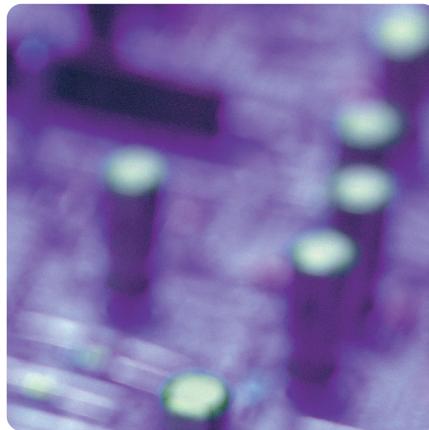


Case study: the power of two

Businesses across the board gripe about the difficulties in matching limited financial resources to growing demand for service – but those difficulties are endemic in the health sector. Add in the political “hot potato” factor, and the only thing that’s certain about health funding is that the rules will change often.

For systems integrators like Adelaide-based health specialist Power Solutions, those uncertainties translate into an ongoing challenge to build applications with the inherent flexibility the sector demands.



Systems need flexibility

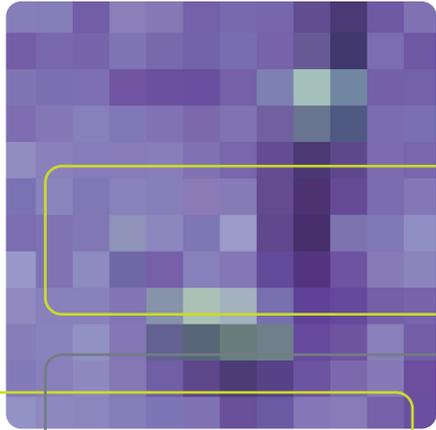
In particular, anyone selling to the health market must be able to support the WIES (Weighted Inlier Equivalent Separation) funding system – the rules set by health authorities (in Australia, the state governments) for the allocation of state funds in health. In the state of Victoria, two other funding systems, VACS and CRAFT, are also used for some health services, and each naturally has its own set of rules.

Under the WIES system, the government pays hospitals an agreed amount for an agreed quantity of each medical procedure. In addition, it provides bulk funding of lab services, IV products and so on.

WIES and other state systems are complex enough in themselves. But each hospital then faces the added challenge of implementing its own rules to allocate the funds it receives, along with a percentage of staff and facilities costs, to individual patient episodes. The aim is to understand and manage the total cost per patient, and the resulting profit or loss. Throughout the year, the hospital must manage progress towards its financial targets, revising and reallocating as necessary. It’s a delicate juggling act – one that’s reliant on sophisticated management systems.

Despite its relative youth, Power Solutions has coped admirably with the market challenges to date, as the 25% share of the Australian market held by its PowerCost Manager financial decision support application can attest. But the company has recently kicked off plans for expansion into the US (with a significant American sale under its belt) and Europe.

It also won its first New Zealand sale earlier this year, the Auckland District Health Board. With so much going on, Power Solutions needed the confidence that it could easily handle the different requirements of different health funding systems, not only throughout Australia, but around the world.



that for them. Either way, they can be sure they will have a comprehensive set of rules in place that are easily modified as the funding balancing act requires.

Revenue model sold in US

It's early days in the partnership between Power Solutions and Idiom, but Power Solutions has already sold the new revenue module in the US and is doing initial work in Germany, which recently adopted the Australian healthcare model.

Venables predicts that all Power Solution's Australian customers are prospects for the Idiom-based revenue module. "We are already market leader from a product perspective, but with powerful tools like Idiom in our portfolio, I would expect us over time to become clear market leader in terms of number of sites, as well."

IDIOM billing applications

And the future for Idiom and Power Solutions lies beyond pure funding management, Venables says, with significant potential, for example, to use Idiom in billing applications, particularly in the private health sector where health insurers use complex billing rules that change often.

"Idiom gives us the flexibility we need in dealing with different approaches in different projects."

© Idiom Software Ltd

Rules-based development

Adopting one of the new rules-based development tools seemed a logical way to proceed.

And with Southeast Asia another likely market for its products in the near future, with the Australian implementation of Diagnosis Related Groups (DRGs) being adopted in countries like Singapore, Power Solutions quickly concluded it would be best to establish a partnership with a local company that understood market conditions in Asia Pacific, in preference to a US or European vendor. Power Solutions' founder Patrick Power and director Paul Venables encountered Idiom Software on a trip to New Zealand.

Rules outside application

"We needed a tool that could define funding rules like WIES outside of the application, allowing us to change them every year without hassle," says Paul Venables. "We saw right away that Idiom would offer us that opportunity.

There was also a clear cultural fit between our two organisations, and Idiom's willingness to modify its approach to suit our requirements clinched the deal."

An initial "proof of concept" project coded the WIES rules using Idiom, satisfying the Power Solutions' development staff that Idiom would be easy to use and would offer development advantages.

IDIOM + PowerCost Manager

Now, the Idiom-based solution will become the revenue module of PowerCost Manager, with customer roll-outs beginning over the coming months. On the funding side, the WIES rules will be a "black box" of knowledge that sits outside the hospital's application, with a new version supplied by Power Solutions each year. On the revenue allocation side, the hospitals have the choice of setting up their own allocation rules, or commissioning Power Solutions to do