Transforming the Revenue Cycle
How to Thrive in a Consumer-Driven Landscape

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Agenda

• Our healthcare world
  – Consumer expectations
  – Board/C-suite, Market demands

• Getting to Zero
  – Infrastructure, tools, mindset
  – Revitalize the revenue cycle
  – Executing the vision

• Patient pay trends
  – Health system strategies
  – What’s happening on the front lines
  – Patient/consumer expectations

• Where do we go from here?
  – What is your consideration set for patient pay

• Case study profile: UCONN Health
  – Embraces patient pay affordability

• The ROI for patient/consumer experience
  – ROI Value Model/ HFMA Peer Review
  – Top Performers 2018
Chief Decision Maker

- $330 billion out of pocket
- Decisions impact 61% of all healthcare spending

McKinsey, May 2016 Consumer Health Insights Survey

Consumer Concerns

<table>
<thead>
<tr>
<th>Concern</th>
<th>More Concerned</th>
<th>Less Concerned</th>
<th>Unchanged</th>
</tr>
</thead>
<tbody>
<tr>
<td>What my health insurance covers and how that impacts my payments</td>
<td>56.7%</td>
<td>6.6%</td>
<td>36.7%</td>
</tr>
<tr>
<td>The amount I will have to pay for health insurance</td>
<td>58.8%</td>
<td>4.6%</td>
<td>36.6%</td>
</tr>
<tr>
<td>The cost of my healthcare premium</td>
<td>61.3%</td>
<td>5.6%</td>
<td>33.0%</td>
</tr>
<tr>
<td>My out-of-pocket costs for co-pays and deductibles</td>
<td>64.8%</td>
<td>5.2%</td>
<td>30.0%</td>
</tr>
<tr>
<td>The total costs of healthcare services and procedures</td>
<td>64.4%</td>
<td>4.4%</td>
<td>31.2%</td>
</tr>
</tbody>
</table>

Source: TransUnion, 2017
**C-Suite Concerns and Market Demands**

ACHE Top 5

1. Financial challenges
2. Government mandates
3. Personnel shortages
4. Patient safety and quality
5. Patient satisfaction

**Government reimbursement**
- Reduce operating costs
- Curb bad debt
- Revenue cycle: convert charges to cash
- Price transparency

**Consumerism and Patient Pay are Mandates**

Insured patient cost-sharing will increase bad debt 20% in two years

A provider with $1B net annual revenues could see net bad debt of $51M by 2020.

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Bad Debt</th>
<th>Insured Bad Debt</th>
<th>Uninsured Bad Debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$12M</td>
<td>$42M</td>
<td>$12M</td>
</tr>
<tr>
<td>2016</td>
<td>$30M</td>
<td>$42M</td>
<td>$12M</td>
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<tr>
<td>2017</td>
<td>$51M</td>
<td>$42M</td>
<td>$12M</td>
</tr>
<tr>
<td>2018</td>
<td>$51M</td>
<td>$42M</td>
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<td>2020</td>
<td>$51M</td>
<td>$42M</td>
<td>$12M</td>
</tr>
</tbody>
</table>

Sources: Accenture analysis, America’s Health Insurance Plans (AHIP), Ron Hewitt, Assistant Secretary for Planning and Evaluation (ASPE), Centers for Medicare and Medicaid, Congressional Budget Office, Health Affairs, InstaMed, Kaiser Family Foundation, Modern Healthcare, RAND, Truven Health Analytics
Patient Pay Concerns and Strategies – Organizational View

- Patient reimbursement: 67% is critical
- Patient revenue to cover government, payer shortfalls: 25%
- Self-service concerns: 33% patient accountability

84% Patient pay strategy = Estimates, counseling, payment options, self-service

Source: ClearBalance Patient Pay 2018

Healthcare Shoots for the Moon: Let’s Target Zero Bad Debt
We Have the Focus, Tools and Determination

Focus: 84% patient pay strategy in place

Tools: patient financing complements in-house options, seamless service integration

Determination: patient reimbursement and loyalty are Top 2 priorities

Adoption: patients will pay what they owe if you give them a path

Eliminate patient bad debt


What’s Happening on the Front Lines

- **70% Patient Access professional respondents** focus TOS collection/pricing transparency efforts in Outpatient areas primarily.
- **64% Patient Access professional respondents** report that Admin support of TOS Collections and pricing transparency is critical stating their success relies on admin support.
- **Almost 40% of Patient Access professional respondents** use incentive plans to drive performance generally but also on TOS collections.
- On a side note, the survey reported that **56% of respondents state that Patient Access IS NOT adequately represented** on satisfaction/experience surveys.

Source: Healthwide Solutions
**Improvements Still to Come for Price Transparency**

“Success in Pricing Transparency is a top-down endeavor. Administrative support not only sets the expectation but the tone of Pricing Transparency and it must be clear and public - never vague or assumed.”

Pattie Kloehn, CEO
HealthWide Solutions

**How Collections Are Handled in the ED**

Copays represent the primary collection type within the Emergency Department. Facilities looking to mitigate bad debt stemming from the ED must look beyond the collection of just copays.
Incentive Plans Underutilized in Patient Access

We Do We Go From Here?
**Revitalizing the Revenue Cycle**

1. Retool the patient engagement process
2. Embrace your role as the brand ambassador
3. Leverage the new work force
4. Balance high tech with high touch
5. Stay true to your core

*The Revenue Cycle department establishes the consumer’s first impression of your organization and is vital to creating the next opportunity for service.*

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**Improving Patient Loyalty From the Business Office**

Would receiving costs before your procedure help you anticipate costs and budget payments?

- Yes, 70%
- No, 12%
- Not Sure 18%

Source: TransUnion, 2017
What Drives Consumer Loyalty in Healthcare?

• 79% will ask for financing options
• 94% expect your financial counselors to offer financing options
• Creates that loyal “retail relationship”

Patient Loyalty Improves with Availability of Financing Program

Study confirms positive consumer behavior: increased satisfaction and loyalty toward the healthcare provider

Would return to a healthcare facility that offers a loan program

92%

Would recommend the healthcare provider to others

89%

Say it’s very important that their healthcare provider offer a zero-interest loan program

98%

Would delay care if they didn’t have a loan program to help pay for care

36%

Source: ClearBalance Healthcare Consumerism survey, Oct. 2018
**Novant Health Reengineers Transactions Start to Finish**

Payment plans offered at multiple touchpoints

- Scheduling
- Pre-encounter statement with payment options
- Registration
- Customer service, financial counselors through call line
- After billing

- 12% Reduction in bad debt after payment plan implementation
- 92% Patients who’d choose Novant Health over competitors due to zero-interest patient financing program
- $15M Cash flow increase year one, with sustained increase year-over-year

Source: The Advisory Board Company

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**UCONN Health Makes Affordability a Differentiator**

- Opportunity to create patient pay strategy discipline and structure
- Introduce Marketing support to increase patient/consumer awareness
- Extend Epic investment – comprehensive, new patient-facing experience
- Revenue cycle project improvement – visibility to C-suite, strategic vs. strictly a back-office IT project
- Important to consider variables of culture, market, competition

Performance Results

- $2.3M funded (2,500 accts/1,200 guarantors)
- $508k bad debt reduction
- $355k improvement in operating income
- 3% default over 12 mos.
- 230% ROI
Engaging the Community

- UCONN Health patient financing video -- link

ClearBalance ROI Value Model – HFMA Peer Reviewed Distinction

- Nationally-recognized benchmark by a panel of CFOs and financial analysts
  - Uncovers true cost of collecting patient pay
  - Compares performance and value when using patient financing
  - Models future impact of patient pay in a “do nothing” scenario
- Delivers output in financial and operational metrics

HFMA staff and volunteers determined that these healthcare business solutions have met specific criteria developed under the HFMA Peer Review process. HFMA does not endorse or guarantee the use of these healthcare business solutions or that any results will be obtained.

2018 Peer Review Feedback 100% Rating
- ROI Model inputs are attainable
- Metrics appropriately address patient financing
- Recommend ClearBalance
Questions

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The ClearBalance Benchmark

• Over the first 12 months, providers using ClearBalance
  – Reduce bad debt by an average of 5.97%
    – E.g. $100M annual bad debt reduced to $94.1M
  – Reduce net AR by 2.19 Days
  – Achieve an average Return on Investment of 260%

• ClearBalance tracks new and existing relationships to measure performance to projections