



Do *Your* Job! - Strive to Make Your
Revenue Cycle Thrive 2017



Advantages of a Rolling Forecast Model in a Changing Health Care Environment

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Gillette Stadium Clubhouse

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Accountable Care Organization
(UMMACO)

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Revenue Cycle Thrive 2017



UMass Memorial Healthcare System

Made up of:

- UMass Memorial Medical Center
- Clinton Hospital
- Community Healthlink
- HealthAlliance Hospital
- Marlborough Hospital
- UMass Memorial Medical Group
- UMass Memorial Accountable Care Organization, Inc.

System Statistics:

- ~ 50,000 Patient Discharges
- ~ 223,000 Emergency Room Visits
- ~ \$2.4 Billion in Revenue





UMass Memorial Accountable Care Organization, Inc.

- Track 1 MSSP
- ~ 50,000 Beneficiaries
- 9 Hospitals
- 4 FQHC's
- ~ 1,800 Physicians



Fee for Service to Value Based Reimbursement



"First we're going to run some tests to help pay off the machine."

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phone: 216.371.8500 / email: ft@funnytimes.com



The Migration to Value Based Reimbursement

Static Budget

Rolling Forecast

Fee For Service

Value Based Reimbursement

Static budgets are not an effective management tool, even in a fee for service environment



Fiscal Year End

What magically happens on October 1 at the start of a new fiscal year?

Only a new financial cycle and static budget!

The revenue cycle slate of metrics does not get reset just because the fiscal year ends.



The Annual Budget Process

*“Adhering to budgeting rules
shouldn’t trump good decision-
making”*

Emily Oster

Source: BrainyQuote.com



The Typical Annual Budget Process Overview

- Static financial view
- Accomplished 1-2 months prior to the start of the new fiscal year
- Require finance committee AND board approval prior to the start of new fiscal year
- Finance driven but in collaboration with operations
- Typically fixed, but could be flexed to volume during the year
- Cost/revenue center driven
- Monitored through variance analysis



Annual Operating Budget - The Con's

- Virtually stale day one
- Does not engage operations
- Ineffective management tool
- Not a value added process

Question: Do you manage the budget or manage the actuals?

Need to be more nimble in today's health care environment!



Rolling Forecast

“Change before you have to”

Jack Welch

Source: BrainyQuote.com



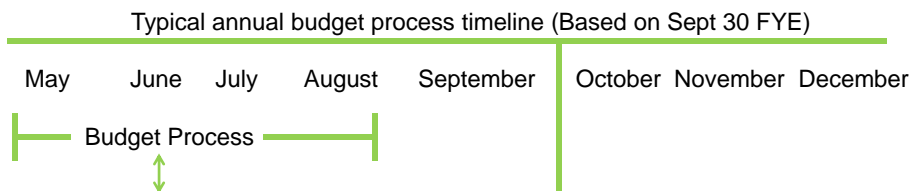
Rolling Forecast - The Call to Change

- The need to be nimble
- Regulations keep changing
- Evolving marketplace
- Consumerism



Examples of a Regulatory Change that will Impact Reimbursement

- MACRA/MIPS
 - Quality payment program
 - CY 2017 impacts CY 2019 professional rates +/- 4%



CMS provides quality performance feedback with final performance no later than December 1

Your static budget is stale even before your institution approves it!



Evolving Marketplace & Consumerism

- Business disrupters
 - TeleHealth
 - Urgent care clinics

- Narrow(ing) networks/plan design/patient choice
 - Shifting patients
 - Copays/deductibles

- ACO's



Rolling Forecast - Approaching the Change

- Forecasts based on a target (Need)
 - Based on actual results extrapolated forward
 - Multi year

- Build a model engaging operations!
 - This is not just a finance exercise, it needs to be a tool that operations uses

- Focus at a higher level
 - Aggregate versus geography
 - Get comfortable being uncomfortable

- Understand the trends & the drivers



The UMMC Revenue Cycle Approach... Start with a Defined Structure

- Establish a revenue cycle executive steering committee:
Our membership
 - ✓ System CFO, EVP (Chair)
 - ✓ VP of Revenue Cycle
 - ✓ Physician Executive
 - ✓ Medical Center CFO
 - ✓ System CIO
 - ✓ VP of Managed Care Contracting
 - ✓ VP Corporate Controller
 - ✓ IT Revenue Cycle Application Manager
- Meet consistently



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The UMMC Revenue Cycle Approach... Data

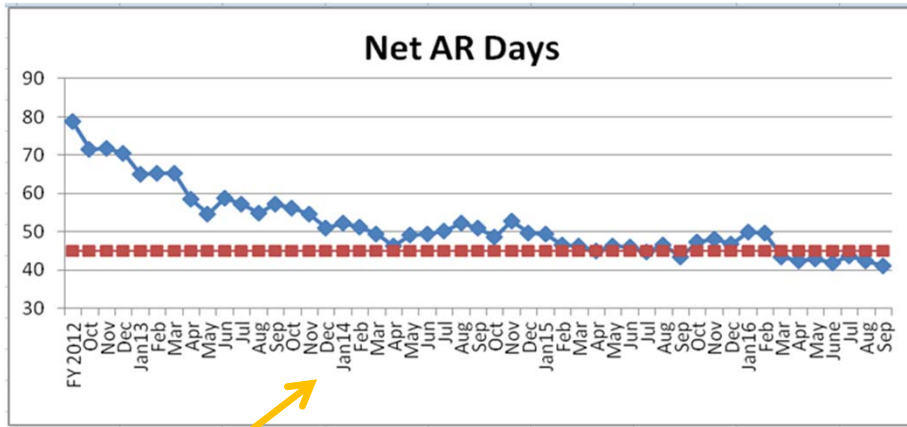
- Use revenue cycle metrics, trended
 - Dashboard form
- Focus on the red
 - Continuous improvement
- Adjust the targets as necessary
 - Don't wait for the annual budget process



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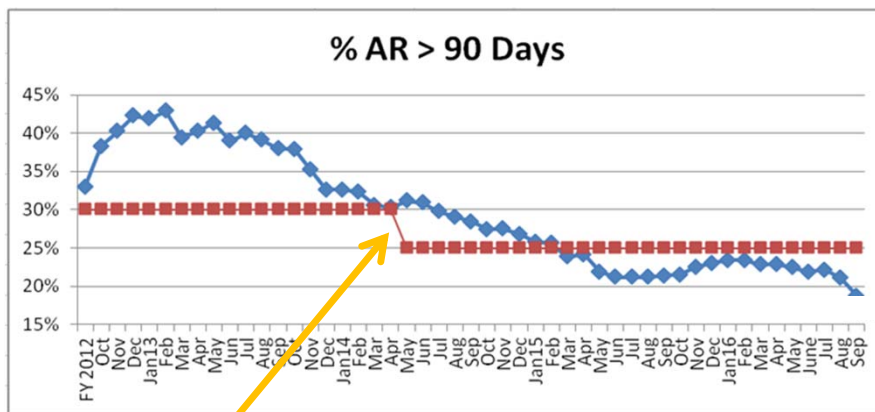
The UMMC Revenue Cycle Approach...



No fiscal year designation



The UMMC Revenue Cycle Approach...



Mid year target adjusted



Rolling Forecast - Modeling Revenue in the Future with ACO's & Population Health Initiatives

- Remember, total medical expense equals reimbursement
- Understand and align with your risk based contracts
 - Quality score impact
- Take into account revenue impacts due to population health efforts:
 - Readmissions
 - ED Utilization
- Calendar year versus fiscal year
- Risk reserves via withholds

Design for uncertainty



Questions?

