CAH HOT TOPICS
STRATEGIC, FINANCIAL AND OPERATIONAL ASSESSMENT LESSONS FROM THE FIELD

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PRESENTER

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SETTING THE STAGE

- There are increasing challenges being encountered in managing rural healthcare operations
  - Payor
  - Regulatory
  - Competitors
  - Technology
  - Staffing

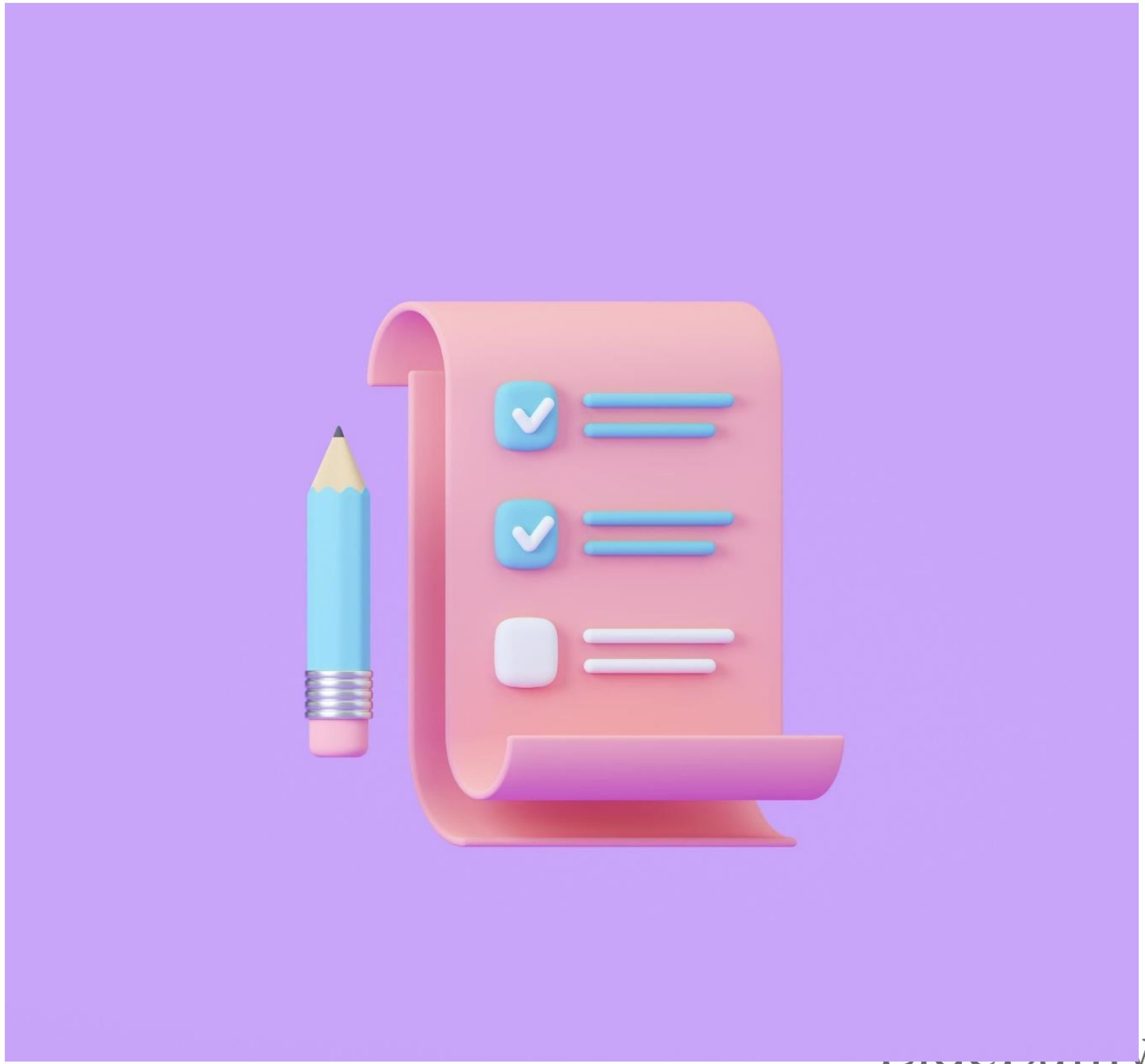
- Seeing an increased number of rural healthcare organizations engaging in strategic, finance and operational assessments
  - Preventative
  - Crisis driven
  - Mandated
  - Various funding mechanisms

SETTING THE STAGE

- While findings will vary amongst facilities, there are common themes
- This session is designed to share lessons learned from the field….

AGENDA

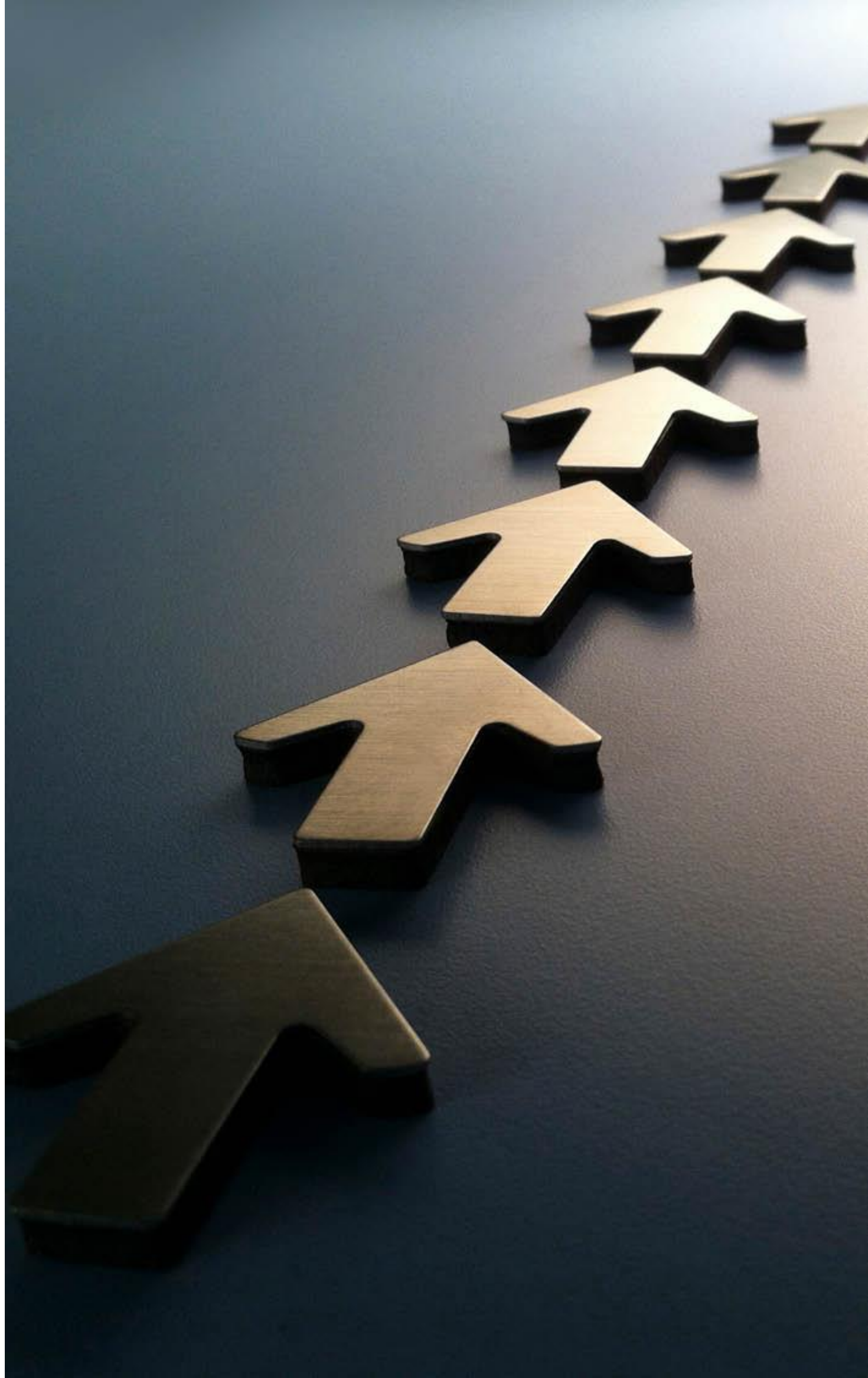
- Introduction
- Patient volumes
- Clinics
- Revenue cycle
- Productivity
- Cost reports
- Strategic planning
- Summary



INTRODUCTION

THERE IS OPPORTUNITY!

- An SFOA is not all about doom and gloom
  - Focus not on scaling back and cutting costs
  - Focus on growth and maximizing utilization of fixed investments
- Cannot focus on cost cutting with an expectation on creating prosperity
- Improvements are achievable by all organizations
- A change in results requires a change in organizational actions

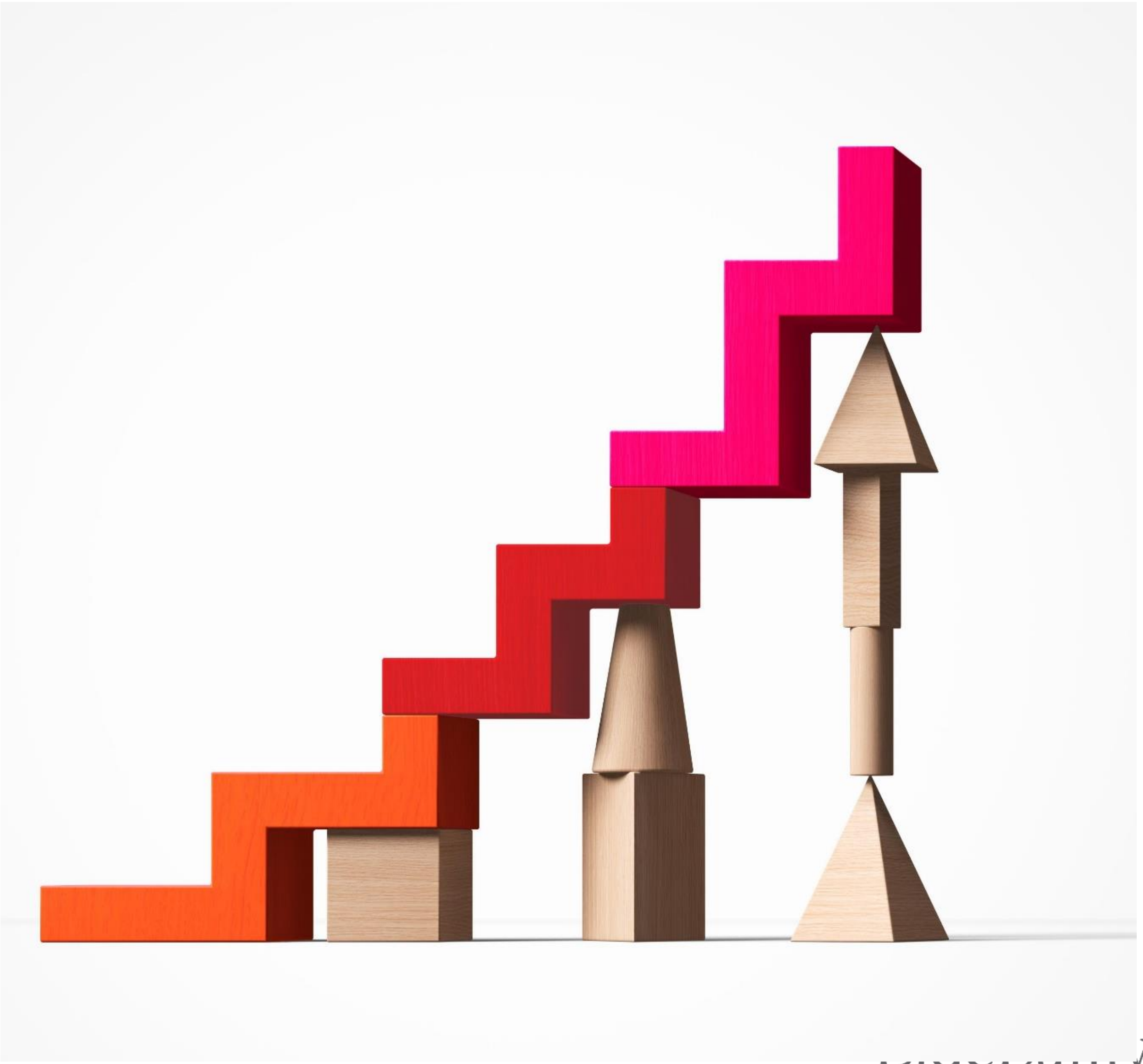


PATIENT VOLUMES

GROWTH DRIVES OPERATIONAL PERFORMANCE

- Organizational financial improvement occurs as:
  - Revenues increase
  - Costs decrease
  - Combination

- Increase in reimbursement derives from:
  - Increasing market share
  - Addition of services
  - Improvement in revenue cycle



UNDERSTANDING MARKET SHARE

- Facilities frequently lack an understanding of their current market
  - Where do patients in their market receive services?
  - Why do patients seek care else where?
  - What are existing and projected volumes in the market by service area?
  - What services do their competitors offer?

MARKET OPPORTUNITIES

- Better understanding of where patients get services
  - State resources
  - Medicare files
  - Proprietary sources

- Why patients go elsewhere
  - Consider surveys
  - Findings
    - Lack of awareness
    - Lack of access
    - Real or perceived quality issues
    - Other

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UNDERSTANDING VOLUMES

- Understanding current and future volumes can provide significant insight into future needs and strategies
- Variety of sources of data

Data and Analytics | Market Scenario Planner - Outpatient

Service Line	2023 Volume	2028 Volume	2033 Volume	5 Yr Growth	10 Yr Growth
Endocrinology	49	55	59	14.1%	22.1%
Psychiatry	2,500	2,743	2,753	9.7%	10.1%
Spine	52	55	54	5.5%	4.8%
Physical Therapy/Rehabilitation	5,537	5,798	6,439	4.7%	16.3%
Vascular	487	495	498	1.8%	2.3%
Lab	11,143	11,342	11,313	1.8%	1.5%
Orthopedics	765	777	805	1.6%	5.2%
Cardiology	2,840	2,875	2,837	1.2%	-0.1%
Miscellaneous Services	5,294	5,331	5,408	0.7%	2.2%
ENT	728	731	725	0.3%	-0.5%
Ophthalmology	2,628	2,634	2,613	0.2%	-0.6%
Pain Management	308	307	303	-0.2%	-1.4%
Evaluation and Management	24,310	24,076	23,522	-1.0%	-3.2%
Nephrology	144	142	138	-1.8%	-4.4%
Trauma	201	197	193	-2.0%	-4.3%
Neurology	381	372	368	-2.2%	-3.4%
Radiology	7,431	7,234	7,035	-2.6%	-5.3%
Neurosurgery	20	19	20	-2.8%	-0.7%
Dermatology	1,081	1,050	1,018	-2.9%	-5.9%
Thoracic Surgery	15	14	13	-3.3%	-9.2%
Podiatry	542	523	509	-3.5%	-6.2%
General Surgery	146	139	135	-4.3%	-7.4%
Oncology	427	405	392	-5.1%	-8.2%
Cosmetic Procedures	159	150	145	-5.5%	-8.8%
Gynecology	168	159	155	-5.5%	-7.7%
Gastroenterology	648	609	576	-6.0%	-11.1%
Urology	291	269	257	-7.6%	-11.8%
Pulmonology	329	295	259	-10.3%	-21.1%
Obstetrics	56	50	46	-10.6%	-17.8%

UNDERSTANDING THE COMPETITION

- What do competitors offer for services/access
  - Websites
  - Facebook
  - Twitter
  - Etc.

UNDERSTANDING THE COMPETITION

- Strategically adding services
  - Based on current volumes in market
  - Based on projected growth in market
  - Monitoring other providers
    - Mental health
    - Geriatric services
    - Wellness services

CLINICS

CLINIC PERFORMANCE

- Seeing large variation in clinic practices
  - Expectation of clinic hours
  - Scheduling practices
  - Effective use of technology
  - Effective use of staff
  - Adequacy of documentation, coding and billing
  - Hours/days of operation
  - Telehealth adoption

CLINIC OPPORTUNITIES

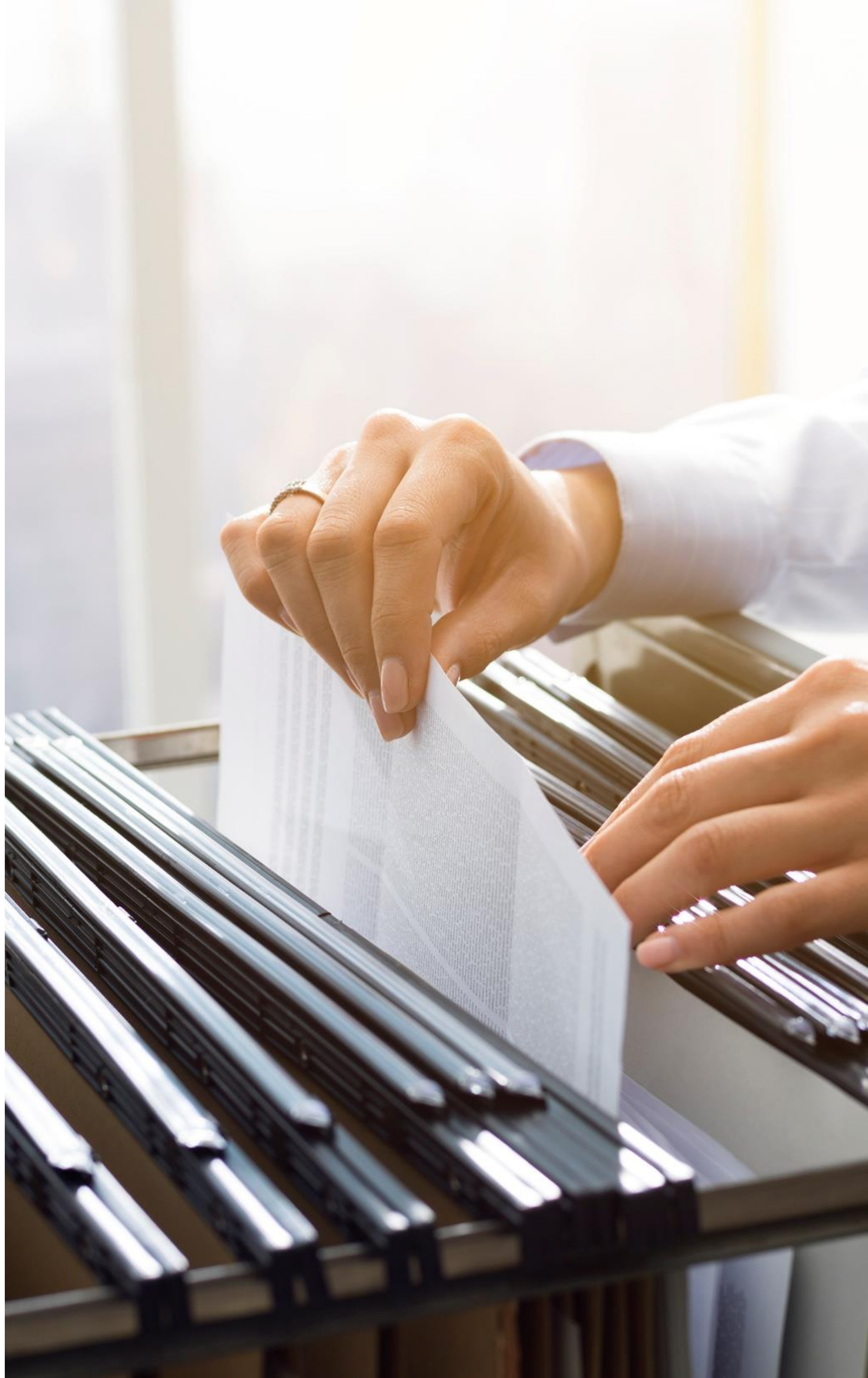
- Significant opportunities
  - Increase total volumes with same or less total staffing
  - Increase market share
  - Increase patient satisfaction
  - Increase provider satisfaction
  - Drive patient volume increases for other services

REVENUE CYCLE

CHALLENGES/OPPORTUNITIES IN REVENUE CYCLE

- Ongoing challenge for all healthcare providers
  - Regardless of size
  - Regardless of type of facility
  - Regardless of system
  - Regardless of location
  - Regardless of in-house or outsourced

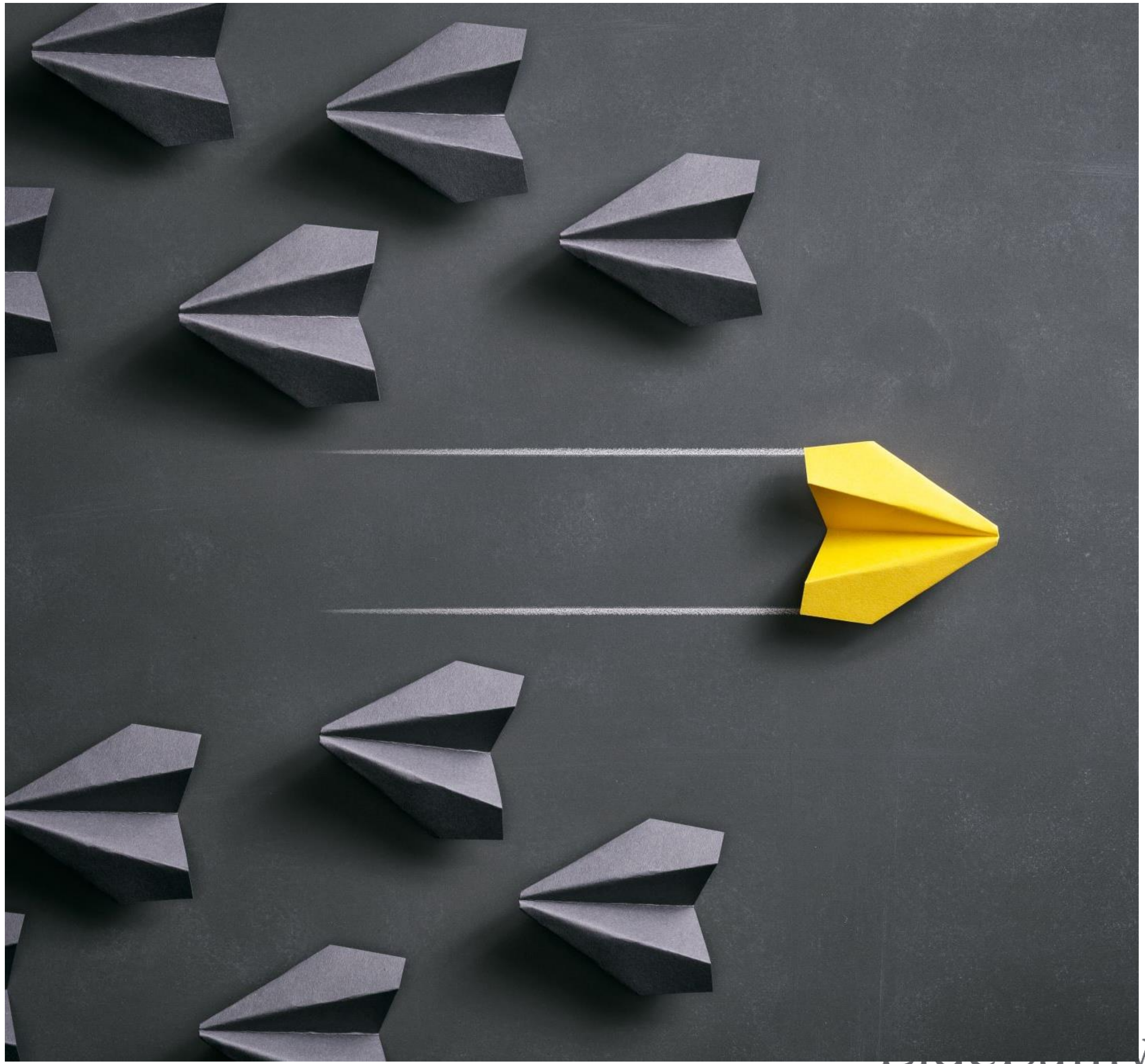
- Getting paid for the work you have already provided



OPPORTUNITIES IN REVENUE CYCLE

- Front End
  - Improvement in capture of demographics
  - Pre-authorization effectiveness
  - Financial counseling

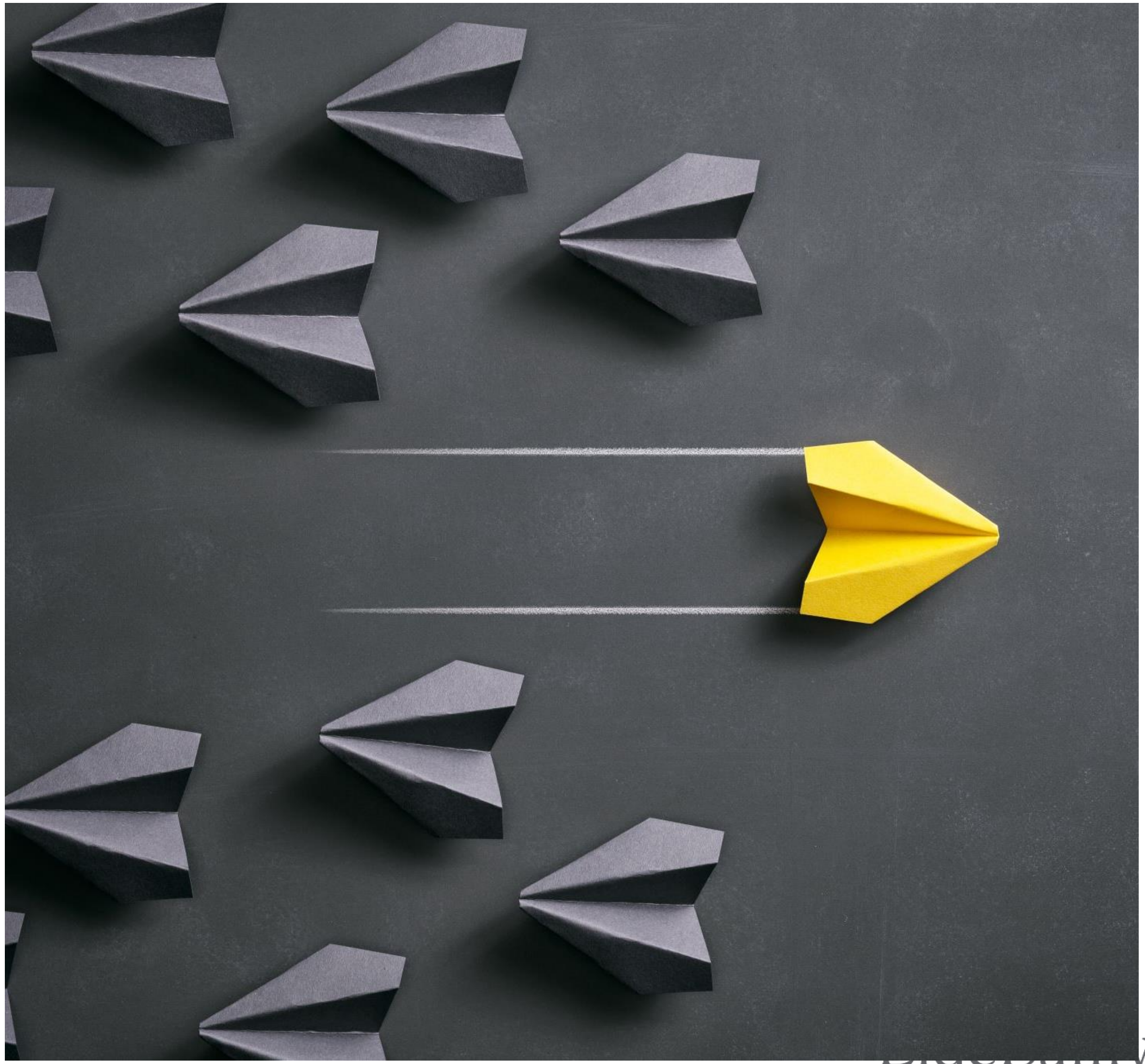
- Mid Cycle
  - Chargemaster accuracy/effectiveness
  - Coding reviews / charge capture assessments
  - Denial management



OPPORTUNITIES IN REVENUE CYCLE

- Back End
  - Improving effectiveness of insurance and self pay follow up.

- Outsourcing effectiveness
  - Front End
  - Mid Cycle
  - Back End



PRODUCTIVITY

PRODUCTIVITY MANAGEMENT

- Productivity management is not just about minimizing costs.
- Small number of rural hospitals have a productivity management process in place.
- Great variation in productivity performance.
- Varying definitions of minimum staffing.

PRODUCTIVITY MANAGEMENT

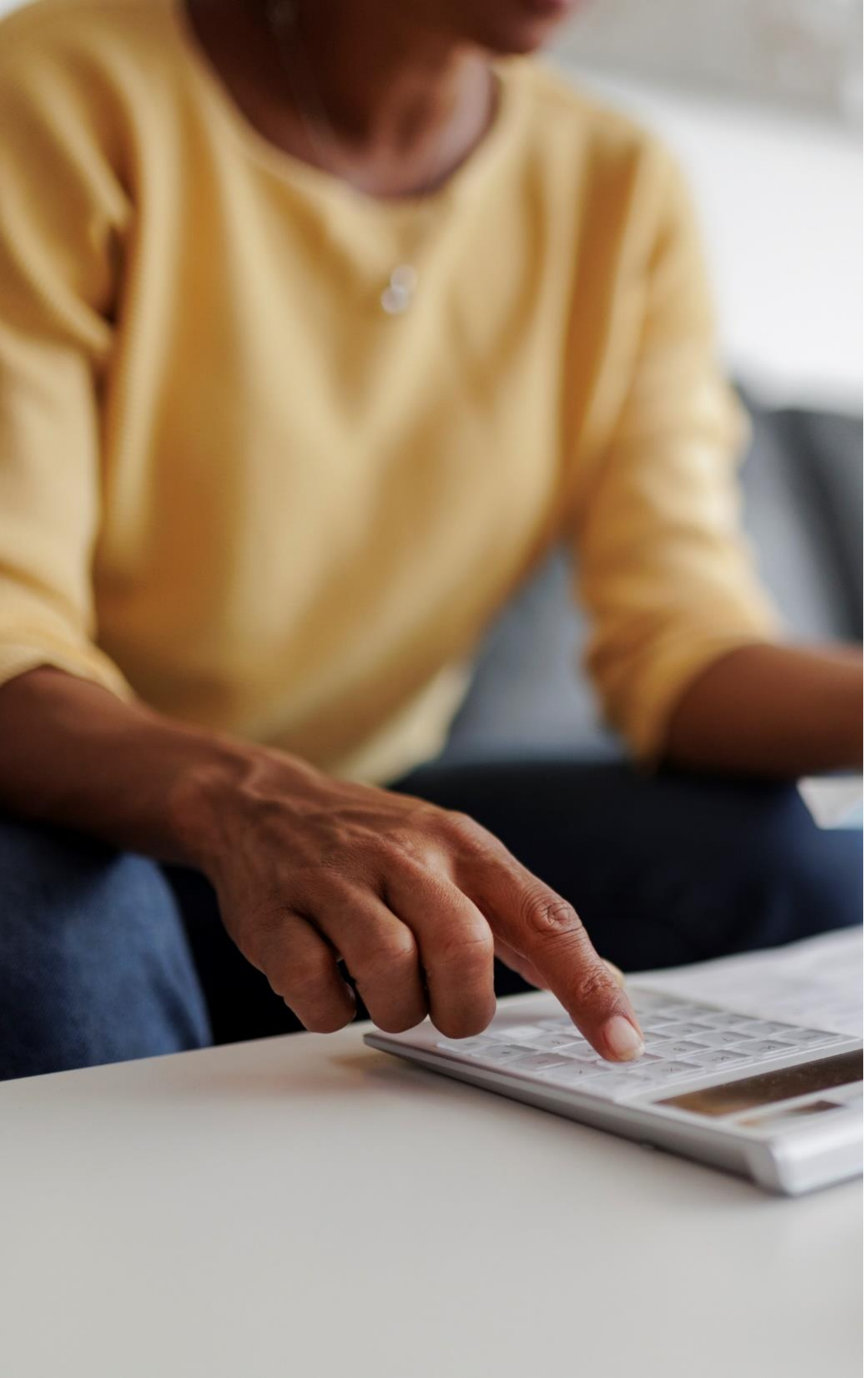
- There is often an opportunity to add services/volumes without increases in staffing (capacity).

- A review of productivity typically uncovers opportunities to improve processes and the patient experience.

PRODUCTIVITY MANAGEMENT

- A productivity management process may help identify opportunities to reduce current recruitment needs.

COST REPORTS



OPPORTUNITIES/RISKS

- Varying levels of attention being paid to the preparation and strategy related to the Medicare cost report
  - Preparers
  - Facilities
- Opportunities
  - Capture allowed reimbursement that is being missed
- Risk
  - Improvement in compliance

OPPORTUNITIES/RISKS

- Reporting of days
- Reporting of revenues
- Revenue and expense matching

OPPORTUNITIES/RISKS

- Overhead allocations
    - Methodologies
    - Accuracy of data collection
- Allowability of cost
    - Availability
    - Benefits
- Appropriateness of reimbursement methodologies

STRATEGIC PLANNING

STRATEGY PLANNING

- Varying states of strategic planning
  - Very robust
  - Minimal activity
  - Many outdated
  - Varying monitoring/reporting of activity

STRATEGY PLANNING

- Opportunities
  - Frequency
  - Inclusion of market assessments
    - Services
    - Competitors
    - Market share
    - Projected changes in service area demographics
    - Future volume projections
  - Ongoing reporting/monitoring

SUMMARY

OPPORTUNITIES EXIST

- Deep dive within your organization
- Challenge the status quo / past decisions
- Focus on growth/expansion versus retraction

OPPORTUNITIES EXIST

- Develop an action plan
- Ongoing monitoring and reporting
- A change in results requires a change in your organization

QUESTIONS?

THANK YOU!

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