

## QuadraMed's Care-Based Revenue Cycle Includes World-Class Applications for Patient Identification, Patient Access, Care Management, Health Information Management, and Revenue Management

QuadraMed's September 2007 acquisition of the former Misys CPR product made it an instant contender in the competitive and rarefied world of high-end, fully functional physician and clinical systems, joining its #1 KLAS-ranked registration and patient accounting system, the #1 Enterprise Master Patient Index application, and QuadraMed's industry-leading health information management systems. The company has focused its efforts on the Care-Based Revenue Cycle, which recognizes that patient identification, access management, care management, health information management, and revenue management are all tied together in the provision of care and the generation of revenue. We spoke to Jim Klein, Senior Vice President of product development and chief technology officer of the company.

### Tell me about yourself and your job at QuadraMed.

I got a master's degree in computer science and went to work for Meditech in 1975. I stayed there a couple of years and went to CompuCare, which was later acquired by QuadraMed. I was there for 20 years and left the chief technology officer job to join Gartner for seven years.

I was at InterSystems for a year and, through that company, was loaned to Larry English at QuadraMed, giving them a business and technology plan. The board said, "Do you plan to stay and help us execute this?" and I said I would. I came back to QuadraMed in August 2005. Keith Hagen joined the company two months later.

QuadraMed didn't have a good answer as to why customers should buy from them. What is their vision? What will they do other than buy companies?

### Is that how the Care-Based Revenue Cycle strategy came about?

Not being totally dense, we understood that most of the spend would involve clinical systems. We knew that it would become more important that hospitals sustain themselves as a business and generate the margins they needed. We had a strong patient accounting and billing system. We also had an excellent HIM product and knew that the connection of the clinical systems through HIM to patient



### FAST FACTS

#### PRODUCT

Care-Based Revenue Cycle Solutions

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accounting would become more and more important. That's how we came to the strategy that we call the Care-Based Revenue Cycle.

QuadraMed can have great HIM and patient accounting systems, but if we don't have a good clinical system, we won't get into very many deals and we won't have the system to feed that concurrent coded information for safety and reimbursement. The capture of all that information in its clinical richness was most important.

### **So you bought the Misys CPR product, now called QuadraMed CPR or QCPR?**

We had to be frank with ourselves. The Affinity clinical system, unlike the patient accounting system, had not kept up with functionality. Both "build" and "buy" options were viable, but people's expectations about how the team could turn things around just screamed "buy."

We knew the inside people at Misys. I knew how close Misys was to getting the CPR product over to Cache'. I covered it as a Gartner analyst and, at that time, it had the highest Gartner rating of any product. When we got the book saying Misys was going to sell the lab and radiology business, we knew the time was right.

They had an asset they didn't know how to use. We knew that, properly developed and implemented, it could fulfill anyone's expectations for the most advanced clinical system that you can imagine. It's won the Davies Award twice. It has an absolutely brilliant clinical workflow model.

We did our due diligence and knew we could push this thing over the edge onto Cache' and that it would have enormous value. Our Affinity customers wouldn't have to change platforms. The Misys customer base would understand that, finally, this product is in the hands of someone who loves it, values it, and has the expertise to know what to do with it.

We have to fulfil the initial expectations of the CPR base of existing customers. QuadraMed is really going to deliver on this solution. We're going to get it over the finish line to Cache'. We're going to enable it for relational database access and object access. We're going to really restore their faith in the vendor and the future of the product.

## Care-Based Revenue Cycle Solutions



### **Affinity is still the #1 rated product in registration and patient accounting. How do you capitalize on that?**

Affinity Registration and Revenue Cycle have a really loyal customer base. Affinity is absolutely our go-forward product for anything that's not in the clinical or HIM space.

We actually have two Affinity Revenue customers that are also Misys CPR customers, so we've got working interfaces there and will build on that. When you control both sides of the wall and you can get them both into the same technology, you can really fuse them together.

We've done a lot of work in the last year on another product that falls into this discussion. We have an enterprise scheduling system. In 2008, we're going to make Cache' the third database that it's supported on, along with Oracle and SQL Server, which we think will be of enormous interest and will allow cross-selling into the QCPR and RCM base.

A final product that folds into our integration plans is Smart I/X and its statistical matching algorithm which underlies a complete identity management suite. Smart I/X is about 60% InterSystems technology right now. It uses Ensemble for all of its workflow and interfaces and Cache' server pages for its Web-based UI. We're going to complete the migration of that product into Caché and Ensemble.

We're focused on integration to deliver on our value

proposition and we're building on this massive basis of functionality. We expect the first customer to be live on the QCPR Cache' platform before HIMSS. We'll be putting out a press release about a live customer, a very prestigious one. The message is going to be around the Care-Based Revenue Cycle and integration, integration, integration.

**InterSystems and Cache' may be new to some healthcare IT shops, even though Meditech and Epic and other vendors use the technology or very similar technology. How do you convince a CIO that Cache' is a good thing?**

I used to spend a lot of my time doing that 20 years ago. It very rarely comes up as a buying objection any more.

One of the most effective ways of diverting it is point to all the other vendors and huge delivery systems that are thriving on it: Epic, Meditech (a very similar technology), Sunquest, the Department of Veterans Affairs, the Defense Department.

If they really want to drill down, I have some very compelling technical arguments about the limitations of relational databases for extremely complex online transaction processing requirements such as those we face in healthcare. This is the reason that Epic and lab vendors have been disproportionately successful with Cache'. But, I rarely get called in as CTO to defend the technology. I have to hand it to my old colleague and friend Judy Faulkner – she knocked that down with a bulldozer for me.

**To some folks, QuadraMed is an HIM company leveraging those products into the Care-Based Revenue Cycle. What are the industry trends in HIM products and patient scheduling?**

I'm talking about HIM in the product line. There, we want to expand our business to get more of the HIM sale. We're very competitive with 3M for coding and compliance. We have a much larger set of competitors for the full suite of HIM departmental applications. Those vendors either are partnered with us or 3M for the coding and compliance, or maybe with both.

I think we have a really compelling product. It's all web-based. We've done a really good job of aligning ourselves



with the AHIMA enterprise model for what should be the suite of things that constitute a really full functioning HIM suite. We've modelled our product line directly on that. When you line it up that way, it carries a lot of weight with HIM directors. We've got it all.

Where I see differentiation possibilities gets back to something I said earlier. You really don't want the HIM people

invoking some manual process after the discharge doing retrospective review. You'd like to do concurrent review and utilization review in quality assurance while the patient is in-house.

You don't want to wait until the end and you'd like some computer-assisted coding to help with this, but you really want these experts. These people that do the coding know what's going to hurt you economically, where you won't get reimbursed or you'll fail to qualify for a pay-for-performance initiative. They or the computer should say, "In 45 more minutes, if you don't give an aspirin to this patient that you've diagnosed as having had a myocardial infarction, then you're going to get aced out of the money you could have received."

That's where the real growth is. Very few of my competitors have the richness that QuadraMed has in its HIM application. You have to go to standalone vendors to find something close, and the stand-alone vendors don't have the linkage to the clinical system and the revenue cycle system. We see the linkage between HIM and clinicals as being a very fruitful area to make the light bulb go on for people about what we're talking about, in terms of Care-Based Revenue Cycle and how a good HIM system and tight integration with your clinical system is not only good for safety, but would be phenomenal for getting every last dime that you're entitled to.

**You mentioned identity management. Do you see the interest in interoperability increasing the demand for a strong identity management solution?**

Yes, but maybe a little indirectly. When I was a Gartner analyst and I understood what they were saying on the national stage about RHIOs, I nearly died laughing. It's CHIN II and there still isn't a compelling business model. The ones that aren't falling flat on their face have some unique



differentiator like Regenstrief, or an enlightened Governor and a lot of state money; something that changes the whole regional business situation.

However on the regional healthcare delivery system marketing side, in order to be able to throw up billboard advertisements and honestly say, "We know who you are. You can go to any of our care venues and our doctors and nurses have access to all your information," you better have an absolutely kick-butt identity management application that can bring all the enterprises disparate patient populations together. We're the only HIS vendor that has a comprehensive identity management suite with the statistical matching capability, essential to extremely complex multi-entity environments.

Access Management involves the scheduling and the identity and patient portal. After that, there's enormous potential for our customers to do a very tight linkage between orders and scheduling. The key is a really tight integration routine, a good identity management solution, a good scheduling solution, and a good portal capability.

Above two hundred beds, there are maybe two to three hundred hospitals that haven't picked a strategic partner. If you want to grow aggressively, you have to do something that their vendor can't do. Then you've got a chance at a real relationship with them and maybe you can convince them that the next step is patient accounting or HIM.

#### **What will it take to make QCPR competitive?**

We need to get two or three existing Affinity customers to make the switch. The bigger and the more national reputation they have, the better. Sign

the contract, get moving, and by the end of the year, have this thing partially over there. That would be an important indication to the marketplace that our business strategy is succeeding. It would kick-start the next level of Affinity users to say, OK, let's get moving.

We need to make things better for the CPR customers we inherited. They need to start getting the benefits of being on the Cache' platform. They need to start creating reports, writing ad hoc queries and generating Web pages through modern SQL-based tools. Because this is a really high-end product that you have to see to appreciate, I think reenergizing the QCPR install base will help us drive new sales. We need, by the end of 2008, to get a brand spanning new QCPR win. That will go a long way toward convincing the market place, "These guys had a plan. And they're executing it."

#### **When I interviewed Keith Hagen a couple of years ago, he said that QuadraMed had a good story but just needed to get it out there.**

I don't think that's changed. We just realized that it would take too long to execute if we insisted on building out the Affinity clinicals. Sometimes it's better to be lucky than good.

This opportunity came along and we were good enough to know that it was something we needed to seize on. It was a "perfect storm" for us. It allowed us to leap forward. We had a product suite that was like a wagon with four wheels and one wheel was a little bit wobbly. We addressed the problem. We fixed it. We replaced the wheel... and now we are rolling smooth and picking up momentum.

Keith probably talked about the Care-Based Revenue Cycle. That is still the

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value proposition. Why QuadraMed, you know? I think we've just sharpened up the execution around realizing that, realizing that it was going to be a little tough to sell and succeed with if we didn't dramatically improve the quality of our clinical application.

**Clinicians don't seem to be overly fond of the applications they use. Can you make QCPR the product that clinicians love?**

If you visit some of our QCPR clients, you'll find that it is a product that they love. I've met some absolutely over-the-top doctors who have enthusiasm for QCPR, who just wanted to prove to me how fast they could enter their orders and how the screens were tailored exactly how they wanted for creating their progress notes. All they had to do is pop up the five screens they had asked to be built for a particular diagnosis. It was all laid out on front of them.

They were achieving their holy grail. They can do their rounds faster, entering orders on patients when they come in, then seeing them every day and writing progress notes. You can find many doctors using QCPR who will say they're saving time in both situations.

If you look at our QCPR client base, I think we could build a strong case that, in terms of percentage of doctors actually using CPOE, we lead the industry. In terms of how many doctors are really using this thing for CPOE and not using a paper chart, we have a really high success rate. We have a couple of hospitals that are nearly 100%. You can't win the Davies Award without being darned near 100%, since physician usage is one of the big criteria.

You have to be willing to configure the system the way they want it configured. More than anything, that's what

makes it successful, but that also makes it more of a high-end product than Dairyland, CPSI, or Meditech. So, in that sense, it has more in common with Cerner Millennium than it does with a Meditech product.

**Any final thoughts?**

What's going to convince the marketplace? I think it's seeing the investment in QCPR and seeing the results of those investments. They will come first from the increased happiness levels and increasingly vocal QCPR client base, which I believe will drive sales and help bring people over from Affinity.

The next step is execution for us. We do have a good story. We certainly believe in it, but I have no qualms with anybody who says, "Well, that's a great story Jim. I'm going to call you back at the end of the year and see how you did." That's only fair, but I want to be given the benefit of the doubt that I'm sincere and that I will achieve the result.

**THE BOTTOM LINE**

QuadraMed CPR has high physician utilization, clinical decision support, and an integrated closed-loop medication solution.

The Care-Based Revenue Cycle optimizes the healthcare process by linking clinical and documentation elements with the revenue cycle: patient identification, access, care management, health information management, and revenue management.

QuadraMed is #28 on the current Healthcare Informatics 100.

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