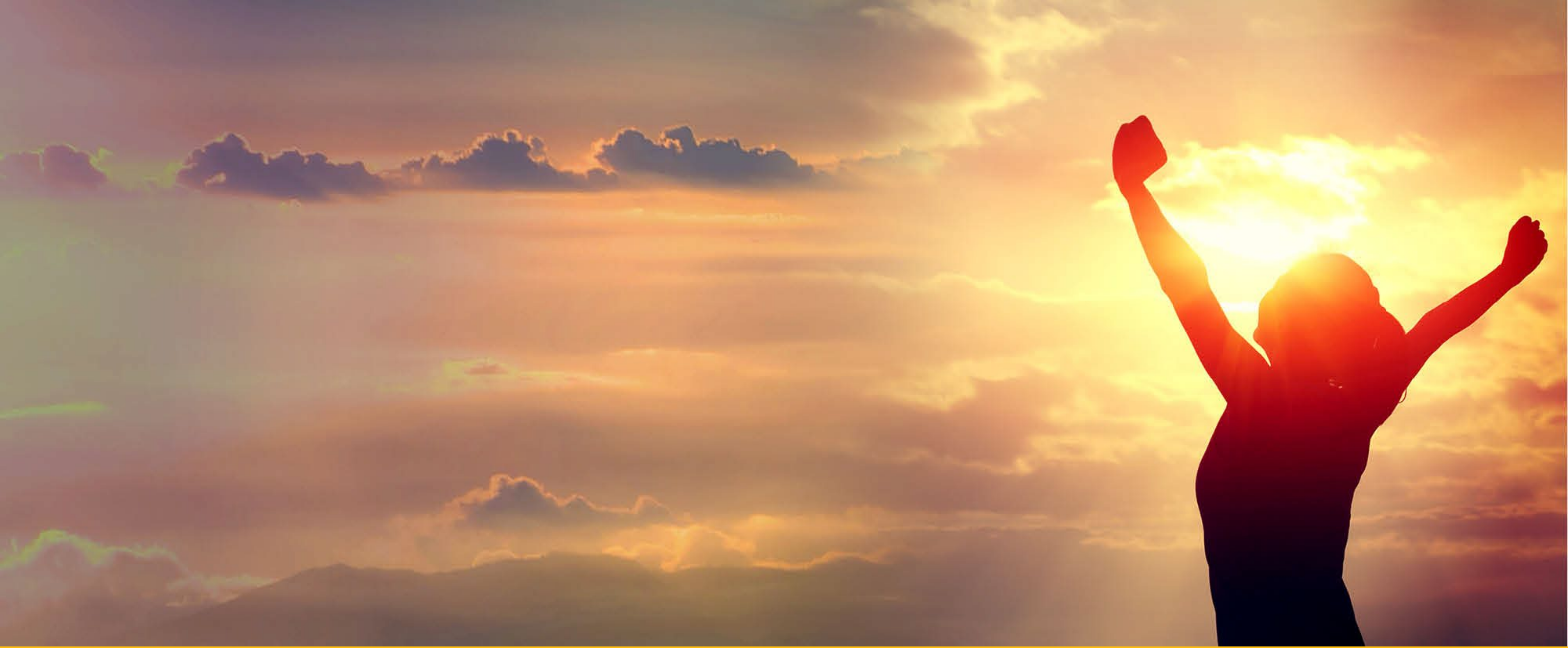

OPERATIONAL OPPORTUNITIES – LESSONS FROM THE FIELD

May 2025

EideBailly

CPAs & BUSINESS ADVISORS

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PRESENTERS

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AGENDA

- Background
- Market and Environment
- Governance/Leadership/Strategy
- Productivity Management
- Revenue Cycle
- Medicare Cost Report
- Telehealth
- Summary

BACKGROUND

WHAT IS AN SFOA?

- Strategic Financial and Operational Assessment
- Moderate to High Level Assessment:
  - Market
  - Financial
  - Governance
  - Leadership
  - Productivity Management
  - Revenue Cycle
  - Medicare Cost Report
  - Quality

WHY AN SFOA?

- Increasing financial and operational challenges being encountered in all healthcare settings.
- Various reasons, shapes and sizes:
  - Preventative
  - Crisis Driven
  - Mandated
  - Various funding sources

MARKET AND ENVIRONMENT

DO WE NEED MARKET ANALYSIS? KEY QUESTIONS TO CONSIDER

- **Benchmarking:** Do we understand how our performance compares to others in the market?
- **Strategic Planning:** Do we have the data needed to make informed long-term decisions?
- **Identifying Trends:** Are we staying ahead of shifting patient preferences or industry changes?
- **Ongoing Performance Management:** Are we tracking the right metrics to measure our success?
- **External Confidence:** Can we leverage market data to secure external support?

DATA INCLUDED IN ASSESSMENT

Hospital Volumes by Zip Code and by Type (IP, OP, Ancillary)

Population health program participation data

Analysis of Outmigration of services

Competition analysis

Service area population and characteristics

EVALUATING THE DEMOGRAPHICS OF YOUR SERVICE AREA

Demographic analysis examines the service area, focusing on factors such as age groups, household composition, income levels, education, unemployment rates, and poverty. The images to the right illustrate examples of how this data is typically presented.

PRIMARY SERVICE AREA

Zip Code	City/Town	Service Area
[redacted]		[redacted]
[redacted]		[redacted]
[redacted]		[redacted]
[redacted]		[redacted]
[redacted]		[redacted]
[redacted]		[redacted]
[redacted]		[redacted]
	Primary Service Area	89%
	Inmigration:	11%
		100%

-	2010	2020	2024	2029
Population	7,592	7,452	7,275	7,173
		↓ -4.18%	↓ -2.38%	↓ -1.40%
65+	1,471	1,526	1,617	1,705
		↑ 3.74%	↑ 5.96%	↑ 5.44%
75+	761	653	722	828
		↓ -14.19%	↑ 10.57%	↑ 14.68%
85+	225	227	233	249
		↑ 0.89%	↑ 2.64%	↑ 6.87%
Females 15 - 44	1,185	1,260	1,266	1,256
		↑ 6.33%	↑ 0.48%	↓ -0.79%
Adults18-65	4,376	4,091	3,906	3,796
		↓ -6.51%	↓ -4.52%	↓ -2.82%

Households	
2024	2029
5,452	5,404
	↓ -0.88%

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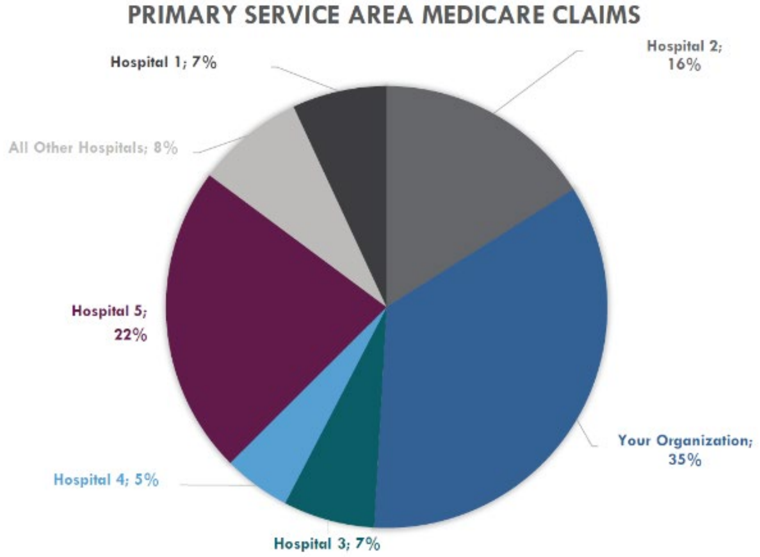
EVALUATING OUT-MIGRATION, MARKET COMPETITION, AND FUTURE VOLUME PROJECTIONS

Data and Analytics | Market Scenario Planner - Outpatient

Service Line	2023 Volume	2028 Volume	2033 Volume	5 Yr Growth	10 Yr Growth
Cardiology	9,857	10,441	10,951	5.9%	11.1%
Cosmetic Procedures	756	800	866	5.7%	14.5%
Dermatology	4,363	4,491	4,668	2.9%	7.0%
Endocrinology	211	262	308	24.1%	46.1%
ENT	3,256	3,508	3,754	7.7%	15.3%
Evaluation and Management	100,779	105,567	110,344	4.8%	9.5%
Gastroenterology	2,461	2,479	2,539	0.7%	3.1%
General Surgery	594	612	647	3.0%	8.9%
Gynecology	899	959	1,059	6.7%	17.8%
Lab	43,811	47,393	50,865	8.2%	16.1%
Miscellaneous Services	21,300	22,650	24,629	6.3%	15.6%
Nephrology	542	573	606	5.8%	11.7%
Neurology	1,698	1,771	1,876	4.3%	10.4%
Neurosurgery	89	95	107	6.3%	19.8%
Obstetrics	376	372	373	-1.3%	-0.9%
Oncology	1,572	1,591	1,655	1.2%	5.3%
Ophthalmology	9,083	9,559	10,242	5.2%	12.8%
Orthopedics	3,020	3,275	3,658	8.4%	21.1%
Pain Management	1,149	1,229	1,327	7.0%	15.5%
Physical Therapy/Rehabilitation	25,063	28,766	35,094	14.8%	40.0%
Podiatry	1,618	1,578	1,592	-2.5%	-1.6%
Psychiatry	12,771	15,458	17,123	21.0%	34.1%
Pulmonology	1,393	1,340	1,274	-3.8%	-8.6%
Radiology	29,555	30,637	32,191	3.7%	8.9%
Spine	199	224	243	12.5%	21.8%
Thoracic Surgery	55	55	55	0.8%	0.6%
Trauma	752	768	791	2.1%	5.3%
Urology	1,009	973	986	-3.5%	-2.3%
Vascular	1,687	1,804	1,941	6.9%	15.1%



HOSPITAL AND CLINIC SERVICES – SERVICE COMPARISON

[redacted]	[redacted]	[redacted]	[redacted]
A			
Asthma Treatment			
B			

[redacted] service and specialty offerings compared to hospitals that are:

(1) within 50-miles of [redacted] and

(2) have market share over 3%.

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HOW TO UTILIZE MARKET ANALYSIS TO DRIVE PERFORMANCE

- **Benchmarking** Identifying where we stand relative to competitors and peers in our region can highlight areas for improvement or untapped opportunities.
- **Strategic Planning:** Conducting market analysis could provide us with the insights necessary to develop strategies that align with future trends, even if those strategies require a significant lead time to implement.
- **Identifying Trends:** Market research can help us spot emerging trends, allowing us to adapt more quickly and meet evolving demands.
- **Ongoing Performance Management:** Utilizing market data helps us assess the effectiveness of key performance indicators, ensuring we're on track to meet organizational goals.
- **External Confidence:** Whether it's for securing funding, building community trust, or attracting partners, understanding market conditions can increase our credibility and help us present a compelling case to external stakeholders.

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COMMON FINDINGS

Patient & Consumer Behavior	Out-Migration Trends
	Shifts in Patient Preferences
	Demographic Changes
Competitive Landscape	Market Share Insights
	New or Expanding Competitors
	Reputation & Brand Perception
Service Line Performance & Growth Opportunities	High-Demand Services
	Underutilized or Declining Services
	Gaps in Care
External & Industry Trends	Economic & Social Factors

GOVERNANCE LEADERSHIP STRATEGY

GOVERNANCE AND LEADERSHIP

- Opportunities to enhance Board engagement and effectiveness:
  - Boards that better reflect the community that is served.
  - Opportunities to promote new perspectives/engagement.
  - Minimal training on current healthcare topics.
- Large spans of control at the CEO level.
- Lack of succession planning.

PRODUCTIVITY

PRODUCTIVITY

- Starts with gathering of productive hours and statistics:
  - Typically, no existing productivity process in place.
  - Challenges encountered in ability to capture data in an efficient and effective manner.
- Productivity viewed from a scarcity versus abundance perspective.
- Significant opportunities to improve processes and productivity.
- Opportunities to enhance hiring and recruiting processes.

REVENUE CYCLE

SFOA – REVENUE CYCLE ASSESSMENT

What are the components of an SFOA – Revenue Cycle Assessment component?

- Higher level done remotely/virtually:
  - Front end.
  - Mid cycle.
  - Back end.
- Denials analysis utilizing 835s.
- Rely on the data received:
  - Detailed AR aging report.
  - Unbilled report.
  - Current KPIs and corresponding data being monitored and tracked.
- Responses to the department specific questionnaires:
  - Minimal virtual interviews done as needed for follow up on the questionnaires.

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FRONT END

FINDINGS

- Eligibility and benefits verification.
- Copay's not being collected.
- Decentralized vs Centralized scheduling.
- Staff not fixing own errors.
- Staffing.

STRATEGIES

- Develop policy and procedure and utilize technology to obtain information.
- Identify potential collection opportunities by day vs what is actually collected.
- Consistent patient experience when scheduling.
- Fix own errors for awareness and education
- Onboarding and training new staff and monthly educational opportunities.

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MID CYCLE

FINDINGS

- CDM Reviews.
- Charge Capture/Coding reviews.
- Availability of tools and resources.
- Documentation not completed timely.
- New service lines before coding and billing staff is aware.

STRATEGIES

- 3-5 years external CDM review.
- Complete internal and external reviews.
- Ensure coding edit software is being utilized and books as needed.
- Deficiency process in place and being followed.
- Implementation of a new service line process.

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BACK END

FINDINGS

- Gaps in skillset:
  - Claims
  - Payer Rejections
  - Follow up Processes
  - Payer billing rules and guidelines
  - Payment posting
- Thrown in before properly trained.

STRATEGIES

- Develop training plan.
- Education on payer billing rules and guidelines:
  - Insurance Matrix
- Develop daily, weekly and monthly expectations.
- Run weekly aging reports:
  - Hot list (high dollar)
  - At risk (approaching timely)

DENIALS COMMON FINDINGS

Lack of data available or not sure how to use the data available

Gaps in processes or lack of a process

Medicare ABN process missing or not being followed

Medical Necessity Errors

Incorrect or missing insurance:

- Not understanding benefits

Root Cause Analysis:

- Lack of accountability when the root cause is identified
- RCA not being completed

Missing Denials Management Program/Workgroup

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MISCELLANEOUS COMMON FINDINGS

- Compliance concerns:
  - No Surprises Act/Good Faith Estimates
  - Financial Assistance Policy
  - Price Transparency
- Policy and procedures – typed and available to staff.
- Provider credentialing and enrollment:
  - Errors in the submitted paperwork
  - Provider not approved prior to providing services
- Technology not being utilized as intended.
- Lack of training and development for staff.
- Cross department communication:
  - Take down the silos

MEDICARE COST REPORT

MEDICARE COST REPORT

- Opportunities:
  - ER availability time studies.
  - Overhead allocation.
  - PSR revenue matching.
  - Proper departmental expense.
  - Service line profitability.

TELEHEALTH

TELEHEALTH

- Increased activity during COVID PHE:
  - Decreasing to complete elimination post COVIC PHE.
- Originating Site Fee creates challenges.
- Opportunities to better integrate telehealth into the strategic plan.

CLOSING THOUGHTS

CLOSING THOUGHTS

- Challenges will continue to exist in the rural healthcare setting.
- Opportunities to improve performance exists.
- SFOAs (internally or externally) provide an avenue to identify potential opportunities.
- A change in outcomes requires a change in action.
- Time is off the essence.

QUESTIONS?

THANK YOU!

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