

Standardizing Revenue Cycle Operations



R1 and Ascension Healthcare
September 2017

Agenda

Introduction

Background

Standardization Approach & Benefits

Progress to Date

Lessons Learned

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Standardization and Partnering on Revenue Cycle

Why Standardization is Important

- Consistency of Operational and Financial Performance
- Quality of Patient and Provider Experience
- Rationalization of Supply Chain / Vendor Footprint
- Efficient & Flexible Allocation of Staff & Managerial Resources

Why We Chose a Partner

- Dedicated Organizational Focus on RCM Performance
- Existing Global Delivery Infrastructure
- Leading, Continuously Improving Technology
- Human Resources Dedicated to Acquiring & Developing Top RCM Talent

Background

R1 Experience w/Existing Footprint Prior to 2016

Brief Background on R1

2003

Founded as an **End to End RCM Operations** Company

2010

Grew Rapidly before and after successful IPO

2013

Recognized need to **scale more effectively**

COO Hired in 2013 to Double Down on Execution

Measured all of operations against a common standard in 2014-2015

Adoption of operating standards was often <60% (Ascension and non-Ascension customers)

Early results driving standardization showed significant return on performance in 2015

We Began Focusing on Standardization *Out of Need*, and Have Continued to Invest in Making it Part of Our Identity

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Standardization Approach

Investments Made to Build a Standard Operating System

Human Capital

- Two dedicated ops. teams
 - Three pods per team, aligned to patient access, HIM, and PFS
 - 18 full time experienced leaders
- Fully specialized analytics & performance monitoring team
 - Dedicated team per customer
 - 17 full time senior leaders
 - 61 staff analysts
- 22 Operator Competencies

Documented Operating System

Policy and Procedure
Proactive Price Transparency

Playbook Approval Date Revision Dates Business Owner

Standard Daily Routine Guide | **Financial Counselor Rounding**

Meeting Overview			
Meeting	Frequency	Reports Covered	Attendees
Financial Counselor Rounding	Daily	R1 Analytics 4.3.1.2 Self-Pay Screening Rate	R1 Site Operator
		R1 Analytics 4.4.1 Solution Rate	Financial Counselors Registration Leads

Meeting Preparation Expectations





1. **Operators** will check-in daily with FC staff.
 - a. Operators will treat this as "walk by" exercise as opposed to a formal sit-down meeting.
 - b. Operators will gather informal feedback about tool/process issues and provide training to staff as needed.
 - c. Operators will block off calendar time to complete rounding and prioritize this activity as part of the daily routine.
2. **Operators** will continuously monitor the reports listed above and be prepared to discuss findings with FCs during rounding.
 - a. Manually review any unscreened or no-solution accounts in the host system.
 - b. Dive into account-level details and follow up with staff to understand barriers to completing the FC process.

- Clearly defined standards, documented in executable detail
- Standards designed to link front-line activity to enterprise financial goals

Standardization Approach

The Standardized Operating System Defined



	Description	Proof Points
 Work Flow	Standardized End to End Work flow	<ul style="list-style-type: none">• >150 standard methods• 1:1 correlation to outcomes
 Analytics	Actionable Analytics and Dimensional Performance Visibility	<ul style="list-style-type: none">• >100 standard measures• >20 standard daily routines
 Operations	World Class Talent and Global Service Delivery Network	<ul style="list-style-type: none">• 8 Global COEs• Centralized performance monitoring
 Technology	Leading Technology Platform that Institutionalizes and Automates Work Flows	<ul style="list-style-type: none">• Total system agnosticism• Complete E2E integration

Comprehensive Approach to Operational Excellence

Standardization Approach

How We Measure and Deliver Standardization (1 / 2)

Example Area for Assessment: Pre- and Point-of-Service Cash Standards

Work Flows / Methods	Weight	Site 1	Site 2	Site 3	Site 4
Demographic Validation	2	●	●	●	●
Eligibility & Benefit Verification	8	●	●	●	●
Proactive Price Transparency	10	●	●	●	●
Compassionate Patient Interaction	10	●	●	●	●
Patient Flow Optimization	8	●	●	●	●
Actionable Prior Balance Visibility	5	●	●	●	●
Total % Standardized		100%	53%	41%	56%

Analytics	Weight	Site 1	Site 2	Site 3	Site 4
Eligibility & Benefit Verification Rate	5	●	●	●	●
Patient Share Education Rate	10	●	●	●	●
Insured Patient Residuals Collection Rate	10	●	●	●	●
Residual Estimation Accuracy Rate	8	●	●	●	●
Prior Balance Collection Rate	5	●	●	●	●
Total % Standardized		89%	100%	7%	57%

Operations Accountability	Weight	Site 1	Site 2	Site 3	Site 4
Daily Routine in Place	8	●	●	●	●
Weekly Performance Review in Place	5	●	●	●	●
Total % Standardized		100%	100%	50%	81%

Technology	Weight	Site 1	Site 2	Site 3	Site 4
Service Type Codes	10	●	●	●	●
Estimates Table	5	●	●	●	●
Default Benefit Values	10	●	●	●	●
Total % Standardized		100%	80%	50%	90%

Playbook Module	% Standard	Avail Pts.	Earned Pts.
Methods	41%	100	41
Analytics	7%	100	7
Accountability	50%	100	50
Technology	50%	100	50
Total % Standardized	41%	400	148

Standardization Calculation:

- Earned Pts / Avail Pts
- $148 / 400 = \underline{\underline{37\%}}$

●	= 1.0 in place + fully deployed
●	= 0.5 in place + not fully deployed
●	= 0 not in place

Standardization Approach

How We Measure and Deliver Standardization (2 / 2)

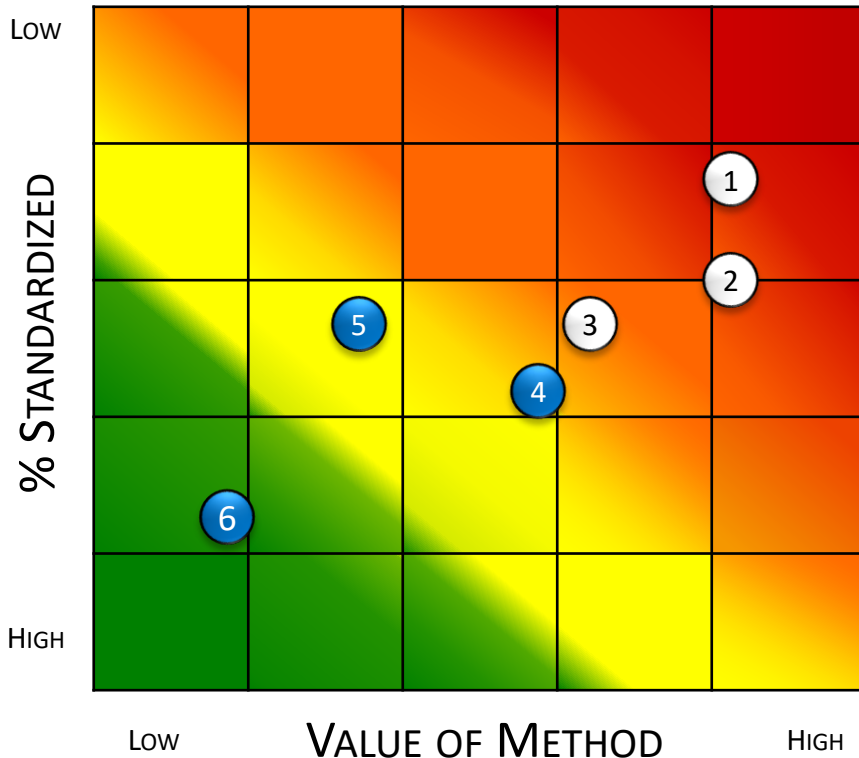
Priority Rank:

High

Med

Low

Heat Map: Relative Value vs. Standardization



Standardization Priority Rank

Priority Rank	Economic Value	Work Flow / Method	% Standard
①	High	Proactive Price Transparency	32%
②	High	Compassionate Patient Interaction	45%
③	Med-High	Patient Flow Optimization	51%
④	Med-High	Eligibility & Benefit Verification	55%
⑤	Med	Actionable Prior Balance Visibility	50%
⑥	Med-Low	Demographic Validation	75%

Standardization Approach – Proof Point

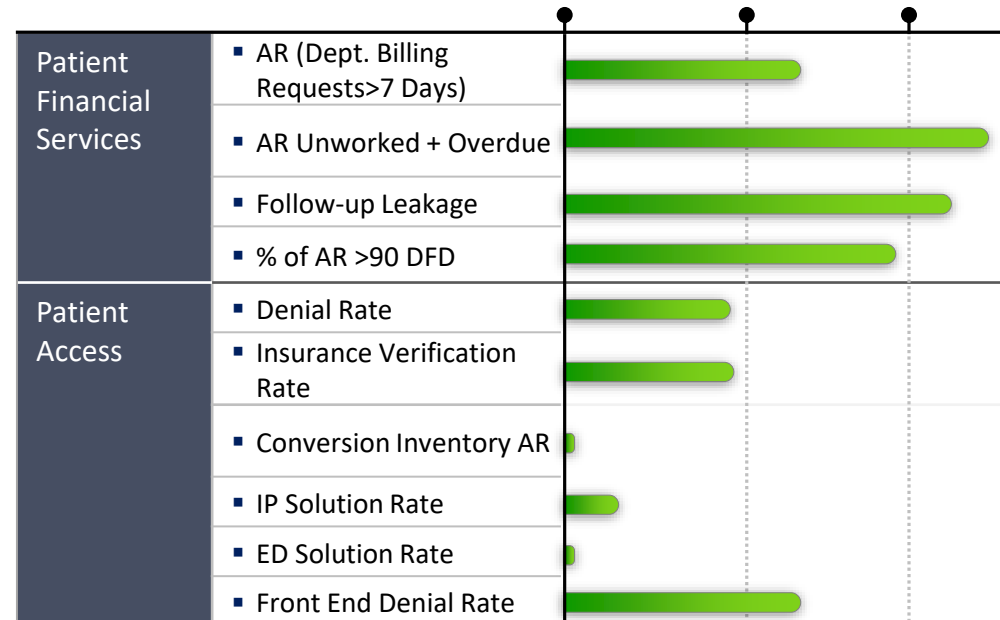
Operating Performance Linked with Standardization

Operating System Module	Baseline	Jan 31	Apr 30	Jul 31
▪ Methods / Work Flows	55%	59%	79%	94%
▪ Analytics	38%	49%	90%	95%
▪ Operations Accountability	31%	46%	92%	98%
▪ Technology	70%	80%	85%	100%
Total % Standardized	49%	61%	79%	96%

UoM	Baseline	Jul 31 st	Change
Days	0.09	0.05	44%
Days	0.67	0.14	79%
%	2.4%	0.9%	63%
%	13.3%	6.9%	48%
%	13.1%	10.5%	20%
%	77.1%	93.4%	21%
Days	0.08	0.10	-25%
%	2.1%	1.3%	38%
%	97.3%	99.0%	2%
%	96.0%	100.0%	4%

Metric Improvement

Performance Over Baseline



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Progress to Date by Phase & Regional Market

	Location	NPR (MM)	Hosp. Count	Start Date	Baseline % Standard	Current % Standard
Locations On-boarded Prior to 2016	Mobile AL	\$200	1	2/1/2016	67%	96% ★
	Jacksonville FL	\$600	3	2/1/2016	70%	98% ★
	Washington DC	\$200	1	2/1/2016	70%	95% ★
	Michigan Market	\$2,800	14	3/1/2016	76%	96% ★
	Nashville TN	\$1,100	3	3/1/2016	74%	95% ★
	Milwaukee WI	\$700	3	4/1/2016	78%	96% ★
	Birmingham AL	\$600	4	4/1/2016	70%	93% ★
Wave 1 Locations	Texas Market	\$2,200	14	7/1/2016	33%	94% ★
	Tulsa OK	\$700	6	8/1/2016	37%	87% ★
	Wichita KS	\$800	5	9/1/2016	35%	73%
Wave 2 Locations	Pensacola FL	\$500	3	7/1/2017	50%	51%
	Indiana Market	\$2,500	17	7/1/2017	45%	50%
	Wisconsin Market	\$2,000	16	9/1/2017	TBD	TBD
Wave 3 Locations	Bridgeport CT	\$500	1	7/1/2018	TBD	TBD
	Binghamton NY	\$300	1	7/1/2018	TBD	TBD
	Baltimore MD	\$400	1	7/1/2018	TBD	TBD

Significant Advancement of Standards Across Locations

Progress to Date – Proof Point

Technology Vendor Rationalization is Significant

Wave 1 Summary Tech/Vendor Count

Plains Region	Baseline	Current	Target
Patient Access	7	3	2
Charging & Coding	16	13	6
Claims & Reimbursement	45	20	5
Total	68	36	13

Note: "Total" counts a single solution deployed at multiple sites *as one solution*

Example Mature Site Tech/Vendor Count

Kalamazoo	Baseline	Current	Target
Patient Access		1	2
Charging & Coding		4	4
Claims & Reimbursement		6	5
Total		11	11

Summary of Current Status

- Significant progress made in the current wave of roll-outs – over 30 vendors removed in favor of one standard, integrated platform
- Roughly 20 additional vendor transitions are currently in-process
- At full vendor count , ranges from 10-15 applications depending on local / regional requirements
- Kalamazoo is one example of a mature market having reached full maturity

Significant Simplification of Technology Footprint

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Standardization is an Imperative for Complex Systems

Standardization has helped us to achieve:

- Consistency of operational measurement, performance monitoring, and accountability
- Consistency of *how, where, and by whom* work is done across the enterprise
- Rationalization of technology bolt-ons and service vendors
- **Simplified expectations for field operators and P&L owners**



Lessons Learned

Importance of Communication & Change Management

Launch Scorecard – Example System

Deployment Campaign Structure

Deployment Function
EVP – Wesley Arnett

Campaigns – Steve Baumberger

Ascension				Intermountain		
Phase 1	Phase 2	Wicks	W. Pop	Phase 1	Phase 2	TBD
Steve Baumberger				Jeff Brownawell		
Dev Mince	Steve Demard	Ann Nicolson	Marcy Napier	Jeff Blum	TBD	TBD

Deployment Office
Vice President
Amit Sharma

Deployment Structure – Pillars

The deployment work has been organized under the Deployment Office into five major pillars:

DEPLOYMENT OFFICE S. BAUMBERGER, A. SHARMA, R. HARDISON				
1	2	3	4	5
EMPLOYEE TRANSITION M. SHEARIN	OPERATIONAL DEPLOYMENT T. MERRITT	TECHNOLOGY DEPLOYMENT G. BUTLER	CONTRACT ADMIN. B. CUTLER	INTERNAL READINESS A. SHARMA
Pillar Mandate Execution of CBM & ABM employee transition, including communication, logistics, change management, and administrative requirements	Pillar Mandate Implementation of the Standard, including methods, Shared Services, training, vendor transitions, launch of new services, etc.	Pillar Mandate Installation of technology including R1 proprietary platform and vendors solutions required by the Standard	Pillar Mandate Implement new contract requirements, including Supplements and metrics, governance and management	Pillar Mandate Foundational items necessary to prepare R1's Technology, Shared Services and other internal departments to enable deployment and standardization.

Structured to provide leverage for Customer leadership

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Investments Required

- **Full-time Change Management Function**
Dedicated, fully resourced organization for Customer onboarding
- **Over-Communication**
Multi-channel, standardized cadence for communication across the organization
- **Leadership Alignment**
Clear, shared vision at the top & ongoing inclusion and involvement of leaders at all levels of the organization

Investments in Communication Make a Real Difference

Lessons Learned

Importance of Operations-Technology Partnership

Key Elements of Partnership

- Sponsorship of senior operations and technology executive leadership
- Clear Voice of Customer (patient, physician, health system, community) throughout technology planning
- Joint planning of process & technology roll-outs; platform upgrades; and new installs
- Standardized interface specifications & system-level architecture governance



Alignment & Joint Planning Between Operations and Technology Unlock Significant Value

Closing

