



Margin Transformation: Identification & Implementation of Best Value Opportunities

February 16, 2023

**Kentucky HFMA
2023 Annual Conference**

Agenda

- Meet the Panel
- Why Margin Improvement
- Methodology & Opportunities
- Case Examples
- Q & A

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Meet the Panelist



Chris Woosley
Moderator
Partner
FORVIS



Dan Clark
Managing Director
Revenue Cycle
FORVIS



Beth McCraw, DNP, APRN, ACNS-BC
Vice President of Nursing & Clinical Services
Chief Nursing Officer
Jennie Stuart Health



Brian Bell
Managing Director
Pharmacy & Clinic Conversion



Kevin Rash
Director
Operations & Expense Management
FORVIS

Jennie Stuart Healthcare

- Hopkinsville, KY
- Acute-care hospital licensed for 123 beds
- Private, not-for-profit community hospital
- Serving patients for over 100 years
- \$560 million total patient revenue
- Rural Sole Community Hospital
- Primary service areas
 - Christian, Trigg and Todd counties
- Secondary service areas
 - Caldwell, Hopkins, Muhlenberg and Montgomery (TN) counties



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Question #1

Of organizations experiencing financial strain, do you see the disruption primary cause to be related:

- A** / Provider Relief Funding Evaporation
- B** / Staffing Challenges post Pandemic/Rebased Wages
- C** / Shifting Consumer Utilization/Market Volumes Post Pandemic
- D** / Other

Why Margin Improvement?

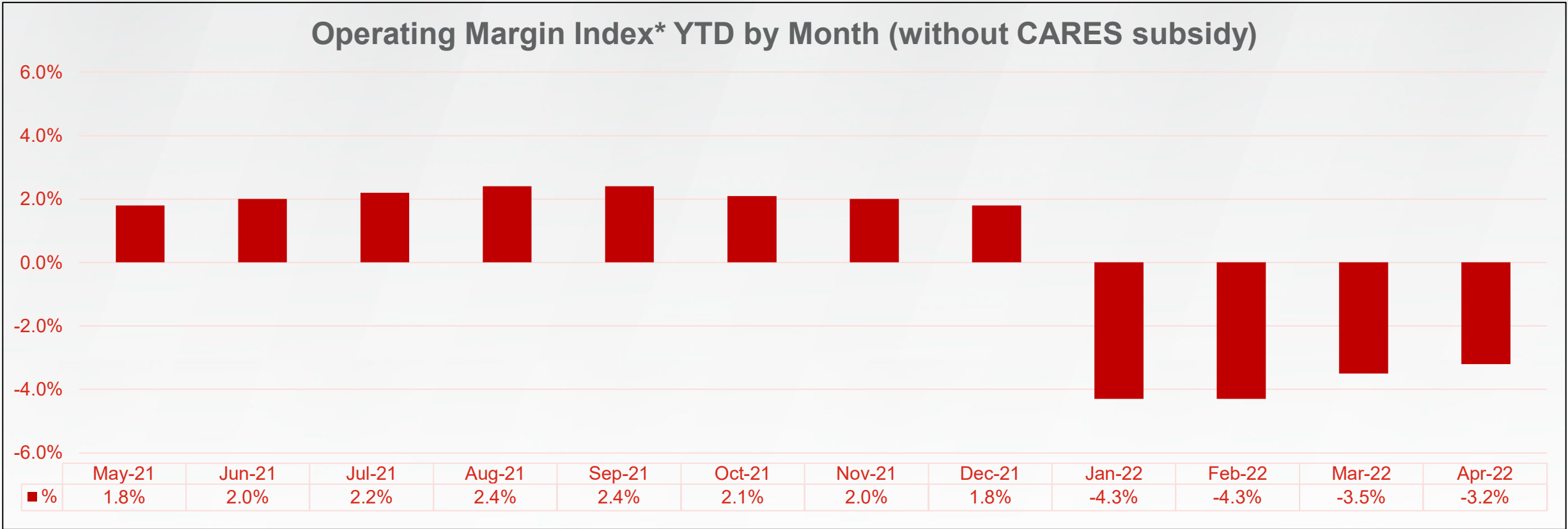


- Post-pandemic headwinds for healthcare executives:
 - Supply costs at all time high
 - Revenue cycle metrics off track
 - Labor shortages, contractors, and employee benefit rates unprecedented
 - Inflation driving increases in non-supply areas (e.g., Utilities)
 - Remote workforce
 - CARES act funding suspended
 - “The right” volumes sluggish to return

National Margin Results

More than a third of hospitals posted negative operating margins during 2021 and most US hospitals reported significantly greater margin declines in Q1 2022

Operating Margin Index* YTD by Month (without CARES subsidy)



Short and long-term challenges remain

FOUR CHALLENGES



Manage capacity, staff
resiliency through
remaining Covid-19 surges



Stabilize financials,
recover volume



Adjust to new consumer
behaviors, preferences



Address changing
health status, equity

NEAR TERM

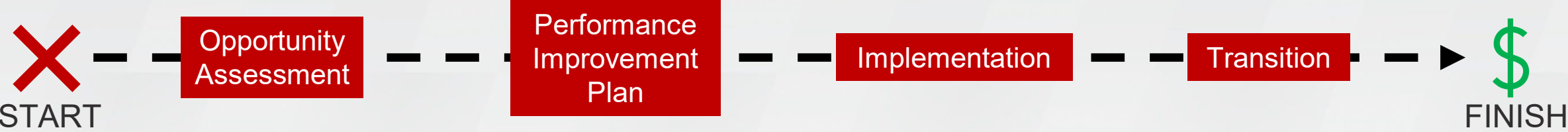
LONGER TERM

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Methodology & Areas of Focus



Proven Methodology



Opportunity Assessment



Data gathering and analysis
including performance benchmarking, data analysis, policy review, and organizational structure evaluation, and reporting assessment



Targeted interviews
with management and staff in key functional areas across the revenue cycle to review current-state workflows



Report-out and prioritization
of top improvement areas and financial impacts that include cash acceleration opportunities, quick wins, and long-term work efforts

Question #2

On the topic of Revenue Cycle, where do you see the greatest area of revenue risk or financial opportunity within your organization?

- A** / Increasing Denials
- B** / Vendor Management & outsourced services
- C** / Patient Liability
- D** / Payer pressure to adjust/down code services

Opportunities within a Margin Improvement Plan

Revenue Cycle & Revenue Integrity



- Patient Liability
- Denials Management
- System Optimization
- Vendor Management
- Charge Capture
- Pricing Strategy
- Status Determination
- KPI Monitoring

Reimbursement & 340B



- Payor Strategies & Solutions
- Cost Reporting
- DSH, DRG & UC
- Medicare Bad Debt
- Managed Care Strategy
- 340B
- Provider Based Clinics
- Pharmacy

Physician Enterprise



- Population-Based Models
- Medicare at-risk Modeling
- Compensation Plan
- Office Performance Optimization

Labor



- Organizational KPIs
- Organizational Structure
- Span of Control
- Departmental Efficiency Benchmarking and Monitoring
- Premium Pay Code Alignment
- Contract Staff Cost & Utilization

NonLabor Expense Management



- Expense Benchmarking
- GPO Performance
- Purchased Services
- Benefit Plan
- Physician Preference Items
- Utilities
- MedSurg Supplies
- Pharmacy
- Technology
- Support Services

Question #3

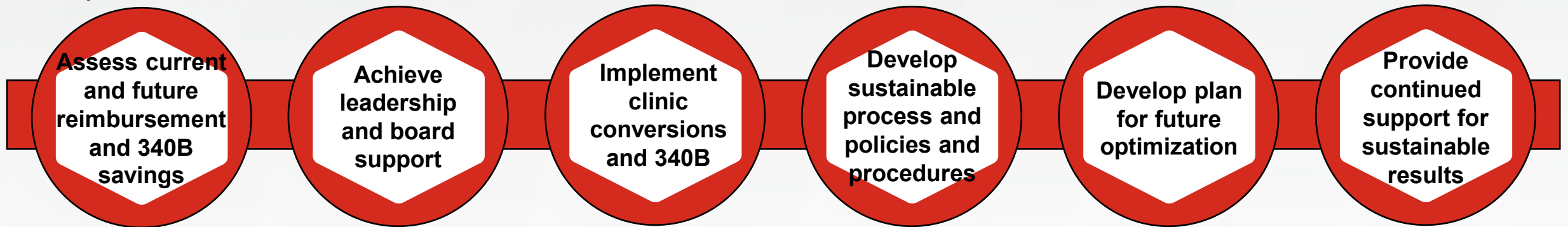
When considering pharmacy and 340B performance for the upcoming year, what is your top priority to expand 340B and improve pharmacy spending?

- A** / Convert clinics from physician offices to provider-based clinics
- B** / Open an entity-owned retail pharmacy
- C** / Expand contract pharmacy arrangements and/or start submitting data to 340B ESP
- D** / Assess non-340B spending and develop strategy to change prescribing and drug utilization

Case Example - Provider-Based Clinics and 340B

Jennie Stuart Health: Jennie Stuart Health (JSH) desired to optimize their reimbursement for their clinics and increase 340B savings. The increase in reimbursement and savings will allow them to expand their services they provide to their patients and community. Leadership desired assistance with assessing and implementation of provider-based clinics and expanding their 340B program. FORVIS is serving as trusted advisors with proven experience and expertise.

FORVIS was engaged to assess clinic conversion opportunities, assist with implementation of clinics, submitting provider-based clinic packages to CMS and serving as 340B resource for 340B and pharmacy expansion.



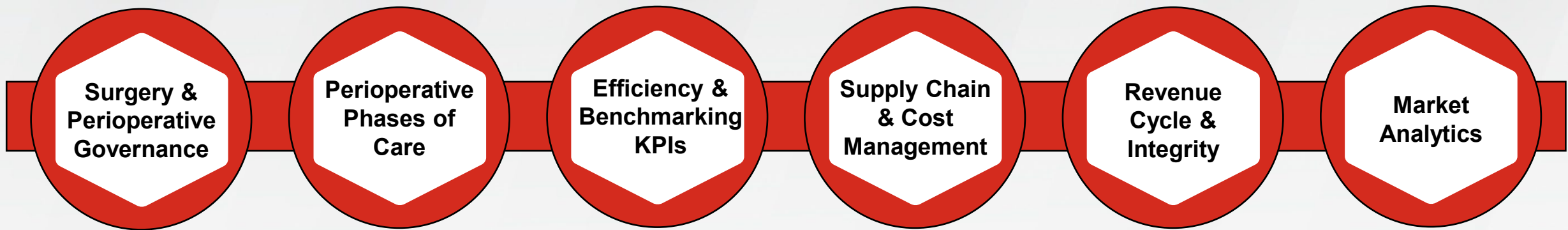
Question #4

When considering service line performance with a goal of excellence, where would you want to focus the efforts of assessment?

- A** / Governance/Management
- B** / Patient, Provider & Employee Phases of Care
- C** / Market Capture, Leakage, & Community Needs
- D** / Operational Performance for Expense Management & Revenue Enhancement

Case Example – Surgery Service Line

Jennie Stuart Health: Jennie Stuart Health desired to optimize their surgical services to a level of Surgery Excellence, to include financial improvement, operational efficiencies, and re-alignment to market and consumer needs/demands.



Key Initiatives:

- Market shift in key service lines
- Access and Utilization of surgery resources
- Coding and Billing of surgical services
- Cost of physician preference items & clinical variance
- Measuring & Monitoring Key Performance Indicators
- Revenue Cycle opportunities denials & collections

Q & A Time

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Thank You!

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Appendix: About FORVIS

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BKD + DHG = FORV/S

Effective June 1, 2022



\$1.4BN
in revenue

8th
largest US firm

530+
partners & principals

5,400+
team members

69
markets

27
states + UK & Caymans

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**Market
Familiarity
+
Backyard
Proximity**

Healthcare Industry Footprint

DHG

~2100

Healthcare Clients

COMBINED

~6100

Healthcare Clients

BKD

~4000

Healthcare Clients



**140 Critical
Access
Hospitals**

\$250M

in revenue

950+

team members

175+

PPDMDs

FORVIS Healthcare

Modern
Healthcare

2021
BY THE NUMBERS

#10 BKD CPAs & Advisors

Largest Management Consulting Firms

THE
consulting
REPORT

Top 50
Healthcare Consultants
of 2021



~950

Total Healthcare Personnel

175

PPDMDs

465

Consultants,
Including 180 Reimbursement
Members

320

Audit

49

Tax

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