Outlined below is a step-by-step overview of our ROI calculation:

- Study Platform Usage – Analyze provider-specific platform interaction frequency and volume, and set meaningful use thresholds/levels (e.g., platform reports viewed in over 90% of eligible weeks)
- Determine Platform Impact – Understand where value is extracted and identify opportunities for measurement (e.g., HCC Recapture rate performance)
- Set a Baseline – Evaluate performance in key measurement areas before platform adoption
- Measure Change in Performance – Track performance change following platform adoption
- Compare Across Usage Levels – Identify difference in performance between users and non-users of platform, and across usage levels (i.e., Difference in Differences causal inference)

- Understand Confounding Variables – Assess differences in provider mix across usage levels and control for differences through application of additional statistical framework, as needed
- Calculate Platform ROI – Estimate financial impact associated with platform user performance (e.g., value incremental HCC recapture)
- Estimate Full Opportunity – Extrapolate financial impact to additional providers using adoption growth scenarios

#### OUR IMPACT

FTI Consulting's analysis was provided to one of the vendor's largest customers as the primary business case presented to the customer to support renewal and attract equity investment.

We developed a comprehensive and automated reporting package encompassing our ROI analyses and other key performance indicators, which was shared with the customer on a periodic basis to demonstrate continued value from their investment.

We also developed a leave behind clustering and machine learning tool that enabled the customer to segment providers and create patient cohorts for targeting and scheduling. The tool was built from available membership and claim data.



# The FTI Consulting Difference

The bottom line is that differentiating winners and losers in a highly competitive market can come down to a very small margin, and often the most successful organizations have great operational discipline. Winning companies demand performance and accountability from their organization and their business partners alike and deploy strong vendor management processes which often include the measurement of financial return on technology investments and other outsourced operational initiatives.

From our experience, it is common in the value-based care marketplace for technology and related service providers to quote savings and value guarantees without presenting supporting data and analysis. With deep managed care industry expertise and advanced analytics capabilities, our experts can help your organization bring the value of your investments into focus.



## CASE STUDY

### Provider Group Value-Based Care Contract Retention

#### SITUATION

A leading specialty physician practice retained our team to perform an assessment of the practice's average cost of care relative to the prevailing rates charged by competitors in its same geographies. The practice wanted to quantify the value being delivered to plans and employers, who were engaged in risk-bearing relationships with the practice, from the direction of patients to the practice for certain high-cost procedures.

#### OUR ROLE

We utilized commercial outpatient claims data from the Truven MarketScan® database to determine, for each geography of interest, the prevailing fees at the 25th, 50th, and 75th percentiles for the client's top CPT codes. We then analyzed the practice's internal data to identify its average cost of care and the relative difference between the geography benchmarks.

#### OUR IMPACT

We created a framework and reporting structure the practice could utilize to attract new clients and retain and expand existing value-based care relationships. We also identified potential expansion opportunities for the practice (*i.e.*, new locations in which to establish practices) where prevailing costs were higher than the practice's average.



## Our Experts



Joe Knight provides technical consulting services in the areas of electronic discovery, litigation and investigation support, advanced data analytics, machine learning, data visualization, and implementation of business intelligence solutions.

Additionally, Mr. Knight has worked as an internal and external auditor identifying and evaluating financial reporting and operational risks in IT-intensive business processes, evaluating the effectiveness of IT general controls, and determining the impact and audit response of control gaps or deficiencies.

Senior Managing Director | +1 202 589 2390 | [joe.knight@fticonsulting.com](mailto:joe.knight@fticonsulting.com)



Wayne Gibson has over 20 years of experience applying economic and financial modeling, data-intensive analysis, and complex claims analyses across numerous industries and in a variety of operational, dispute and compliance matters.

Mr. Gibson has worked extensively with MA Plans and MA industry participants (e.g., small plans, large plans, plans sponsored by traditional payors, plans sponsored by providers, and third parties that provide services to the plans) on risk adjustment and Medicare Advantage risk adjustment-related issues. This has included work directly related to RADV audits, other coding and documentation reviews, and other activities related to the identification and coding of diagnoses used in risk adjustment such as drafting updated policies and procedures, designing and implementing sampling approaches, performing operational assessments to identify control and compliance-related oversight gaps, and performing data analytics and data quality processes. Mr. Gibson has also served as a testifying expert in disputes related to risk adjustment issues.

Senior Managing Director | +1 202 728 8733 | [wayne.gibson@fticonsulting.com](mailto:wayne.gibson@fticonsulting.com)



Mark Van Ert

Mark has over 20 years of executive leadership experience with major healthcare firms and has led initiatives for clients including health insurers and health systems operating risk-based contracts in the Medicare Advantage market.

His expertise includes leading large operational teams responsible for ensuring collecting accurate and complete risk adjustment data from a variety of sources, including professional and institutional claims, other in-office and in-home assessments, and retrospective record reviews. His responsibility included ensuring complete submissions to both CMS RAPS and EDS platforms, and regularly reconciling activity between systems. He has developed and managed teams responsible for HCC coding reviews in support of RADV audits, and he assists clients in evaluating and strengthening the effectiveness of Managed Care operations and compliance programs, including Risk Adjustment and Quality; and developing analytics and management dashboards to enable decision-making related to operational improvements, strategy-setting, and dispute resolution.

Managing Director | +1 612 723 6818 | [mark.vanert@fticonsulting.com](mailto:mark.vanert@fticonsulting.com)



Aidan Sullivan

Aidan Sullivan is a Director in FTI's Health Solutions practice and performs data analytics and financial modeling in support of engagements that advise healthcare organizations on operational improvement and compliance matters.

His work often involves the collection and analysis of structured data, and the development of complex models that allow client to make real-time, flexible decisions and to detect potential operational and compliance risks. Mr. Sullivan has experience working with health plans and providers in the managed care space, including advising company executives on risk-based analytics and reporting.

Director | +1 202 728 8754 | [aidan.sullivan@fticonsulting.com](mailto:aidan.sullivan@fticonsulting.com)





## About FTI Consulting

FTI Consulting is an independent global business advisory firm dedicated to helping organizations manage change, mitigate risk and resolve disputes. Due to our unique mix of **expertise, culture, breadth of services and industry experience**, we have a tangible impact on our clients' most complex opportunities and challenges.

Individually, each practice is a leader in its specific field, staffed with experts recognized for the depth of their knowledge and a track record of making an impact. Collectively, FTI Consulting offers a comprehensive suite of services designed to assist clients across the business cycle – from proactive risk management to the ability to respond rapidly to unexpected events and dynamic environments.

**29**

Countries

**1982**

Year Founded

**8/10**

Advisor to 8 of the world's Top 10 bank holding companies

**96/100**

Advisor to 96 of the world's top 100 law firms

**6,600+**

Employees

**55**

55 of Fortune Global 100 corporations are clients

**NYSE:FCN**

Publicly traded

**450+**

Healthcare clients served over the last 3 years



Ranked Best Healthcare Consulting Firms Advisory HQ (2016-2019)



Recognized in the annual America's Best Management Consulting Firms list (2016-2021)



## EXPERTS WITH IMPACT™

FTI Consulting is an independent global business advisory firm dedicated to helping organizations manage change, mitigate risk and resolve disputes: financial, legal, operational, political & regulatory, reputational and transactional. FTI Consulting professionals, located in all major business centers throughout the world, work closely with clients to anticipate, illuminate and overcome complex business challenges and opportunities. FTI Consulting, Inc., including its subsidiaries and affiliates, is a consulting firm and is not a certified public accounting firm or a law firm.

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