

Case Study

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FireCloud Health (FCH)

Company Background

FireCloud Health (FCH), currently rebranded from Midwest Regional Health, is a company with a 4-billion-dollar turnover 'integrated health care system' that was founded 15 years ago as a merger between two competing regional hospitals – one for-profit and one non-profit. The hospitals and supporting facilities are non-profit; other services are for-profit. Located in the midwestern United States, FCH currently is characterized by the following:

- Two Level 1 trauma centers
- Air ambulance service
- Six general hospitals (emergency departments, operating rooms, intensive care units (ICUs), progressive care units (PCUs), maternity, pathology labs, full diagnostic services with various hospital-based outpatient clinics)
- Five specialty hospitals: children's hospital, cardiac care hospital, women's health hospital, long-term critical care and rehabilitative facility
- 15 rural critical access hospitals
- 2,300 licensed inpatient beds
- 350 ambulatory outpatient clinics
- 1,500 physicians, 500 medical providers (that is, any person providing health services, who are typically reimbursed directly by the 'payer', such as insurance, government programs such as Medicare/Medicaid, etc.)
- Health insurance plan with 700,000+ plan members (and growing)
- 20,000 employees and 2,500 volunteers
- Partnered with a privately funded regional medical research group and a major state university-sponsored medical school

FCH has become aware of the VeriSM™ approach and is applying the concepts to support its digital transformation efforts. As part of the governance activities, FCH has defined its mission (purpose and reason for being). The mission is to improve the health of the communities they serve. Additionally, the vision (what we aspire to be) is to be a national leader for health by 2025. The strategic enablers (the capabilities that facilitate strategic execution to meet the vision) and values include:

- **Strategic enablers:**
  - ✓ People
  - ✓ Critical thinking
  - ✓ Innovation
  - ✓ Agility
  - ✓ Information Technology (IT)
  - ✓ Finance
- **Values:**
  - ✓ Excellence
  - ✓ Integrity
  - ✓ Compassion
  - ✓ Teamwork
  - ✓ Respect

Note: the values listed will help to define the service management principles.

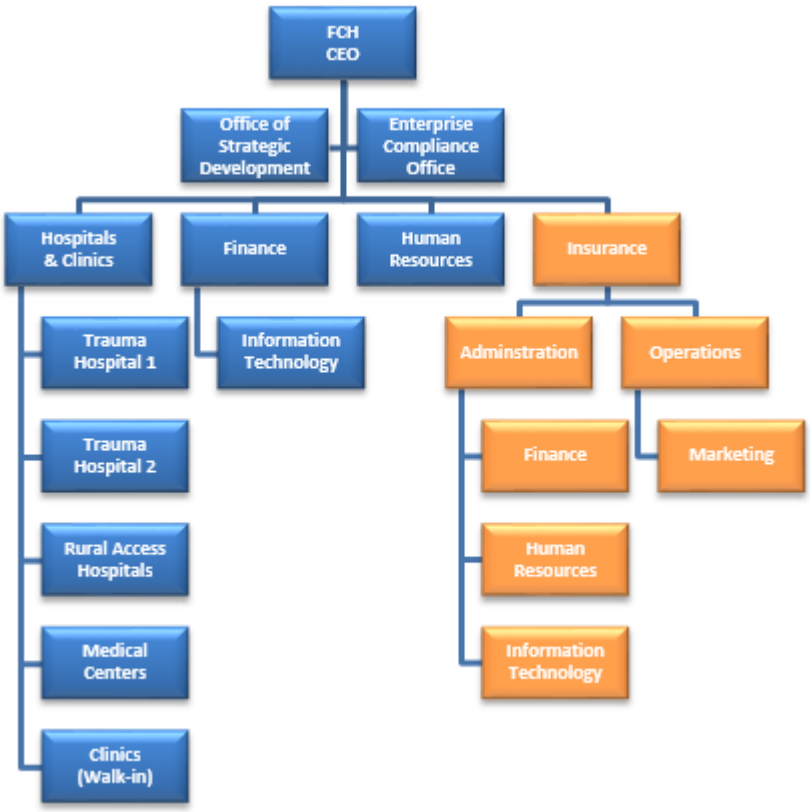
This complex and vital health system is accredited through the Joint Commission on Accreditation of Healthcare Organizations (JCAHO). However, one of FCH's hospitals is in jeopardy of losing the accreditation and is to be audited within the next 30 days. Additionally, FCH (the non-profit portion) maintains an Aa3 credit-rating from Moody's Investors Service and an AA rating from Standard &

Poor's (S&P). Health premiums for medical insurance from the health plan rank in the lowest quartile when benchmarked against regional competition.

The strategic direction of the organization, in order to fulfill the health care system's vision, is to ensure that all services (for example hospital functionality, insurance programs) are streamlined, secure and take full advantage of technology enablers. There are currently several system-wide strategic initiatives, including:

- Continue to meet the criteria for Accountable Care Organizations as defined by the Patient Protection and Affordable Care Act of 2010 (the 2017 repeal efforts are not highlighted in this case).
- Continue to grow – the success of FCH has created ever-increasing use of the clinics and hospitals as well as the health insurance program. As such, there is an opportunity to merge one to three new hospitals into the current organization.
- Expand proactive health programming to the communities through partnership with various public and private sector businesses (for example after school programs for all grades, prison healthcare, Senior and Assisted Living programming).
- Upgrade their Electronic Medical Record (EMR) system to comply with Meaningful Use Stages 1 and 2 requirements stemming from the Health Information Technology for Economic and Clinical Health (HITECH) Act of 2009.
- Upgrade their inpatient revenue systems to comply with the Department of Health and Human Services' (DHHS) latest round of Electronic Data Interchange (EDI) standards ("ICD-10") stemming from the Health Insurance Portability and Accountability Act of 1996 (HIPPA).
- Create an Enterprise Compliance Office headed by a Chief Compliance Officer (CCO) responsible for ensuring compliance with U.S. Federal regulations, JCAHO requirements, and corporate policies (for example HIPPA, EMR, patient information security, and enterprise information security).

FCH is structured as follows:



Office of Strategic Development (OSD)

The OSD ensures that the corporate strategy is reflected in a corporate plan and in departmental planning. This office conducts market research and competitive analysis to ensure FCH remains on target for achieving national recognition as a health leader by 2025. The OSD is responsible for the development of annual goals and objectives and assesses their progress on a quarterly basis. This office works closely with the CEO and shareholders ensuring their vision and values are reflected appropriately. This office oversees all strategic initiatives.

Organizational Capabilities

Human Resources (HR)

The HR departments are key areas within FCH. Separate HR departments support the medical and the insurance areas. Each group utilizes a different software platform to provide the necessary knowledge, tools, training (for example onboarding, new skills), administrative services (for example tracking vacations/time off, shift management, performance measures), coaching, legal and management advice, and talent management oversight (for example recruiting, promotions, benefits). As each capability functions independently, they do not share any functionality or recordkeeping. The only cross-over between the HR capabilities is during the onboarding process when the two divisions present a unified view of FCH.

The capabilities' main function is to manage the scheduling of FCH's approximately 22,500 staff members and volunteers as well as ensure each staff member and volunteer has the appropriate training and skills. There is a robust training and refresh program to ensure compliance with various regulatory and accreditation requirements. Additionally, on the medical side, there is a critical training initiative for the upgrades to the Electronic Medical Record (EMR) system. Ongoing training occurs for all volunteers to ensure the FCH's values and processes are fully embedded within all volunteers.

Finance

Within FCH, there are two separate financial departments supporting the medical and insurance divisions. The Chief Financial Officer (CFO) sits within the medical division and, with the financial team, is accountable for the performance of both divisions. Planning and auditing (internal and external) are performed by the CFO and the financial team. Day-to-day financial activities, including monthly consolidation is performed within each division. The CFO and team in the medical financial division are responsible for producing FCH's consolidated financial statements as well as the strategic forecasting activities. The medical division's financial functions are further broken into sub-departments: accounts payable, accounts receivable, procurement, collections and reimbursements. The insurance division has a similar financial structure but also manages premium payments and awards claims against policies. A centralized corporate payroll group sits in the medical division.

Payroll works closely with the HR departments in both divisions to calculate accurately staff work hours, set salary or hourly rates, manage vacation and sick leave time, ensure adherence to the appropriate tax laws, and dispersal of paychecks. As both divisions are heavily regulated, there is a strict internal and external auditing program to ensure compliance.

Currently, the medical Information Technology (IT) department reports to the CFO. There is growing internal support to restructure and hire a CIO to send a message to the entire organization that IT is responsible for innovation and developing solutions to fit today's digital environment.

Marketing

FCH's Marketing department is very active and quite successful in its internal and external campaigns. This group was critical in the initial success of the insurance programs as well as the success of online capabilities supporting patients and the insurance clients. Continued growth of FCH is clearly dependent on the creative planning and delivery of critical information. There is an initiative to expand the current insurance offerings catalog with specialty plans to supplement current offerings.

Marketing also depends on the IT teams to provide the necessary technologies to deliver their developed communications. FCH is depending on Marketing to put together a campaign to communicate and promote the proactive health programs.

IT organization

There are two main IT departments in FCH: one under the 'corporate' banner, covering the CEO, HR, Finance (which includes IT) and the second under the insurance administration, which also has its own Finance and HR departments. Both IT departments have a primary data center as do several of the hospitals. This system was created during the original merger with the management philosophy of 'keep things running – give them whatever they want'. As such, uncontrolled growth in applications and technology solutions is the norm. That practice has now stopped through tough and non-flexible corporate policies, but the impact is still felt – there are over 1,500 distinct applications and over half of them are duplicate instances of applications. There are multiple systems available to complete most clinical tasks. Fortunately, there is only one ERP solution, but there is little automation. There are several initiatives at varying stages of maturity to improve processes – both business and IT.

There is a wide area network (WAN) connecting all the various hospitals and clinics via several overlapping SONET rings. Outlying clinics and physician offices use multiple connectivity methods to connect to the hospital systems network. The strategic leadership recognizes the higher costs associated with redundant organizations and data centers. The efforts to integrate/consolidate the redundancies have had mixed success.

Storage is not an issue in any data center. The storage architecture and equipment are the same in all data centers. Between all systems, there are 14 petabytes of data (and rapidly growing) being managed.

There is a total of 12 data centers supporting FCH. These data centers are all within a 120-mile (190-kilometers) area, and a new data center is being built that will be centrally located between the two main trauma hospitals. This new data center will allow the shutdown of six of the outlying data centers. To ensure security and compliance-regulated "separation of (staff) duties", physical access to the new data center will be granted only two days per week, and only to a very short list of IT operations staff members. One of the main level 1 data centers which is 22 miles (35 kilometers) away will be the redundant site for the new data center (specified data only). This data center will be expanded as part of the new data center build.

The print architecture is antiquated and has daily service disruptions. Availability of the printing services averages 93.2%. Printing is a critical service, even with 'green' initiatives. While staff within the system can enter and/or access any necessary information online, any discharge instructions, copies of patient medical records, etc. are still provided to the patients on paper.

IT service management

The help desk is the centrally known aspect of the IT department for FCH. There is a staff of 16 to cover the 24x7 operation. The number of calls to the help desk has doubled over the past two years while the staff supporting the help desk has not increased. Call wait times and call abandonment rate are unacceptable. Customer satisfaction is at an all-time low. A self-service portal has been deployed but has had limited success – it is not well-utilized by the customers and no attempt to understand why has occurred.

Financial management is under increasing scrutiny, as customer groups and executive management are demanding accurate costs and billing, by customer group. Currently costs are estimated for each line of business manually by each IT manager – though that practice may have served well in the past, the current economic climate will no longer tolerate the inaccuracies. Additionally, as customers must pay for services, they are also demanding better reporting on usage and expected performance. No longer is the “shoot from the hip” or “fly by the seat of one’s pants” style of management or reporting tolerated.

There are four service management tools in use within FCH. These tools support several service management processes. Not all tools support all processes nor do all tools share information. Processes deployed across the FCH are incident management, event management, problem management, change management, capacity management, supplier management, and configuration management. Access management, request fulfillment, IT service continuity management and knowledge management are used in some areas but there is no coordination or consistency across the organization.



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