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Healthcare's Top Business Issues for 2005 Forecasted by Capgemini

Expanding focus on clinical information technology, electronic health records, pay-for-performance and consumer driven health products

December 7, 2004, Atlanta, GA: During 2005, the health care industry will continue to deal with recurring issues – including financial pressure on profit margins, limited access to capital, increased competition, rising medical costs and a growing number of uninsured. What is new is the extent to which health providers and payers are likely to respond to these and other challenges by using information technology, particularly to support data-driven clinical care. Specifically, health organizations will use technology to improve patient safety through evidence-based medicine programs, control costs through disease management programs, develop new measurement tools to facilitate pay-for-performance compensation models and create consumer directed health products.

A forecast of health care's top issues in 2005 just published by Capgemini US LLC, which has the leading health consultancy in the country, draws on the collective experience of the firm's clinicians and other experts in health care IT, strategic planning, revenue management and supply chain to help prepare providers and payers for the coming year.

“With a national focus on the benefits that can accrue from greater use of IT in health care, the industry is poised for a significant increase in IT spending,” said Lewis Redd, national leader of Capgemini's health practice. “Increasingly, the focus for technology will broaden from administrative efficiency to improving the quality of clinical care and customer relationships.”

The Capgemini report identifies the top 10 areas that health care organizations are likely to focus on in the coming year.

1. **Enhanced reporting capabilities** will be needed to facilitate decision-making for such activities as pay-for-performance, cost management and training. Both providers and payers will need more extensive integrated data capture and analysis in order to evaluate clinical outcomes against industry-wide metrics.
2. **Accelerating technology implementations** will become increasingly important. Increasingly complex clinical systems and core administrative systems can now take several years to implement. Finding smart ways to reduce that time frame will help reduce the total cost of ownership of new systems.
3. **Health organizations will increase their investments in clinical information systems and begin to evolve towards electronic health records.** Physicians will likely begin to adopt electronic prescribing more broadly, and electronic health records will be developed in consolidated markets and where a significant proportion of the population is covered by capitated health plans.
4. **Payers and providers will increasingly leverage the Web to empower consumers,** through self-service portals that enable consumers to perform administrative functions, access some of their medical information online and manage their benefits in the case of consumer directed health plans.
5. **Collaboration between payers and providers will grow** in order to find new ways to reduce administrative costs for both groups. Better communications and connectivity will result in new processes to help reduce denials and speed reimbursements.
6. **Payers and providers will consolidate back office operations to reduce overhead.** Greater pressure on improving financial performance will cause providers and payers to scrutinize operations across their enterprises to achieve greater operational efficiencies.

7. **Managing capacity will be critical.** Hospitals challenged by increasing demand and limited ability to expand will look at creative solutions to increase their patient flow, reduce waiting time and minimize diversions, in order to provide room for growth.
8. **Payers will work to address new markets** by developing a range of new products and customer services. These will include meeting employer demands for cost control through new consumer driven health products, tiered benefits and customizable services.
9. **More payers and providers will recognize the problem of obesity** with tailored disease management programs and clinical treatments.
10. **Outsourcing solutions will need to be managed more carefully** and viewed as strategic investments, rather than a “quick fix” in order to yield full financial advantages.

To receive a PDF of the Capgemini white paper on “Healthcare’s Top Business Issues and Responses for 2005” or to schedule an interview, please contact Susan Pralgever, susan@cooperkatz.com or 212-455-8019 or Rachael Adler, radler@cooperkatz.com or 212-455-8037.

About Capgemini

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Capgemini’s health practice (Capgemini Health) is the leading health consultancy in the United States, serving one-third of the nation’s hospitals and many of the largest managed care organizations. More information about the health practice and related research is available at www.us.capgemini.com/health/

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