TRANSFORMING YOUR REVENUE CYCLE

OCTOBER 20, 2016
OUR AGENDA FOR TODAY

Section 1: The Need for Change
Section 2: What Does This Mean to Revenue Cycle?
Section 3: Traditional and New Views of Revenue Cycle
Section 4: Where Should You Start?
Business transformation is about making fundamental changes in how business is conducted in order to help cope with a shift in market environment.
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
- Climbing high deductible responsibilities (cost sharing per worker rose almost 230% from 2006 to 2015, six times faster than wages)

**Accountable Care, Population Health, and Value-Based Models**
- Pace of change and transformational activities will impact the entire industry
- Changing payment models require additional skill sets, nimble strategies, and infrastructure (IT/processes)
- Payers 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
- Organizations are stretched as they implement new technology

**Responding to Fiscal Pressures**
- Healthcare providers must adjust to (at least) “break-even” on Medicare patients
- Managed care organizations continue to “change the game”
- Private insurers are rolling out new narrow network and value-based exchange products which has ceased cost shifting
- 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 healthcare)
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

What will you be billing for?

Curve #2: Value-Based Payment
Hospital, Physician, Continuing Care, Home Care, and CAP
- 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

ACUTE

POST ACUTE

PHYSICIAN

INTERNAL

EXTERNAL

Goals / Mission
Culture / Synergy
Investment / ROI
Strategy
Financial Goals
Patient-Driven Care
Evolving Payment Models
Healthcare Reform
Technology and World Source Readiness
New Competition
THE REVENUE CYCLE CONUNDRUM “MULTI-LINGUAL”

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

“Good” is no longer good enough
WHAT DOES THIS MEAN TO REVENUE CYCLE?

What you are doing today will not even sustain current performance in the future

**Patient Experience**
- Increased patient demand (transparency, access, technology)
- Increased patient liabilities

**Clinical Effectiveness**
- CMI impact / shifts
- APR-DRGs and focus on SOI and ROM
- HCCs
- Quality indicators

**Payer Complexities**
- Risk-based contract implications
- Climbing initial denial rates and contract variances
- Increased “hidden” losses in contractual adjustments
- RAC / audit takebacks

**Governance / Accountability**
- Silos between acute, physician, and post-acute services
- Non-revenue cycle resources driving key revenue cycle processes

**Payment Models**
- Value-based
- Risk-based
- Bundled payments

**IT and Data Management**
- New system implementations
- Lack of “new age” technology capabilities
- Changing performance metrics and benchmarks

Cost to Collect  
Revenue
REVENUE CYCLE CAN BE A MESSY JOB
TRADITIONAL VIEW OF REVENUE CYCLE

**Functional Areas**

**Pre-Encounter**
- Fragmented departments and accountability
- Continuous hand-offs
- Rework
- Customer service / patient experience issues

**Mid-Encounter**
- Inconsistent clinical involvement
- Disconnect between clinical and financial
- Disconnected goals / metrics
- Disconnected technology
- Manual processes

**Post-Encounter**
- Lack of robust data analytic and reporting
- Reactive vs. proactive
- Disparate vendor and layover processes
- High-touch / high-cost processing

**Challenges**
- Lack of integration between revenue cycle and clinical processes; impact of documentation and quality
- 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
- Increasing complexity of payer contractual requirements
IT'S TIME TO THINK OUTSIDE OF THE BOX

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

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WHAT ARE YOUR THOUGHTS?

• What are the top transformational needs in revenue cycle?

• Is this topic currently a priority for your organization?
NEW VIEW OF REVENUE CYCLE

“At Your Service” / Patient Connection / Navigation Centers

Financial and Clinical Integration

EHR Optimization and “New Age” IT Solutions

Robust Data Analytics

Patient Experience and Engagement

Strategic Partnerships and Vendor Usage

Organizational Development and Shared Services

Strong Payer Strategy and Connectivity
INTEGRATED REVENUE CYCLE RECOMMENDATION

Integrated Revenue Cycle Outcomes and Results

- Integrated Technology
- Improved Access to Data
- Coordinated Patient Care
- Improved Documentation
- Improved Process and Performance
- Alignment of Process and Performance
- Leveraged Resources
- Enhanced Patient Experience
- Access to RC Improvement Team
TOPICS OF CONVERSATION

New Age Call Centers

Clinical Integrity – CDI is not Just Inpatient CMI
Charge Capture / Revenue Integrity, Risk Adjustment, Medical Necessity, Coding, Quality, and Denial Avoidance

Risk Adjusted Performance / HCC Scores

Shared Service Consolidation

Single Business Office / Consolidated Patient Statements

Dynamic Reporting, Dashboards and Predictive Modeling

Governance and Accountability Shifts

Physician Engagement and Accountability

Strategic Payer Negotiations and Management

EHR Optimization – Reducing High Touch, High Cost Touches
Advanced Work Queue Optimization; Productivity Scoring; Advanced Charge Capture Editing

Vendor Partnerships
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.
FIRST STOP AND ASK YOURSELF...

• Before embarking on a transformation, consider these questions:
  - Is a major transformation necessary or will a more targeted, limited repositioning be enough?
  - Is the current state of your organization optimal for the type of transformation you are choosing?
  - Do you need to transform your organization before transforming the business?
  - What / who would be your biggest barriers in moving forward with this transformational initiative?
  - What is your next “ICD-10” initiative?
EVERYONE’S JOURNEY TO THE FINISH LINE MAY DIFFER
YOUR TRANSFORMATION APPROACH

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

• **Step 1:** Define a strategic vision 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
  - Continually align your business models with strategy

• **Step 2:** Plan your journey
  - Each step should build toward the “end game”

• **Step 3:** Execution
  - Most companies get the vision right, but the execution is the hard part
  - More than half of companies undertaking transformation fail to achieve the desired business result
  - Don’t underestimate the significance of the operational and cultural changes necessary to effect transformation across people, process, technology, data management, and risk management components
# PRIORITIZED ACTIVITIES – SHORT-TERM

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<thead>
<tr>
<th>THEME</th>
<th>OPERATIONAL IMPLICATIONS</th>
<th>RISKS</th>
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<tbody>
<tr>
<td>• Standardize and centralize accountability for core revenue cycle functions (e.g. departments, case management / UR, physicians) and shared service needs</td>
<td>• Centralize the skills, functions, and accountability for key revenue cycle functions</td>
<td>• Multiple touch points and handoffs increase risk for error and delay</td>
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<td>• Establish metrics and performance expectations for all functions</td>
<td>• Increased financial loss</td>
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<td>• Multiple touch points and handoffs increase risk for error and delay</td>
<td>• Revenue leakage</td>
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<td>• Increased financial loss</td>
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<td>• Higher cost to collect</td>
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<td>• Design comprehensive call center concept (at minimum, implement functions that focus on proactive avoidance of revenue cycle issues in the short-term)</td>
<td>• Significant process and role redesign with specific focus on front-end, proactive avoidance</td>
<td>• Sub-optimize short-term benefits</td>
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<td>• Lays foundation for future comprehensive call center (financial and clinical tasks)</td>
<td>• Net revenue and cash flow losses</td>
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<td>• Provides synergies between acute, physician, and post acute revenue cycle functions</td>
<td>• Higher cost to collect</td>
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<td>• Helps prepare for changes related to reform and population health</td>
<td>• Continue to fall behind market in preparation for Curve 2</td>
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<td>• Helps prepare for changes related to reform and population health</td>
<td>• Customer service</td>
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<td>• Focus on coding and documentation transformation</td>
<td>• Clinician, coding, and CDI engagements</td>
<td>• Quality</td>
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<td>• Establish accountability for documentation</td>
<td>• Outcomes</td>
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<td>• Denials, RAC takebacks, net revenue</td>
<td>• Scorecards</td>
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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>Focus on IT build and EMR optimization</td>
<td>Increase in denials and “takebacks”</td>
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<td>Support and training for physicians / clinicians</td>
<td>Net revenue losses</td>
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<td>Quality impact</td>
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<td>Financial risk with transition to ICD-10</td>
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<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>
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<td>Implement defined processes aimed at improving the referral processes across the continuum of care</td>
<td>Revenue leakage</td>
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<td>Financial risk associated with upcoming reform changes</td>
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THANK YOU!

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