

# What to expect in 2015

Four predictions for the healthcare analytics industry in the year ahead.

The demand for health informatics workers will increase at twice the rate of employment, yet the nation already faces a shortage of qualified candidates.



BY RAJIB GHOSH

In my last [article](#) I reviewed the key achievements, opportunities and challenges facing the healthcare analytics industry in 2014. In this first article of 2015, I will share some of the anticipated developments in the marketplace that will impact the nascent industry.

## ***1. Great year for healthcare analytics professionals***

As the demand for healthcare analytics increases, the demand for professionals with analytics experience will also grow. Health Catalyst, a healthcare analytics product and consulting company, found in a [survey](#) that healthcare analytics is the highest priority IT investment in the healthcare industry followed by population health and ICD-10. A recent [report](#) published by Burning Glass Technologies stated the demand for health informatics workers will increase at twice the rate of employment, yet the nation already faces a shortage of qualified candidates. This is good news for health informatics professionals with experience in new business models such as pay-for-performance or value-based purchasing. If you have a blend of those skills and experiences, you will be a hot commodity in 2015.

## ***2. Interoperability will be a key focus area for health IT vendors and the government***

Interoperability is still a hot topic within the Office of the National Coordinator for Health Information Technology (ONC). In an updated [release](#) of the

interoperability roadmap, ONC described one of its key criteria by 2017 is to enable providers to send, receive, find and use a basic set of essential health information. By 2020, the roadmap projects, granular health information will be available to the providers. Interoperability, or lack thereof, is a key obstacle in creating a longitudinal view of a patient and deployment of population level analytics.

Patients can move from one health system to another during a course of 12 to 18 months. Meanwhile, patient's medical records get locked in a fragmented

manner inside multiple electronic systems that do not talk to each other. Releasing data from such silos is the key to deriving benefits from the use of health-care analytics. Until now, providers, pundits and politicians have blamed electronic health record (EHR) companies for their product strategy of keeping patient data locked into their own proprietary databases. Epic, the leader in [market share](#) among EHR companies, recently [announced](#) that it has hired a lobbyist firm to fix its "image" on Capitol Hill. Epic argues that its product can connect with

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Gaining market share has become the new mantra for the insurance companies. They are also busy trying to find new business models for the future.

many other systems including health information exchanges (HIEs).

Opposition groups argue that Epic can only interoperate with other Epic users; for everyone else there is a steep cost for interoperability. While some argue that fixing their product strategy is a better solution than following a PR strategy, the fact that Epic is doing this suggests that interoperability will be the topmost agenda for electronic health record companies in 2015.

EHR industry heavyweights including Epic are behind the recent launch of the “[Argonaut Project](#).” It is aimed at delivering some standard proposals around the utility of the new Health Level 7 (HL7) Fast Healthcare Interoperability Resources (FHIR) technology that has the promise of sharing health-care data on the Internet. The real impact of this project remains to be seen, but it is an encouraging sign.

### ***3. Providers not payers will drive market for analytics***

For a long time payers were considered to be the growth driver of healthcare analytics because they have the total cost of care data. Payers can force network providers to share encounter data, which they use to triangulate with cost data to create meaningful analytics for predictive and pre-emptive population health management. But that perception is changing.

The insurance market in recent times has seen many twists and turns. Opening state- and federal-level insurance exchanges provided opportunities for payers in the form of government business, but it also brought fierce competition. Gaining market share has become the new mantra for the insurance

companies. They are also busy trying to find new business models for the future.

Big providers are under immense pressure to improve their bottom line in the new world of the Affordable Care Act (ACA) and government-driven payment reform. They have to work hard to improve their quality ratings and emergency room readmissions to avoid Medicare penalties charged by the Center for Medicare and Medicaid (CMS). One [estimate](#) suggests that readmission penalties will cost hospitals \$428 million in 2015, up from \$227 million in 2014. For hospitals, large and medium, analytics will be their survival strategy. They will drive growth in the healthcare analytics market in 2015, not payers.

#### **4. Care delivery transformation will increase demand for analytics**

Healthcare delivery organizations are undergoing rapid vertical and horizontal integrations. Health systems are [merging](#), and various care delivery settings such as home health and wellness providers are increasingly brought under the umbrella of hospital systems. Care delivery will continue to undergo decentralization and transformation. The key to holding such multiple entities together will be the ability to use data and analytics to drive decision process. This trend will continue in 2015 and beyond, creating opportunities for analytics product

companies, along with technology and business consulting service providers.

Many argue that the political landscape change in the November election will halt this transformation in healthcare. I disagree. The train has left the station. Healthcare organizations have already spent hundreds of millions of dollars buying new technology, investing in their workforce, offering incentives and restructuring their organizations in response to the ACA. Millions of people now have obtained insurance and have gotten used to the freedom of buying insurance from a marketplace where insurance companies compete. It will be hard, if not impossible, to take all that away.

I'm going to stop worrying about the what-if scenario, which may never materialize, and focus on fixing our broken healthcare system and plugging the loopholes. This is my resolution for 2015. What's yours? **I**

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