

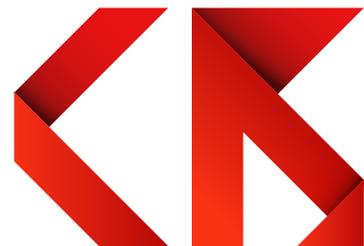


2014/15

**CLINICIAN NETWORK
MANAGEMENT**

MARKET TRENDS REPORT

SPECIAL EXCERPT FOR ORION HEALTH



ABOUT CHILMARK RESEARCH

Chilmark Research is a global research and advisory firm whose sole focus is the market for healthcare IT solutions. This focus allows us to provide our clients with the most in-depth and accurate research on the critical technology and adoption trends occurring throughout the healthcare sector. Areas of current research focus include among others: Clinician Network Management, Cloud-computing Models for Healthcare, IT-enabled Accountable Care Organizations, Care Coordination, Adoption of Mobile Technology and Consumer-facing Health & Wellness Applications and Services.

Using a pragmatic, evidence-based research methodology with a strong emphasis on primary research, Chilmark Research structures its research reports to serve the needs of technology adopters, consultants, investors and technology vendors. In addition to reports for the general market, Chilmark Research performs research for clients based on their specific needs. Such research has included competitive analyses, market opportunity assessments, strategic assessment of market and vendors for partnership and/or acquisition.

In 2012, Chilmark Research launched its newest service, the Chilmark Advisory Service (CAS). The CAS was created in direct response to clients' request for a continuous feed of research on the most pertinent trends in the adoption and use of healthcare IT. This is an annual subscription that provides not only access to a number of research reports throughout the year, but also direct access to Chilmark Research analysts to answer specific client needs. Please contact us directly for further information about CAS.

Chilmark Research is proud of the clients it has had the pleasure to serve including Abbott Labs, Bluetooth Special Interest Group, Catholic Healthcare East, Cerner, HCA, Highmark, IBM, Kaiser-Permanente, McKesson, McKinsey, Microsoft, and Thomson Reuters to name a few. It is our hope that at some future date we will have the pleasure to serve you as well.

Chilmark Research LLC

745 Atlantic Ave, Suite 901
Boston, MA 02111
www.ChilmarkResearch.com
info@chilmarkresearch.com
Ph. 617.615.9344

The information in this report is proprietary to and copyrighted by Chilmark Research. No part of this report may be reproduced or distributed without prior permission of Chilmark Research. The information contained within the report is not intended as a solicitation of an offer to buy or sell any investment or other specific product. All information and opinions expressed in this report were obtained from sources believed to be reliable and in good faith. No representations or warranty expressed or implied is made as to its accuracy or completeness.

Research Scope & Methodology

To compile this report, Chilmark Research combined extensive primary and secondary research techniques to create a composite profile for each vendor. Primary research was divided into two distinct steps, beginning with soliciting targeted vendors for their involvement in the research. We asked participating vendors to complete a detailed questionnaire whose purpose was to collect qualitative and quantitative information about the company and the markets it serves. Questions included among others: 2014 revenue and projected 2015 revenue, number of employees, primary market, number of healthcare entities currently using its solution, and more in-depth questions regarding solution features and functions. Some vendors were reluctant to share metrics regarding their business for competitive reasons. In such situations, Chilmark Research provided estimates based on knowledge of the market, common operational metrics, and a vendor's overall position in the market. Upon receiving the completed questionnaire, we conducted a follow-up interview with each vendor. These in-depth telephone interviews typically lasted 60 minutes and were used to clarify responses to the questionnaire. This portion of the research effort also focused on topics that cannot easily be captured within the context of a written questionnaire including competitive positioning, product roadmap, partnership strategy, and which solution features are most attractive to prospective customers.

Chilmark Research performed a final analysis of the vendors via secondary research and telephone interviews with end users and consultants that have advised on, deployed, or used a vendor's system. This information was compiled to provide the in-depth reviews and ratings of the profiled vendors. Prior to publication, all vendors were given an opportunity to review their profile narratives for fact checking. Their comments and feedback were considered and where relevant, incorporated into the final profile narratives.

In compiling this extensive report, Chilmark Research maintained absolute objectivity throughout the entire research process (sometimes to a vendor's chagrin) and it is our sincere hope that this report brings greater clarity to this developing market.

Orion Health

Overall _____ **A-**
Product _____ **A-**
Marketing _____ **A-**

Company

Headquarters: Auckland, New Zealand
Website: www.orionhealth.com
2014 CNM Revenue: \$62 million

Year Founded: 1993
Ownership: ASX and NZSX Listed

Ideal Customer

Integrated delivery networks, ACOs, payers

Top Three Differentiators:

1. Comprehensive interoperability infrastructure
2. Large deployments
3. Integrated care management

Product

Product Capabilities _____ **A-**
Product Vision _____ **A-**

Product: Orion Health Rhapsody Integration Engine, Orion Health Healthier Populations
Dominant Architecture Deployed: Hybrid
Classification: Foundational

Top Three Differentiators:

1. Clinician portal
2. Notifications
3. Direct secure messaging

Product Criteria Ratings

Clinical Data	●	Ancillary Data Sources	●
Data Management and Vocabularies	●	Exchange Profile	●
Referrals Management	●	Analytics	●
Care Management	●	Reminders, Notifications, and Alerts	●
Contract Management	●	End-user Support	●
Patient Engagement	●	Integration	●

Orion Health's comprehensive CNM offering – now called Orion Health Healthier Populations – is based on its clinical data repository, clinician and patient portals, and the Rhapsody integration engine. This foundational offering has been enhanced over the last year. Healthier Populations includes analytics and care coordination functionality, both of which the company launched or enhanced in the last year. Its notifications solutions supports a variety of delivery options and the ability to send documents to the EHR. Supported events include new lab results, ADT or encounter events, new patient, or new diagnosis. It is customizable by the facility or by end user. If a message or event is accessible to Rhapsody, it can be used for a notification. For customers seeking to attest for VDT, it also certified its patient portal under the 2014 rules. It also offers a feature called DSM Direct which, for certain EHRs, integrates data from attached CDAs upon receipt into the patient record, eliminating the need for clinicians to use the EHR and a portal-based inbox.

Outside of the U.S., Orion Health launched a closed-loop referrals management offering. The purpose of this offering is to streamline the referrals process and help HCOs identify and capture leakage before it happens. This messaging-based application queues appointment requests that an administrative person then can process. The company is hoping to be able to include prior authorizations as part of the appointment request. The company is about to introduce this offering in the U.S. market. While not ready for prime time, the offering represents progress compared to last year.

Orion Health has also made good progress with its analytics offering in the last year with basic reporting and some predictive analytics of clinical and claims data. It provides an ACO quality measure reporting application. In a nod to the manual aspects of quality reporting, Orion Health can build a data entry application for the measures that EHRs and claims data don't capture (i.e. patient satisfaction). Orion Health has a flexible approach to sourcing data for analytics solutions in that its CDR is not always the only source of data for these applications. If a customer has an established data warehouse and end-user tools, the company will build its solution on these and any other relevant native data sources. If a customer has no real infrastructure, Orion Health will build analytics solutions based on customer needs and available data. The company is expanding its data model to include and leverage non-clinical data. Going forward, Orion Health will expand this offering to include some population health management capabilities like registries, risk scoring, and care gap identification. These capabilities will help identify patients who could benefit from care management and allow clinicians to enroll those patients or an entire panel at a time. This solutions is a robust general-purpose analytics offering that represents a reasonable start at supporting population health management efforts. We anticipate that Orion Health will continue to refine this solutions to meet the demands of risk-bearing providers, particularly in the area of clinician performance management.

Orion Health has long offered care coordination outside the U.S. This year the company formalized its solution, Healthcare Pathways, which provides portal users across organizations and care venues with a condition-oriented approach to care management. This technology consists of tasks (assessments or interventions) presented on forms (the UI that clinician or patient interact with) based on rules (who performs the task, due date, or frequency). The company currently has 15 "standard" care plans geared to the requirements of patients with specific conditions. Each care plan can potentially contain complex dependencies between a diverse and large set of assessments, tasks, and clinician participants. Some of these care plans more closely resemble templates in that they can be customized at facility, panel, or patient level based on customer requirements. A customer could also build a completely new and different care plan using the underlying technology. Since it is integrated into the portal and has full access to the patient's longitudinal record, this solution can support users across multiple care venues. Healthcare Pathways offers the potential for distributed care teams to execute complex care plans for variety of patient care needs.

All in all, Orion Health's product portfolio continues to be one of the leading platforms for HIOs. The focus and goals of enhancements and new development closely tracks provider and payer needs and the constantly evolving set of requirements involved in risk-based contracting.

Marketing

Market Execution	A-
Market Vision	A-

Primary Market: Integrated delivery networks, hospitals

Secondary Market: Payers

Estimated Number of U.S.-based Clinical Users: 300,000

- > States: 11
- > Multi-stakeholder: 3
- > Enterprises: 18

Estimated number of patients covered: 43 million

Pricing Model: Hybrid

Flagship Customers: Public: Massachusetts HIWay, Maine HealthInfoNet, Inland Empire HIE;

Enterprise: Catholic Health Initiatives, Highmark

Partners: NextGate, Agfa Healthcare, Health Language

Marketing Criteria Ratings

	
Market Coverage	
Brand Recognition	
Services	
Market Momentum	
CNM Solution Scope	

From a positioning standpoint, Orion Health is moving away from the “HIE” label to describe itself and its offerings. It now refers to this set of technologies as Orion Health Healthier Populations, a solution that includes functionality for interoperability, care management, and analytics based on clinical and financial data. It describes Healthier Populations as a way to support care management, population health management, and patient engagement for provider and payer organizations moving to VBR.

Orion Health is expanding its solution capabilities beyond just software. It added a clinical consulting team that provides more than just the company’s traditional training services. This team provides advice and planning for data governance, ACO strategy, change management, or it can tailor solutions based on the specific needs of customers moving to risk-based contracting.

The company’s steady expansion of its solution capabilities is mirrored in market demand for its solutions. While Orion Health modestly increased its number of enterprise customers over the last year, the company saw new demand from payers. In the aggregate Orion Health says it experienced 200 percent growth in revenue from provider and payer organizations. Orion Health also sold its solutions into four state-designated entities in the last year. While one of these later ceased operations when it did not secure funding, it says something about the company’s reputation that they all would select Orion Health over the alternatives.

Orion Health has more market momentum than many other CNM vendors. Unsurprisingly, HCOs have reported to us that Orion Health personnel seem stretched. Struggling to manage growth is a problem that few vendors can claim with a straight face. Orion Health’s scheduled IPO in New Zealand will introduce new resources and additional challenges. The proceeds (said to be over US\$400 million) can certainly help the company ramp up to manage its growth.

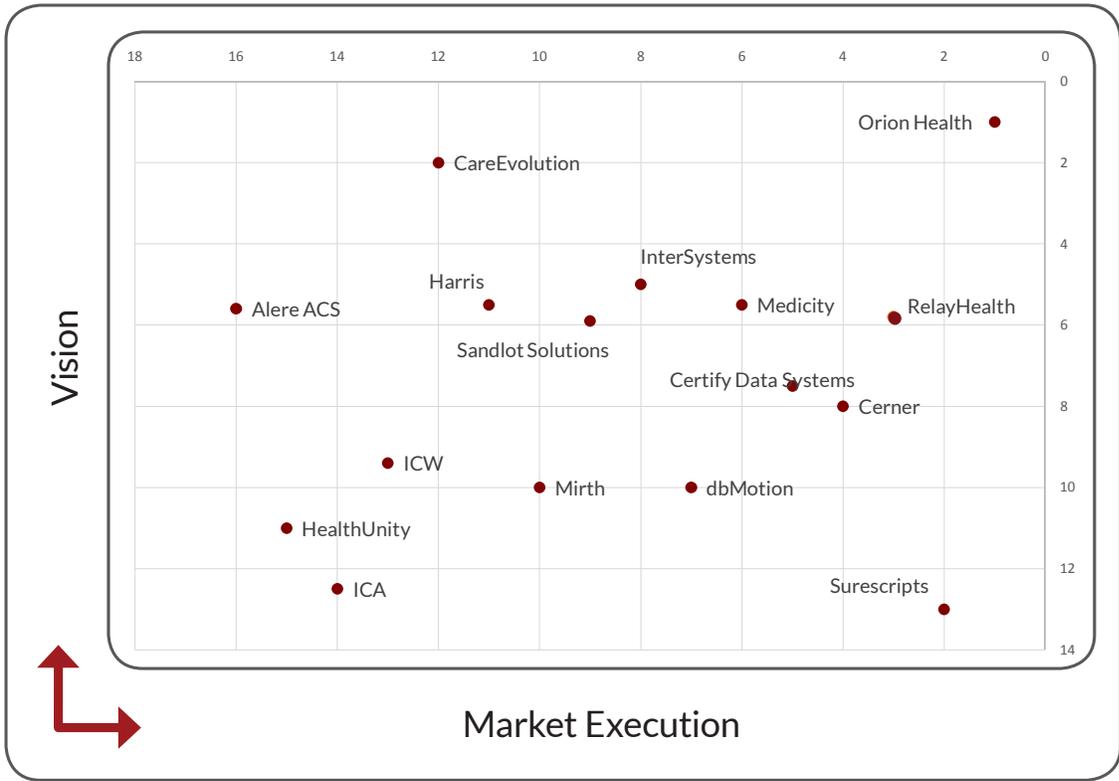


Figure 1: Vendors Rated by Marketing Execution Against Vision

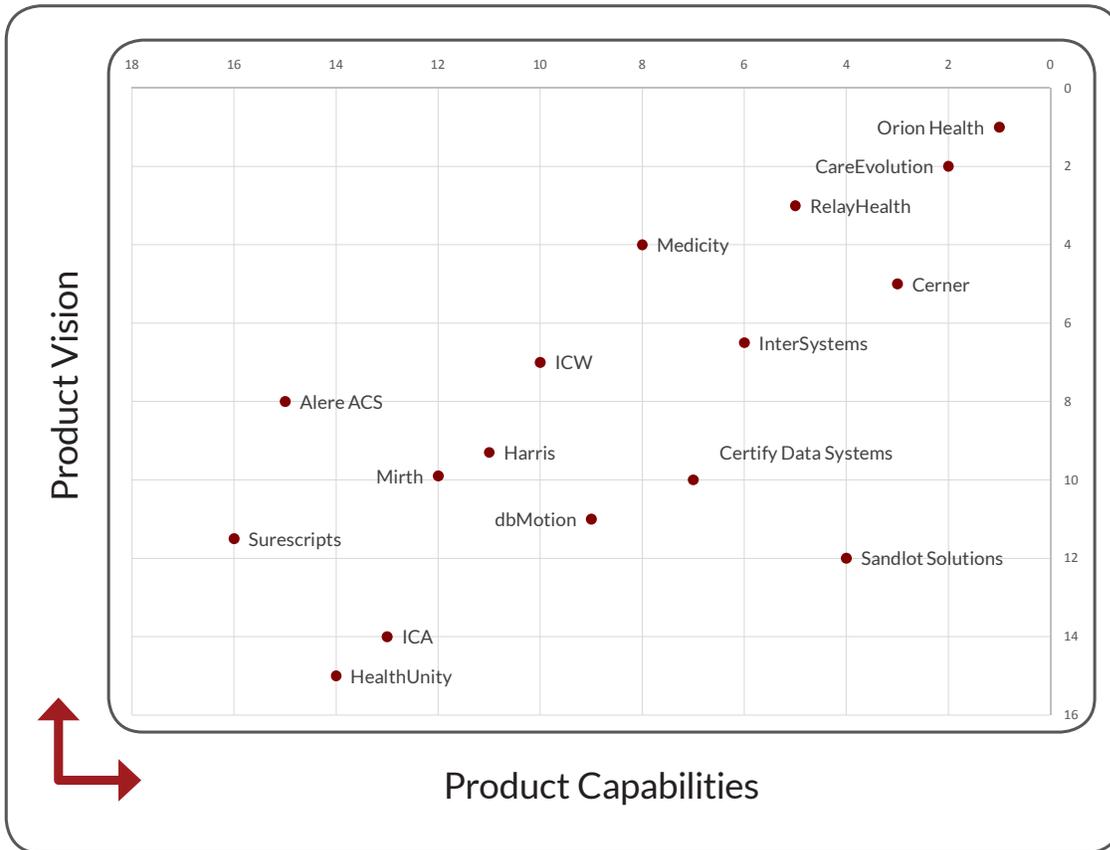


Figure 2: Vendors Rated by Product Capabilities Against Vision

Vendor Profile Guide

With this report, we have applied our basic methodology (see Appendix B) to provide a clear picture of where this market and its vendors are heading. The letter grades and ratings contained in this report represent our best estimate of a vendor's ability to meet HCO needs for supporting clinician networks as they transition to value-based care. We have set the bar high in every category to reflect the desired end-state of the capabilities sought by HCOs.

We have made some changes in how we evaluate vendors, the most important difference being how we evaluate business units of larger companies. Our evaluation is based on the offerings and performance of the specific business unit that offers the CNM solution. By necessity, we had to overlook capabilities offered by related organizations within the same company in our letter grades and ratings. However, we mention related offerings in the profiles where relevant. Although most of the affected companies operate semi-autonomously, their relationships with sister organizations have not always been tested and often resemble partner relationships rather than single-vendor offerings.

The profiles in this chapter provide an overview of the leading CNM solutions in the market today, where they have enjoyed success, and some insight into the future direction of the profiled vendor. These profiles are not an exhaustive inspection of each vendor's solutions and business strategy. We believe strongly that every vendor in this report has the ability to implement an effective and efficient CNM solution, albeit with unique strengths and weaknesses. Accordingly, an HCO would do well to understand the strengths of each vendor and how they align with the HCO's strategy for supporting their own clinician network.

Each vendor profile is divided into three sections: The first section provides a basic company information including letter grades (Overall, Product & Marketing), company location, CNM-based revenue, target market, and top three differentiators. Revenue stated is an estimate of a vendor's calendar year 2014 revenue directly related to CNM activities.

Section two evaluates the company's product strategy and portfolio. The third section evaluates the company's marketing strategy and ability to execute against that strategy.

PRODUCT RATING MODEL

The second section of each vendor profile begins with letter grades for Product Capabilities and is based primarily on the product ratings described below in Table 1 through Table 3. We selected the criteria because they best represent the opportunity for each vendor to demonstrate competitive differentiation and interoperability expertise. We also consider how widely the functionality is deployed among the vendor's customer base as well as its customizability and configurability.

The Product Vision grade reflects the vendor's relative ambitions with respect to the scope of data and application services embodied in its solutions. These grades also take several factors into account such as product roadmap, new data sources on the horizon, and the vendor's overall efforts to extend its solution in new directions to serve future market needs.

We organized the product ratings criteria into three separate categories: 1) data exchange and management described in Table 1; 2) essential CNM applications described in Table 2; and 3) workflow and integration described in Table 3. We have focused more on the application-level services and data infrastructure that providers believe will help them transition to VBR. In the past, we have evaluated building block functionality that has largely become commoditized, including proprietary or Direct messaging systems, directory services, privacy, security, and consent features, but have deemphasized these for this report.

Each criterion is rated using Harvey Balls. The tables below indicate how an empty vs. full or partially full circle reflect our conclusions about the vendor's solution.

DATA EXCHANGE AND MANAGEMENT CRITERIA

This set of criteria represent the most basic set of functions for most CNM vendors in the sense that much of the technology focuses on making data useful across a community. (Table 1) The data exchange and management criteria reflect the market’s need to make a wide range of data and data types available across a multi-enterprise clinician network. These criteria also incorporate the idea that document-centric movement of data across HCOs is only an incremental step toward the interoperability that will support high-quality care coordination across a community.

Clinical Data	<input type="radio"/> Orders and results only
	<input checked="" type="radio"/> Orders and results, medications and allergies, demographics
	<input checked="" type="radio"/> Significant availability of problem lists including chronic conditions, or history, or notes from consults and referrals, or immunizations, or progress notes, or imaging
	<input checked="" type="radio"/> Extracted clinician notes
	<input checked="" type="radio"/> Can generate succinct digest for different clinical, financial, and administrative uses from comprehensive clinical record including notes extracts
Ancillary Data Sources	<input type="radio"/> EHR data only
	<input checked="" type="radio"/> Adjusted claims and RX data
	<input checked="" type="radio"/> Eligibility and preauthorizations
	<input checked="" type="radio"/> Comprehensive cross-community medications data
	<input checked="" type="radio"/> Patient-generated and device data
Data Management and Vocabularies	<input type="radio"/> Patient-based CDR or equivalent
	<input checked="" type="radio"/> Full clinical vocabulary translation services
	<input checked="" type="radio"/> Some level of integration between CDR and other data sources
	<input checked="" type="radio"/> Significant integration between CDR and other data sources
	<input checked="" type="radio"/> MDM approach provides comprehensive view of patients, clinicians, care partner organizations, contracts, payers, device data
Exchange Profile	<input type="radio"/> Primarily user-to-user document exchange
	<input checked="" type="radio"/> Document exchange with applications
	<input checked="" type="radio"/> Variety of applications rely on data parsed from messages
	<input checked="" type="radio"/> Significant degree of discrete data access for some applications
	<input checked="" type="radio"/> Primarily discrete data access by multiple applications

Table 1: Data Exchange and Management Criteria Ratings

ESSENTIAL CNM APPLICATIONS CRITERIA

This year, our product ratings include a set of essential application-level services that many CNM vendors are currently marketing or soon will be marketing to HCOs focused on value-based care (Table 2). We derived these categories from our ongoing discussions with clinical users in provider organizations. The choice of these criteria was also heavily influenced by the information and feedback we received from the vendors discussed in this report. These represent capabilities that can be leveraged by EHRs and other applications to support care delivery and care coordination.

Referrals Management	<input type="radio"/> No support
	<input type="radio"/> Provides data to next provider
	<input type="radio"/> Supports a closed-loop referral
	<input type="radio"/> Integrates referrals with pre-authorization, eligibility or care management
	<input type="radio"/> Integrated with scheduling across a community
Analytics	<input type="radio"/> CNM usage analytics
	<input type="radio"/> Provides generic data warehouse and reporting
	<input type="radio"/> Pre-built reporting functions
	<input type="radio"/> Significant support and tools for developing provider- and facility-specific applications
	<input type="radio"/> Comprehensive portfolio of customizable applications for diverse care and payment purposes
Care Management	<input type="radio"/> No support or third party care coordination tool
	<input type="radio"/> Shared application available across a community supports tasks, responsibilities, assessments, timing
	<input type="radio"/> Support multiple approaches (condition, episode, etc.)
	<input type="radio"/> Iterative, patient-centric care plan development
	<input type="radio"/> Significant integration with other applications including EHRs, portals, referrals, scheduling, PMS, patient flow, adherence
Reminders, Notifications, and Alerts	<input type="radio"/> Messaging only
	<input type="radio"/> Primarily facility or organization configured
	<input type="radio"/> Primarily clinician configured, delivery either individually or digest form
	<input type="radio"/> Integrated into clinical, financial, and administrative applications
	<input type="radio"/> Comprehensive subscription-based notices to clinicians, applications, and patients with delivery at specified time, application, and device
Contract Management	<input type="radio"/> No support
	<input type="radio"/> Support for reporting of contract metrics (i.e. care quality, revenue share, cost and utilization targets by patient, panel, payer, care partner)
	<input type="radio"/> Support for changing attribution rules
	<input type="radio"/> Attainment vs. plan metrics incorporated into workflows (i.e. care quality, revenue/cost share, utilization and cost targets by patient, panel, payer, care partner)
	<input type="radio"/> On demand forecasting of contract terms versus performance (by clinician, by patient, by panel, by payer, by care partner)

Table 2: Essential CNM Application Criteria Ratings

WORKFLOW AND INTEGRATION CRITERIA

These criteria measure the vendor’s ability to integrate their CNM solution into clinical workflows and use network data sources (Table 3). As stated previously, we think that most providers want to use a single application for care delivery, care management, population health, and a range of other purposes. The ideal for workflow and integration is to include as much data as is relevant for the intended user.

End-user Support	<input type="radio"/> Portal access predominates for clinicians
	<input type="radio"/> EHR-lite alternative with significant adoption by clinicians
	<input type="radio"/> Embedded in native EHR of choice predominates for clinicians
	<input type="radio"/> Either of above and native support for iOS or Android devices
	<input type="radio"/> User controlled and granular as to data and clinical context
Patient Engagement	<input type="radio"/> Partners for patient portal
	<input type="radio"/> Provides own patient portal
	<input type="radio"/> Supports patient generated data and with patient participation in care management
	<input type="radio"/> Ability to accept, aggregate, store and present remote patient device data
	<input type="radio"/> Above plus social engagement capabilities
Integration	<input type="radio"/> Primarily HL7 interfaces
	<input type="radio"/> Support for major IHE profiles
	<input type="radio"/> Broad adoption by customers for many IHE profiles
	<input type="radio"/> Significant REST or SOA implementations in customer set
	<input type="radio"/> Significant device integration

Table 3: Workflow and Integration Criteria Ratings

MARKET RATING CRITERIA

The market rating criteria cover a variety of considerations. The most important are market coverage and market momentum. Market coverage reflect the relative size of the vendor's market footprint. Market momentum considers how fast a vendor is growing from both revenue and customer count perspectives. We also include criteria for brand recognition, CNM solution scope, and services, although these are weighted less heavily than the former two.

Market Coverage	○ Minimal presence in market
	◐ Presence in submarkets or geographies
	◑ National footprint in submarkets
	● National footprint with mix of customer types and organizations
Market Momentum	○ Minimal to no growth
	◐ Slow growth
	◑ Moderate growth in number of customers
	● Strong growth in number of customers and upselling new offerings to existing customers
Brand Recognition	○ Not well known
	◐ Recognized as CNM or interoperability vendor
	◑ Well recognized as CNM or interoperability vendor
	● Recognized leader in CNM or interoperability
CNM Solution Scope	○ CNM as POC data utility
	◐ CNM can support local clinician networks
	◑ CNM can deliver comprehensive services across multiple HCOs
	● CNM at the hub of the applications and data needed for healthcare transformation
Services	○ Minimal
	◐ Implementation services tied to product capabilities
	◑ Implementation services for workflow redesign
	● Full set of implementation services and consulting for change, governance, re-engineering, etc.

Table 4: Market Criteria Ratings



CHILMARK RESEARCH LLC

745 ATLANTIC AVE, SUITE 901

BOSTON, MA 02111

WWW.CHILMARKRESEARCH.COM

INFO@CHILMARKRESEARCH.COM

617.615.9344

