



AN ARTICLE FROM
CSC
WORLD

ILLUMINATING THE FUTURE Healthcare



APRIL 2009

ILLUMINATING THE FUTURE



During half a century of supporting the world's leading organizations through the use of innovative technology, we've amassed some of the most knowledgeable and proven business leadership in key vertical industries.

Standing at the forefront of their respective industries, each leader strives to offer valuable insight into practices that your business should follow for even greater success.

CSC World has gathered their informed viewpoints on topics ranging from increasingly collaborative and transparent business-IT organizational relationships; consumer-driven innovation; and "extreme data"; to Green IT and the economy's impact on technology. These leaders also present the biggest IT challenges facing their six industries:

Chemical, Energy & Natural Resources

BY BOB WELCH [page 22]

Financial Services

BY RAY AUGUST [page 24]

Healthcare

BY DEWARD WATTS [page 26]

Manufacturing

BY EILEEN SWEENEY [page 28]

North American Public Sector

BY JIM SHEAFFER [page 30]

Technology & Consumer Services

BY SCOTT KOHN [page 32]

Healthcare

by Deward Watts

In the healthcare industry, information is pervasive — but the use of information technology is not. Information exchange is even less common. It is difficult for a pharmaceutical company to get information on a drug's side effects because reporting of adverse events is largely paper-based and separate from patient care delivery. Similarly, within a single system of care, it is unlikely that a patient's primary care provider and a specialist will be operating with the same information.



With the increased adoption of electronic health records (EHRs), however, this is changing. In the Netherlands, 98 percent of physicians use EHRs; in Germany, 42 percent; and in the United States, EHR use grew from 17 percent in 2001 to 28 percent in 2006. Increased use of EHRs helps provide safer, more efficient care within an organization. But without the ability to effectively exchange data, the full potential for improving quality and efficiency will not be realized. The United Kingdom, the Netherlands, Denmark and Austria have implemented programs to facilitate the electronic exchange of patient data. Within the United States, information exchange is becoming more common within an integrated delivery network or regionally at a state and local level.

New partnerships forming

Traditionally, the three major segments in the healthcare industry — life sciences companies, health delivery organizations and health plans — have had, at best, “hands-off” relationships with each other. However, it is clear that to provide the safest care at the lowest cost, this practice is changing.

New partnerships are forming within segments and across them.

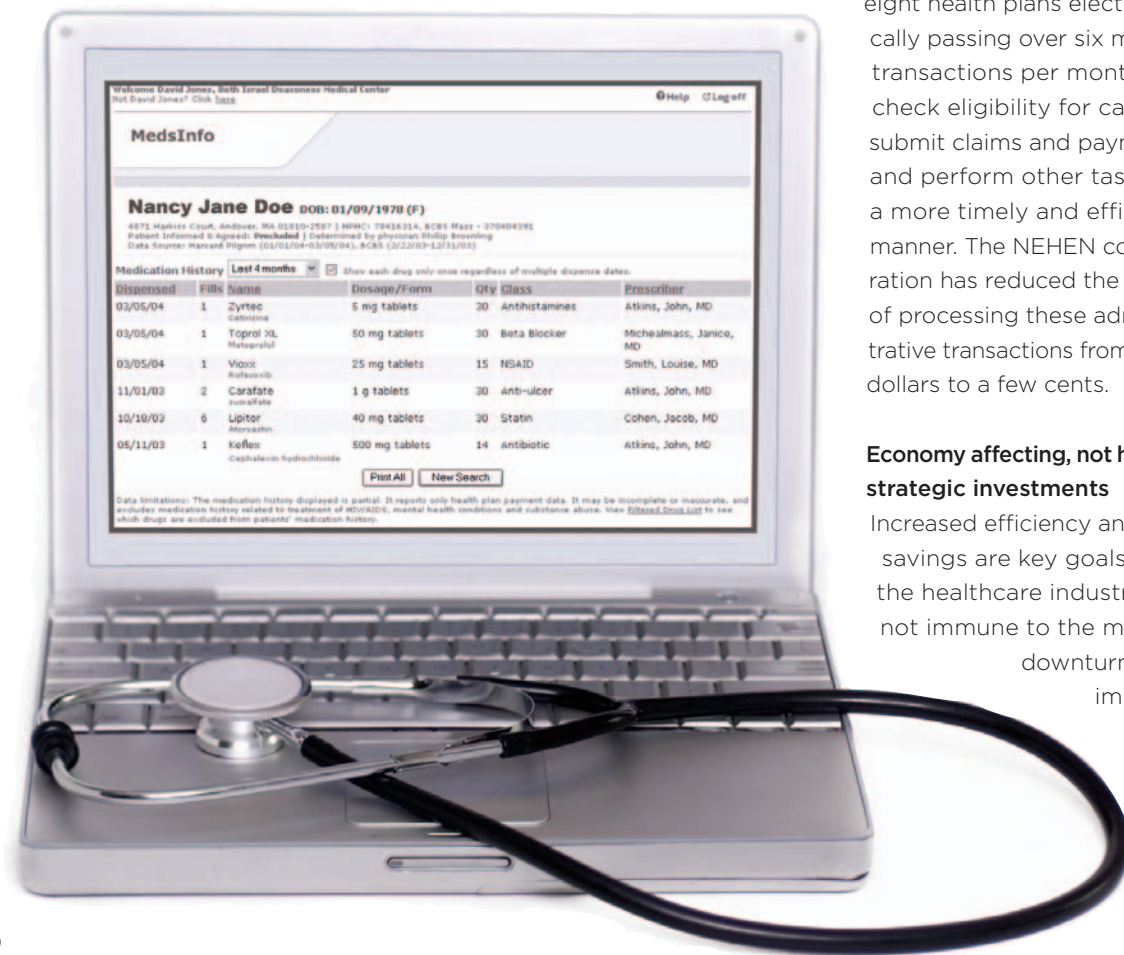
For example, in the United States, the Foundation for the National Institutes of Health, Food and Drug Administration, members of the pharmaceutical industry and healthcare data providers have initiated a project called Observational Medical Outcomes Partnership (OMOP). These traditional competitors are co-funding the development of IT solutions that will

enhance the detection and reporting of adverse events for pharmaceutical products, using data from care delivery organizations. The goal is to provide more comprehensive and timely information on the safety and effectiveness of products on the market.

Health plans and providers are also realizing the value of information collaboration to reduce the administrative burden of providing care. In Massachusetts, the New England Healthcare EDI Network (NEHEN) has 55 hospitals, 5,000 physicians and eight health plans electronically passing over six million transactions per month to check eligibility for care, submit claims and payments, and perform other tasks in a more timely and efficient manner. The NEHEN collaboration has reduced the cost of processing these administrative transactions from a few dollars to a few cents.

Economy affecting, not halting, strategic investments

Increased efficiency and cost savings are key goals, as the healthcare industry is not immune to the market downturn. The impact is felt





more strongly in countries like the United States, where citizens rely more on private insurance models. As money becomes tighter, people stop taking expensive medications and delay getting care. As unemployment increases, employer-based health insurance enrollment declines and there is less revenue for government-sponsored coverage.

The decrease in money flowing into the industry has already resulted in increased scrutiny of all current and planned IT investments. However, strategic investments are still proceeding and even accelerating. CSC's latest survey for the U.S. market shows that hospitals are continuing to invest in clinical information systems because of their impact on quality and cost of care. About 15 percent of healthcare executives reported acceleration of IT projects to get the value back sooner. Health plans reported that they will focus on introducing new products to respond to the market and will invest in IT to support those products.

The economic downturn is affecting not only what IT projects are moving forward, but how they are implemented. The focus on optimizing the value of existing IT investments has also sharpened, lowering the total cost of ownership and improving productivity. For the pharmaceutical industry, this means investments concentrated on research and regulatory requirements; for health plans, it translates into investments in Web-enabled customer and provider self service; and for hospitals, it means increasing the productivity of care providers and the throughput within their facilities.

IT will bridge gaps, reduce costs

We believe the healthcare industry will face three key IT issues: how best to use IT for managing chronic disease and promoting wellness, privacy of healthcare data, and the need to align who pays for the technology with who benefits from it. Around the world, people are living longer and living with multiple chronic diseases. This is driving up costs and creating an unsustainable gap between the demand for care and the supply. IT will bridge this gap, reduce costs and facilitate a higher quality of life for the chronically ill. For example, a core measurement of diabetes control, blood glucose, can be captured electronically and the information then transferred to care centers that manage the individual therapy and coach patients on proper diet, exercise and care programs.

Privacy is a major concern when dealing with healthcare data. As we begin to store genomic information that will be available to enhance diagnosis and treatment, concerns about privacy and

security will grow. While electronic information can be more secure than paper, the industry will need to adopt the tools to ensure that electronic health information is well protected.

Even when IT's benefits are clear, often the entity benefiting from the technology is not paying for it. Physicians are expected to purchase the EHRs that will benefit their patients through better care. Patients are unlikely to invest in self-care tools not covered by insurance — because any cost savings that result will not benefit them but rather the party paying for the care. This disconnect between who pays and who benefits must be addressed before the full potential of IT in healthcare is realized.

Consumers must be engaged

The healthcare industry has two levels of "consumers": the first is the patient who receives care, takes medications and engages in wellness and health management activities. The second is the purchaser of healthcare, traditionally the government or the employer. Both levels of consumers must be engaged to achieve the universal goal of improving health outcomes at reasonable cost.

Healthcare purchasers expect value for their healthcare dollar, and to make that happen they are finding new ways to obtain and analyze data. A group of 60 U.S. companies, including CSC, formed a collaborative called Care Focused Purchasing. The group aggregated and normalized data from nine health plans to compare costs and quality across providers. The participating companies' primary goal was to use the information to select high-quality, efficient providers. They also gained the ability to compare information on the health status of their employees — and can use that information to plan wellness programs.

As additional information becomes available, it is also being shared more openly. Outcomes related to cost and quality are being demanded by purchasers and posted on public Web sites so that patients can see them. Emerging evidence indicates that public reporting leads to improved healthcare outcomes, and improved outcomes lead to lower costs. "Transparency" and "pay for performance" have become new watchwords in the healthcare landscape.

DEWARD WATTS is president of CSC's Healthcare Group.



Worldwide CSC Headquarters

The Americas

3170 Fairview Park Drive
Falls Church, Virginia 22042
United States
+1.703.876.1000

Europe, Middle East, Africa

Royal Pavilion
Wellesley Road
Aldershot, Hampshire GU11 1PZ
United Kingdom
+44(0)1252.534000

Australia

26 Talavera Road
Macquarie Park, NSW 2113
Australia
+61(0)29034.3000

Asia

139 Cecil Street
#06-00 Cecil House
Singapore 069539
Republic of Singapore
+65.6221.9095

About CSC

The mission of CSC is to be a global leader in providing technology enabled business solutions and services.

With the broadest range of capabilities, CSC offers clients the solutions they need to manage complexity, focus on core businesses, collaborate with partners and clients, and improve operations.

CSC makes a special point of understanding its clients and provides experts with real-world experience to work with them. CSC is vendor-independent, delivering solutions that best meet each client's unique requirements.

For more than 50 years, clients in industries and governments worldwide have trusted CSC with their business process and information systems outsourcing, systems integration and consulting needs.

The company trades on the New York Stock Exchange under the symbol "CSC."

CONTACT CSC WORLD: world@csc.com

VISIT: www.csc.com/cscworld