A New Era of Revenue Cycle Modernization

Hawaii HFMA Annual Conference

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Introductions and Agenda

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1. **A Challenging Era for Healthcare Providers**
   10 minutes
2. **The Call to Action for Revenue Cycle Leaders**
   40 minutes
3. **Q & A**
   10 minutes

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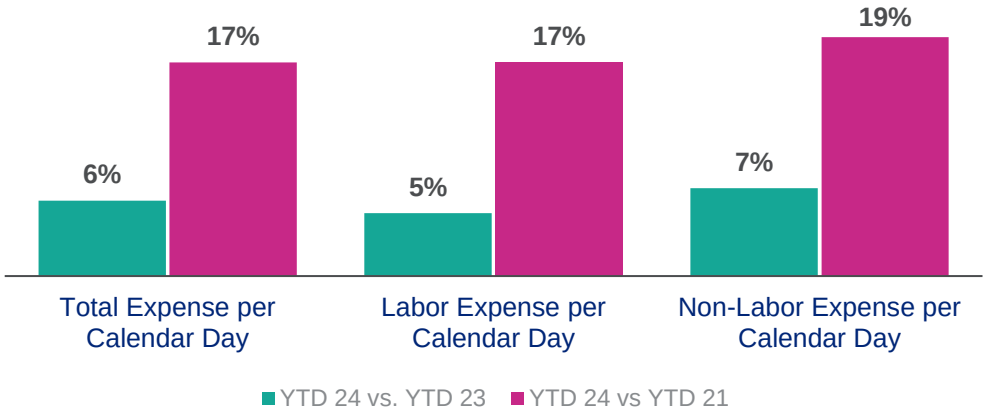
A Challenging Era for Healthcare Providers

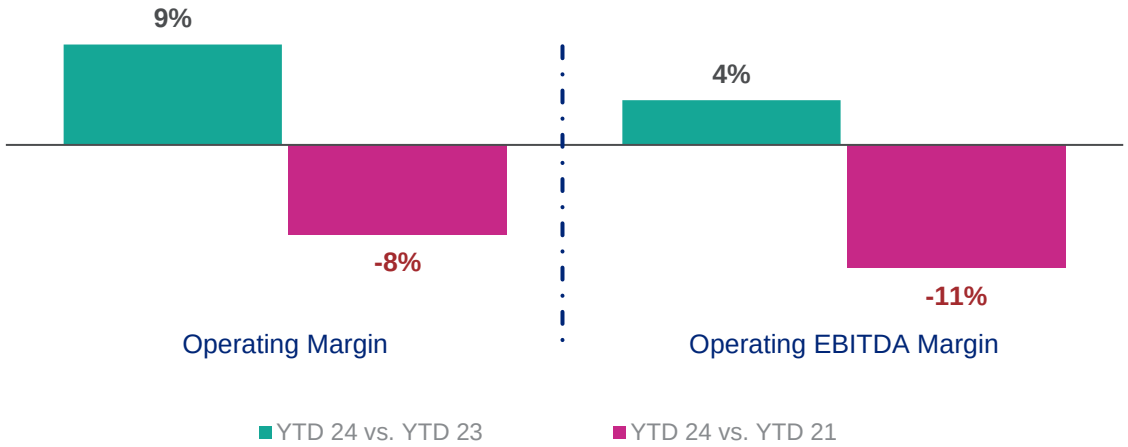
Financials Recovering for Many, but not Healed

Operating margins highlight financial healing is still underway for most health systems. While many organizations are better off than they were in 2023, performance indicates still a long way to go.

Expenses Moving in the Right Direction



But Not Fast Enough to Fix the Operating Margin Differential



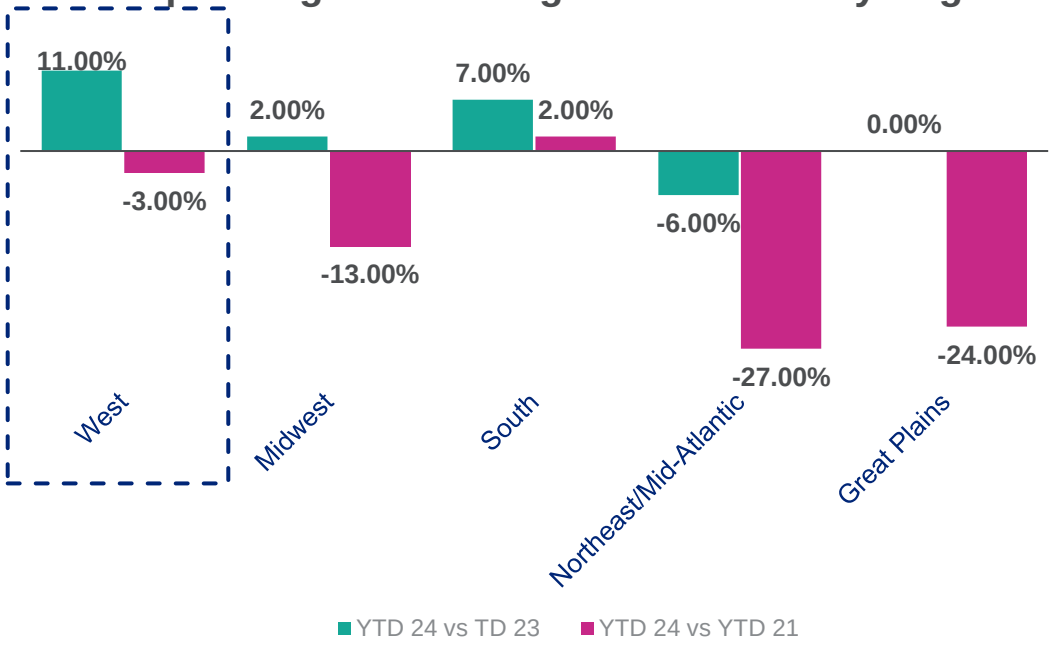
> … being asked to do more with less, finding the time with which to identify areas that need improvement and finding the resources to develop …can seem like an overwhelming undertaking."

Source: *Kaufman Hall Dec 2024 Hospital Flash Report*

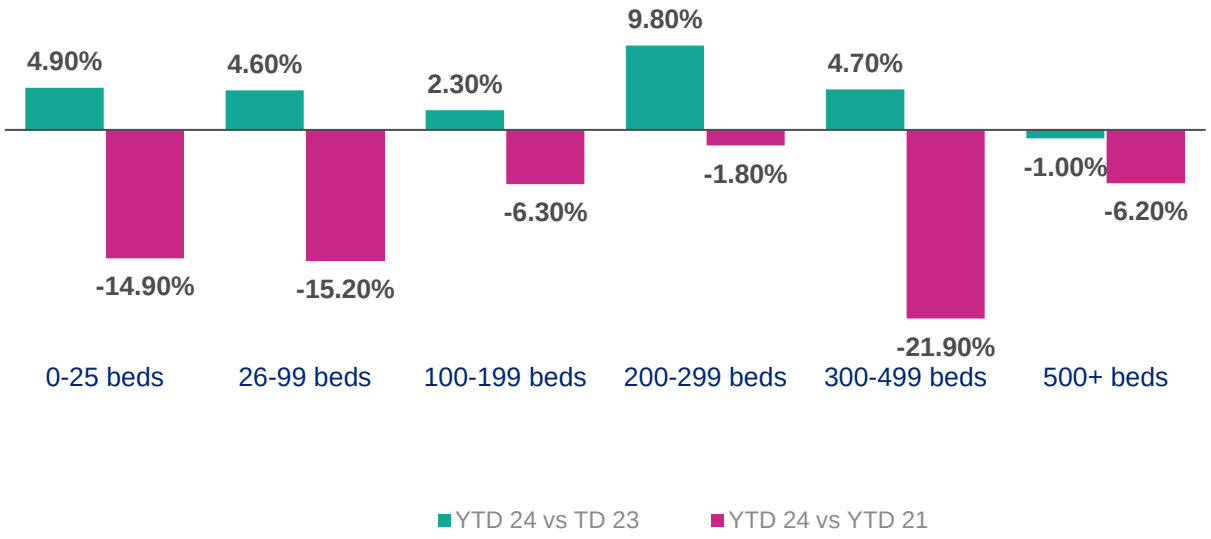
And the Pace of Recovery is Not Always Equal

Operating margin performance continues to lag in comparison 2021, with significant differences based on organizational size and regional geography. Several distinct factors contributing to the high-performers' prosperity include scalability, higher outpatient revenue, swift reductions to contract labor, and lower average length of stay.

Operating EBIDA Margin Differential by Region



Operating EBIDA Margin Differential by Provider Bed Size



Source: *Kaufman Hall Dec 2024 Hospital Flash Report*

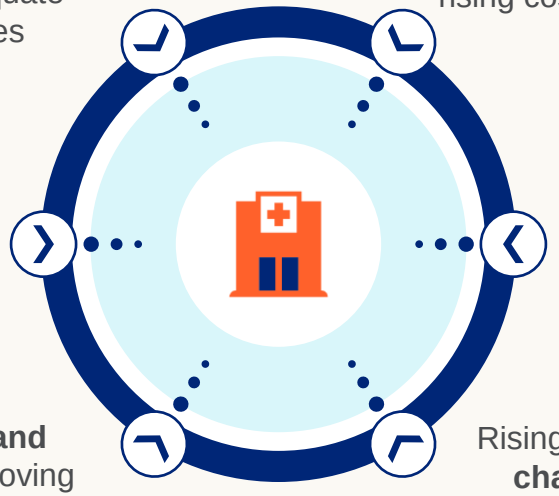
Adapting to New Operational and Economic Realities

Healthcare's financial predicament for the next 12–18 months is being described in strong terms. These financial headwinds are upending healthcare's traditional status as "recession-proof."

A confluence of factors exacerbating 2024 stress

Persistent workforce concerns such as burnout and shortage creating inadequate staffing and high wages

Reimbursement rates not keeping pace with rising costs and inflation



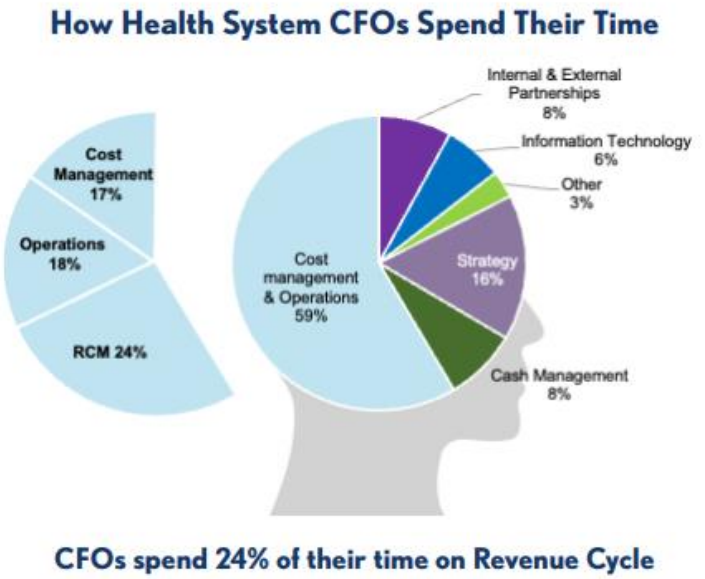
Clinician burnout concern s driven by administrative burdens and challenging patient culture

Clinical Care Pressures

Investment declines and market uncertainty removing any cushion for operational weakness

Rising **inflation** and **supply chain disruptions** are escalating costs and impacting care delivery

> This is the first time in my 30-year career during which my beds are full, and I have no margin."
>
> - Health System CEO, Q4 2023



Source: Advisory Board Research, 2022; Healthcare Finance Trends for 2023: Multiple Intersecting Challenges, *Commerce Healthcare, January 2023* - Healthcare Finance Trends for 2023: Multiple Intersecting Challenges | CommerceHealthcare ; HFMA HFMA Health System CFO Pain Points 2024: Margin Challenges & Opportunities for Vendors, 2024

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The Call to Action for Revenue Cycle Leaders

Five “No-Regrets” Strategies for a New Era

Imperatives for 2025 and beyond to preserve margin and improve yield

Pursue Coordinated Cost-to-Collect Reduction Measures

Deploy a multi-year strategic approach to identify and adopt lower cost and better-quality alternatives for administrative revenue cycle and medical group services and tasks.

Broaden and Strengthen Revenue Assurance Actions

Leverage analytics to pinpoint net revenue capture opportunities and explore meaningful investments that deliver value across fee-for-service and value-based care arrangements.

Drive Financial Success with Intelligent Automation and Technology

Utilize leading edge automation technologies to drive improvements in revenue collection and key performance metrics, mitigate workforce challenges, enhance business intelligence and achieve workflow efficiencies.

Design a New Approach to Engage Your Hybrid Workforce

Broaden recruitment and staffing tactics, adopt retention strategies, leverage automation as a member your team, and enhance culture to achieve a resilient, hybrid workforce with an emphasis on “top of capability” performance to become the employer of choice.

Revolutionize your Patient Financial Experience

Expand access to care, engage patients in their health, and offer personalized digital and self-service options to enhance patient loyalty and retain lifetime value while simultaneously reducing customer service costs.

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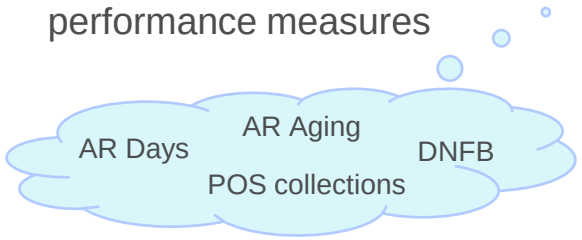
Emergence of a New Mindset in Revenue Cycle Modernization

Performance focus pursues excellence….an impact focus favors value

Speed → **Performance** → **Impact**

Evolving Measures of Success

Focus on meeting legacy key performance measures



Focus on maximizing net revenue, collections, patient satisfaction through technology and targeted “programs”

$$\frac{Cash\ Collections}{Expected\ Reimbursement}$$

Focus on balancing revenue performance and operational costs to maximize **yield**

$$\frac{Cash\ Collections - Expense}{Expected\ Reimbursement}$$

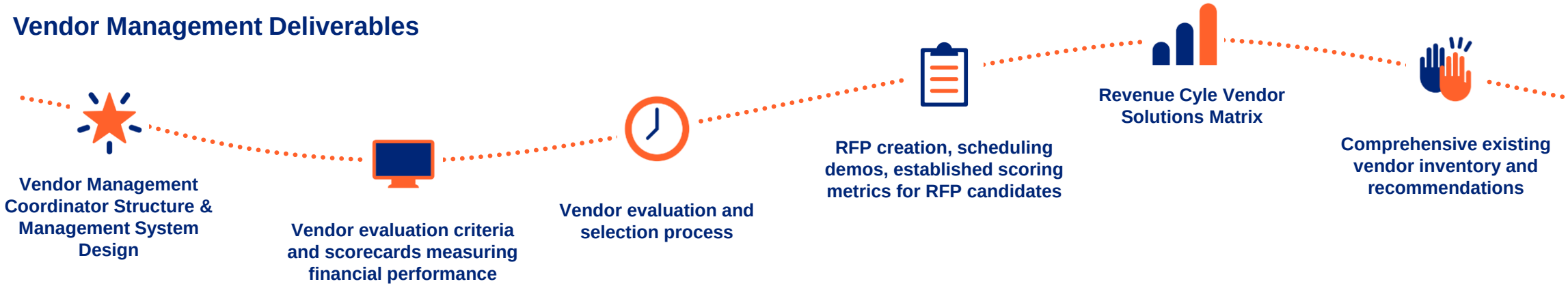
Shifting Mindset

Does our team get the job done? → *Are we performing as well as we should?* → *Are our services a good **value** for the organization?*

Are we making the right investments in people, services, and technology?

Optimizing Revenue Cycle Vendor Selection & Management

Vendor Management Deliverables



Vendor types replaced throughout engagement:	Contract Management	Collection Agencies	Patient Balance Management	Transfer DRG (TDRG)

Sustainable Results:

$1.29M

Realized from identification of existing Transfer DRG recovery vendor relationship

$425K

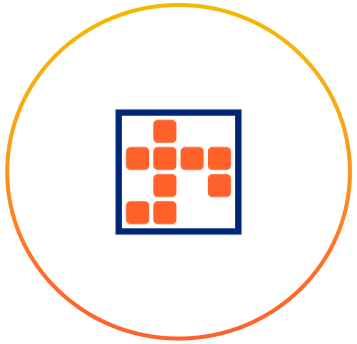
Annual savings resulting from identified collection agency cost reduction

75 – 200%

increase in collections documented from members within the first year using the solution via new patient balance management solution

Revenue Assurance Imperatives

Each revenue cycle department plays a role in the efficient capture, maximizations, and protection of revenue from the services provided.



Capture

- Acute care CDM and ambulatory fee schedule optimization
- Charge capture process and education, including service line engagement and education
- Standardized and streamlined charge reconciliation process and protocols
- Coverage discovery and Medicaid conversion

Maximize

- Coding and documentation quality audit programs
- **Physician documentation educational programs**
- **CDI Programs to monitor ensure accurate documentation of patient acuity**
- Market rate analytics and managed care payer negotiations
- **Strategic Pricing**

Protect and Recover

- Structured denial prevention program
- Contractual underpayment ID and recovery program
- Drive awareness of regulatory changes impacting reimbursement (e.g. CMS site neutrality)
- Add-on specialized recovery services (tDRGs, Auto/Liability, zero balance reviews) to extend business office

Multi-state Health System Addresses Pricing Inconsistency

Summary

- A multi-state health system was looking to improve their net revenue position across the system and address pricing disparities resulting from years of acquisitions
- They worked with Optum Advisory to deploy intelligent pricing analytics of managed care contracts and revenue usage data

Goals

- Normalize pricing across multiple regional facility CDMs
- Sustain or improve charge positioning in local markets relative to competitors
- Improve annual net revenue where possible within specific service lines while avoiding an aggregate increase in charges

Multi-state health system

Figure 1.0- Strategic Pricing Timeline and Milestones

Solution Set:

- Benchmark health system's current prices to the target region to market competitors
- Calculated pricing adjustments to simultaneously meet client's strategic goals and modeled net revenue impact
- Normalized/Calibrated prices for CPT codes to create a standard shared charge master price
- Provided ongoing tracking of revenue achievement

Impact

$560K

Projected revenue increases for net sensitive CDM line items

4:1

Return on investment

Gross Revenue Neutral

Strategic upward and downward adjustments to CDM line items charges accomplishes client's gross revenue neutrality goal

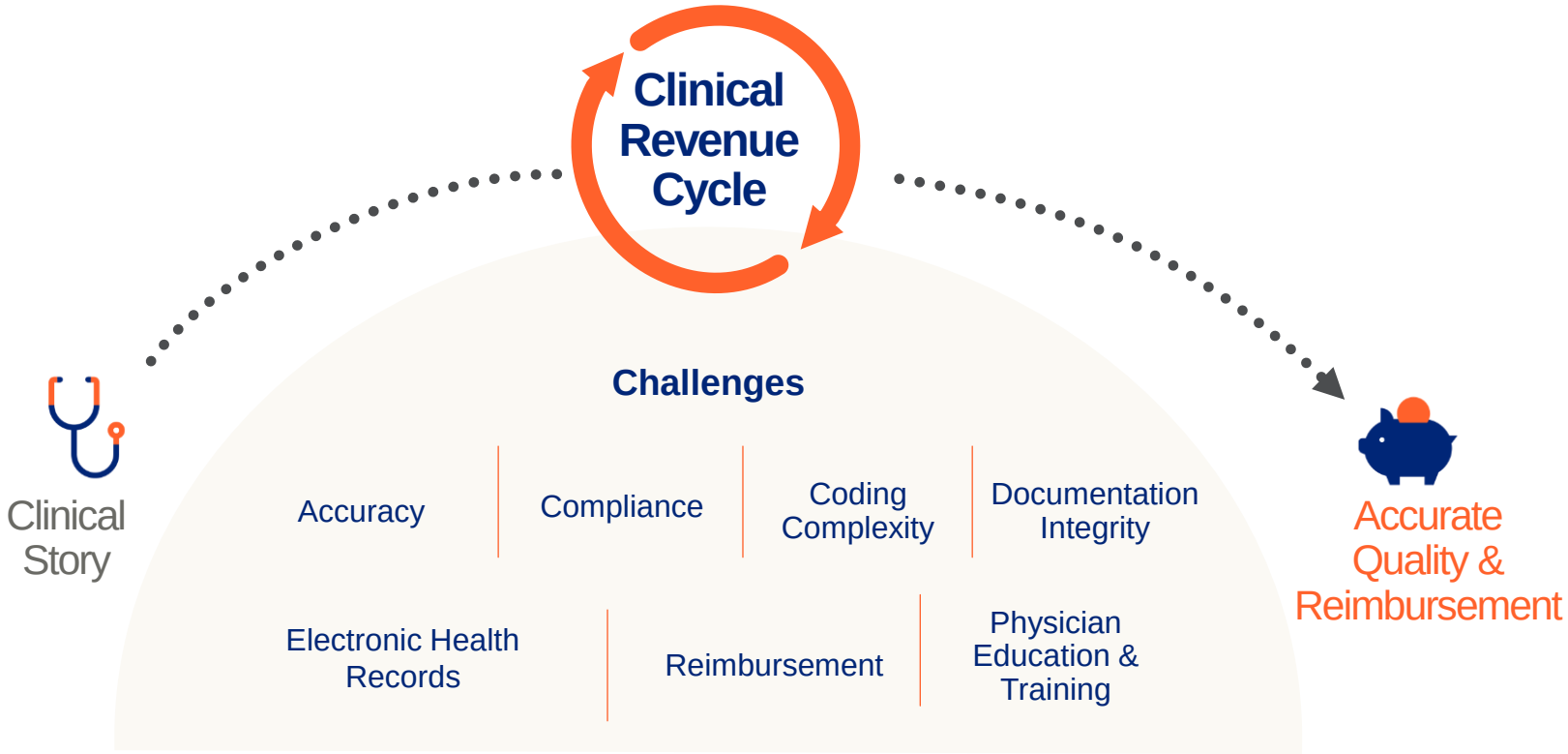
Maintained or improved market position for market charge levels

Shared a tailored pricing study for each hospital confirms current and expected changes relative to regional competitors

Underscoring the Importance – and Complexity – of Documentation

> “Achieving meaningful improvements in quality and patient experience requires **tight alignment between providers and operational** teams.”

Chief Medical Officer
7-HOSPITAL SYSTEM IN MIDWEST



Supercharge ACDI Impact with Technology Enablement

Technology enablers will increase ACDI chart coverage, productivity, and overall RAF score through identification of suspect conditions, review prioritization, and other means.

1. Patient Activation
Scheduler makes outbound call to patient

2. ACDI Pre-Visit Review
ACDI RN conducts a comprehensive review to identify suspect conditions and chronic conditions in need of refresh

3. ACDI Pre-Visit Query
ACDI RN pushes BPA(s) to the provider

4. Visit Documentation
Provider addresses relevant BPAs and documents all addressed conditions and activities performed

5. Problem List Maintenance
Provider and care team update the Problem List to accurately reflect active and past conditions

6. ACDI Post-Visit Review
ACDI RA Coder reviews encounter documentation and code set for clarity and accuracy

7. ACDI Post-Visit Query
RA Coder sends query to provider to ensure documentation supports assigned codes

8. Provider Query Response
Provider responds timely to post-visit query, allowing RA Coders to adjust code set and release encounter for billing

9. Reporting and Analytics
On an ongoing basis, pre-set KPI dashboards and reports are refreshed and distributed to all stakeholders

Technology Enablement Prioritization

Integrations with Epic:

1. Pre-visit NLP or similar
2. Encoder
3. Post-visit NLP
4. Business Intelligence (BI)

Native Epic functionality:

1. Best practice advisories (BPAs)
2. RAF gap calculation
3. Epic work queues & routing rules
4. Standardized documentation templates
5. Standardized SmartPhrase library
6. Risk Adjustment dashboards
7. Specialty-specific diagnosis favorite lists

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Indicates opportunity for technology enablement

Touchless Revenue Cycle Management Journey

Inclusive of an exceptions-based process for accounts requiring manual intervention

Patient journey begins

Patient Acquisition, Price Transparency & Scheduling

- Shops for service or procedure online and aligns patient needs with provider
- Digitally schedules appointment via preferred channel

Eligibility & Coverage Discovery

- Electronic insurance verification
- Electronic Medicare & Medicaid screening
- Electronic identification of undisclosed coverage

Prior Authorization & Medical Necessity

- Automated authorization determination, submission and status alerts
- Automated medical necessity checking and ABN delivery

Estimation, Price Transparency, Payments

- Patient receives updated out-of-pocket estimate via preferred channel
- Patient prepays for care via preferred channel

Patient Electronic Pre-registration

- Patient completes documents, questionnaires, forms, registration online

Appointment Reminder

- Patient receives reminder via auto dialer or text message

Electronic Check-in

- Virtual waiting room
- Patient check in via mobile-phone
- In-office kiosks or tablet

Provider Visit

- Receives care through in-person or video visit

Coding & Documentation

- NLP technology leveraged to assign codes
- Autonomous coding completed

Billing & Submission

- Electronic payer-specific claim edits
- Digital automated billing

Payment Posting & Credit Balance Automation

- Automated cash posting

Follow Up & Account Resolution

- Automated claim status checks
- Payment Integrity Analytics
- Intelligent Recovery & Adjustment

Patient Payments

- Patient receives consolidated, encounter-wise bill via preferred channel
- Pays using omni-channel payment options, payment plans

Patient journey ends

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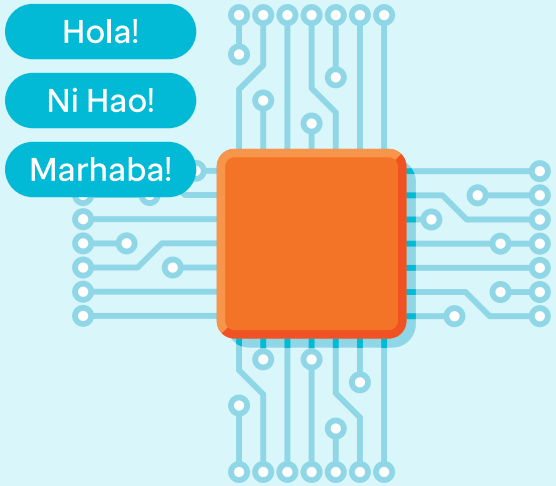
Embracing Automation Critical to Contact Center Evolution

Innovation areas

Conversational AI

Value: *Enable self-service, expand coverage and supported languages*



- Real-time integration with the EMR (Epic as Phase 1) to match patient identity and predict intent (focused on established patients)
- Mimic retail-like experience (i.e. frequent flyer experiences by calling the airline)
- Ability to support additional languages while expanding 24/7/365 self-service for common use cases

Agent Co-Pilot

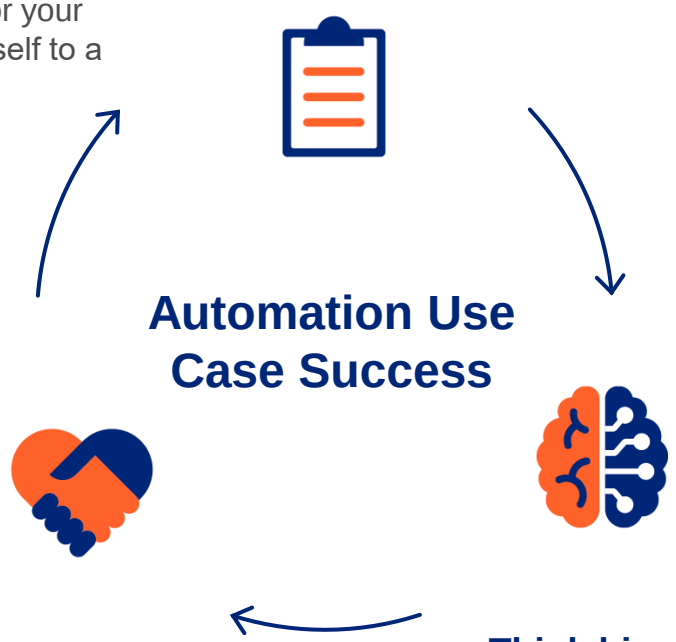
Value: *Improve first pass patient resolution, increase patient satisfaction by reducing call time*

- Real-time call summarization for more detailed encounter documentation in the EMR
- Deliver agent guidance and suggestions based on the ambient call listening
- Real-time sentiment analysis and feedback prompt to identify a need for escalation or remediation
- Automated record pull from EMR to present agent a summary encounter which reduces the number of questions to improve the patient experience

Sustainment and Service Line Agreements

Use case selection

Identify use cases most pertinent for your organization — don't constrict yourself to a vendor menu



Build enthusiasm

Automation seldom achieves ROI on its own, organizational buy-in and top-down support is critical

Think big — start small

- ROI is seldom achieved within provider organizations through 1–2 task automations
- Focus on automating wholistic workflows and processes

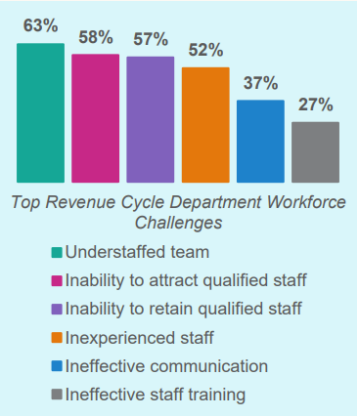
"This is awesome, I want everything."

- Identify the best business cases
- Focus on highest value — quickest delivery of value
- Think big — start small
- Fail fast — learn fast
- Iterations build on each other
- Increase scope with each iteration

How do your workforce challenges compare?

Traditional methods of staffing and retention are no longer sufficient or sustainable. Revenue cycle leaders should re-assess their operational model and staffing and adopt to the evolving priorities and expectations of the labor pool.

Top Revenue Cycle Department Workforce Challenges



Source: Sage Growth Partners, June 2024

Finding and keeping talent

65%

of leaders identified finding skilled talent as one of the top obstacles. A combination of strategies will be needed to find and retain skilled talent

Anticipate and Adapt to Workforce Changes

Training & Development

Enable cross-functional training and ensure that employees and leadership grasp their impact on the revenue cycle. Evaluate roles regularly to spot re-skilling and up-skilling chances. Establish internal mentorship programs to nurture employees' skills for advanced roles within the organization.

Recognition and Reward Program

Implement a results-driven rewards program that aligns individual and business performance goals. Feedback and constructive criticism are crucial for growth, but acknowledging great work is equally important.

Enable Flexible Work Arrangements

Talent management activities must adapt to the evolving priorities and expectations of the labor pool. High-performing organizations understand that employee engagement strategies must support expectations across all generations.

Succession Planning & Career Ladder Development

Organizations can pave the way for future promotions by identifying high-potential middle managers delivering significant results. Defining clear career paths with typical progression and required milestones at each step is key.

Addressing the Triple Aim for a Reimagined Experience

69% of Americans consider switching to another provider who offers a better experience

79% of Americans want to use technology when managing their healthcare experience

81% of Americans believe scheduling appointments online would make the scheduling process easier

Mirror the level of excellence in the clinical experience

- Senior leaders from prestigious organizations nationwide emphasize the need to elevate the patient's financial experience to match clinical quality.
- Patient feedback indicates that the financial experience is crucial in guiding their choices about where and when to receive care.

Improve patient's financial experience

- Optimizing the financial experience improves the patient experience.
- National research and industry-wide data indicate the financial experience heavily influences patient loyalty and payment likelihood.
- Opportunity to enhance loyalty and retention, maximizing customer lifetime value.

Seize the first-mover advantage for a consumer-focused experience

- Our research and extensive roundtable dialogues with leadership across the country continue to suggest an opportunity.
- Be among the first organizations to truly deliver a transformed patient financial experience.
- Differentiate and attract patients through this transformation.

[1] Source: The Harris Poll prepared for Tegria. *New Healthcare Provider Experience Study*. 2022. Available at: https://www.tegria.com/wp-content/uploads/2022/05/Tegria_Key-Findings-Guide.pdf Accessed September 4, 2024.

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A streamlined, digital patient experience improves acquisition and retention

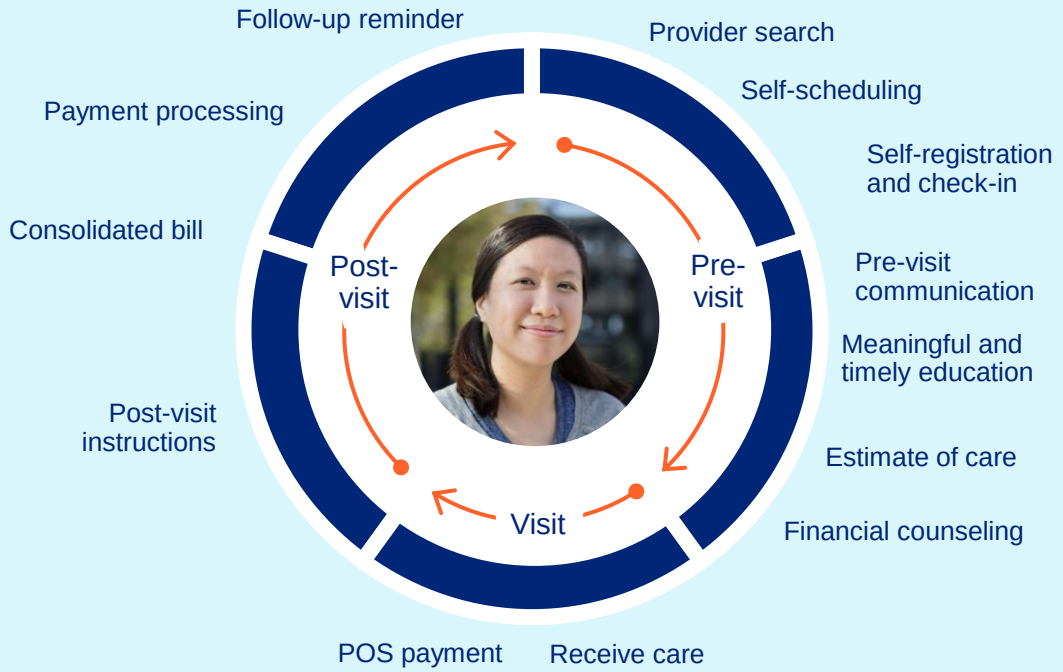
A disjointed, fragmented patient experience drives consumers looking for care, elsewhere

48%

of health care consumers would consider leaving their health care provider for a better payment experience*

vs.

A patient-centric approach unifies clinical and financial experiences with your network



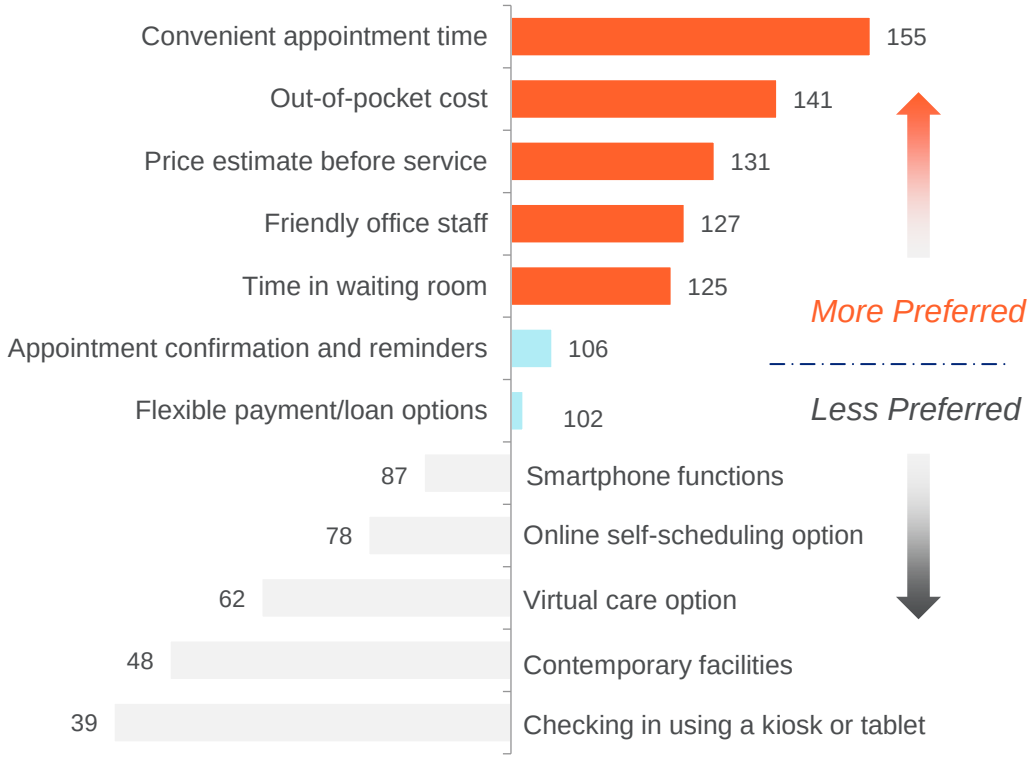
*J.P. Morgan / Instamed. Trends in Healthcare Payments 14th Annual Report. March 2024.

Don’t let “Shiny Things” be the Centerpiece of Your Experience

Consumers want consideration for me, my time, and my money. While patients may adopt purposeful technology, it does appear to overshadow the desire for fulfillment of foundational elements of the experience.

Indexed Importance Scores

Base = Total Respondents (n=1,500). An index score of 120 or more would indicate preference 20% (or more) above average, suggesting a relatively stronger performer.



The overall experience delivered is determined by the combined performance within these core competencies:

Service Standards

- Degree of Process excellence
- Financial Clearance focus
- Whole-system consistency
- Workflow management
- Staff/Service availability

Aesthetics

- Dialogue/Behavioral Rigor
- Service recovery options and staff empowerment
- Print and Web content and design
- Branding Consistency

Technology Offerings

- Transparency/Estimation
- Self Service Options
- Green & Mobile options
- Technology “stickiness” and incorporation

Management

- Performance metrics (hard and soft) across journey segments
- Staff Motivation and Incentives
- Staff Training and QA
- Survey feedback

Do you know how well you are performing?

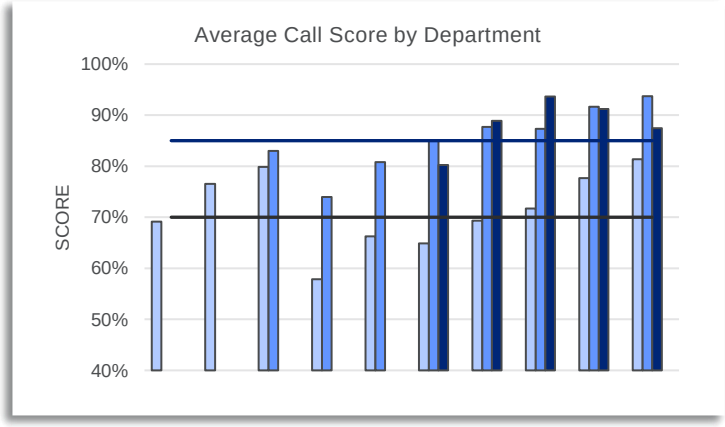
Pioneering a Progressive Financial Experience

Challenge: Legend Medical Center's remarkable clinical quality and experience exceeded that of non-clinical areas, particularly for personal interactions regarding financial matters. Leadership acknowledged the damage of this discrepancy on the overall perceptions of the health system and were dedicated to adopting meaningful changes. Immediately following a comprehensive diagnostic assessment of its financial experience, Legend Medical Center extended their partnership with Optum Advisory (OA) to guide the advancement of culture, services, and technology to better meet patient expectations.

Action: With a unified mission this industry-leading effort rallied around a leadership-defined set of core financial experience values that manifested into guiding principles for future improvements. These guiding principles and the associated 18-month implementation roadmap created an achievable plan for a range of immediate tactical improvements and a foundation for future decision making.

Improved Call Performance Nets Positive Patient Experience

Achievements across narrative quality, patient feedback, and team member reward and recognition



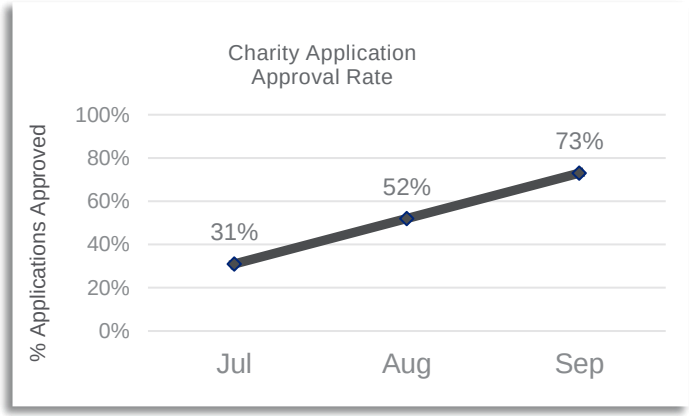
> *I had the pleasure of speaking with [the patient] who expressed how pleased she was with the outstanding customer service that [the agent] provided.*

I had questions related to my account and had the real pleasure of talking to [the agent]. She was very patient, professional and bottom line - got the job done.

I really want to acknowledge [the agent] for helping get my lab results to my PCP. She went above and beyond to do her job and that made a difference in my day today.

Adjusted Workflow drive Expedites Charity Application Approval

Achievements in optimizing workflow and leveraging available data to improve the patient experience

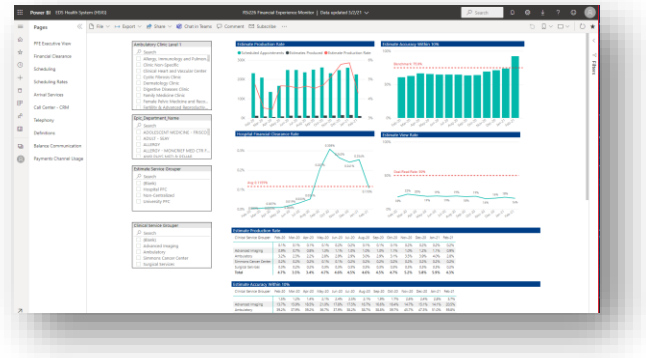


Improved process impacts experience directly and indirectly:

- Eliminated manual follow up with a subset of patients
- Reduced charity denials caused by lack of documentation
- Improved turnaround speed on charity approvals
- Freed up staff capacity to serve patients with more complex financial situations

New Performance Data Infrastructure Supports PFE Program Sustainability

Achievements in cross departmental collaboration to ensure data is automated, digestible, and available for leadership in a central platform



PFE Performance Dashboard Highlights

- Aggregated multi-sourced data for clear visibility into operational areas that matter most to the patient
- Refined slicers and views to support drilled-down reviews and action planning
- Leaves room for data set and metric expansion

Q&A

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