

## Analytics

### Turning insights into action

Everything health plans are working to adapt to—value-based care, clinical coordination, population health management, influencing consumer choice and loyalty, and more—balances risk and reward in an environment where the past offers few guideposts. The choices that determine that balance run on insights you should generate in real time. The raw material for insights is data and analytics tells you what data means, what to do with it, and how your choices will affect your business.

Using analytics to extract insight from data is the first step toward identifying and owning the best customers—engaging their loyalty, improving clinical outcomes while reducing costs, and making the most of your organization’s efficiency. Analytics provides the foundation for a differentiated customer experience and more meaningful engagement—from targeting and selling, to retaining, engaging, and clinically serving customers.

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An insight-driven organization is better able to be descriptive (what is happening?), predictive (what will happen?), and prescriptive (what should we do?). But only if there’s a firm connection between what analytics can deliver and what the business is trying to accomplish. Analytics should not be the goal, but rather it should be a strategic enabler.

Like many core capabilities, your organization should embrace analytics not only with tools and technology, but also through talent, leadership, and governance. To achieve measurable benefits, you need to create a culture that empowers people to make daring moves informed by insights and data, not by gut feel.

#### A business-led process

Define what you want to achieve and work backwards.

Data leads “upstream” to action, but that doesn’t mean the thought process should run in the same direction. There’s simply too much data to use as a starting point, and organizations need to target their searches for insight. Organizations should make analytics a business-led process. Start with the biggest issues you need to address—for example, patient engagement or treatment efficacy. Then mine the available data for what it might teach you about those issues. Frame other questions around data that isn’t already available, and learn where to get it. Unexpected sources of insight may generate the unexpected moves that distance you from the competition.

By definition, a business-led analytics process is held accountable for its outcomes. An organization should focus analytics resources on defined outcomes with defined potential benefits. For example: What did a finding teach that you didn’t know? How did it help you frame expectations (e.g., using personality cues to predict drug adherence)? How did it help you pinpoint patterns and their exceptions (e.g., to find fraud and inefficiency)?

#### Categories of comprehension

Identifying the places where insights may likely improve decision making the most can help to focus your analytics efforts.

Taking analytics from the theoretical to the practical starts with where you aim the spotlight. Most of the actionable business-led insights a health plan can generate fall in one of three categories.

**Financial**, including risk administration, medical loss ratios, claims trend analysis, performance management and business operations, allocations/cost transparency, risk adjustment / Medicare Star Rating / Healthcare Effectiveness Data and Information Set (HEDIS), and pricing.

**Clinical**, including predictive models that leverage claims / EMR / lab / RX / and environmental data, population health, care coordination, and remote monitoring/sensor analytics. Also, analytics to enhance health plan/provider collaboration and operational and financial transparency, supporting accountable care and risk sharing as well as improved provider satisfaction.



**Consumer**, including sophisticated segmentation, campaign management, next best action, personalized engagement/activation, retention, and customer lifetime value.

The most worthy analytics functions instigate change—they don't wait for something to react to. For example, while we have historically been able to rest on medical underwriting, now organizations must look to the massive amount of lifestyle and other public data to do rapid post-enrollment segmentation to engage new members clinically before claims start to pour in.

You can rely upon the data categories you're used to handling, but also include things from left field. The high-variety or unstructured data that no one else has thought to use or figured out how to use may deliver an insight no one's had before.

With advanced analytics, the risk of false positives is high. Therefore, these insights should be built upon solid master data management, data governance and data quality disciplines.

## Permission and possibility

**Encouraging people to embrace analytics starts with making it a comfortable choice.**

Keeping data and analytics in the back office likely wouldn't require change in the way people already do things. But to tie analytics more directly to front-office business objectives, you have to ask people to think and act differently. A data-driven culture must be part of, not distinct from, the business culture. Embedding this model in your organization will take more than pronouncements—it will likely take palpable wins that show the real business benefits of an insight-driven approach.

Using insight means stepping outside expected patterns—and it will always carry some risk. Make the people investments that encourage that attitude, and create safe zones so people don't fear taking those steps. That includes the top, where a Chief Analytics Officer (CAO) may not only provide focus, but also encourage appropriate risk-taking. With or without a designated CAO, it may pay to enact a structure that builds in a champion from the top down.

**The way you handle your data determines how much value it may yield.**

Of course, a commitment to analytics starts with the raw power to access, gather, selectively store, and manipulate data. You can't make headway without it—but you also can't get very far if that represents the full extent of your technology investment.

Beyond raw power lies smart data management. Deliberate efforts to bolster quality, governance, and stewardship of your information will help reduce the old, but still potent, threat of "garbage in, garbage out." Organizations that want to extract meaning from information face a set of basic challenges:

**Data governance.** The difference between what's raw and what's useful starts with creating taxonomies and recognizing relationships. If you can refine, clean, and aggregate data in useful ways in real time, you're that much closer to meaningful output.

**Experienced professionals.** Whether you have them already or need to recruit them, you can't do without people who know methods, modeling, big data analytics, epidemiology, and bio-statistical data principles. Technical knowledge is good; technical knowledge combined with background in the health arena is better.

**Master data management.** Analytics is often about finding patterns through association. But you can't associate one dataset with another if they remain separate. A comprehensive identity management and medical informatics system to control everything you know may be as simple as managing look-up tables or as complex as building new algorithms—but without it, you may miss connections.

**Data architecture.** This is the physical end—where does the data "live" and where does the processing happen? Given the explosion of data (EMRs, social networks, Internet of Everything), the need to process in near-real time, and business's expectation that the technology can separate signals from noise, historical technology and architecture will likely be inadequate on its own. Significant innovation is occurring in areas such as in-memory grid computing, data lakes for unstructured data, high volume analytics appliances, social listening, and EMR/HIE integration. Investing in the right set of new tools and technologies should be coupled with an evolution of your organization's target data architecture to unlock the value of insights locked in the masses of data.

**Visualization.** Bringing meaning to structured and unstructured data, searching out patterns, and seeing across multiple dimensions isn't always about crunching. The way human eyes see the information is often the critical element and is key to engagement of the broader user base as it makes the data more "accessible." Organizations are experimenting with a variety of tools and quick hit applications in this space.

**Flows versus stocks.** Big Data? How about Fast Data? Storing information so you can handle it "later" is less and less viable. Instead, analytics demands the ability to extract insights from data streams in real time.

Without a human dimension to the way you build an analytics function, it may seem forbidding for people to get their arms around data, to separate what's important from what isn't, and to see the connections between information and business needs. It takes a next-level technology approach to make analytics accessible to the people you want to use it. Understandable portals and dashboards, knitting analytics into job design and workflow tools, next generation visualization and modeling tools and accessibility of data may "de-skill" the process and help employees and other participants generate and use insights on a self-serve basis.

### **Bottom line**

No organization sets out to make decisions without the greatest possible understanding. But wanting insight is one thing. Doing what it takes to secure it is another. Innovative organizations, in health care or any other field, are approaching the process of insight with deliberation. When you build a robust analytics capability and think through the ways you collect, apply, and distribute knowledge, the benefits can be far-reaching:

- Faster, more effective, more finely targeted growth
- Significant improvement to patient outcomes while containing medical costs
- Improved customer loyalty and satisfaction
- Increased organizational efficiency and agility
- More consistent, predictable performance

To learn more, including steps you may take right now, please contact us.

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