

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

August 28, 2019

Matt Szaflarski

Your Presenters

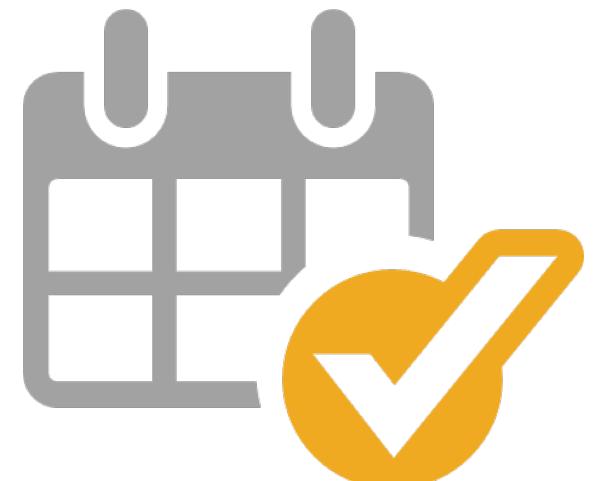


Matthew Szaflarski
Senior Manager

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

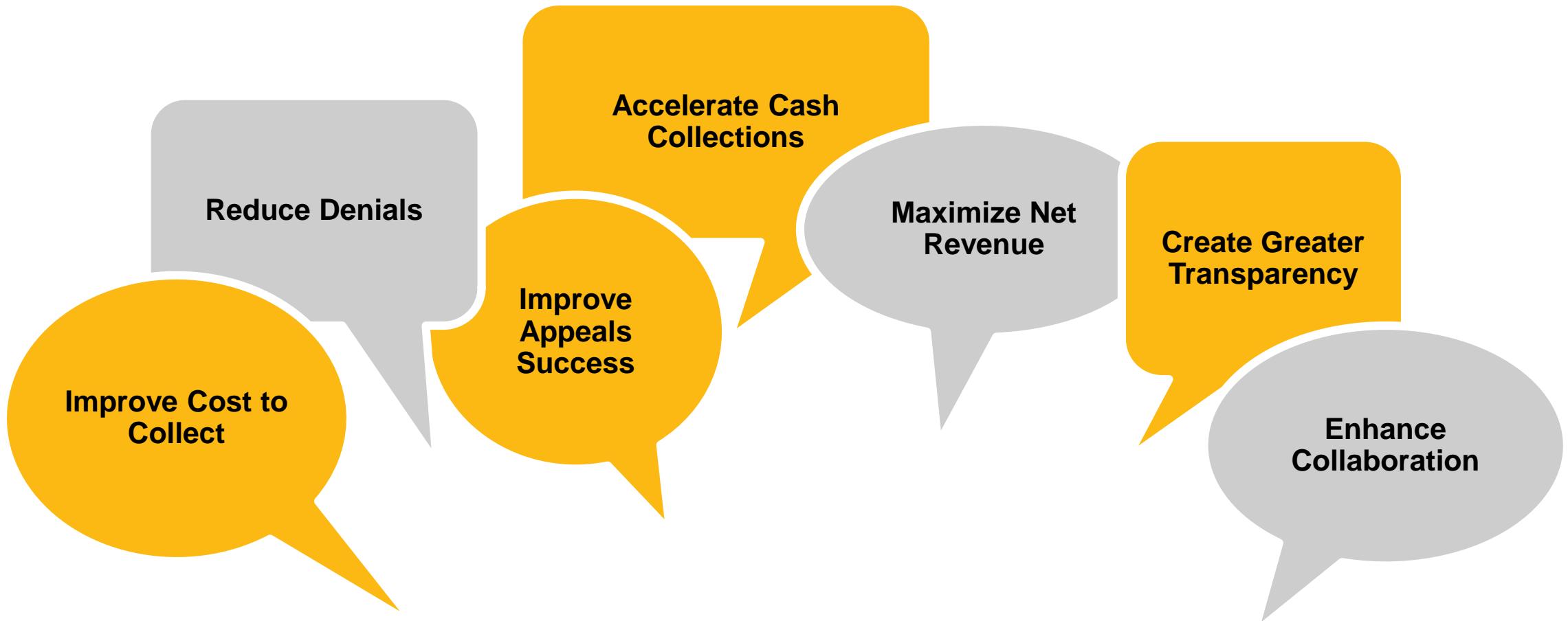
- Identify initiatives within your organization that would be candidates for the process improvement framework and how to quantify the expected results
- Design effective communications for sharing results and improvements with the team and stakeholders
- Outline next steps for you and your team to engage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

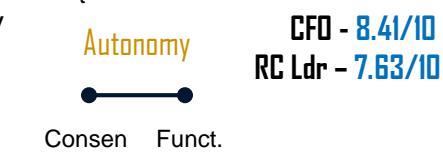
1) Systemness

- 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**



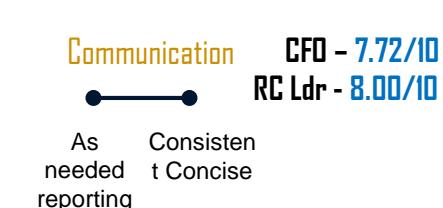
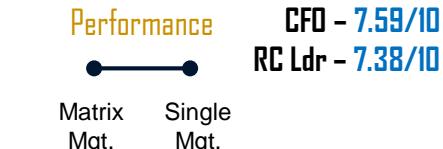
3) Scalability

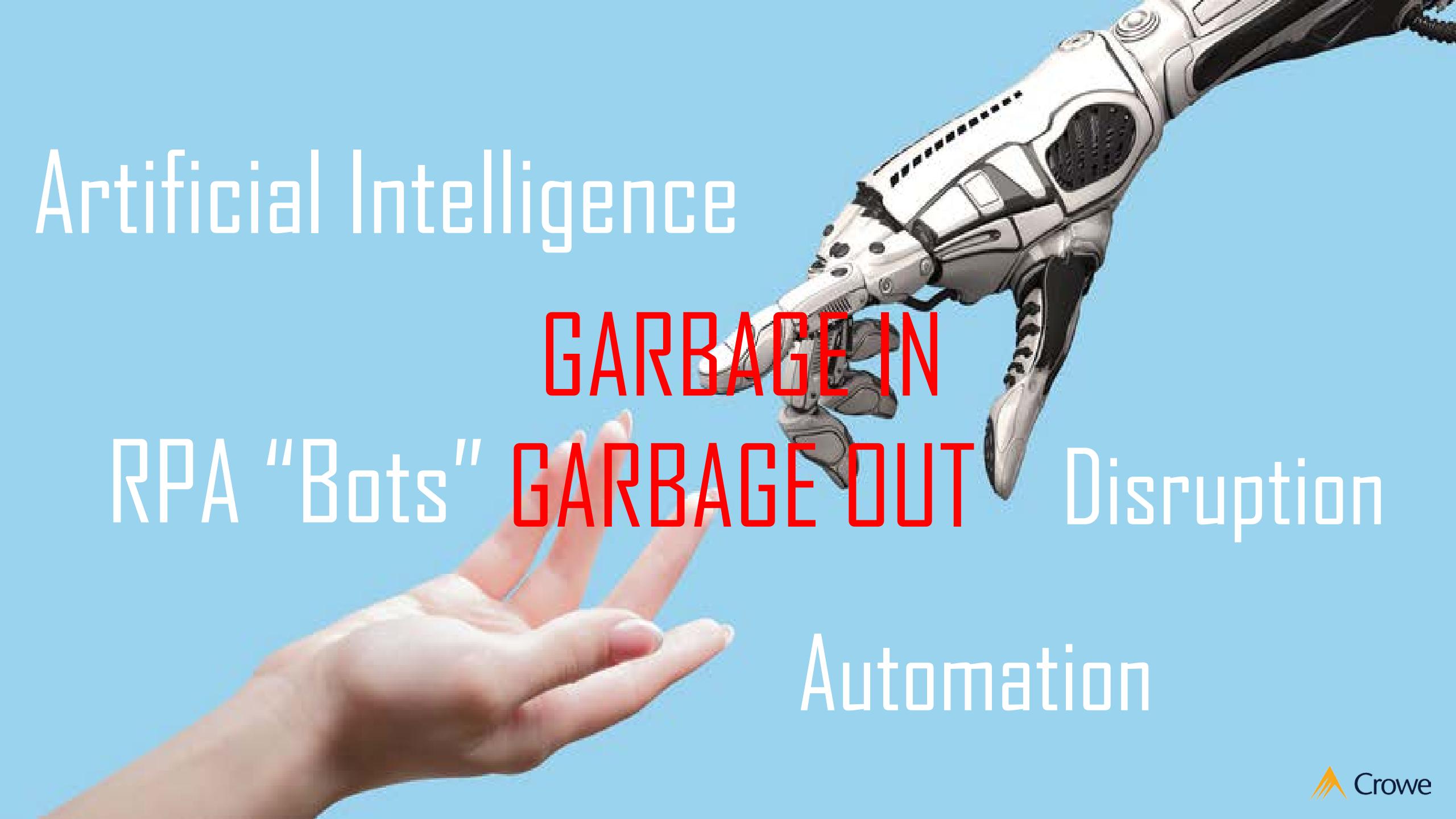
- Standardize processes across system in Key Functional Areas
- Develop roadmap to implement 'The Way'
- Should allow **flexibility for discovery of best practices and innovation** through acquisition



4) Transparency

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





Artificial Intelligence

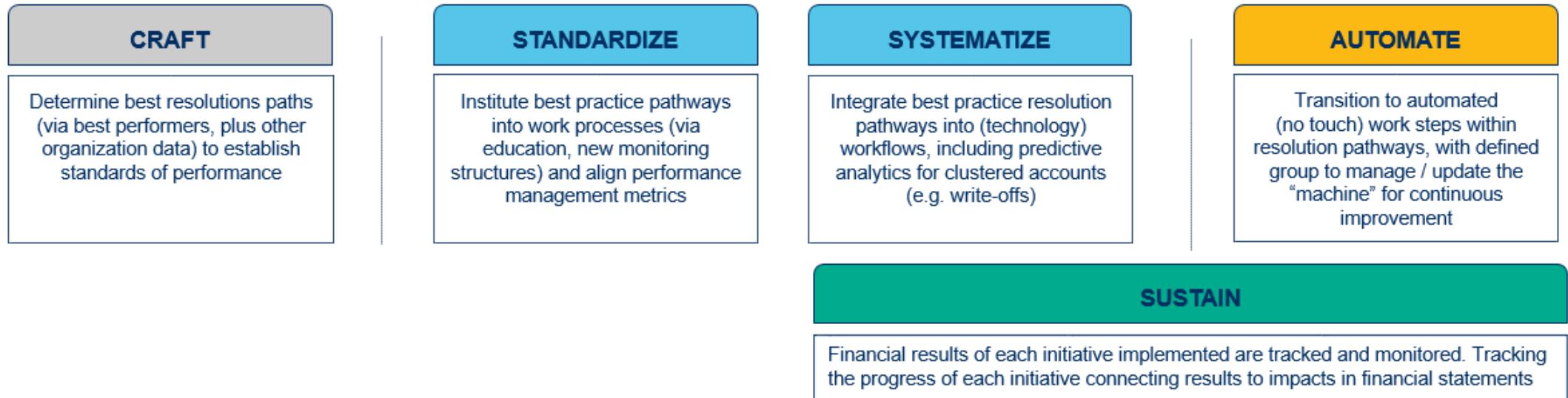
GARBAGE IN

RPA “Bots” GARBAGE OUT Disruption

Automation

The Journey to Automation...A Performance Improvement Approach

Crowe's Approach

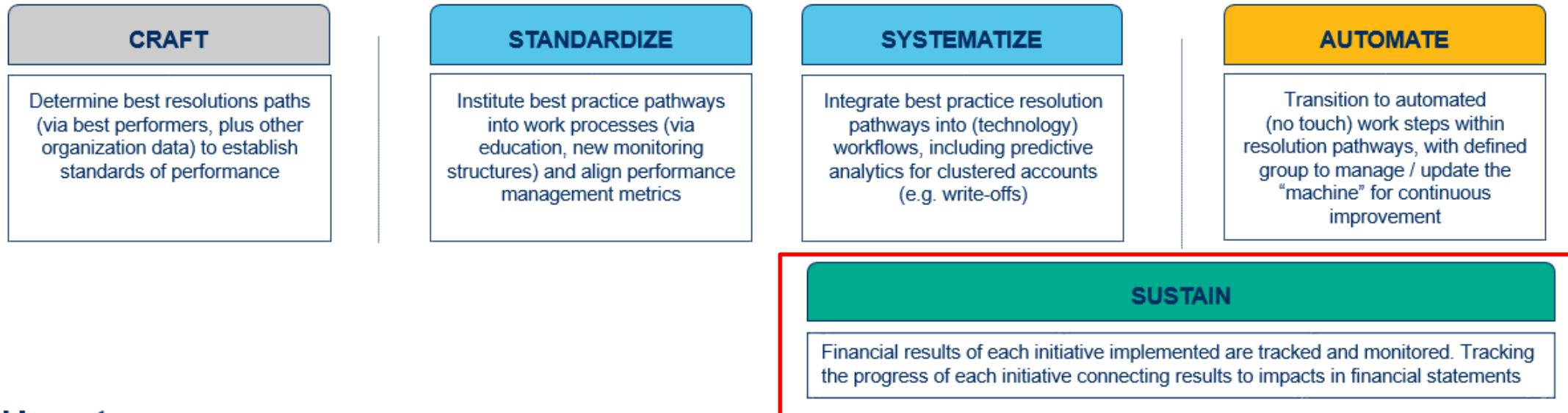


Financial Impact



The Journey to Automation...A Performance Improvement Approach

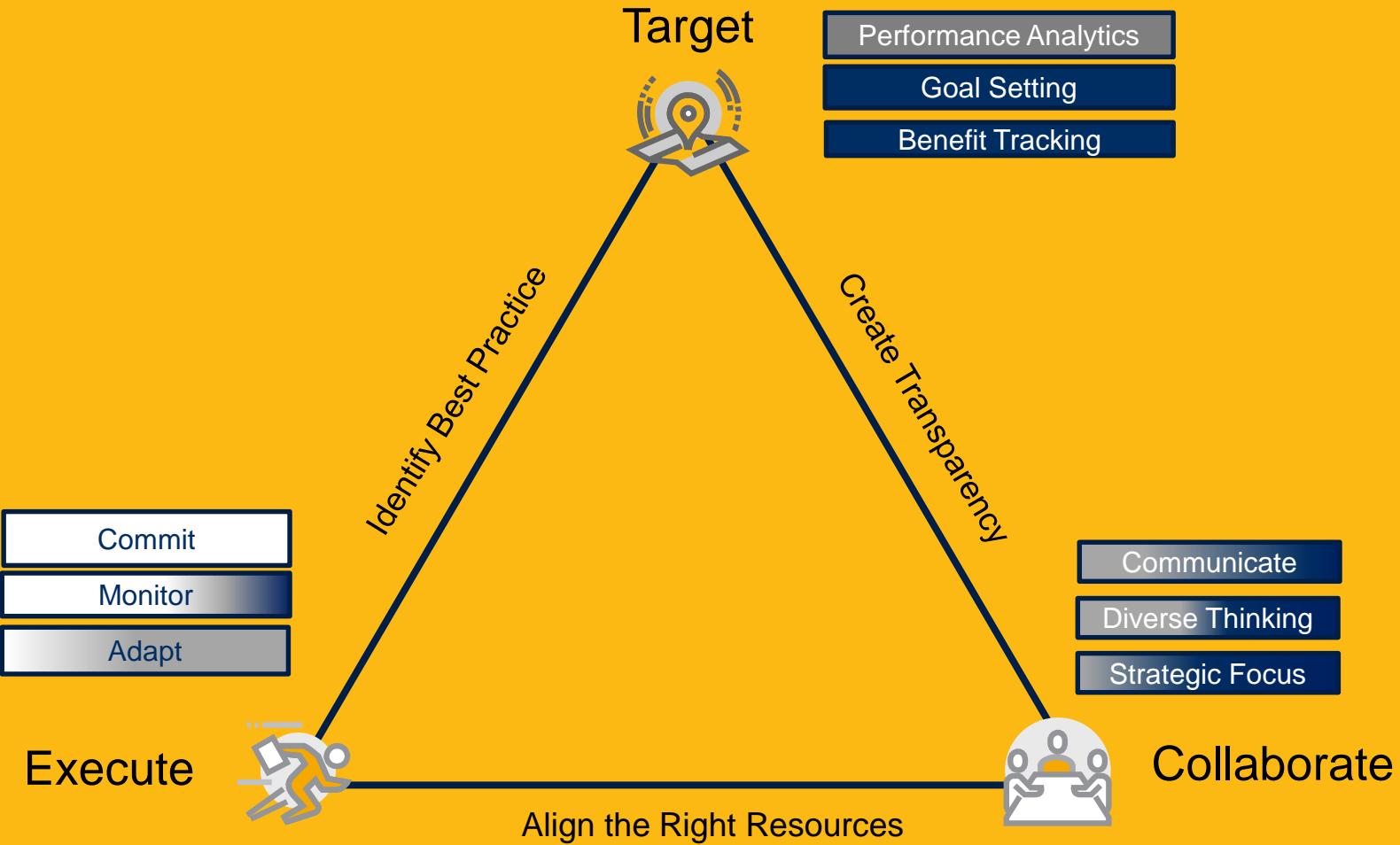
Crowe's Approach



Financial Impact



DASHBOARD



DASHBOARD

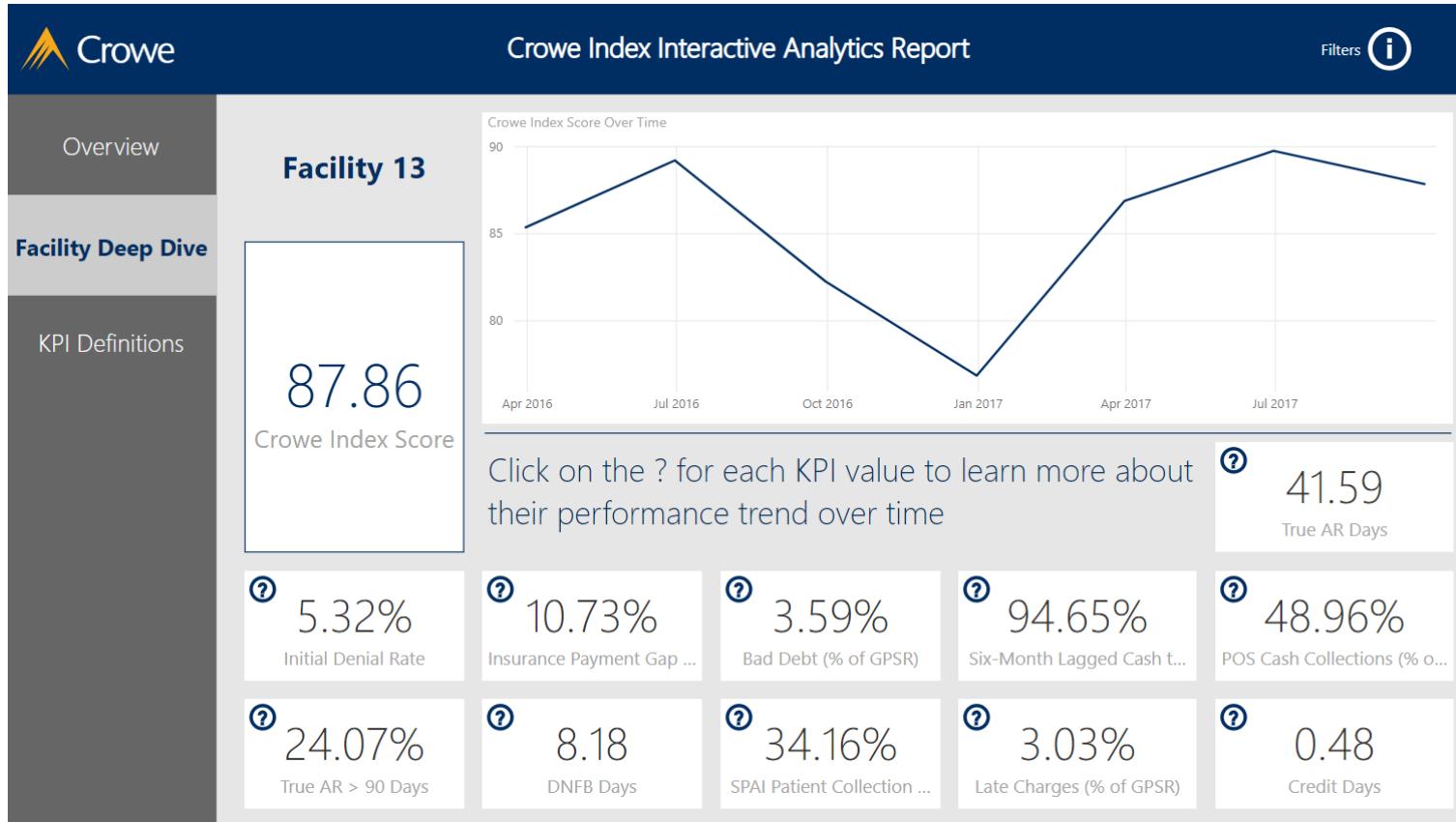


Performance Analytics

Goal Setting

Benefit Tracking

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



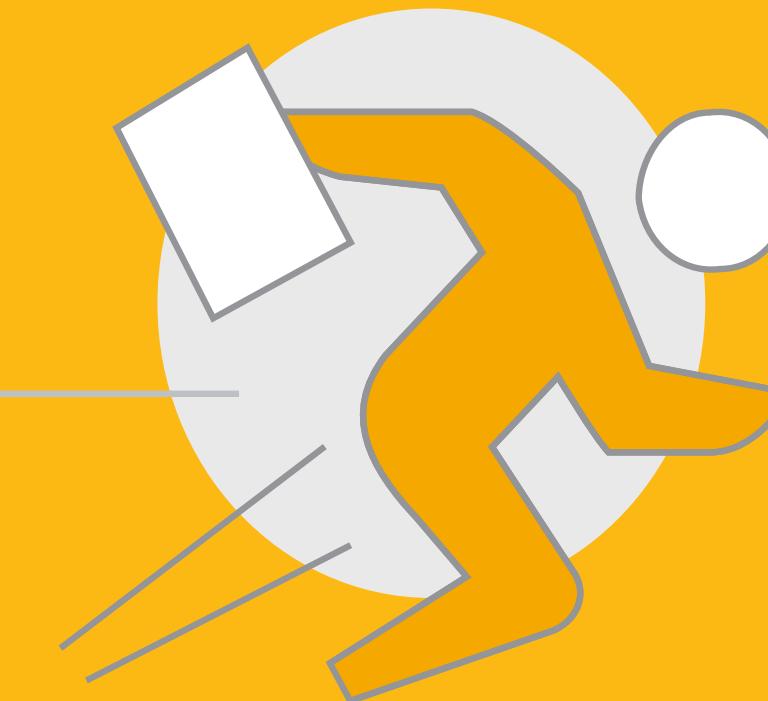
Polling Question #1

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

Execute



Commit

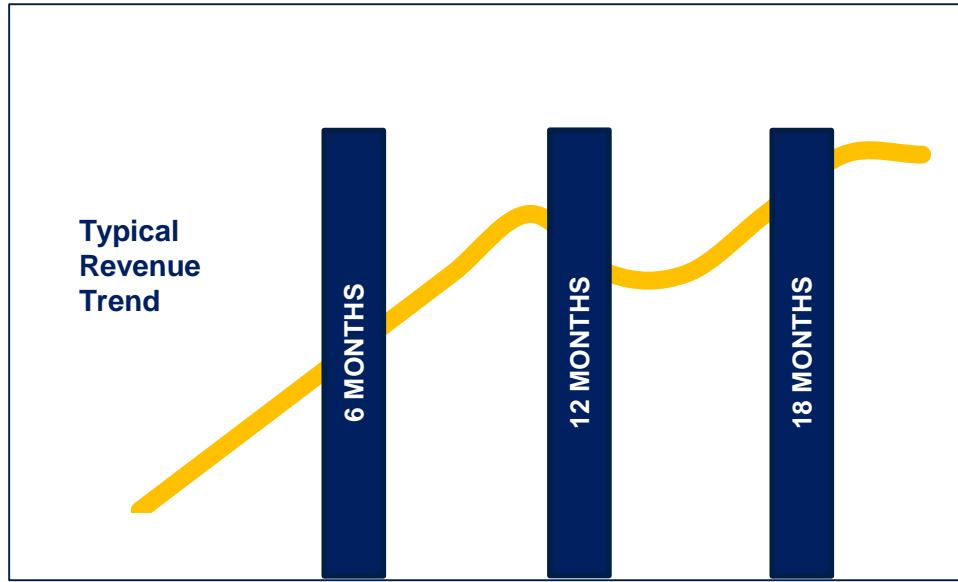
Monitor

Adapt

Pillar 1: Create and Commit to a Plan



Pillar 2: Monitor Progress: Sustainability



Manager Dashboard

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 Medi..., Medicare, Worker's Comp, Managed Medicare, Self-Pay

! 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 | \$\$\$\$ | ✓ | 🔗 |
| 43% of account population are related to Level of care denials | \$\$\$\$ | ✓ | 🔗 |
| 33% of Medicare Managed AR is aged > 270 days. | \$\$\$ | ✓ | 🔗 |
| 38% of the denials are due to procedures with the Medicare statutorily exempt diagnosis code associated. | \$\$\$ | ✓ | 🔗 |
| 16% of total population is repeat bad debtor | \$\$ | ✓ | 🔗 |
| 42% of bad debt transfers are associated with Emergency services | \$\$ | ✓ | 🔗 |
| Worker's Comp accounts with Implant Charges - Revenue Code 278 held for invoice requests | \$\$ | ✓ | 🔗 |
| Bad debt transfers makes up to 29.5% for the scheduled outpatient services. | \$ | ✓ | 🔗 |
| Denials for CPT code 36415 making 8% of the total Medicaid denials | \$ | ✓ | 🔗 |

Current Project | Project Statement | Progress | Start Date | Completion Date | Responsible Party | Link to See Project Action Plan

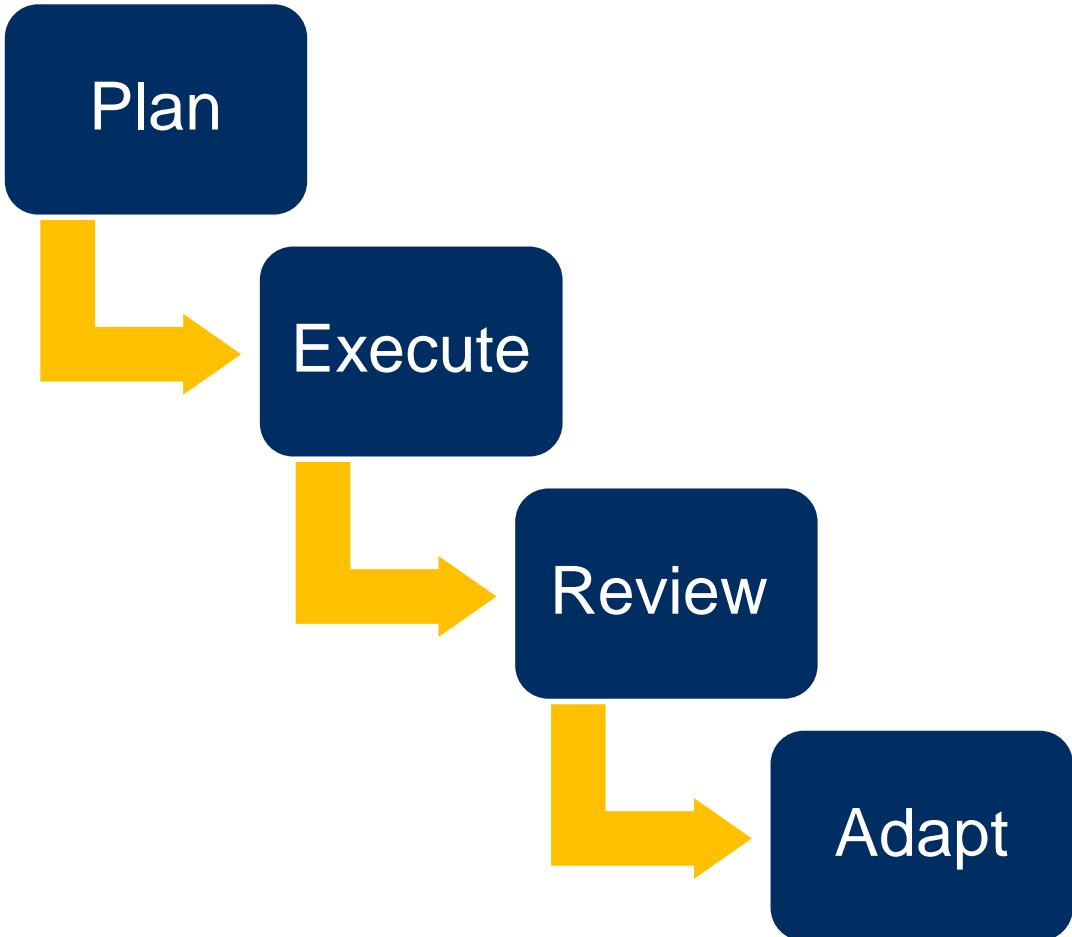
| | | | | | | |
|--------------------------|--|-----|------------------|------------------|-----------|---|
| IP Mediacid Auth/Precent | Process standardization of acquiring and documenting Behavioral Health | 30% | October 2, 2018 | December 5, 2019 | Pam Jones | 🔗 |
| DNB Accountability | Establish accountability with stakeholders and leadership | 30% | October 16, 2018 | January 5, 2020 | Pam Jones | 🔗 |
| OP Medical Necessity | Technology enhancement and process improvement project for | 48% | October 6, 2018 | January 7, 2020 | John Doe | 🔗 |

Crowe

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



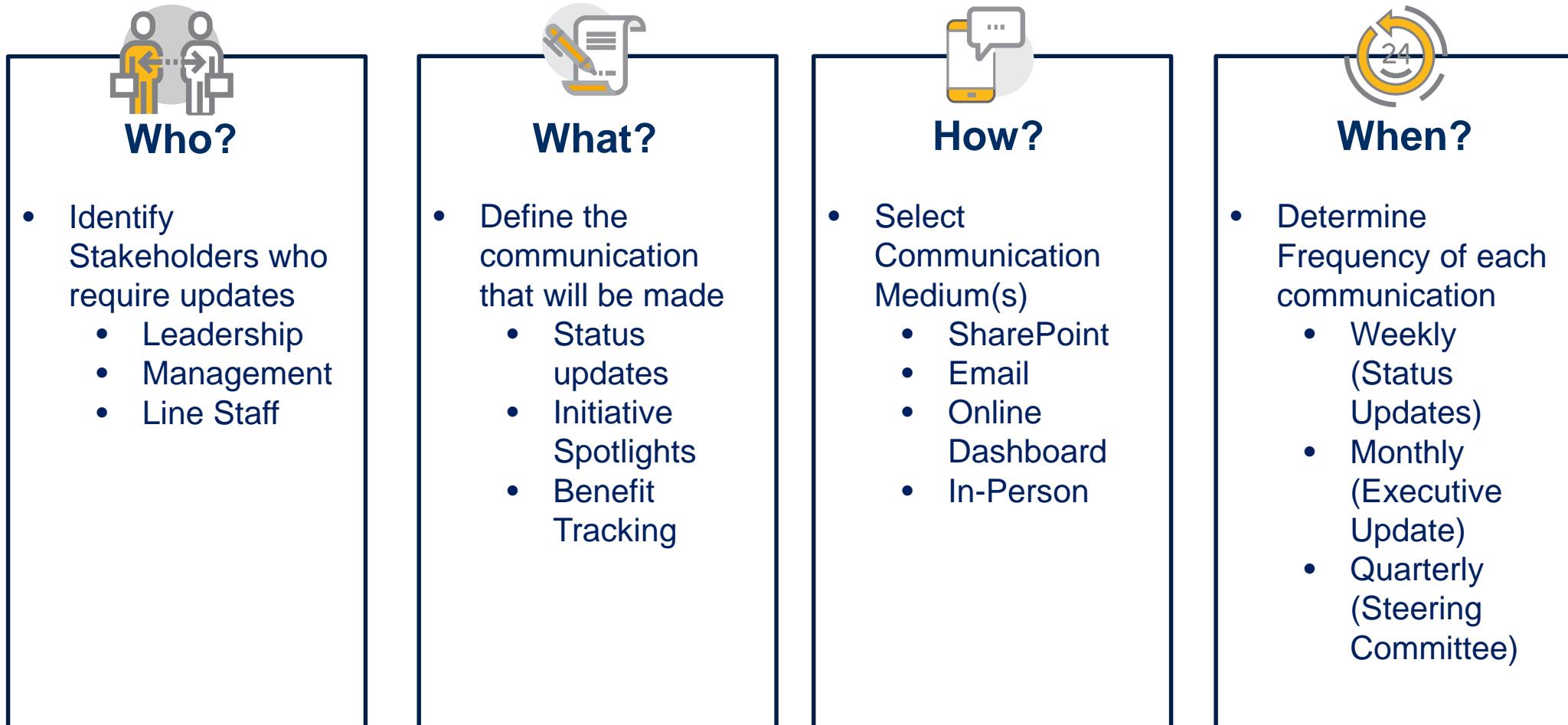
Communicate

Diverse Thinking

Strategic Focus



Pillar 1: Design a Communication Plan

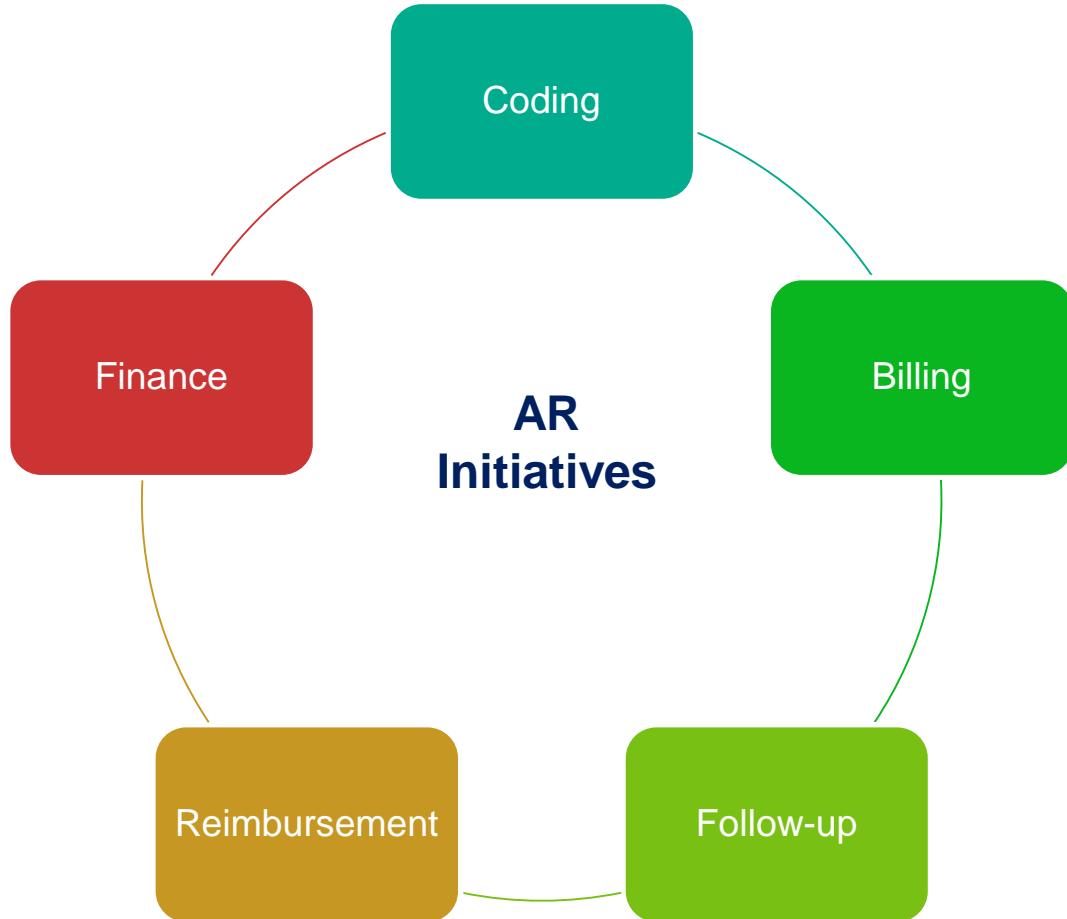


Polling Question #3

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

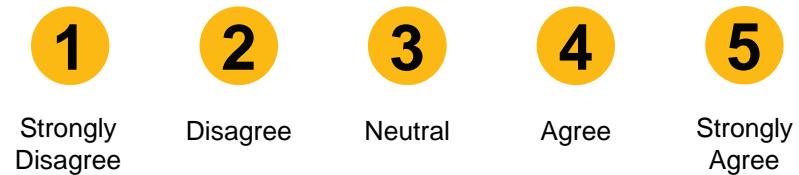
Claim Status
Automation

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?



Thank you!