



## For Immediate Release

### Sg2 Announces New Reform Readiness Analysis to Prepare Hospitals for Impending Payment Changes

Experts predict dramatic shift toward payments based on performance

**Skokie, IL – August 26, 2009.** To help hospitals and health systems prepare for the impending payment changes associated with health care reform initiatives and a changing incentive structure, Sg2, a future-focused health care intelligence company, has released an innovative new tool—the Sg2 Reform Readiness Analysis.

Sg2's team of industry-leading experts developed the Reform Readiness Analysis to support health care executives in pinpointing utilization patterns that may be subject to regulatory pressures and/or lower payments today or in the future. It quantifies financial risk under current and future payment scenarios that will likely change as the structure of health care incentives undergoes major restructure. This valuable tool addresses different health care reform scenarios today, while providing ongoing financial risk assessment over the long-term.

Sg2 Vice President Steve Jenkins says, "Though much uncertainty remains about whether health reform legislation will be passed this fall, a huge transformation is already under way. We see it in the new penalties being levied for potentially avoidable admissions and inappropriate sites of care. We see it in the global payment proposal now under consideration in the Commonwealth of Massachusetts. Payment incentives are shifting and slowing the pace of health care spending—and organizations must assess these key areas today to ensure strong financial positioning tomorrow."

The Reform Readiness Analysis examines immediate-, short- and long-term financial risks and opportunities, providing a detailed report with quarterly updates and Sg2 expert insight. In the immediate-term, each tailored report looks at areas targeted by the Recovery Audit Contractor (RAC) program instituted by the Centers for Medicare & Medicaid Services (CMS). It also looks at critical areas that are likely to be targeted in the future—such as readmissions and potentially preventable admissions.

"The Sg2 Reform Readiness Analysis will help provide the strategic insight needed to assess financial risks and proactively respond to reform initiatives," says Joe Winick, Senior Vice President of Strategic Planning and Business Development at Erlanger Health System in Chattanooga, TN. "It will be eye-opening for executives as they examine the effects of payment changes on their organizations, allowing them to be better positioned for tomorrow."

The Sg2 Reform Readiness Analysis helps health care organizations:

- Quantify their financial risk under current and future payment scenarios
- Uncover financial improvement opportunities
- Develop strategies to optimize inpatient and outpatient care delivery
- Identify utilization patterns that may be the target of RAC audits

The analysis examines key impact factors such as 1-day stays, hospital-acquired infections, 30-day readmissions and potentially avoidable admissions.

#### About Sg2

Sg2 is an international, future-focused health care intelligence company. We provide expert-led resources, tools and education to enhance performance, drive growth and maximize clinical effectiveness. Sg2 has offices in Chicago, Washington DC and London and works with more than 1,000 hospitals and health care organizations in the US and in more than 10 countries around the globe. For more information, please visit [www.sg2.com](http://www.sg2.com).

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