Next-Generation Revenue Cycle— Is Now the Time?

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Elaine Remmlinger/Senior Partner/Kurt Salmon

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Conflict of Interest Disclosure

Elaine Remmlinger, EdM, MPA,

has no real or apparent conflicts of interest to report.

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Learning Objectives

- Recognize the state of the market
- Identify relevant issues
- Discuss best practices and lessons learned
- Develop an approach tailored to each participant's organization

Benefits to be Realized

(S) SATISFACTION
- Improve registration and scheduling experience
- Patient portal provides access to online tools

(T) TREATMENT/CLINICAL
- Ease of access to care
- Care coordination

(E) ELECTRONIC INFORMATION/DATA
- Real-time dashboards and drill-down capabilities
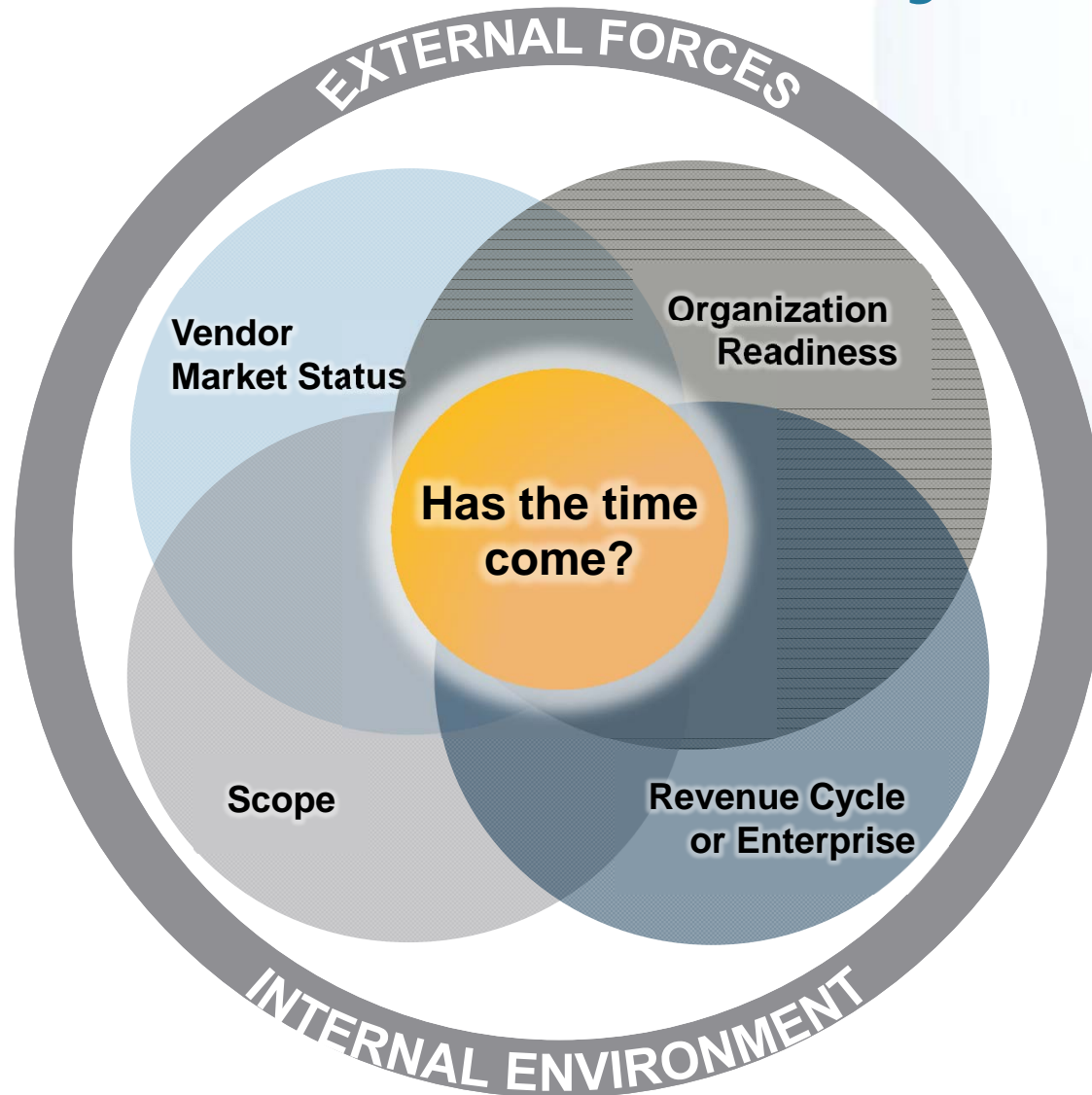- Improve financial performance

(P) PREVENTION & PATIENT EDUCATION
- Enhanced care management
- Support value-based purchasing

(S) SAVINGS
- Increase upfront collection of copays, deductibles
- Reduce denials
- Maximize collections and follow-up
- Support bundled payments

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Next-Generation Revenue Cycle Systems

EXTERNAL FORCES

Vendor Market Status

Organization Readiness

Has the time come?

Scope

Revenue Cycle or Enterprise

INTERNAL ENVIRONMENT

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Impetus for Change

EXTERNAL FORCES

MERGER/AFFILIATION
- Economies of scale
- Combined billing

REGULATIONS
- ICD-10
- HIPAA
- Meaningful use

PATIENT ENGAGEMENT
- Transparency
- Ease of access

VENDOR MARKETPLACE
- Enterprise solutions
- Integration/interoperability

NEW PAYMENT MODELS
- Volume to value
- Bundled payments

Next-Generation Revenue Cycle Management Systems

INTERNAL FORCES

FINANCIAL PRESSURE
- High-deductible health plans
- Declining reimbursement

DATA DRIVEN
- Predictive analytics
- Dashboards & drilldowns
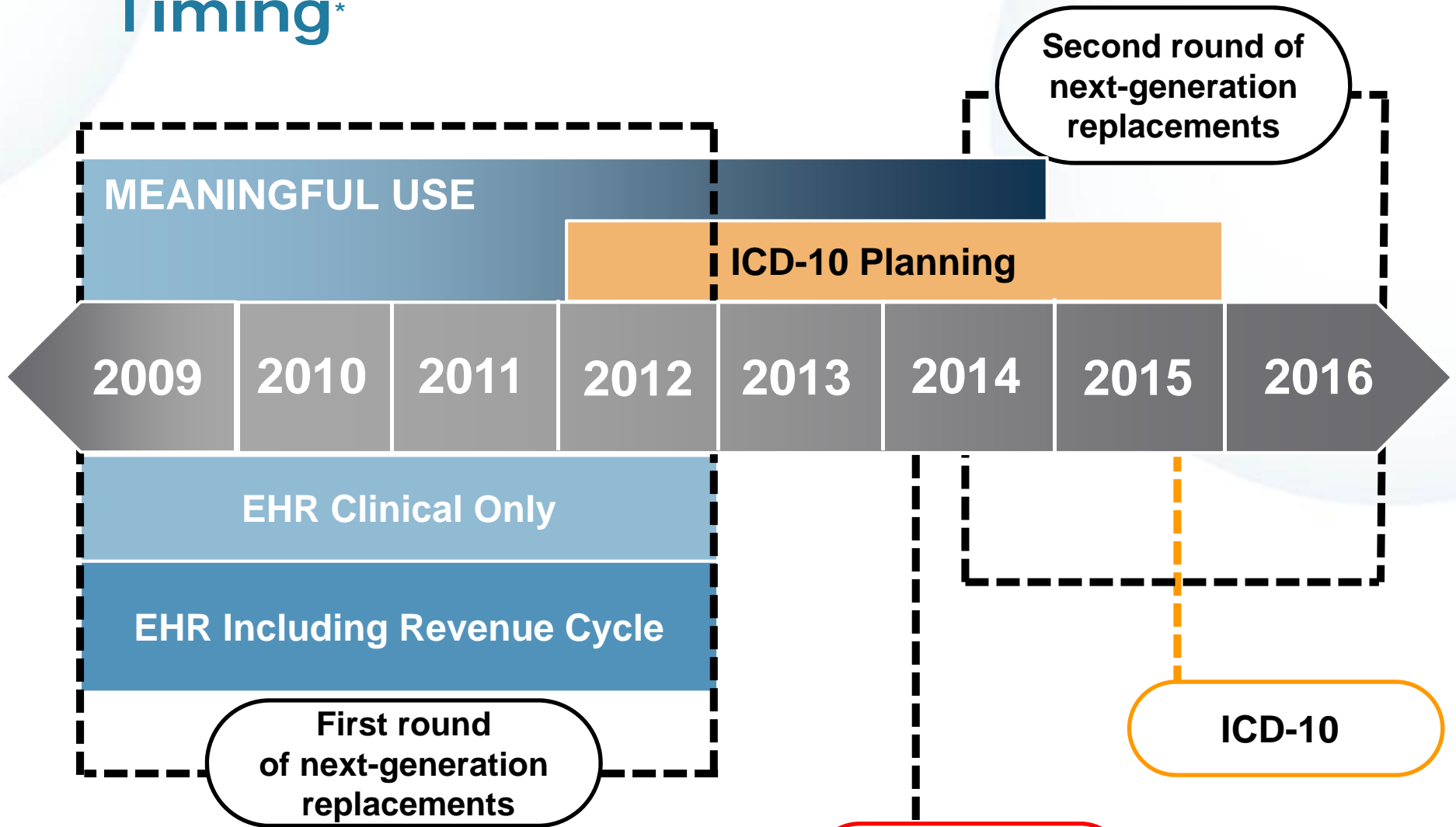
PATIENT SATISFACTION
- Improved access
- Convenience

AGING LEGACY SYSTEMS
- Fragmentation
- Outdated technology

EFFICIENCY/ EFFECTIVENESS
- Improved processes
- Unification

Timing*

**Second round of next-generation replacements**

MEANINGFUL USE

ICD-10 Planning

| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |

EHR Clinical Only

EHR Including Revenue Cycle

First round of next-generation replacements

ICD-10

*Timeline has been modified to reflect the ICD-10 implementation delay announced on 03/31/2014.

Historical Perspective

| TIMING	MARKET DRIVER	FOCUS
Pre 1980s	• Fee for service • Retrospective reimbursement	Traditional PM/PA systems
Mid 1980s	• Prospective payments • Drags	Major enhancements
Early to Mid 1990s	• Managed care • Integrated delivery system formation	Niche systems Multi-entity solutions Combined business office
Late 1990s	• Outpatient prospective payment • Year 2000	Niche systems Major enhancements
Early 2000s	• HIPAA • Internet	Workflow tools Web access
Mid 2000s	• New payment models • ICD-10	Enterprise solutions Continuum of care Analytics

Historical Perspective
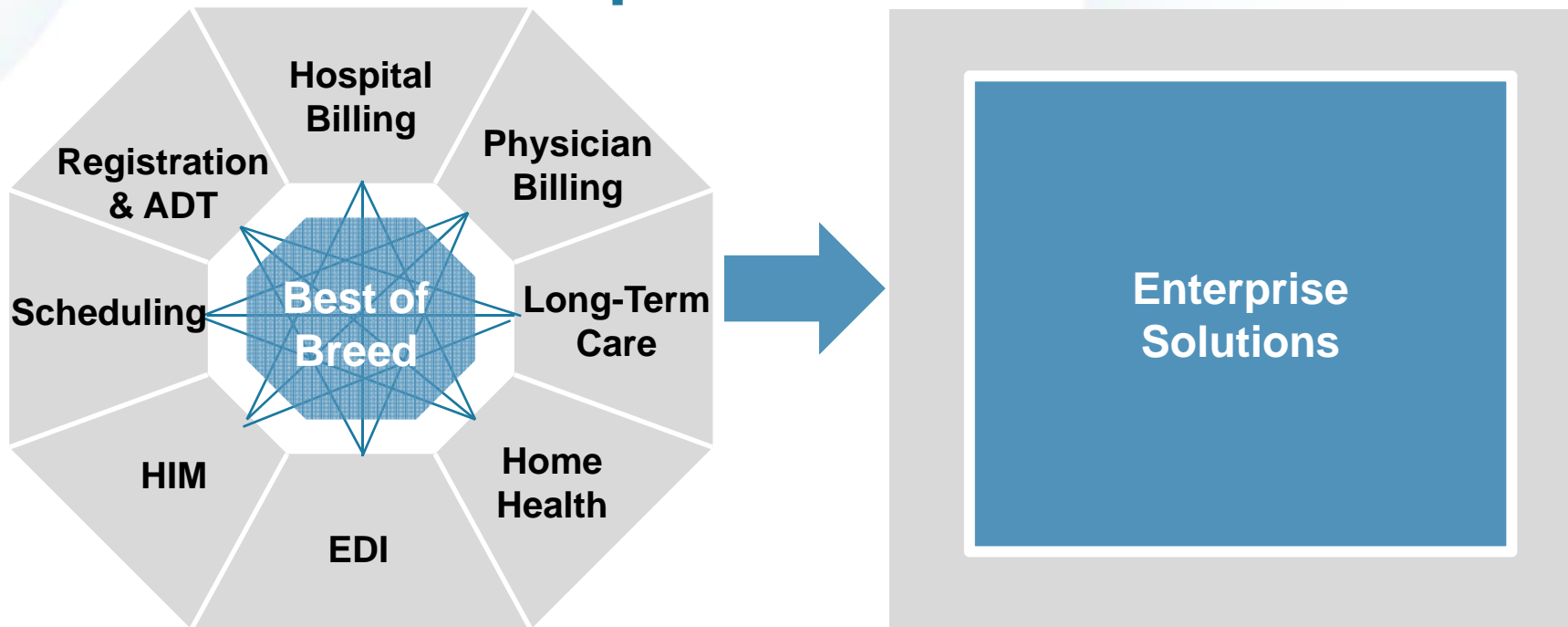
- Multiple vendors
- Inadequate integration
- Add-on solutions
- Manual processes and workarounds
- Outdated technology
- Weak reporting

- Single or fewer vendors
- Integration/interoperability
- Fewer add-ons
- Improved processes and workflow
- Current technology
- Analytics and dashboards

Functional Scope
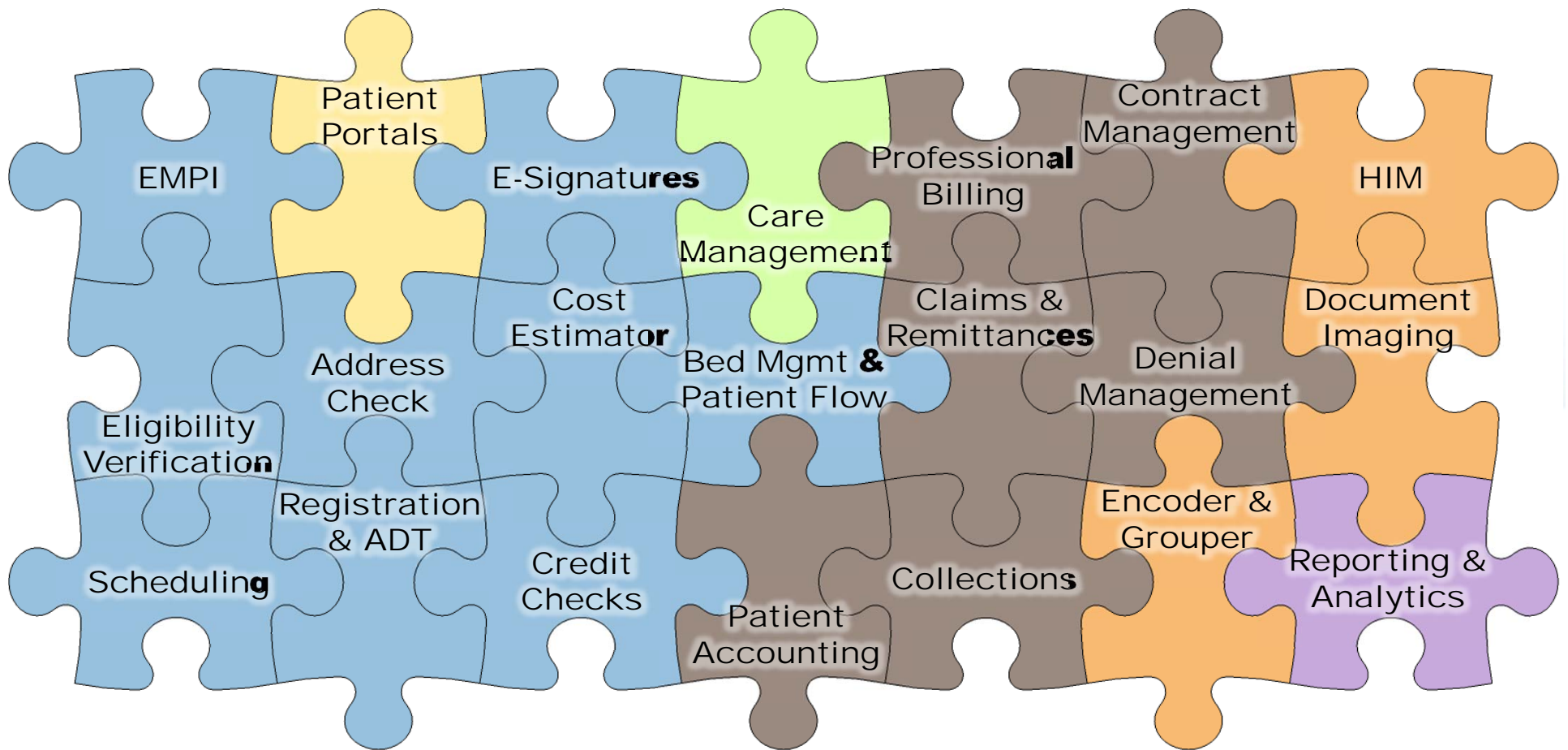
Current Focus

Patient Engagement
- Higher co-pays and deductibles collected upfront
- Billing estimation
- Point-of-service bill pay, payment plans
- Self-service scheduling, registration, pre-visit data, bill pay

Mobility Solutions
- Access to services
- Bedside registration
- Appointment reminders/texting
- Bill pay

Bed Management
- Bed availability
- Patient flow
- Discharge management

Current Focus (continued)

Continuum of Care
- Acute, ambulatory, non-acute providers
- Data integration and segregation as needed

Non-Traditional Services
- Wellness, spa, dental, retail pharmacy, vision, concierge

Care Management
- Place of service
- Coverage
- Medical necessity

Audit and Compliance
- RAC, ACO
- Coding

Current Focus (continued)

Electronic Transactions
- Direct-to-payor electronic data interchange (EDI)
- Electronic funds transfer (EFT)

New Payment Models
- More complex insurance plans
- Capitation management
- Insurance exchanges
- Bundled payments and tracking

Workflow Automation
- Intelligent edits
- Work lists

Analytics and Reporting
- Dashboards, drilldowns, predictive analytics
- Financial performance, KPIs

Transition to Next Generation

- Extended transition period > 10 years
- Few vendors with mature, ready-to-implement solutions
- Continued support of legacy solutions
- Focus on meaningful use and ICD-10
- Significant process and workflow transformation required
- Patient engagement is immature
- Blurred lines with clinical systems
- Continued need for bolt-on solutions
- Fear of financial impact of receivables conversion

Key Questions

**Revenue
Cycle Only?**
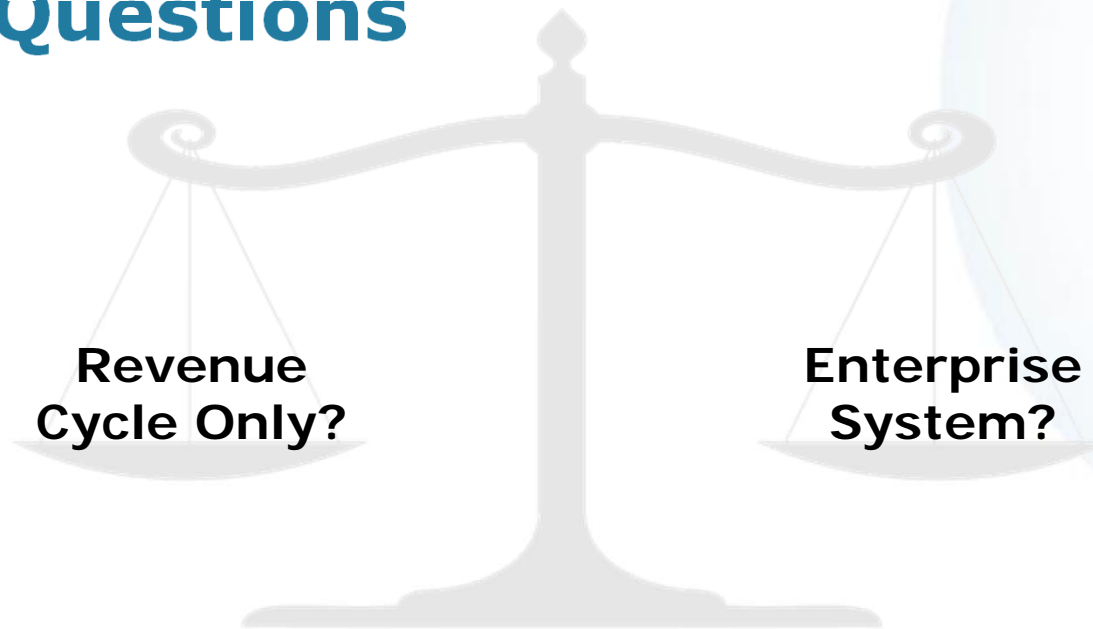
**Enterprise
System?**

- One or more legacy systems to replace?
- Is the vendor contract nearing end of term?
- Is enterprise integration a major strategic driver?
- Is revenue cycle integration a major strategic driver?
- Has the vendor announced a next-generation solution?

Enterprise or Entity Focus?

What is your starting point and where are you headed?

Hospitals	Faculty Practice	Employed Physicians	Affiliated Physicians	Home Health	Long-Term Care
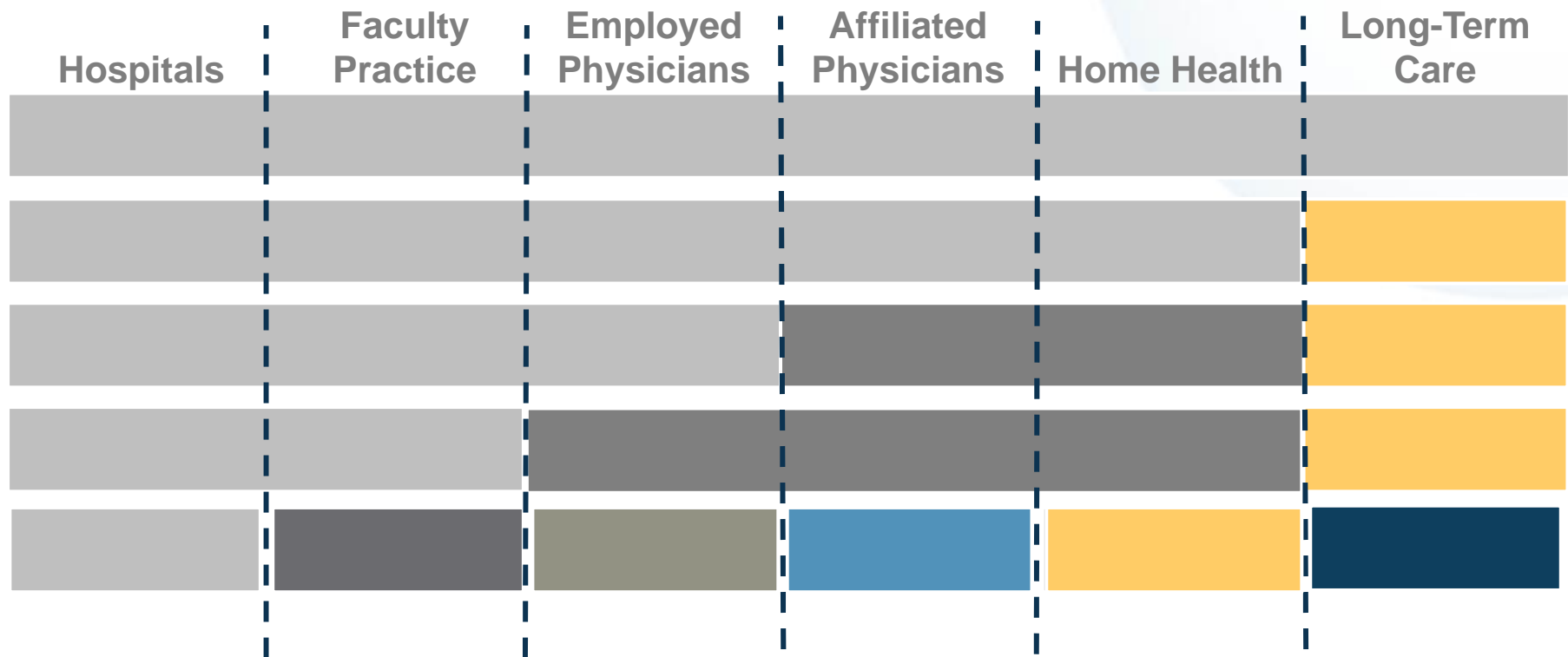
Vendor Market Maturity

Bolt-on Solutions

Vendor Marketplace Readiness

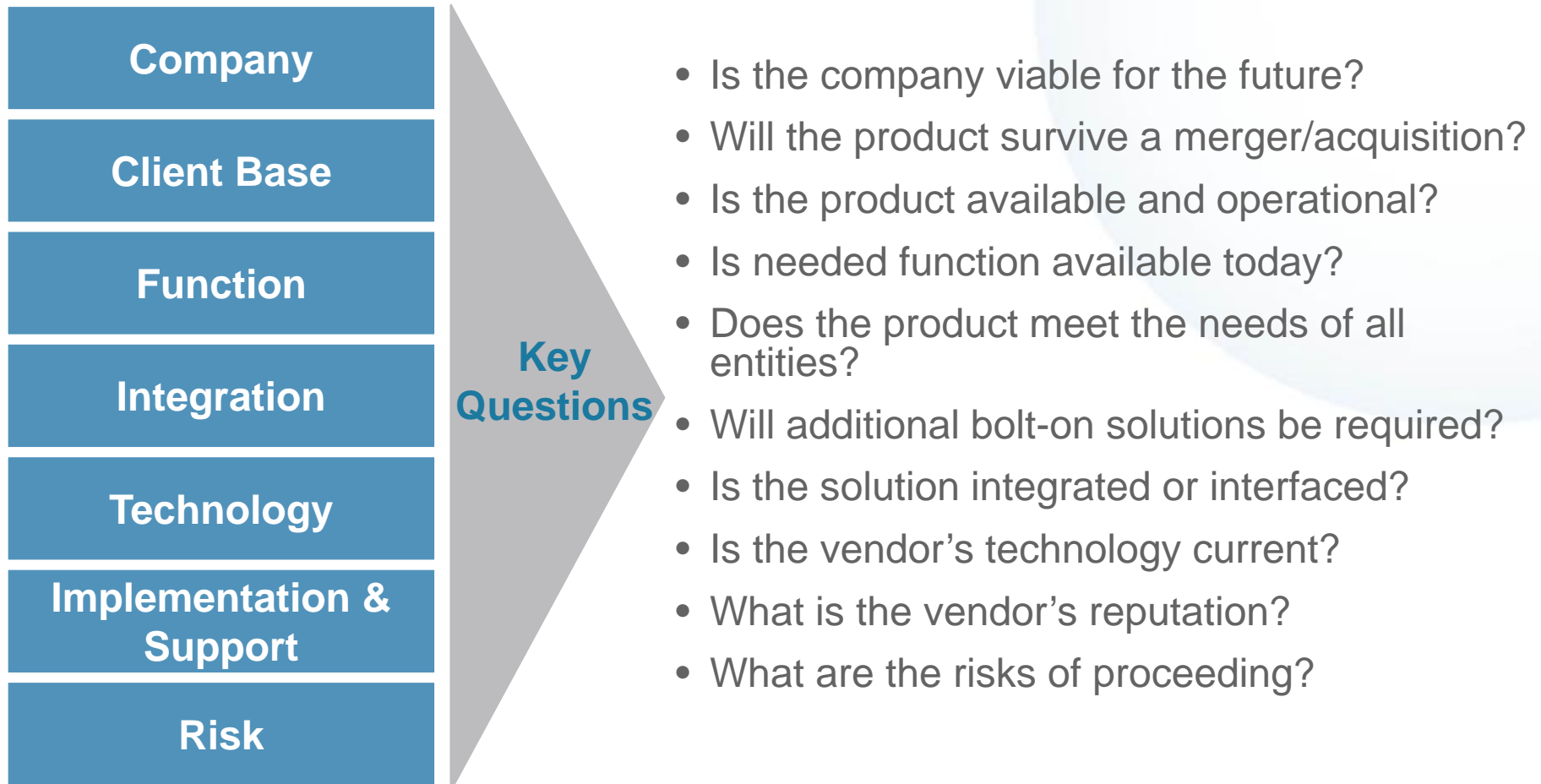| |
|---|
| **Company** |
| **Client Base** |
| **Function** |
| **Integration** |
| **Technology** |
| **Implementation & Support** |
| **Risk** |

Key Questions

- Is the company viable for the future?
- Will the product survive a merger/acquisition?
- Is the product available and operational?
- Is needed function available today?
- Does the product meet the needs of all entities?
- Will additional bolt-on solutions be required?
- Is the solution integrated or interfaced?
- Is the vendor's technology current?
- What is the vendor's reputation?
- What are the risks of proceeding?

Vendor Readiness Key Factors

Company

Client Base

Function

Integration

Technology

Implementation & Support

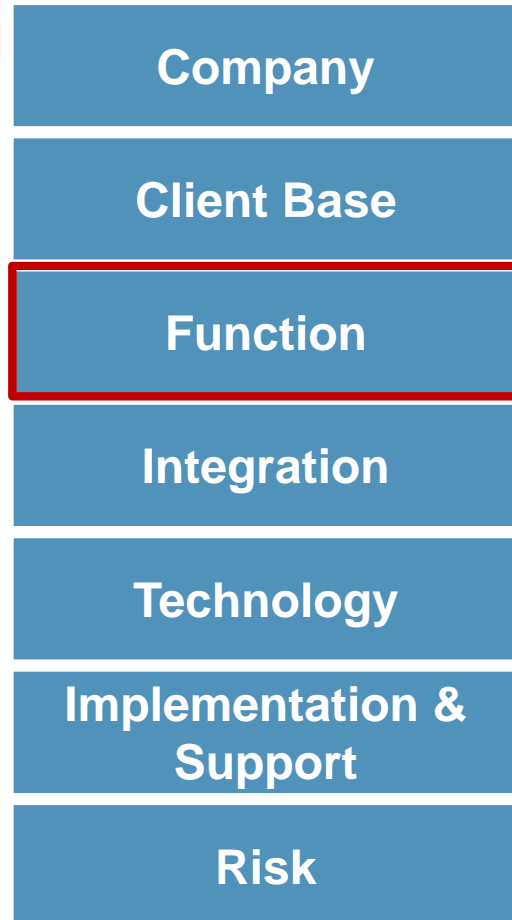**Risk**

- Financial performance
- Size of client base
- New sales
- Losses to competitors
- Reference sites

Vendor Readiness Key Factors

Company

Client Base

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Implementation & Support

Risk

- Product live or in development
- Product roadmap
- State regulatory requirements
- Gap analysis
- Supports all entities
- Eliminates bolt-ons

Vendor Readiness Key Factors
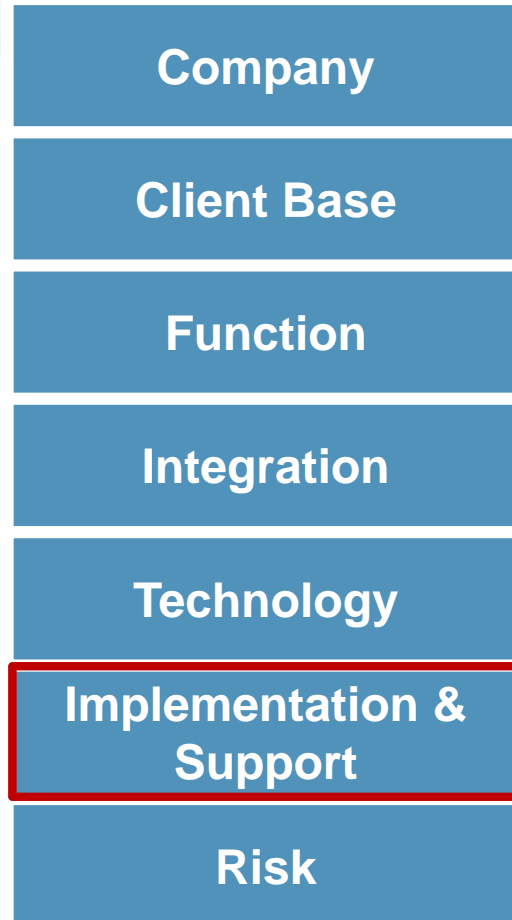
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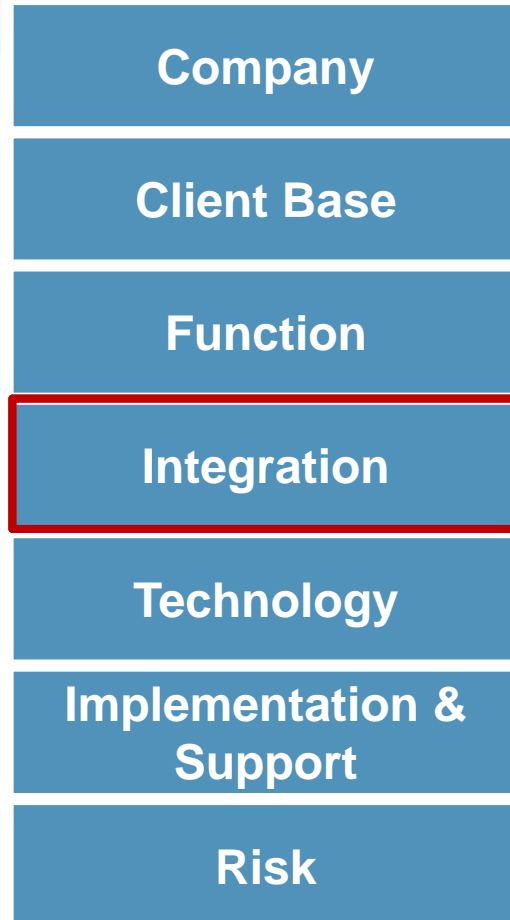
- The number of solutions
- Integration or interoperability
- Seamless user experience

Vendor Readiness Key Factors

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Implementation & Support
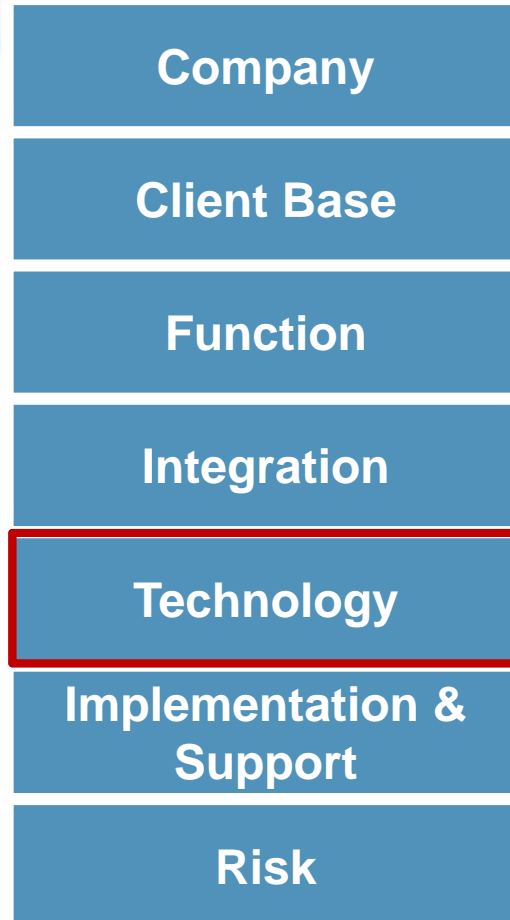
Risk

- In-house or remotely hosted
- Web-based
- Cloud-based
- Portals
- Mobile technology
- Workflow engines

Vendor Readiness Key Factors

Company
Client Base
Function
Integration
Technology
Implementation & Support
Risk

- Vendor's reputation
- On time and on budget
- Methodology
- Track record

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Vendor Readiness Key Factors

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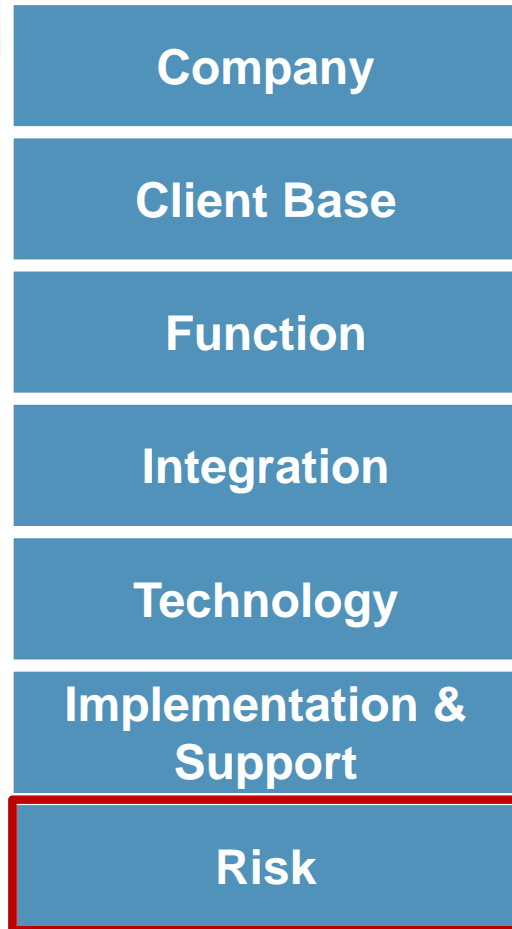
- Technical risks
- Schedule risks
- Financial risks
- Receivables risks

Total Cost of Ownership

Total Cost of Ownership

Capital/ One Time	• Vendor Software/Subscriptions

Capital/ One Time

Operating/ Recurring
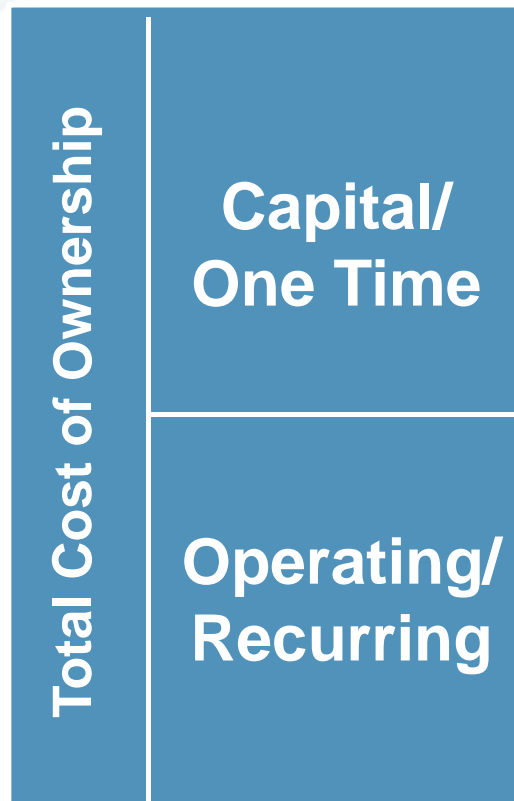
- Vendor Software/Subscriptions
- Interfaces
- Third-Party Solutions
- Hardware/Infrastructure/Devices
- Hosting
- Labor (Internal, Vendor, Consultant)
- Backfill/Productivity
- Training
- Conversion
- Expenses

Contract Negotiations

- Make sure all costs are identified
- Protect against nickel-and-diming for add-ons
- Guarantee against accounts receivable spikes
- Incorporate needed function and enhancements
- Include federal and state regulatory guarantees
- Protect against product sunset and replacements
- Be clear on implementation scope and timeline
- Include performance guarantees for technical environment
- Make sure to get the vendor's "A" team for implementation
- Tie payments to milestones and performance

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Transformation Initiatives

Technology is an enabler and alone is insufficient without fundamental change

Patient Engagement

Financial Clearance

Unified Front End

Charge Capture

Single Business Office

Single Patient Statement

Organizational Readiness

Sponsorship

Governance

Change Management

Organizational Readiness

Communication

Resources

Project Management

Risks to be Mitigated

- Workflow/Process Changes
- Staffing Adequacy
- Testing Completeness
- Robust Training Program
- Sound Technical Environment
- Data Conversion Strategy
- Receivables Impact Minimized
- Go-Live Plan

Learning Objectives

- Understand the state of the market

- Explore relevant issues

- Consider best practices and lessons learned

- Develop an approach tailored to each participant's organization

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Questions?

Thank You!

Elaine Remmlinger, Senior Partner

Elaine.Remmlinger@kurtsalmon.com

Kurt Salmon