

Provider View: Partnering on Revenue Cycle Technology Standardization with An Outsourcer

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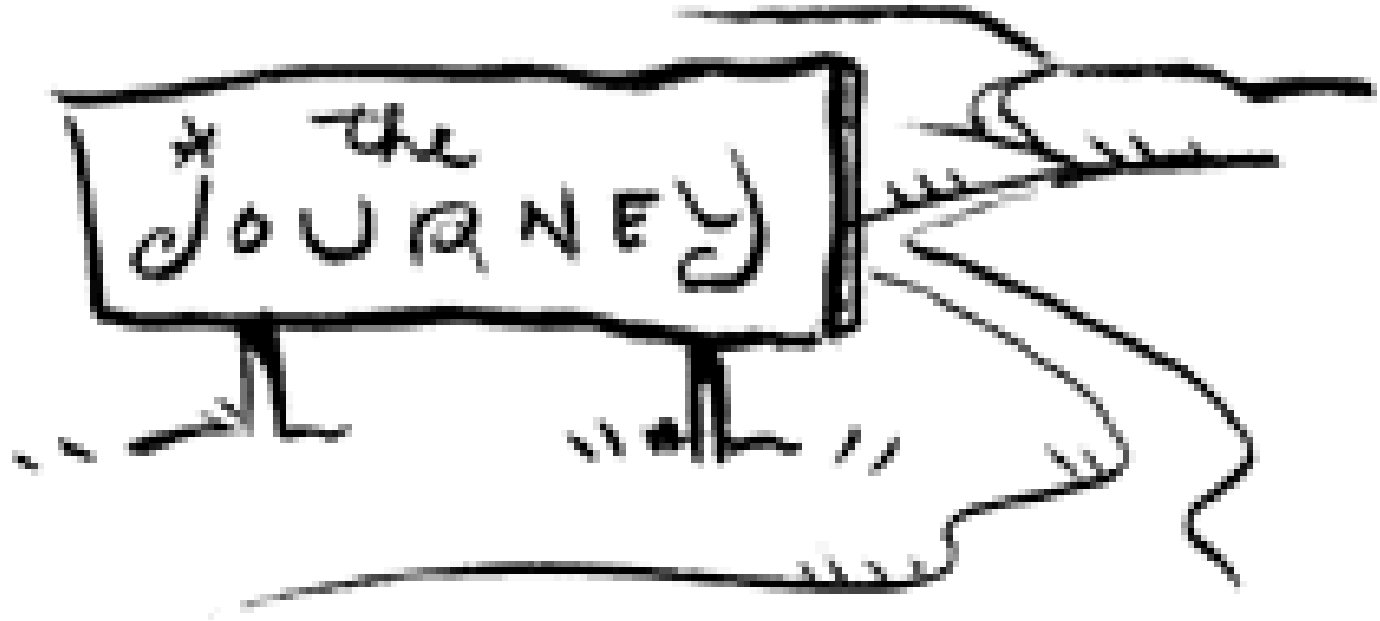
Joe Politi, Vice President, Solution Design & Delivery, R1 RCM

Topics for Today's Session

- ❑ Background
- ❑ Standardization Objectives
 - Technology
 - Vendors/Vendors Contracts
- ❑ Standardization Approach
 - Work Flows
 - Technology
 - Vendors/Vendors Contracts
- ❑ Critical Success Factors
- ❑ Status to Date/Progress
- ❑ Q&A

Session Objectives

- ❑ Review Background – Offer an Explanation of the “Technology Why”
- ❑ Share Technology and Associated Workflow Standardization Objectives and Approach
- ❑ Review Critical Success Factors
- ❑ Brief Review of Status/Progress (“what works and what does not”)



Background Information- The Journey

Background and History – Technology Viewpoint

- ❑ Applications Portfolio Management & Rationalization effort (started in 2011)
- ❑ Complex revenue cycle solutions/technology landscape
- ❑ ERP and clinical standardization efforts
- ❑ Governance and clarity of decision rights
- ❑ Costs and risks associated with maintaining a diverse (varied) portfolio

What is “APMR” & Why Is/Was It Important to Rev Cycle?

- ❑ Applications Portfolio Management & Rationalization effort started in 2011 with a focus on standardizing, reducing variation in solutions and support models, managing costs.
 - Revenue Cycle was a prime area for achieving some degree of “success” in each of these areas
- ❑ Focus areas included Software (license & maintenance), support (people), hardware (network, gear, etc.), hosting, other
- ❑ While originally technology dept. driven, APMR for revenue cycle *became* a collaborative effort between business and technology leaders
- ❑ Revenue Cycle operations were split between internal operations and an outsourcer’s operations for some sites

Revenue Cycle Applications Landscape

- ❑ Total Number of Health Ministry Reported Applications*:
 - 523 (Of that total, 295 are in the categories Admitting and Registration, Patient Accounting, Registration, Revenue Cycle Management, or Scheduling which represents the “core” revenue cycle applications)
- ❑ Applications at “End of Life”, “Retired”, or “Inactive”:
33
- ❑ Unique Vendors: 137
- ❑ Common Vendors Unique Applications/Products:
307

Why Is /Was Governance Important?



Charter: Revenue Cycle Governance Council Purpose

- › Support & ensure alignment with the Clinical Vision & the Strategic Direction described in the Point of View.
- › Provide a governance structure for making key strategic, financial & operational decisions impacting the RC technology.
- › Through technology, support transformation to future state RC operations that have the following characteristics:
 - Standard processes & metrics
 - Material revenue enhancement
 - Robust reporting & analytics
 - Nimble for future growth
 - Clearly defined accountabilities & structure
 - Consistent industry “best practice” cost & performance
 - Full transparency with standard operating processes
 - Centralized responsibility for regulatory compliance
 - Collaborative shared services that have Service Level Agreements with local HMs
 - Standard Revenue Cycle technology including but not limited to middleware application that draws upon data in local HM legacy systems, shared support where applicable & a rationalized applications & infrastructure portfolio, where applicable.

Charter: Revenue Cycle Governance Council Scope

- › Establish & oversee system-wide RC Technology Strategy.
- › Advise & guide on current state of technology supporting RC operations at the sites of care.
- › Through the identification & detailed implementation of “best practice” revenue enhancement opportunities, identify technology vendors/solutions to best meet RC needs of provider.
- › Review & approve current, requested & proposed RC technology investments (capex & opex) & vendor agreements to ensure cost effectiveness, efficiency & to minimize duplication & variation in RC technology footprint.
- › Review & approve current, requested & proposed RC technology contracts presented by VP, Revenue Cycle.
- › Develop & implement technology to support desired Future State Model for all Revenue sites.
- › Oversight of outsourcer technology relationship to ensure alignment with RC strategy & operational plans.

Charter: RCGC must comply with Revenue Cycle Guiding Principles

Mission & Values: Keep our mission and values at the forefront of all decisions and actions

Transparency: Provide open communication throughout the design, implementation and results process

Service: Optimize customer service by simplifying processes and minimizing handoffs

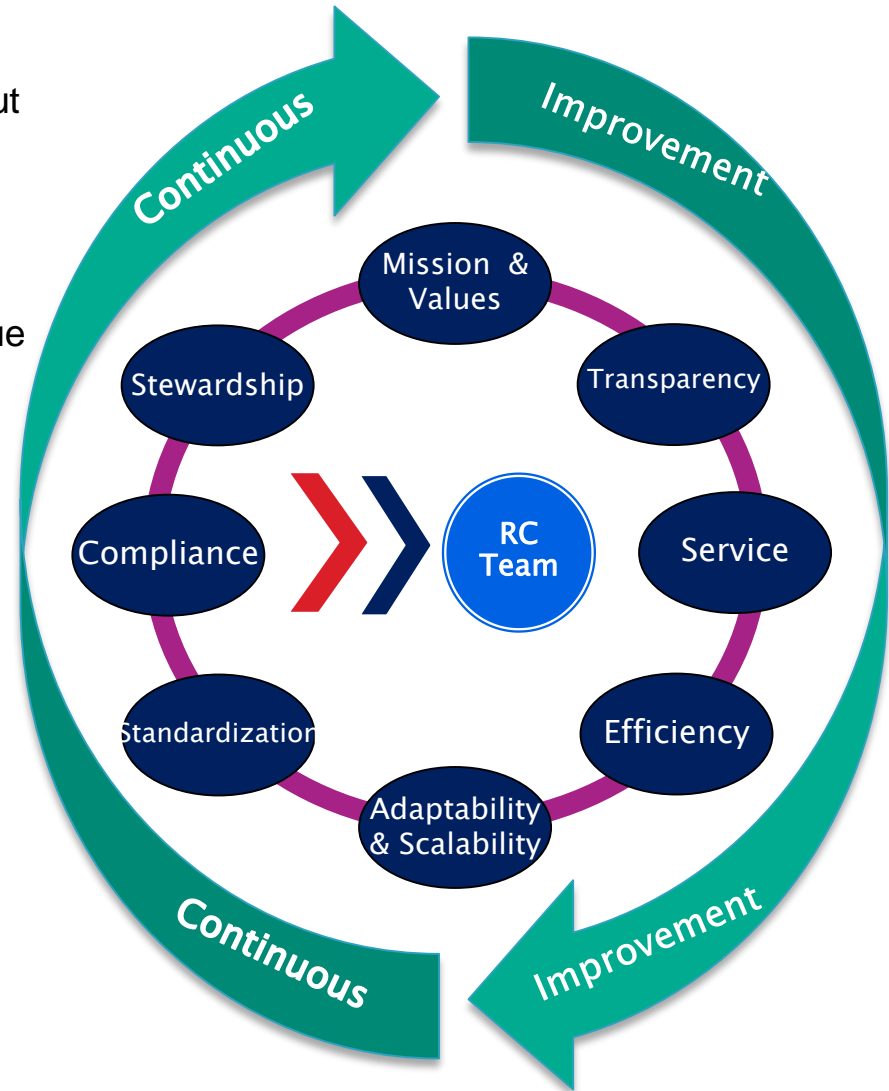
Stewardship: Optimize resources by increasing revenue and reducing the cost of doing business

Adaptability & Scalability: Ensure a future state structure that is adaptable and customizable to accommodate future growth, strategy and innovation

Efficiency: Breakdown silos and streamline structures and processes to enable timely and actionable business practices in a cost effective manner

Compliance: Increase compliance; anticipate and mitigate risk

Standardization: Structure for consistency in order to enable cost reduction and risk mitigation



Guiding Principles: RCGC Assessment of Vendors

- › Vendor has proven capabilities to support an organization the size and scope of provider
- › Vendor demonstrates willingness to commit to benefit to provider through leveraging our size for pricing, services, and support
- › Vendor has executed agreements with multiple Health Ministries in the Revenue Cycle operations realm
- › Vendor is recommended by and proven successful in Health Ministries
- › Vendor is a demonstrated industry leader and best performer (i.e. KLAS, Gartner, Health Ministry experience, etc.)
- › Vendor aligns business practices with Mission, Vision, and Values
- › Utilize scoring criteria

RCGC Activities

› Business Process List / Standards Selection Work

- Developed list of 130+ Revenue Cycle Business Processes, including front, middle and back-end to capture all activities in this space
- Working with IT to round out Revenue Cycle Application / Service Landscape for visibility into what's currently in use, as well as upgrade and replacement dates
- Developing scoring criteria to evaluate vendors, including information from industry scan reports (i.e., KLAS)
- Determining future strategic priorities / quick wins where solutions will be proactively implemented in FY16 and beyond

From Here to Complete Outsourcing

- ❑ While provider IT was working on APMR and governance, the revenue cycle operations side was “split” between internal (legacy) operations and an outsourcer
- ❑ Business led RFP process initiated to move to “one way” of operating revenue cycle including technology/solutions
- ❑ Decision made to move to revenue cycle and supporting technologies to an outsource partner in late 2015

Standardization Objectives- Technology & Vendors/Vendor Contracts





Objectives of Revenue Cycle Technology Standardization

- ❑ Enable business capabilities and standard work flow/processes across sites
- ❑ Minimize variation in solutions across all sites
- ❑ Decrease number of vendor contracts and dependency on numerous/varied third party relationships

Standardization Approach

The R1 Standard Operating Framework



| | Description | Differentiation | Proof Points |
|---|---|--|---|
|  Work Flow | Standardized End to End Work flow | The only fully catalogued, standardized methodology for revenue cycle execution from order intake and scheduling to claim reimbursement | <ul style="list-style-type: none"> • >150 standard methods • 1:1 correl. to outcomes |
|  Analytics | Actionable Analytics and Dimensional Performance Visibility | Proprietary set of daily operating measures that help enable front-line operators deliver on differentiated business outcomes every single day | <ul style="list-style-type: none"> • >100 standard measures • >20 standard daily routines |
|  Operations | World Class Talent and Global Service Delivery Network | Global shared services; centralized analytics & monitoring group; dedicated deployment team; all delivering one operating platform | <ul style="list-style-type: none"> • 8 Global COEs • Centralized performance monitoring |
|  Technology | Leading Technology Platform that Institutionalizes and Automates Work Flows | Only capability in the market that hard-wires standard methods, operating metrics, and daily routines into an end-to-end tech platform | <ul style="list-style-type: none"> • Total system agnosticism • Complete E2E integration |

Comprehensive Approach to Operational Excellence

Standardization Framework – Work Flows

Work Flows Wired with Standard Methods

| Payer Cash | | Uninsured Conversion | Patient Cash | Net Compliant Revenue | Cost to Collect |
|---|--|---------------------------------------|---|---|--|
| (Front End) | (Back End) | | | | |
| Scheduling / Access 5 Methods | Insurance Billing 6 Methods | Uninsured Screening 5 Methods | Pre- and Point-of-Service Cash 4 Methods | Health Information Management 17 Methods | Benchmarking 6 Methods |
| Insurance Verification & Authorization 6 Methods | Posting 7 Methods | Best Solution Management 4 Methods | Statement & Pre-Collect Cash 9 Methods | Clinical Documentation Excellence 13 Methods | Position & Vendor Control 4 Methods |
| Clearance / Registration Throughput 4 Methods | Receivable Follow-Up 9 Methods | Conversion Payments 5 Methods | Customer Service 5 Methods | Case Management 15 Methods | Process Redesign & Automation 8 Methods |
| Medical Necessity / Utilization Review 5 Methods | Denial Prevention & Appeals 5 Methods | | | Charge Management 19 Methods | Consolidation 6 Methods |

Over 150 Standard Methods

Standardization Framework – Technology

Standard Technology Capabilities

| Payer Cash | | Uninsured Conversion | Patient Cash | Net Compliant Revenue | Cost to Collect |
|--|---|---|---|---|--|
| (Front End) | (Back End) | | | | |
| Scheduling / Access R1 Access | Insurance Billing Relay Assurance | Uninsured Screening R1 PFA | Pre- and Point-of-Service Cash R1 Access | Health Information Management R1 DNFB | Benchmarking R1 Analytics |
| Insurance Verification & Authorization R1 Access | Posting R1 Post | Best Solution Management R1 PFA | Statement & Pre-Collect Cash R1 Contact | Clinical Documentation Excellence DRG Integrity | Position & Vendor Control R1 Analytics |
| Clearance / Registration Throughput R1 Link | Receivable Follow-Up R1 Decision | Conversion Payments R1 CWL | Customer Service R1 Experience | Case Management Portal | Process Automation R1 Automate |
| Medical Necessity / Utilization Review Nec | Denial Prevention & Appeals R1 Decision | | | Charge Management R1 Insight | Consolidation R1 Analytics |

Clear Standards for Technology

Standardization Working Teams

MPSA Work Stream Chairs

- Nola W
- Kim H
- Rich F
- Joe P

Centralization Team

- Kim H
- John S
- Rich F
- Chris R

IT / Vendor Team

- Melissa D
- Joe P
- Kari C
- Sandra S

Work Flow, Operations, & Policy Teams

Patient-Facing

- Tina A
- Andrew G
- Karen S
- Michelle B

Middle Functions

- Ruth C
- Dan G
- Steve H
- Ministry Reps.

Payer-Facing

- Terry B
- Mayuri P
- Karen S

PAS

- Pam M; Logan J
- Ruth C; Michelle T
- Janet M
- Kari C

Existing Site Operations Leaders



New Site Operations Leaders



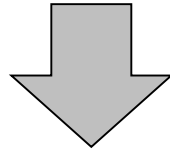
R1 Central Standardization Team

Engagement with Central Team

Technology & Vendor Standardization Approach

Technology Review

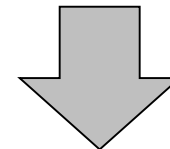
| Area | Focus | Revenue Cycle Technology Value Drivers | Tech | Status | Applic | |
|--|--|--|---|---------------|-------------|----------|
| Self Pay | Patient Financial Advocacy (SP Conversion) | - Standardized facility-specific questions | Yes | Manual | Propriet | |
| | | - Rules-based PFA Flagging | Yes | Manual | Propriet | |
| | | - Pre-populated Data Elements from Registration | Yes | Manual | Propriet | |
| | | - Standardized SP Conversion Worklist for f/u | Yes | Manual | Propriet | |
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| | Retro Eligibility | - Algorithm searches for Medicaid Coverage | Yes | Manual | Intellisour | |
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| | | - Runs systematically for 365 days post-discharge | Yes | Manual | Intellisour | |
| | Patient Residuals | Patient CDE Validation | - USPS validation on 100% of visits | Yes | Manual | Address |
| | | | - Skip Trace available upon USPS validation failure | Yes | Manual | Address |
| - Demographic field (CDE) validation (Reg Quality) | | | No | Not Performed | No | |
| Pre-service Residual Calculation | | - Utilizes Expected Reimbursement Estimate | No | Not Performed | No | |
| | | - Integrates Real-Time Eligibility Benefits | No | Not Performed | No | |
| | | - Prints 'patient friendly' estimate | No | Not Performed | No | |
| Prior Balance | | - Includes Bad Debt | No | Not Performed | No | |
| | | - Cross-Site Prior Balance | No | Not Performed | No | |
| | | - Integrated w/Patient Statement (and prints them) | No | Not Performed | No | |
| Payer Yield | | Eligibility | - Eligibility Validation | Yes | Manual | Intellis |
| | - Visit-Specific Benefits Parsing | | No | Manual | Intellis | |
| | - Plan Code Validation | | No | Not Performed | No | |
| | Authorization Detection | - Account-level Authorization Flagging | Yes | Manual | PA | |
| | | - Configurable Rules by Plan & CPT Code | No | Manual | No | |
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Scoring of current state vendors
Red = Non-Standard; to be displaced
Yellow = Needs Review
Green = Standard; No change

Assessment of Performance Improvement Opportunity

| Total NPR Lift (\$M and %) | High | Low |
|-----------------------------------|---------------|---------------|
| Self Pay | \$ 5.3 | \$ 3.6 |
| % of NPR | 1.8% | 1.2% |
| Patient Residuals | \$ 3.5 | \$ 2.6 |
| % of NPR | 1.2% | 0.9% |
| Payer Yield | \$ 4.8 | \$ 4.2 |
| % of NPR | 1.6% | 1.4% |
| Increases to Best Possible | \$ 1.5 | \$ 1.8 |
| % of NPR | 0.5% | 0.6% |
| Grand Total | \$15.1 | \$12.2 |
| % of NPR | 5.0% | 4.1% |



Data-driven assessment of the opportunity to improve each area with work flow and technology standardization

Technology & Vendor Standardization Approach

Technology Review

| Area | Focus | Revenue Cycle Technology Value Drivers | Tech | Status | Applicability |
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Data-driven assessment of the opportunity to improve each area with work flow and technology standardization

Thoughtful, data-driven prioritization of vendor displacement & standardization

Progress to Date – Proof Point

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
- Entitlement ranges from 10-15 vendor applications depending on local / regional requirements
- Kalamazoo is one example of a mature market having reached entitlement

Technology Rationalization is Significant

Critical Success Factors



Critical Success Factors

- ❑ Understanding of outsourcing contract
 - Scope – What is in and what is out?
 - Roles & responsibilities
 - Cost structure

- ❑ Understanding of current technology landscape and associated business workflow/processes

- ❑ Understanding of impacts of technology changes on business workflow and vice versa

Critical Success Factors continued

- ❑ Clearly defined and agreed upon project plans including timelines, scope, R&Rs
- ❑ Defined and routine COMMUNICATIONS pathways and mechanisms (conference calls, virtual vs in person meetings, emails, etc.)
- ❑ Consensus on approach and frequency of team meetings
- ❑ Agreement on decision making rights
- ❑ Clear escalation AND resolution paths



THANK YOU!