INTRODUCTION – NAVIGANT CONSULTING

Presenter

Kristin Greenstreet
National Business Leader – Revenue Cycle Management

» Extensive experience in the management of revenue cycle improvement initiatives including financial and operational assessments, prioritization of strategic revenue cycle initiatives and implementation (both process and tools).
» Specializes in the Revenue Cycle strategic initiatives and program management for large, complex health systems
» Subject matter expert on upcoming impact and change of Population Health and value-based models on Revenue Cycle strategies
» Deep experience with centralizing shared services such as Patient Navigation Centers / Call Centers
» Black belt in lean sigma
OUR AGENDA FOR TODAY

Section 1 » The Need for Change
Section 2 » What Does This Mean to Revenue Cycle?
Section 3 » The Traditional View of Revenue Cycle
Section 4 » The New View of Revenue Cycle
Section 5 » Where Should You Start?

THE NEED FOR CHANGE
THE NEED FOR CHANGE

The Need to Focus on the Patient
- Consumerism will require a new and different focus on the patient, transparency, consumer choice and self pay collections

Future Impact of ICD-10, Accountable Care and Population Health
- Pace of change and transformational activities will impact the entire industry
- Changing payment models require additional skill sets, nimble strategies and infrastructure (IT/ processes)
- Payors and providers will need to partner in ways not seen in the past

Recapitalization and Information Technology
- Unprecedented focus on reduced costs and capital needs
- Traditional IT infrastructures in healthcare are not nimble enough to adapt to upcoming change

Responding to Fiscal Pressures
- Healthcare providers must adjust to (at least) “break-even” on Medicare patients
- Managed Care organizations continue to “change the game”
- Administrative burden of existing inefficient payment systems make lowering fixed costs difficult
- New competitors continue to flood the market (e.g. CVS minute clinics, retail health care)

POSITIONING FOR SUCCESS GIVEN AN UNCERTAIN ENVIRONMENT

Curve #1: FEE-FOR-SERVICE
- Focus on Provider and Insurer
- All about volume
- Price reductions
- Reinforces work in silos
- Little incentive for real integration

Curve #2: VALUE-BASED PAYMENT
- Focus on Patient
- Shared Savings and Efficiency
- Population Cost Reduction
- Bundled / Global Payments
- Value-based Reimbursement
- Rewards integration, quality, outcomes and efficiency
THE PERFECT STORM

Goals / Mission  
Culture / Synergy  
Investment / ROI  
Financial Goals

Strategy

Patient-driven care  
Evolving Payment Models  
Healthcare Reform  
Technology & World Source Readiness  
New Competition

INTERNAL

POST ACUTE

ACUTE

EXTERNAL

THE REVENUE CYCLE CONUNDRUM “MULTI-LINGUAL”

ACUTE  
HOME HEALTH  
SNF  
OP THERAPY  
LTACH

PHYSICIAN

INPATIENT REHAB  
ASSISTED LIVING

Significant consolidation issues with people, process & technology
WHAT DOES THIS MEAN TO REVENUE CYCLE?

“GOOD” IS NO LONGER GOOD ENOUGH

» What you are doing today will not even sustain current performance in the future
  › Changing payment models and Population Health
  › ICD-10 and CMS changes to weights with potential impact to CMI
  › Silos between acute, physician and post-acute services (people, process, technology)
  › Significant impact of non-Revenue Cycle resources driving key Revenue Cycle processes
  › Increased patient demand (transparency, access, technology)
  › New system implementations –risk vs reward in short-term
  › Lack of “new age” technology capabilities
  › Changing performance metrics, benchmarks and outcomes (Medicaid Expansion and bad debt / charity, 501R, Medicare blended weights / CMI shifts, RAC / “takebacks”)

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A PATIENT’S PERSPECTIVE

How are you viewed from a Patient’s Perspective?

- Who should I call when I have questions?
- How can I find a doctor for my needed service?
- Is your facility the “provider” that comes to mind when my family needs healthcare services?
- Do I prefer to get all of my care within your health system?
- Do your physicians refer me to other physicians in the system?
- Is it “easy” or “difficult” going for service within your system?
- Do you know about me and my personal healthcare needs?
- Why do I need to give my information multiple times across your system?
- Can providers across your system access my information to enhance my overall access and quality of care?

EXAMPLE – SHIFT IN PERFORMANCE

Healthcare Exchanges

- Enrollment in exchanges can have impact on bad debt based on impact to patient liabilities
- The exchanges have the potential to increase, decrease or keep bad debt about the same depending on the enrollment volumes and program packages selected which impact overall patient responsibility

Medicaid Expansion

- Hospitals in 26 states that chose to expand Medicaid under the Affordable Care Act treated fewer uninsured patients and charity cases in the first quarter ended March 31
- The previously uninsured represented the large majority of new Medicaid enrollees
- The initial net results of Medicaid expansion appear to be a reduction in uncompensated care
- The average increase in Medicaid volume is 29% in hospitals in states that expanded Medicaid
- Expands Medicaid eligibility to include those adult Americans making up to 133% of the poverty level who aren’t eligible for Medicare.
- Hospitals are reporting an initial 25% decrease in self-paying patients, which often results in bad debts. It also found a 30% drop in charity care for the uninsured.
THE TRADITIONAL VIEW OF REVENUE CYCLE

Pre-Encounter
- Scheduling
- Pre-Admission / Pre-Registration
- Insurance Verification
- Eligibility Checking
- Authorization / Referral Management
- Admissions / Registration / In-Take
- Medical Necessity
- POS Collections
- Financial Counseling
- Charity and Medicaid Application processing

Mid Revenue Cycle
- Charge Capture / Entry
- Clinical Documentation
- Excellence
- Coding (IP & CP) & Audits
- Transcription
- Data Integrity
- Document Imaging / Indexing
- Patient Portals
- Meaningful Use
- Privacy and Security

Post-Encounter
- Insurance Billing & Collections
- Self Pay Billing & Collections
- Denial Management
- Payment Posting, Reconciliation
- Payment Integrity & Post Payment Audits
- Vendor Management
### The Traditional View of Revenue Cycle

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<tr>
<th>Functional Areas</th>
<th>Pre-Encounter</th>
<th>Mid-Encounter</th>
<th>Post-Encounter</th>
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<td>Challenges</td>
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<tr>
<td>• Fragmented departments and accountability</td>
<td>• ICD9 to ICD10 transition</td>
<td>• Lack of robust data analytic and reporting</td>
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<td>• Continuous Hand-offs</td>
<td>• Inconsistent clinical involvement</td>
<td>• Reactive vs proactive</td>
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<td>• Rework</td>
<td>• Disconnected goals / metrics</td>
<td>• Disparate vendor and layover processes</td>
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<tr>
<td>• Customer Service / Patient experience issues</td>
<td>• Disconnected technology</td>
<td>• High touch/High cost processing</td>
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<td>• ICD9 to ICD10 transition</td>
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#### Challenges
- Lack of integration between Revenue Cycle and Clinical processes
- Fragmented technology and lack of view of “new age” / self service technology
- Challenges with the overall Patient Experience
- Underutilized Analytics
- High touch / High Cost processes with low productivity
- Inadequate training programs and career paths

### The New View of Revenue Cycle

- Fragmented technology and lack of view of “new age” / self service technology
- Challenges with the overall Patient Experience
- Underutilized Analytics
- High touch / High Cost processes with low productivity
- Inadequate training programs and career paths
IT IS TIME TO THINK OUTSIDE OF THE BOX

"The nurse will return your pants as soon as you pay your bill."

THE NEW VIEW OF REVENUE CYCLE

- "At Your Service" / Patient Connection / Navigation Centers
- Financial & Clinical Integration
- Integrated IT & "New Age" IT Solutions
- Robust Data Analytics
- Patient Experience & Engagement
- Population Health & Care / Revenue Driving Campaigns
- Organizational Development and Shared Services
- Strategic Partnerships
Although Healthcare has many unique factors, there are important “lessons learned” that can be applied from other industries...

- **Financial Services**
  - Eligibility Verification
  - Comprehensive Referral Management

- **Hospitality**
  - Concierge Services / Transition of Care Liaisons
  - Expedited Check In/Check Out

- **IT**
  - Mobile Applications for Customers and Staff

- **Airlines**
  - Automated / Online Full Service Options
  - Pre-Service Collections

- **Telecom**
  - Consolidated Customer Billing & Collections across services
  - Focused campaigns to drive revenue
WHERE SHOULD YOU START?

FOCUS ON BOTH SHORT TERM AND LONG TERM

Focus NOW on what changes need to be made to the Revenue Cycle to provide improved financial performance in the short-term while effectively preparing for the shift to Curve 2 in the future.
DEFINE YOUR STRATEGY

As health systems prepare for upcoming change, it is critical to implement a solid, infrastructure to support the transformation.

- Define a cohesive strategy for all Revenue Cycle services
  - Evaluate people, process and technology needs to effectively support payment model shifts, population health, referral management and patient-focused customer service options
  - A comprehensive Revenue Cycle IT and strategic partnership strategy is critical to the process
- Design and implement a standard approach for implementing the strategic plan. Prioritize standardizing / centralizing services that will provide the largest impact
- Implement a comprehensive Business Intelligence strategy to accurately track and trend key metrics before and after change occurs

PRIORITIZED ACTIVITIES – SHORT TERM

<table>
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<tr>
<th>THEME</th>
<th>OPERATIONAL IMPLICATIONS</th>
<th>RISKS</th>
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| Standardize and centralize accountability for core Revenue Cycle functions (e.g. Departments, Case Management / UR, Physicians) and shared service needs | • Centralize the skills, functions and accountability for key Revenue Cycle functions  
• Establish metrics and performance expectations for all functions | • Multiple touch points and handoffs increase risk for error and delay  
• Increased financial loss  
• Revenue leakage  
• Higher cost to collect |
| Design comprehensive call center concept. (At minimum, implement functions that focus on proactive avoidance of Revenue Cycle issues in the short-term) | • Significant process and role redesign with specific focus on front-end, proactive avoidance  
• Lays foundation for future comprehensive Call Center (financial and clinical tasks)  
• Provides synergies between Acute, Physician and Post Acute revenue cycle functions  
• Helps prepare for changes related to reform and Population Health | • Sub-optimize short-term benefits  
• Net revenue and cash flow losses  
• Higher cost to collect  
• Continue to fall behind market in preparation for Curve 2  
• Customer Service |
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<td>• Focus on clinical and financial integration strategies</td>
<td>• Design expanded definition of Clinical Documentation Effectiveness (e.g. Compliance, PQRS, Safety, EMR Optimization, HCC, Outpatient CDI, Change in metrics) and Clinical Effectiveness</td>
<td>• Shifts in CMI</td>
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<td></td>
<td>• Focus on IT build and EMR optimization</td>
<td>• Increase in denials and “takebacks”</td>
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<td></td>
<td>• Support and training for physicians / clinicians</td>
<td>• Net revenue losses</td>
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<tr>
<td></td>
<td></td>
<td>• Quality impact</td>
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<tr>
<td></td>
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<td>• Financial risk with transition to ICD-10</td>
</tr>
<tr>
<td>• Improve the synergy between acute, physician and post-acute revenue cycle functions</td>
<td>• Implement standardized processes and consolidate functions, where appropriate</td>
<td>• Patient dissatisfaction</td>
</tr>
<tr>
<td></td>
<td>• Implement defined processes aimed at improving the referral processes across the continuum of care</td>
<td>• Revenue leakage</td>
</tr>
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<td>• Financial risk associated with upcoming reform changes</td>
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### THANK YOU!

Kristin Greenstreet  
Navigant Consulting  
kgreenstreet@navigant.com  
(215) 990-2819