



Smart decisions. Lasting value.™

Getting the most from your healthcare performance initiatives – the framework makes the difference

August 28, 2019

Matt Szaflarski

Your Presenters

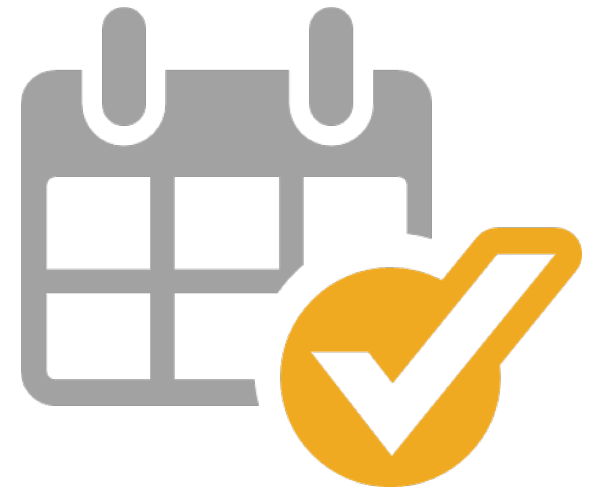


Matthew Szaflarski
Senior Manager

Matt Szaflarski is the leader of our Performance Integrity team. Matt has historically led Crowe's denials solution and has assisted both community based providers and large health systems through process redesign initiatives aimed at improving revenue cycle performance.

Agenda & Learning Objectives

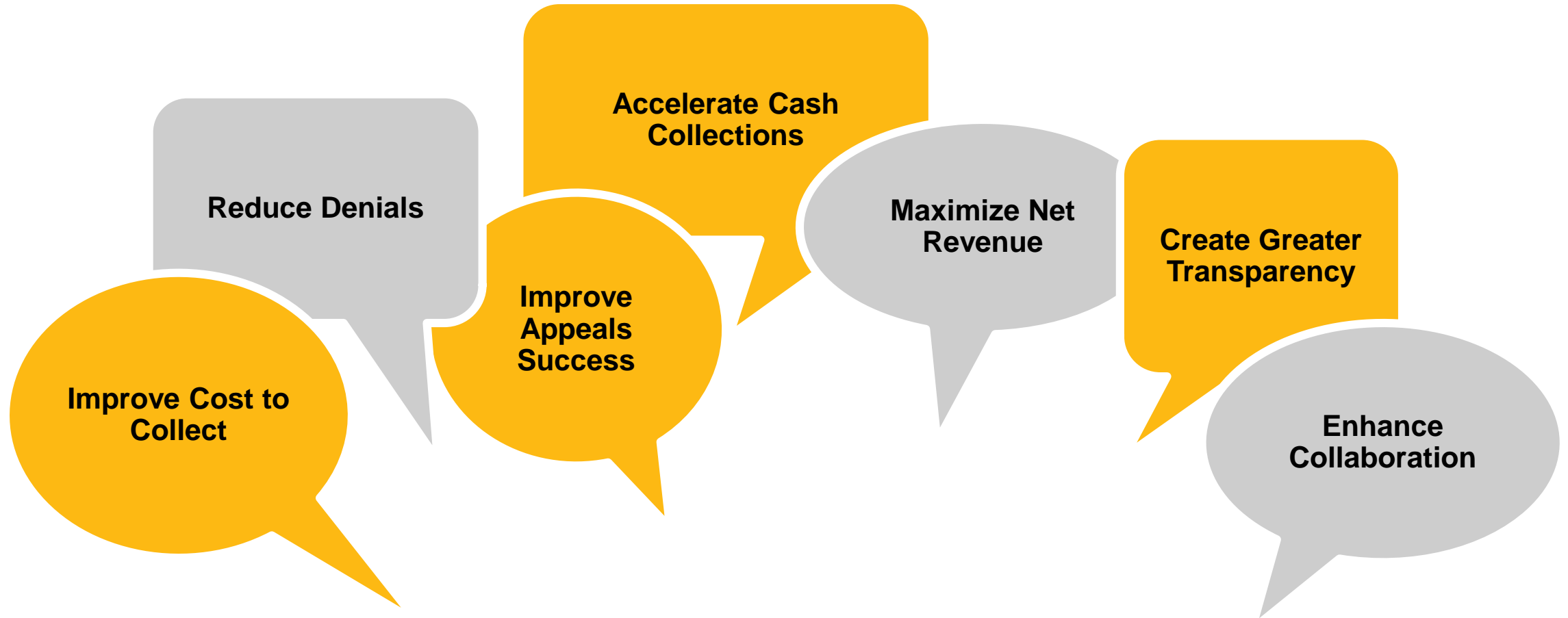
- Identify initiatives within your organization that would be candidates for the process improvement framework and how to quantify the expected results
- Design effective communications for sharing results and improvements with the team and stakeholders
- Outline next steps for you and your team to engage the framework and development of your process improvement efforts



The Need for an Appropriate Process Improvement Framework



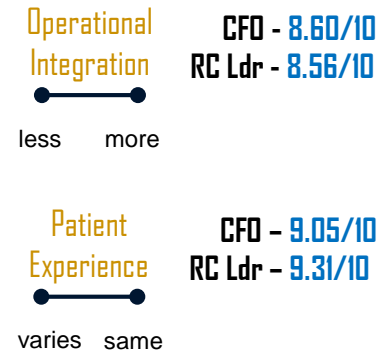
Pressure for Revenue Cycle Performance Improvement: What Our Clients are Saying?



Polling 20 CFO's and Rev Cycle Leaders

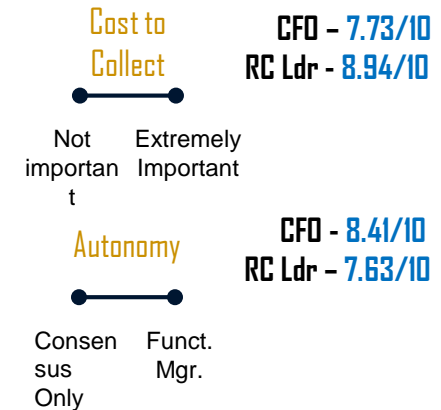
1) Systemness

- **Standardization of operations** before centralization
- Agreement that there should be **alignment of functions**
- **Establish Brand** with consistency among like-services



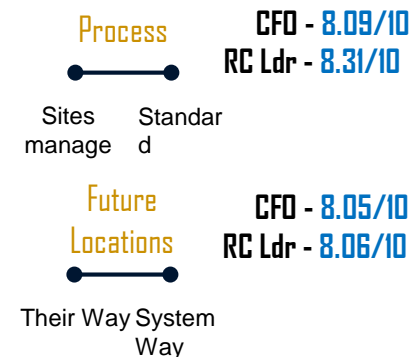
2) Efficiency/Cost to Collect

- Evaluate balance between **Cost to Collect, Return on Investment, and Opportunity Cost**
- **Optimize system resources** to maximize efficiency
- **Functional accountability** across the System
- Should allow for **regional input and transparency**



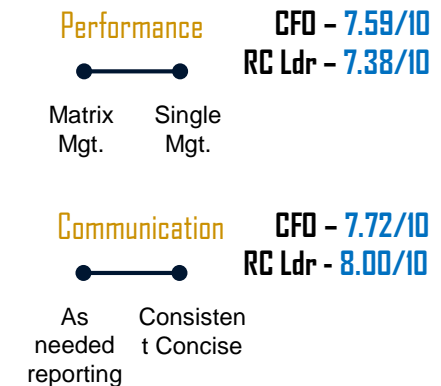
3) Scalability

- **Standardize processes across system** in Key Functional Areas
- **Develop roadmap to implement 'The Way'**
- Should allow **flexibility for discovery of best practices and innovation** through acquisition



4) Transparency

- Establish **central point of accountability with regional enforcement**
- **Maximize success from established regional leadership/departamental relationships and collaboration**
- Deliver **concise set of standardized reports**
- Retain **ability for ad hoc analytic drill-down**



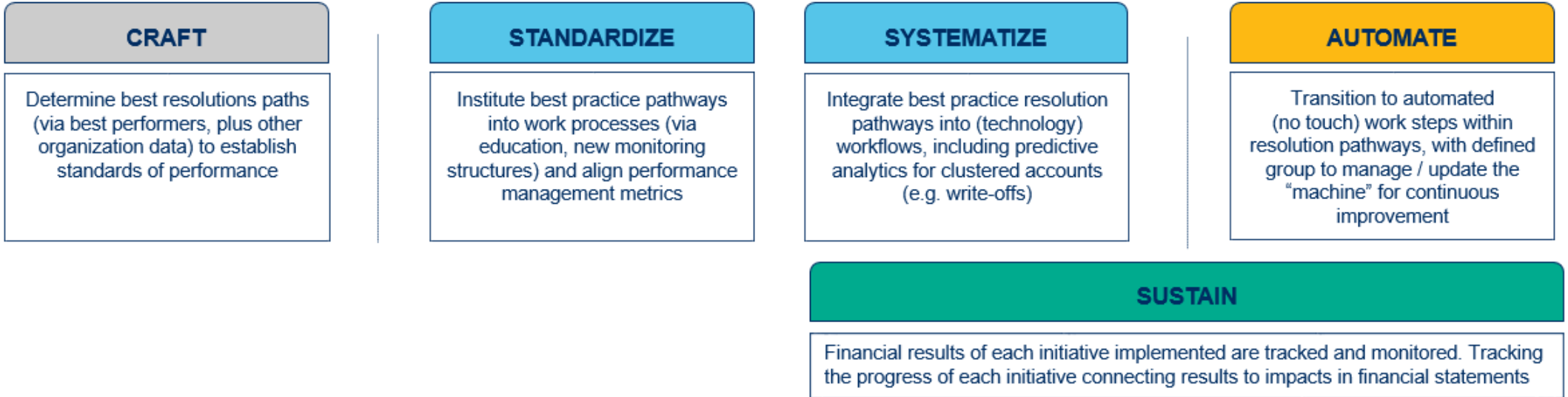
Artificial Intelligence

RPA "Bots" **GARBAGE IN
GARBAGE OUT** Disruption

Automation

The Journey to Automation...A Performance Improvement Approach

Crowe's Approach

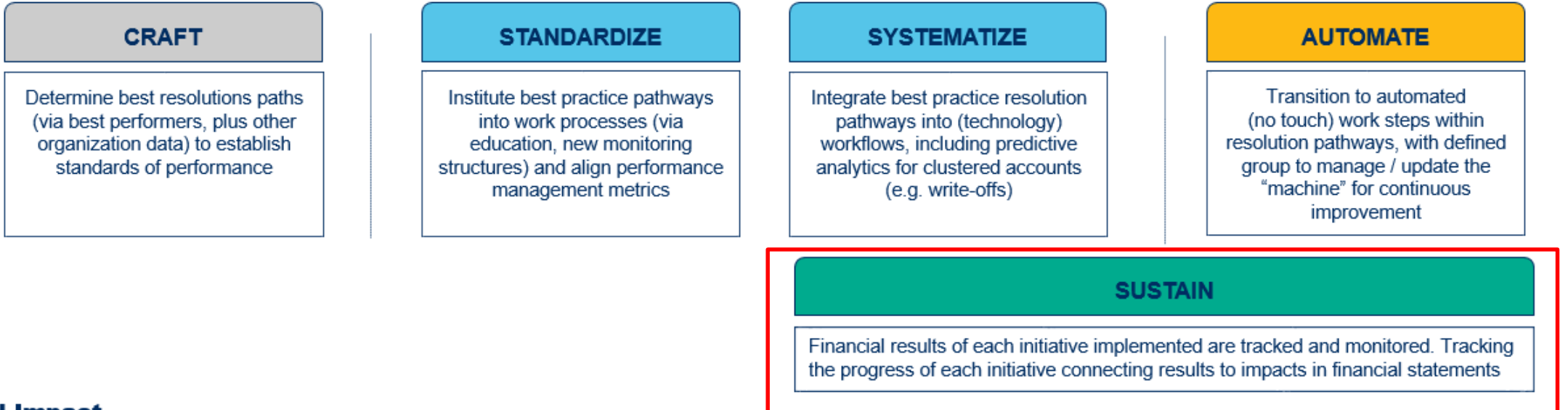


Financial Impact



The Journey to Automation...A Performance Improvement Approach

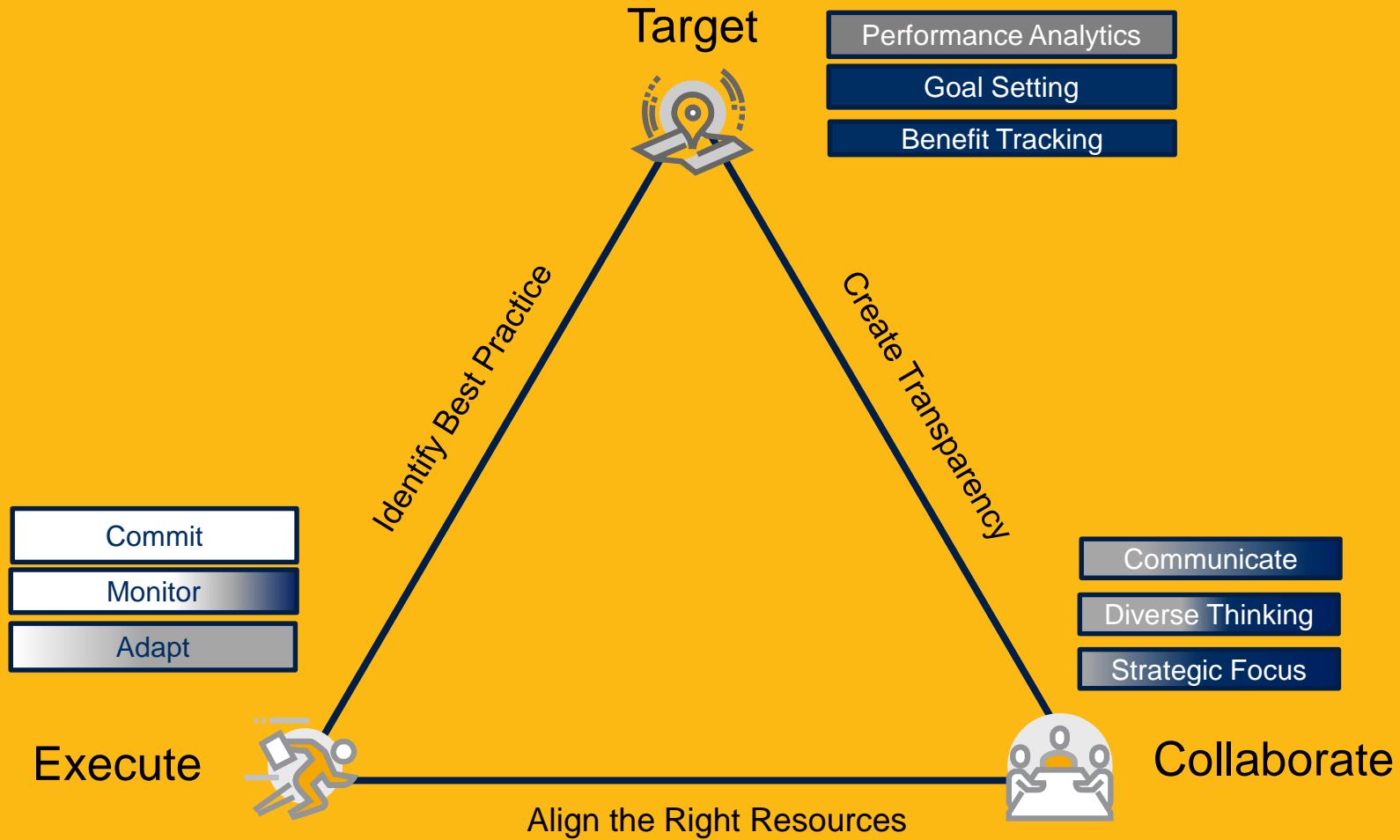
Crowe's Approach



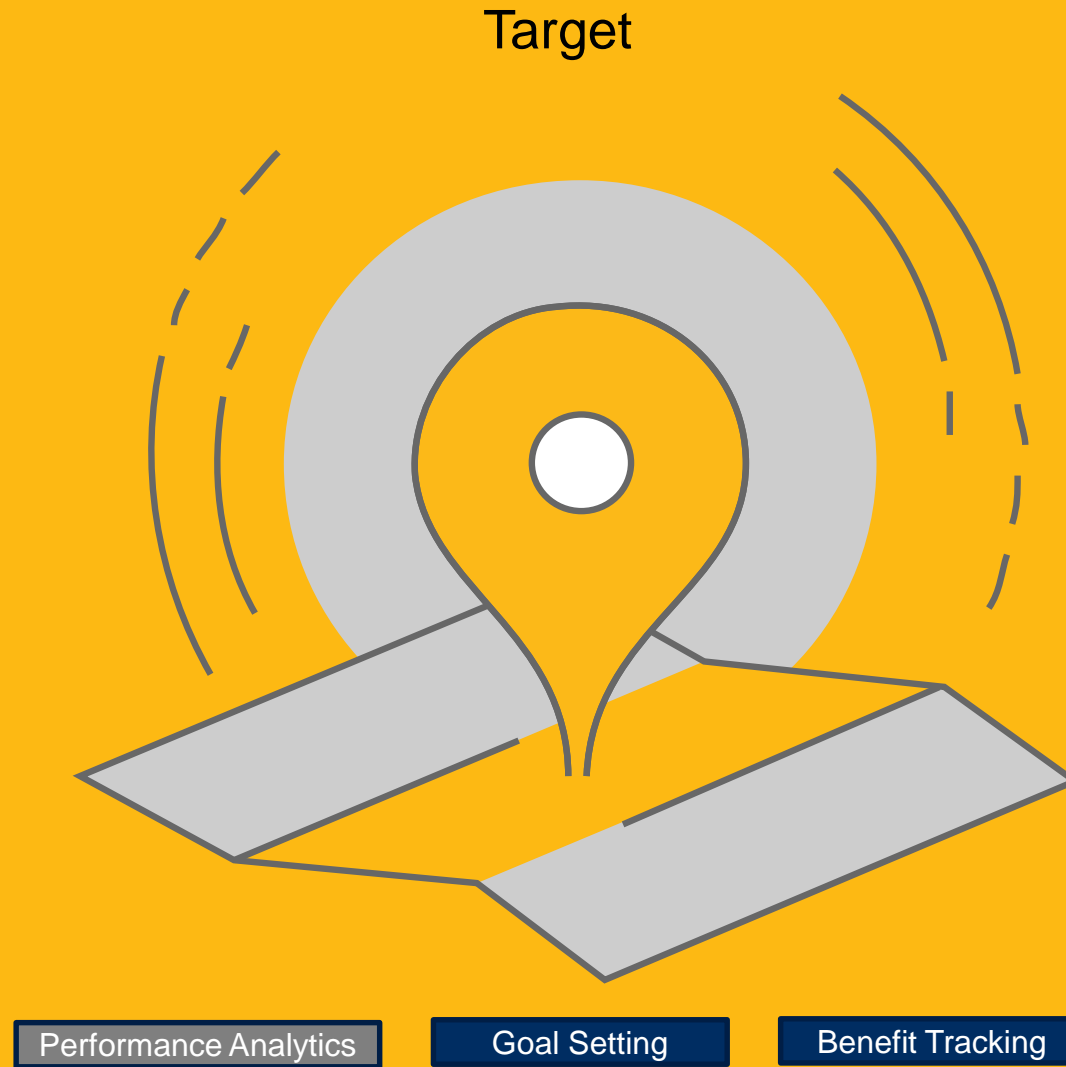
Financial Impact



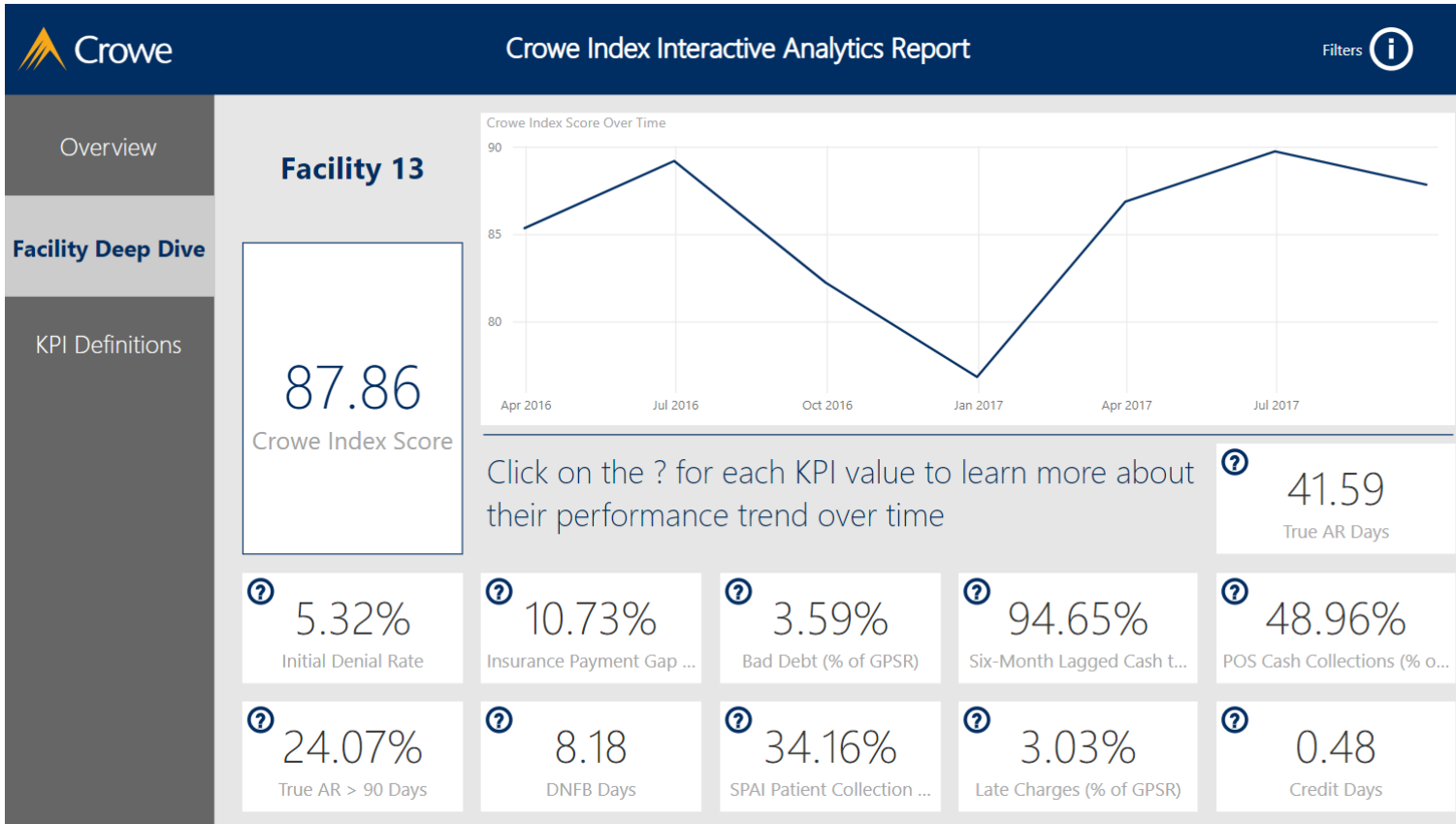
DASHBOARD



DASHBOARD



Performance Monitoring in an Improvement Mindset



DO

1. Select Meaningful KPI's
2. Assign Ownership
3. Set S.M.A.R.T Goals
4. Ensure Ease of Tracking
5. Embrace the “Noise”
6. Align with Strategic Goals
7. Establish a single source of truth

DON'T

1. Overcomplicate
2. Give in to the “Squeaky Wheel”
3. Forget to Verify!

Step 1: Setting the Appropriate Goals



Specific



Measurable



Attainable



Relatable



Time-based

KPI (* = Uses 835 data)	Overall Performance Bands				
	Best Practice	Good	Average	Below Avg	Poor
Bad Debt (% of GPSR)		1.0%-1.6%			
Credit Days				0.8-1.3	
DNFB Days			6.4-8.4		
Initial Denial Rate *					
Insurance Payment Gap - Denied vs. Non-Denied *					
Late Charges (% of GPSR)			3.1%-5.1%		
POS Cash Collections (% of Patient Payments)					< 3.7%
Six-Month Lagged Cash to Net Revenue			103%-105.9%		
SPAI Patient Collection Rate *					
True AR > 90 Days		22.3%-28.6%			
True AR Days		43.0-50.1			

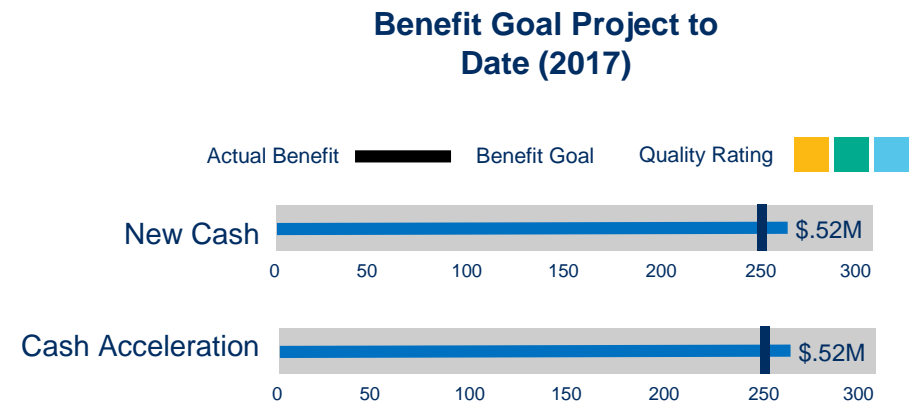
Step 2: Quantifying The Opportunity

	Functional Area	"Achievable" Benefit		"Benchmark" Benefit		"Best Practice" Benefit	
		New Cash	Cash Accel	New Cash	Cash Accel	New Cash	Cash Accel
Hospital Billing	Accounts Receivable Management	\$1.5M - \$1.8M	\$13.2M - \$16.1M	\$2.0M - \$3.2M	\$17.9M - \$29.1M	\$3.6M - \$5.8M	\$32.0M - \$52.0M
	Bad Debt Management	\$0.6M - \$0.8M	\$5.2M - \$6.9M	\$1.2M - \$1.6M	\$11.1M - \$14.8M	\$1.4M - \$1.9M	\$13.0M - \$17.4M
	Charge Capture	\$25.4M - \$28.2M	N/A	\$29.9M - \$33.1M	N/A	\$35.9M - \$39.7M	N/A
	Denials Management	\$5.5M - \$6.1M	N/A	\$9.0M - \$12.1M	N/A	\$18.9M - \$25.5M	N/A
	Overall	<u>\$33.0M - \$36.9M</u>	<u>\$18.4M - \$23.1M</u>	<u>\$42.1M - \$50.1M</u>	<u>\$29.0M - \$43.9M</u>	<u>\$59.8M - \$72.9M</u>	<u>\$45.0M - \$69.3M</u>
Physician Billing	Accounts Receivable Management	\$1.9M - \$2.3M	\$4.4M - \$5.3M	\$2.4M - \$3.9M	\$5.7M - \$9.2M	\$3.1M - \$4.9M	\$7.1M - \$11.5M
	Bad Debt Management	\$1.3M - \$1.5M	N/A	\$3.2M - \$3.8M	N/A	\$4.1M - \$4.9M	N/A
	Charge Capture	\$4.4M - \$5.0M	N/A	\$5.1M - \$5.9M	N/A	\$6.1M - \$7.0M	N/A
	Denials Management	\$1.5M - \$1.8M	N/A	\$2.2M - \$3.6M	N/A	\$2.9M - \$4.6M	N/A
	Overall	<u>\$9.0M - \$10.6M</u>	<u>\$4.4M - \$5.3M</u>	<u>\$12.9M - \$17.2M</u>	<u>\$5.7M - \$9.2M</u>	<u>\$16.1M - \$21.5M</u>	<u>\$7.1M - \$11.5M</u>
System	Total Benefit (All Areas)	\$42.0M - \$47.5M	\$22.8M - \$28.4M	\$55.0M - \$67.3M	\$34.7M - \$53.1M	\$75.9M - \$94.4M	\$52.1M - \$80.8M

Step 3: The Keys to Tracking Financial Benefit

DENIALS	
Year 1	Net Impact
Total Prevention Benefit	\$1,711,203
Total Resolution Benefit	\$3,422,406
Total Operation Efficiency Benefit	\$2,560,414
Year 2	
Total Prevention Benefit	\$4,289,535
Total Resolution Benefit	\$10,259,750
Total Operation Efficiency Benefit	\$5,273,067
Total Denials Benefit	\$27,516,375
CREDITS	
One-Time	
Exemption Pick-up	\$4,847,298
Net Service Revenue Pick-up	\$7,663,138
Patient Balance Transfer (Credit to Debit)	\$201,903
Aged Volume Clean-up (FTE Equivalent)	\$332,608
Ongoing Annual	
Exemption Pick-up	\$2,460,488
Net Service Revenue Pick-up	\$1,517,301
Patient Balance Transfer (Credit to Debit)	\$387,654
Cash collected from overcontractualization clean-up	\$1,633,149
Volume Resolution Benefit (FTE Equivalent)	\$1,277,215
Total Credits Benefit	\$20,320,754
Total Benefit	\$47,837,129

1. Align benefit tracking with KPI's assigned to specific initiatives
2. Validate methodology with finance leaders to ensure financial statement impact
3. Provide the appropriate lead time for solution implementation prior to beginning tracking
4. Delineate between cash acceleration and new cash benefit
5. Update baselines on a periodic basis

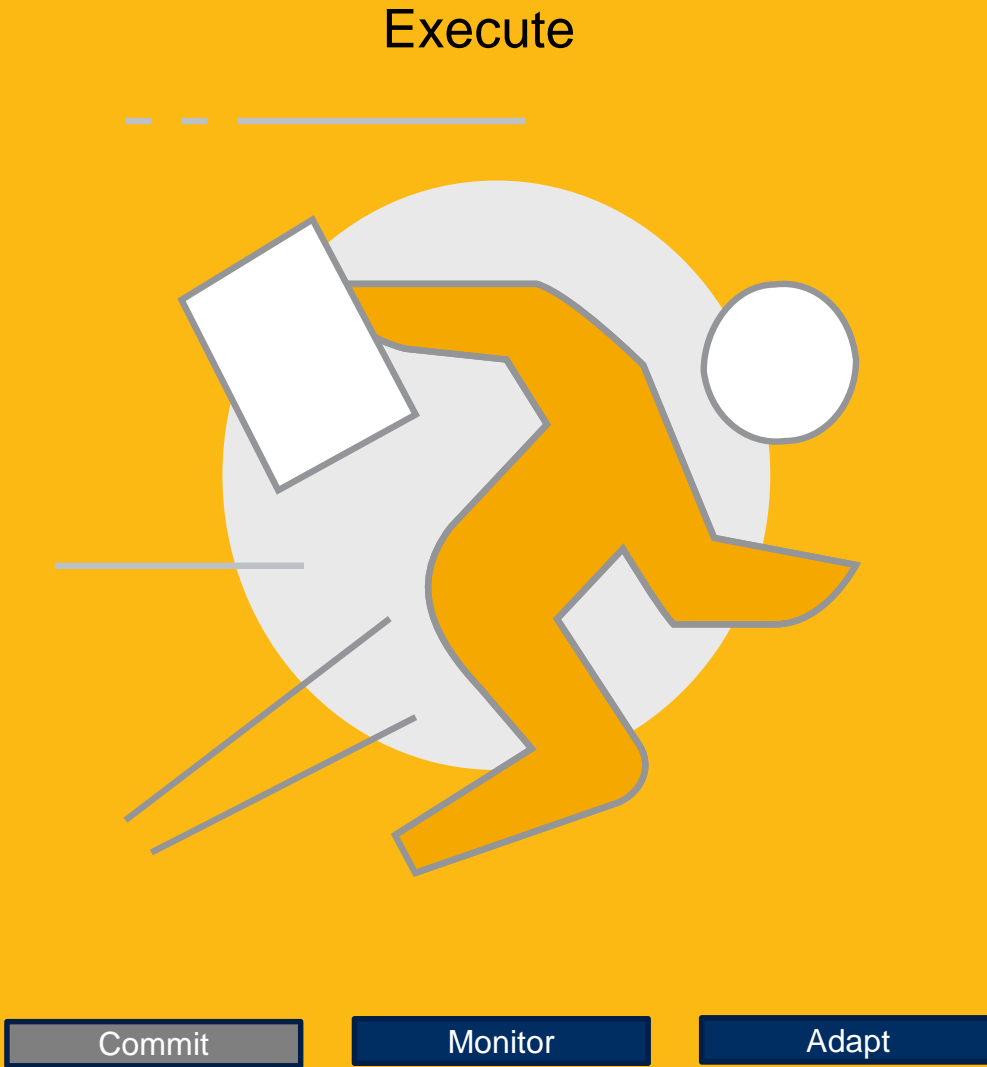


Polling Question #1

As you look at the internal pressures of your organization, what is the main driver for revenue cycle performance improvement?

- a** Reduce overall cost to collect
- b** Maximize net revenue
- c** Improve scalability and consistency in results
- d** All of the above
- e** I don't have any current pressure to improve performance

DASHBOARD

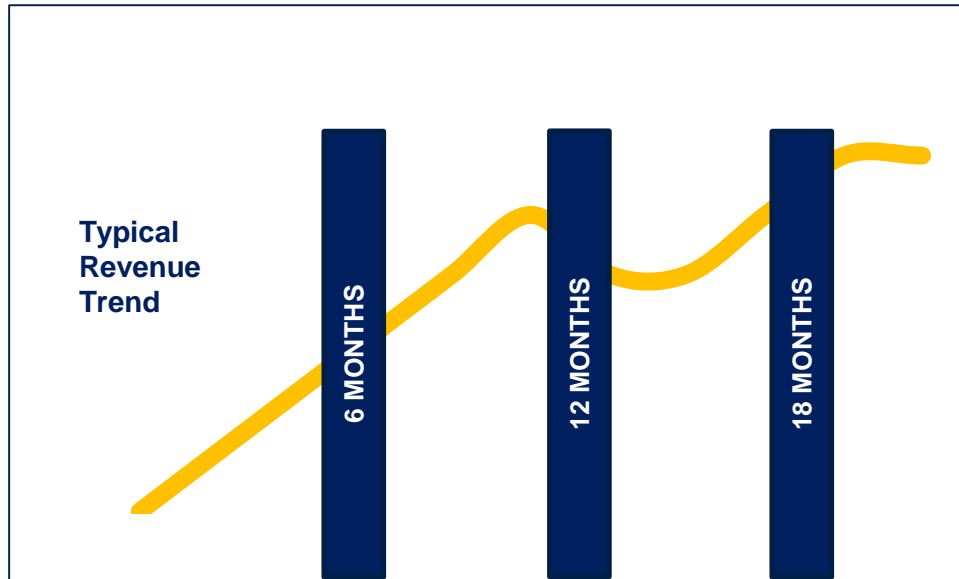


Pillar 1: Create and Commit to a Plan



Organizational Commitment to Improvement

Pillar 2: Monitor Progress: Sustainability



Manager Dashboard

Select Alert Type

Region: All Facility: All Revenue Cycle Area: All

Affected Service Types

All Cardiac Rehab Inpatient Blue Cross Medicaid United Healthcare Behavioral Health Emergency Medi... Outpatient Managed Medica... Medicare Worker's Comp Managed Medicare Self-Pay

Affected Payors

! ALERT !

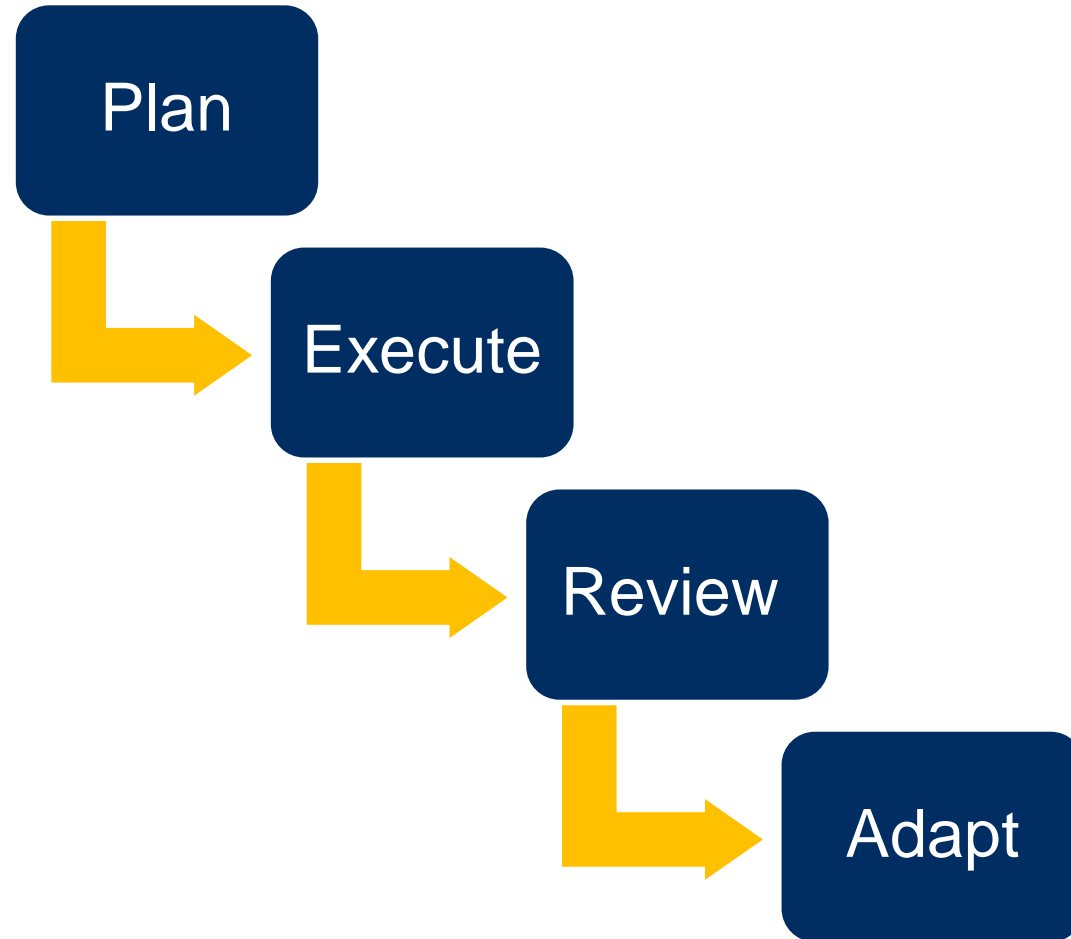
Alert	Dollar Impact	Tied to Project	Link to See Crowe Expert Opinion
25% increase in Blue Cross accounts billed with no authorization on account from Facility 8	\$\$\$\$	✓	Link
43% of account population are related to Level of care denials	\$\$\$\$	✓	Link
33% of Medicare Managed AR is aged > 270 days.	\$\$\$	✓	Link
38% of the denials are due to procedures with the Medicare statutorily exempt diagnosis code associated.	\$\$\$	✓	Link
16% of total population is repeat bad debtor	\$\$		Link
42% of bad debt transfers are associated with Emergency services	\$\$		Link
Worker's Comp accounts with Implant Charges - Revenue Code 278 held for invoice requests	\$	✓	Link
Bad debt transfers makes up to 29.5% for the scheduled outpatient services.	\$		Link
Denials for CPT code 36415 making 8% of the total Medicaid denials	\$	✓	Link

Current Project	Project Statement	Progress	Start Date	Completion Date	Responsible Party	Link to See Project Action Plan
IP Medicaid Auth/Precert	Process standardization of acquiring and documenting Behavioral Health	30%	October 2, 2018	December 5, 2019	Pam Jones	Link
DNB Accountability	Establish accountability with stakeholders and leadership	30%	October 16, 2018	January 5, 2020	Pam Jones	Link
OP Medical Necessity	Technology enhancement and process improvement project for	48%	October 6, 2018	January 7, 2020	John Doe	Link

Keys to sustainability:

- Appropriate structure and resources of Revenue Integrity/Performance Management department to support
- Appropriate interface with key clinical and revenue cycle departments to ensure communications re: trends, performance
- Appropriate accountability and responsibility at department level re: responding to inquiries, exceptions, etc.

Pillar 3: Adapt to Change



Areas of Risk Requiring Mitigation

1. Changes in Resource Availability
2. New Performance Issues
3. Changes in Organizational Structure
4. Payor Behavior Changes
5. Lack of Impact of Implemented initiatives

Polling Question #2

In a 2017 survey of hospital leadership conducted by HFMA, what percentage of health systems have implemented a dedicated revenue integrity/performance improvement department?

- a** 0% - 25%
- b** 25% - 50%
- c** 50% - 75%
- d** 75% - 100%

DASHBOARD

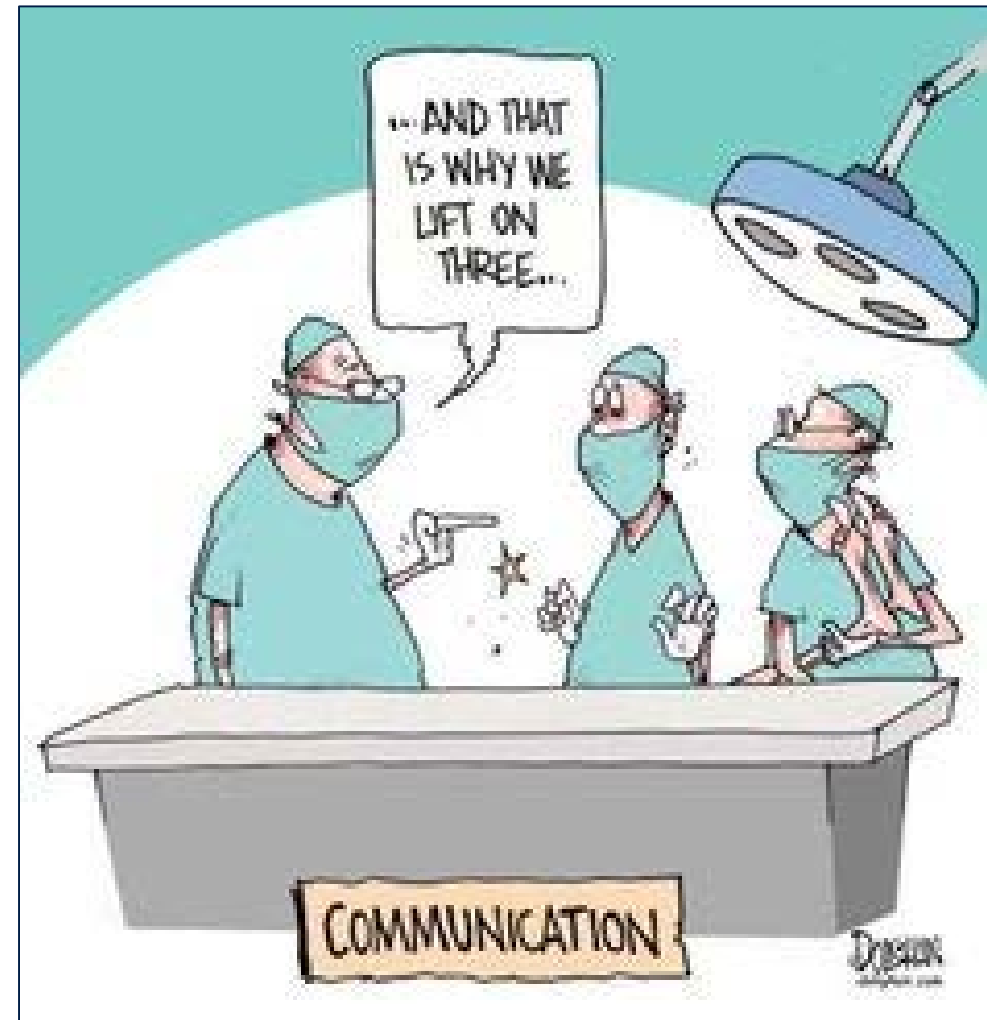
Collaborate



Communicate

Diverse Thinking

Strategic Focus



Pillar 1: Design a Communication Plan



Who?

- Identify Stakeholders who require updates
 - Leadership
 - Management
 - Line Staff



What?

- Define the communication that will be made
 - Status updates
 - Initiative Spotlights
 - Benefit Tracking



How?

- Select Communication Medium(s)
 - SharePoint
 - Email
 - Online Dashboard
 - In-Person



When?

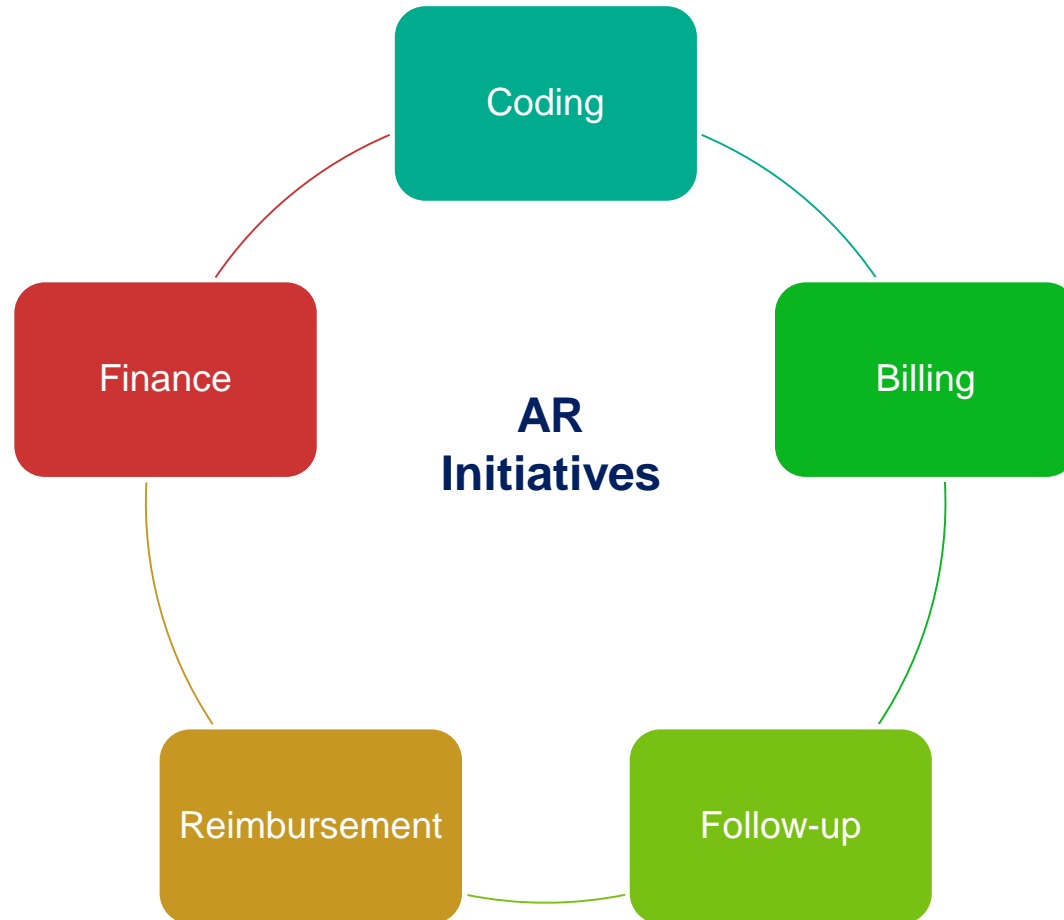
- Determine Frequency of each communication
 - Weekly (Status Updates)
 - Monthly (Executive Update)
 - Quarterly (Steering Committee)

Polling Question #3

A Harvard Business Review survey of 182 senior managers found that ___% believe that meetings come at the expense of deep thinking?

- a** 0% - 25%
- b** 25% - 50%
- c** 50% - 75%
- d** 75% - 100%

Pillar 2: Establish a Diverse Execution Team



Keys to obtain diverse thoughts during problem solving

1. Assign ownership of the initiative to the entire group instead of a single individual
2. Agree on collective goals
3. Review data/findings together to gather multiple interpretations
4. Set intermediate goals within the committee to internally monitor progress and create accountability

Pillar 3: Maintain Alignment with Strategic Focus



Health System Strategy

Revenue Cycle
Goals

Claim Status
Automation

Benefits of Aligning with Strategic Focus

1. Greater executive sponsorship
2. Sustainability of solutions
3. More support from ancillary departments (IT, Analytics)
4. Eliminate wasteful initiatives
5. Greater focus on what matters

Polling Question #4

On a rating from 1-5, how strongly do you feel that your revenue cycle initiatives are aligned with your organization's strategic goals?

1

Strongly
Disagree

2

Disagree

3

Neutral

4

Agree

5

Strongly
Agree

Thank you!