Stop Revenue Leakage:
How to Build a Safety Net Program to Enhance the Bottom Line

Presented By: Greg Snow

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Presenter

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Agenda

- *EnableComp: The Complex Claims Experts*

- *The Greatest Sources of Revenue Leakage*

- *Providers are Facing a Perfect Storm*

- *Industry Analysis*

- *Takeaways: Overarching Themes*

- *Revenue Cycle Management: Four Key Strategies*

- *Shifting Focus to Pre-Service Clearance*

- *Complex Claims Challenges*

- *Case Study: Day 1 Billing Performance Improvements*

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Welsh, Carson, Anderson & Stowe (WCAS) acquired both Argos Health and EnableComp in 2021 and branded under EnableComp to become the industry's premier complex claims expert for health systems.

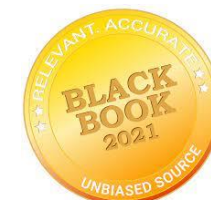|			
Veterans Administration	**Workers' Compensation**	**Motor Vehicle Accident/TPL**	**Denials Prevention and Resolution**
A/R Resolution Services	**Out of State Medicaid**	**Safety Net Programs**	**ERISA and Appeals**
Zero Balance Recovery	**Underpayment Recovery**	**Missing Charges Recovery**	**Dual Eligibility Services**

KLAS RESEARCH

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BLACK BOOK 2021

Revenue Cycle of the Future

➢Three Greatest Sources of Revenue Leakage or Lost Yield:

- Denials Management
- Payment Variances
- Missing Charges

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Providers are Facing A Perfect Storm

**Massive Shift to FFV with Inadequate Tools or Information**

- Commercial payers and CMS both committing to significant FFV targets over the next 3 years
- Providers tracking upwards of 100 quality measures, primarily via spreadsheets
- Accurate coding/HCC capture is essential

Cost-Shifting to the Consumer

- Approaching $650 billion in annual patient responsibility
- Increased bad debt expense
- Providers must increase yields just to maintain current revenue

Consumerism is Changing the Game and the Necessary Tools to Play

- Patient experience
- Mobile payment
- Transparency tools
- Patient payment options

FFV

Administrative

Patient Pay

Coding

Consumerism

Consolidation
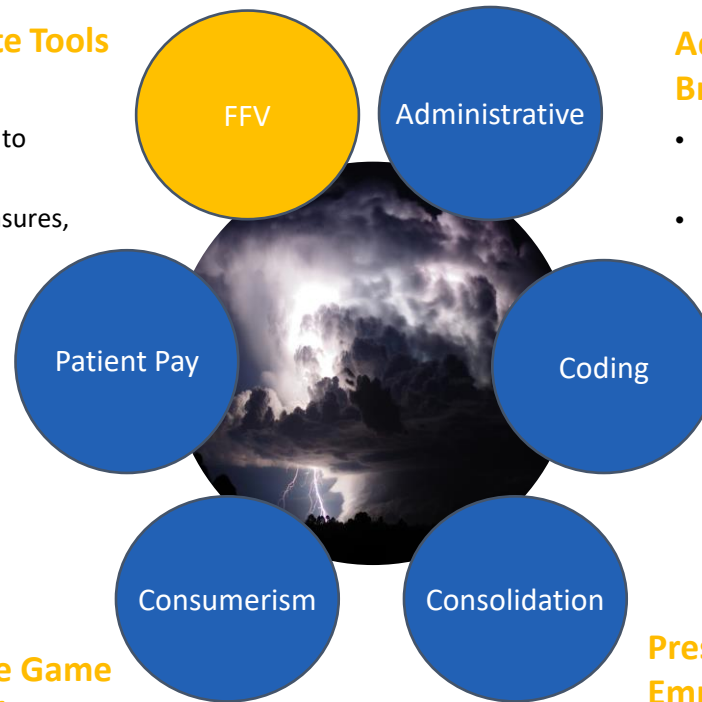
Administrative Requirements Reaching a Breaking Point

- Greater usage of pre-authorizations, referrals, etc., to control utilization of services
- Increase need of data concerning predictive analytics in a team-based care environment

Massive Productivity Challenges

- Projected to result in 40% productivity loss in coding operations
- Significant impact to cost-to-collect metrics and denial rates

Pressure to Consolidate or Become Employed

- Limited options to achieve necessary scale, manage risk and make necessary technology purchases

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Industry Analysis

82% of people say price is the most important factor when making a healthcare purchasing decision*

The costliest 1% of patients in the US consume 20% of the nation's healthcare*

11-20% of Americans think healthcare is affordable*

Percentage of covered workers enrolled in a plan with a deductible of $2000 or more is on the rise* (i.e., 46%)

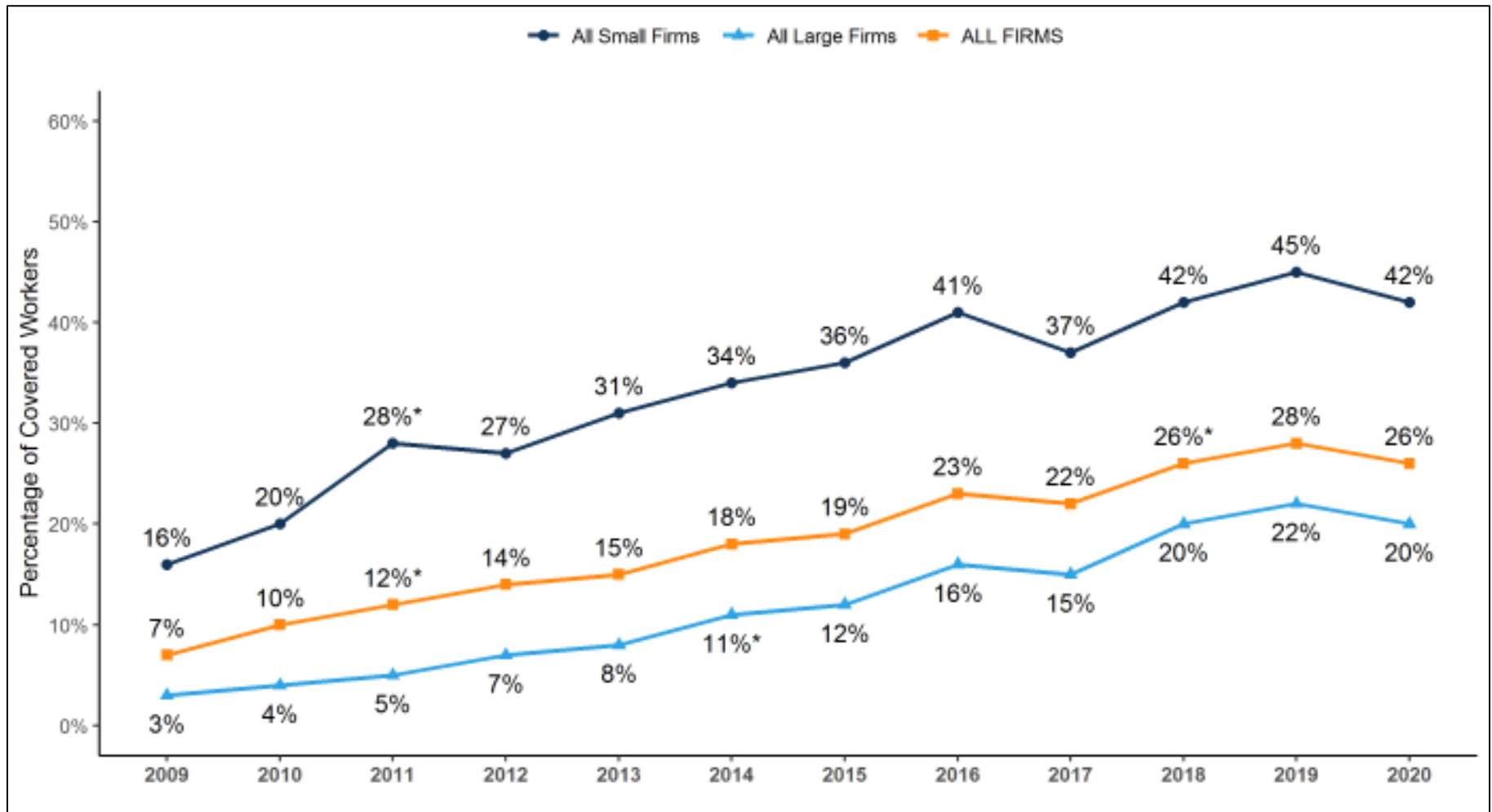43% of patients in fair or poor health found medical treatment unaffordable**

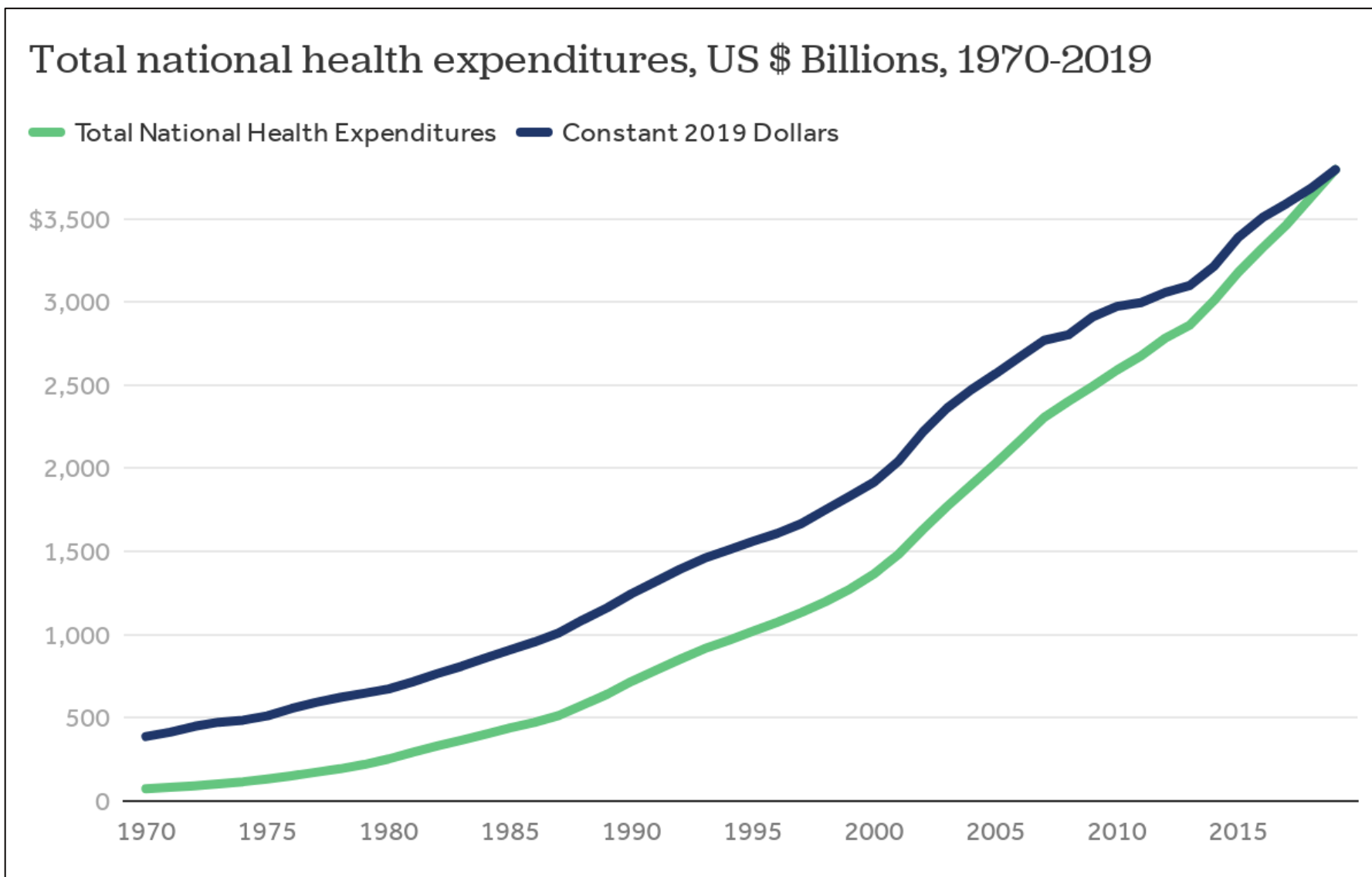Since 2015, 25% of employers are only offering high deductible plans**

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Percent of Covered Workers Enrolled in a Plan

With a General Annual Deductible of $2,000 or More for Single Coverage, By Firm Size, 2009-2020

Legend: All Small Firms | All Large Firms | ALL FIRMS

All Small Firms: 16% (2009), 20% (2010), 28%* (2011), 27% (2012), 31% (2013), 34% (2014), 36% (2015), 41% (2016), 37% (2017), 42% (2018), 45% (2019), 42% (2020)

All Large Firms: 3% (2009), 4% (2010), 5% (2011), 7% (2012), 8% (2013), 11%* (2014), 12% (2015), 16% (2016), 15% (2017), 20% (2018), 22% (2019), 20% (2020)

ALL FIRMS: 7% (2009), 10% (2010), 12%* (2011), 14% (2012), 15% (2013), 18% (2014), 19% (2015), 23% (2016), 22% (2017), 26%* (2018), 28% (2019), 26% (2020)

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Health Expenditures

Total national health expenditures, US $ Billions, 1970-2019

Legend: Total National Health Expenditures — Constant 2019 Dollars

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What Do Consumers Value?

Growth of Physicians and Administrators 1970-2009

- Physicians
- Administrators
- Percent growth in U.S. healthcare spending per capita

Source: Bureau of Labor Statistics; NCHS; and Himmelstein/Woolhandler analysis of CPS

2300% increase in U.S. healthcare spending per capita between 1970-2009
Source: Heath Care Costs: A Primer, The Henry J. Kaiser Family Foundation

Data shows how most of healthcare's inflation has resulted from increased administrative spending

Federal Spending on Major Healthcare Programs

Percentage of Gross Domestic Product

Actual : Extended Baseline Projection

Medicaid, CHIP, and Marketplace Subsidies[a]

Medicare[b]
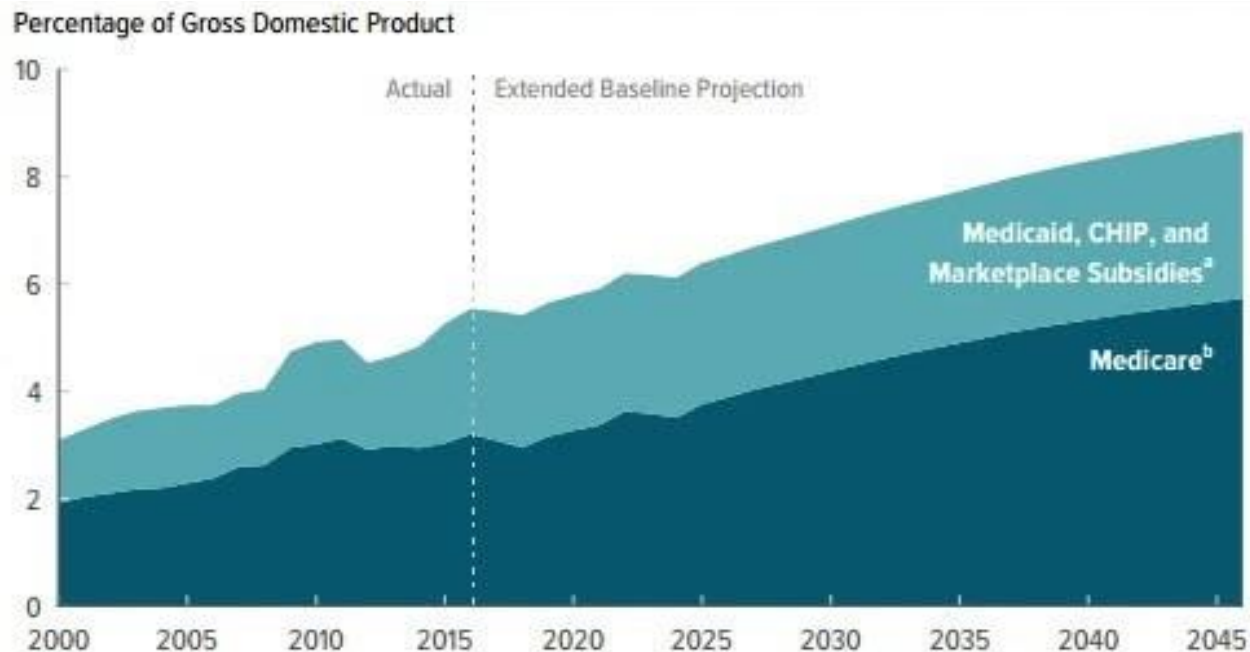
The projected rise in federal spending for the major health care programs results from the aging of the population and the expectation that health care costs per person will continue to grow more quickly than potential GDP per person.

Source: Congressional Budget Office.

The extended baseline generally reflects current law, following CBO's 10-year baseline budget projections through 2026 and then extending most of the concepts underlying those baseline projections for the rest of the long-term projection period.

Potential GDP is the maximum sustainable output of the economy.
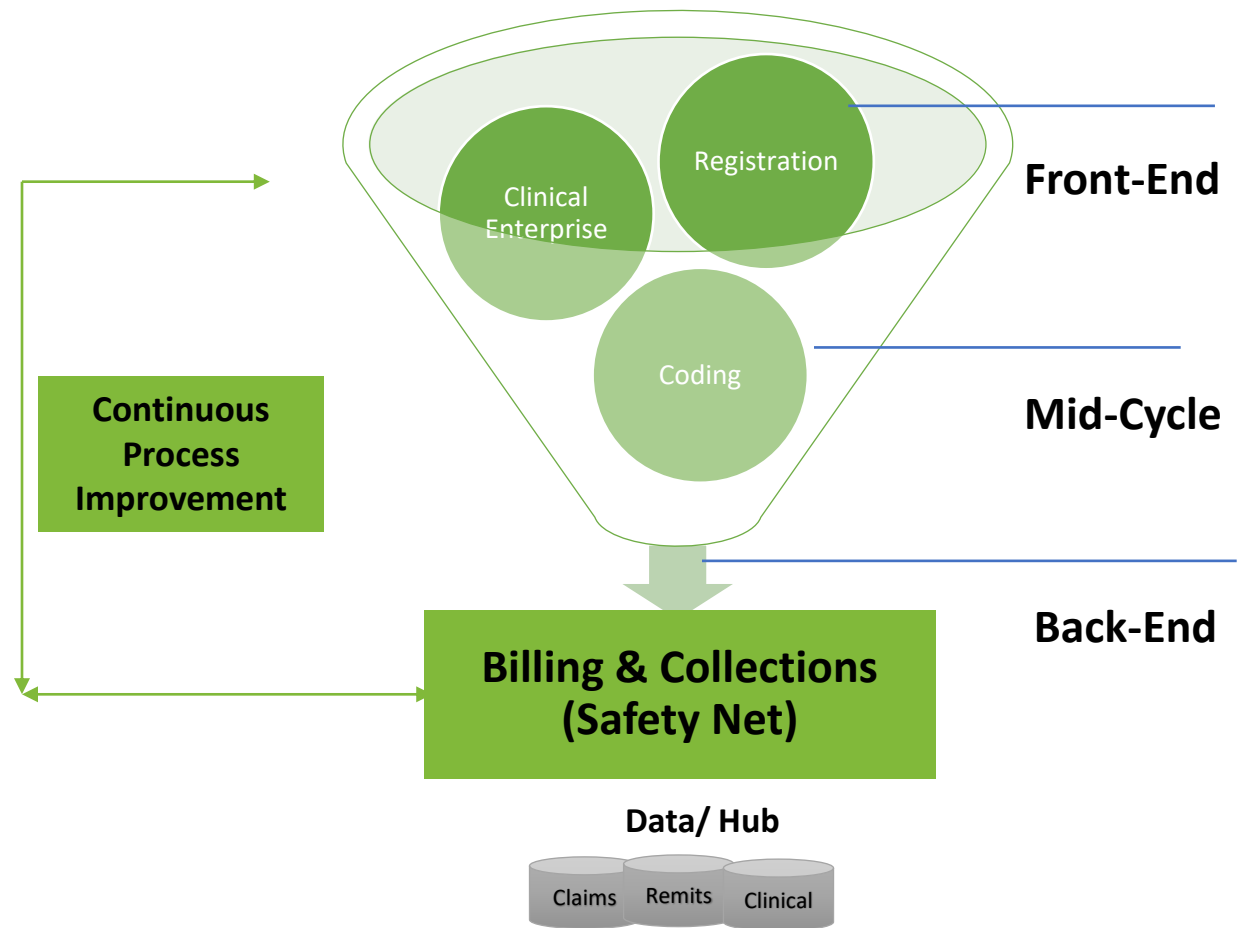
CHIP = Children's Health Insurance Program; GDP = gross domestic product.

a. "Marketplace Subsidies" refers to outlays to subsidize health insurance purchased through the marketplaces established under the Affordable Care Act, as well as spending to subsidize insurance provided through the Basic Health Program and spending to stabilize premiums for insurance purchased by individuals and small employers.

b. Refers to net spending for Medicare, which accounts for offsetting receipts that are credited to the program. Those offsetting receipts are mostly premium payments made by beneficiaries to the government.

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Takeaways: Overarching Themes

- We must simplify the healthcare consumption experience

- Consumers will pay more for quality healthcare

- Providers will have to collect payments directly from the patients

- Employer sponsored health insurance will evolve to only high-deductible plans with the end game being "defined contribution"

- We must significantly take down the cost structure – not bend the cost curve

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Revenue Cycle Management

Clinical Enterprise

Registration

Coding

Front-End

Mid-Cycle

Back-End

Continuous Process Improvement

Billing & Collections (Safety Net)

Data/ Hub

Claims   Remits   Clinical

Reallocating processing to the front-end will result in cost reductions and increased yield

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Four Key Strategies

I. Enhance Patient Experience

- Pre-Service Clearance
- Retail Model
- Comprehensive Transparency

II. Increase Yield

- Increase Insurance "Yield" (i.e., 88% - 99%)
- Guarantor Recoveries (i.e., 38% to 70%)
- Enhanced Denials and Contract Management Services

III. Cost Containment

- Capital Constraints
- Reduced Productivity (i.e., ICD 10)
- Increased Automation and Reduce "Cost-of-Rework"

IV. Incremental Net Revenue Enhancement

- Eliminate Revenue "Leakage"
- Health System Revenue Leakage 16% - 20% annually
- Revenue Leakage vs. Revenue Preservation

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Shifting Focus to Pre-Service Clearance

Why It's Important

❖ Roughly 49% of denials are due to patient access issues

❖ Only 45% - 50% of post-service patient responsibility is never collected

❖ Expectation that this individual program/function will increase yield by approximately 4% to 8%

❖ Tackles consumerism and patient experience head-on. Separates the patient clinical encounter from the financial clearance process in order for the patient visit to be purely clinically related

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Shifting Focus to Pre-Service Clearance

Why It's Important

- ❖ Allows for the conversion of the revenue cycle to a "clinically-driven, retail model"

- ❖ In this model, coding becomes the biggest determinant of reducing denials and retaining full payment

- ❖ Provides for the horizontal integration of functionality across the revenue cycle, which will improve efficiencies, reduce the number of errors, and streamline the back-end process while enhancing the patient experience

- ❖ Provides a mechanism to manage increased volume, due to the evolution of the market to a decentralized ambulatory or outpatient care model

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Complex Claims Challenges

Choosing EnableComp was an easy decision for our hospital. They have maximized our workers' comp claim revenue and have allowed us to reallocate trained team members to other areas of our RCM department. Any burn center or trauma center who manages large workers' compensation claims would financially benefit from their service and expertise.

Judy Briggs
Vice President of Revenue Cycle
Regional One Health

01 How Much Am I Owed?

Challenge: Modeling complex reimbursement methodologies, varies state by state

EC Solution: Proprietary complex software, complex algorithms, out-of-state rule matrix

02 Where Do I Send the Bill?

Challenge: 65% of all complex claims initially sent to wrong location

EC Solution: National complex claims payer database, continuously monitored and updated

03 How Do I File a Bill?

Challenge: Complex claims are a manual, paper-based claim submission process, sent via "Snail Mail"

EC Solution: Electronic Billing (e-billing) submission with medical records

04 How Do I Measure Success?

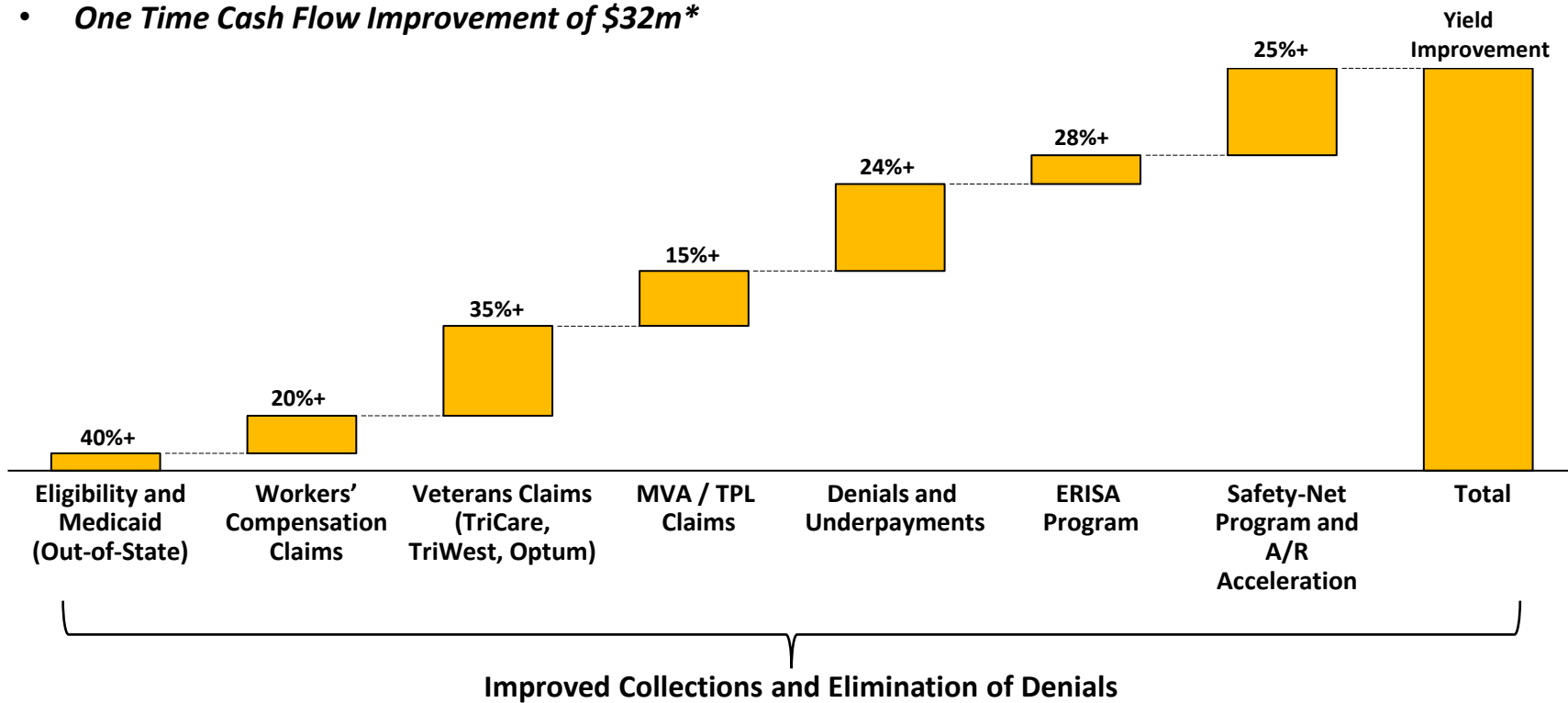**Challenge:** Most hospitals average 90+ Days to Pay and AR > 90 of 40%

EC Solution: Reduced Days to Pay less than 60 and AR > 90 less than 20%

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Yield Improvement
Example Health System:

$1 Billion Net Patient Revenue (NPR) Health System

- *Annual Recurring Revenue Improvement Opportunity of $70m - $110m**
- *One Time Cash Flow Improvement of $32m**

Waterfall chart with the following categories and percentages:
- Eligibility and Medicaid (Out-of-State): 40%+
- Workers' Compensation Claims: 20%+
- Veterans Claims (TriCare, TriWest, Optum): 35%+
- MVA / TPL Claims: 15%+
- Denials and Underpayments: 24%+
- ERISA Program: 28%+
- Safety-Net Program and A/R Acceleration: 25%+
- Total: Yield Improvement

Improved Collections and Elimination of Denials

Five Year Revenue Improvement Opportunity = $280m - $480m

* To be confirmed during due diligence

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Improvements Enhance Performance

❖ Deliver increased Net Expected Reimbursement or "Yield"

❖ Ensure timely payments

❖ Obtain maximum payment

❖ Reduce Accounts Receivable

❖ Prompt denial notification

❖ Obtain correct payer name and bill submission information

❖ Issue complete UB-04 package to correct payer

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