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WHITE PAPER

What Keeps Healthcare Finance Executives Up at Night?

And What Are They Planning to Do About It?

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With electronic medical record deployments mostly in the rearview mirror, healthcare revenue cycle executives are beginning to look beyond system "stabilization" and toward financial performance "optimization."

In light of what is a complicated set of operating challenges, the question becomes one of prioritization and action. Hospitals are dealing with increasingly complicated payer contracts and the need for more robust revenue capture and denial management. Couple that with increased government documentation and patient-protection expectations embodied in new 501(r) requirements coinciding with the relentless attention of newspaper investigations.

Healthcare organization finance functions are seeking to do more internally while also having increased reliance on diverse, specialized vendors. All of this in an effort to lower costs and increase operational control and performance visibility, while reducing risk.

SURVEY OBJECTIVE

To understand how financial executives are balancing these multiple challenges and where they are making tradeoffs, Porter Research executed an online survey of senior finance executives to gain insight into their current agenda in the area of revenue cycle optimization.

Senior hospital financial executives offered their perspective on priorities and planning.

RESPONDENTS

In July 2016, senior revenue cycle executives completed an 11-question online survey regarding their organizations' revenue cycle improvement priorities.

Respondents had to be a senior financial executive with responsibility for developing and managing their organization's budget as well as setting strategic priorities. Among all respondents, 85% identified themselves as Chief Financial Officers, and of those who noted their system size, 48% were from enterprises with net patient revenue of under $150 million and 15% from organizations over $750 million (see fig. 1).

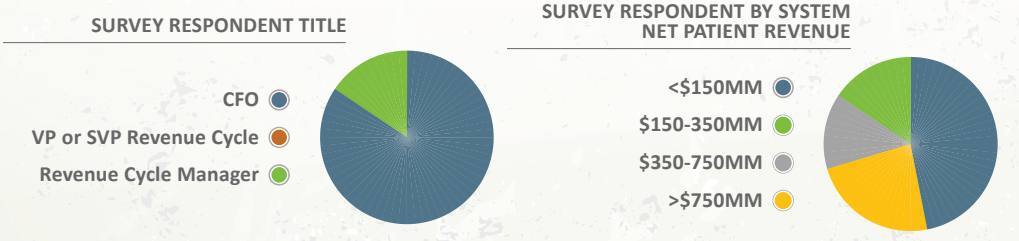

FIGURE 1: TITLES OF RESPONDENTS AND NET PATIENT REVENUE THEY REPRESENT.

RESEARCH HIGHLIGHTS

Here's a summary of the highlights based on responses of 93 senior execs to an online survey:

- **The average revenue cycle team has 14 priority initiatives. A third of respondents identified 15 or more initiatives as top priority.**
- **Patient receivables as well as denials and underpayments are two areas of priorities. Combined, initiatives on these topics accounted for eight of the top 10 initiatives.**
- **For denials and underpayment efforts, the majority of respondents expect to leverage new technology to address their performance gap.**
- **There are some differences in priorities between large and small enterprises. Respondents from large hospital operations show concern in managing bundle payments and online portals.**
- **For priority patient collections, both uninsured and balance after insurance (BAI), organizations expect to add people or Point of Sales (POS) technology.**
- **Consultants are the least noted solution to performance improvement.**

SURVEY STRUCTURE

The survey consisted of 11 questions organized around respondents' revenue cycle priorities. Over a series of five questions, respondents were offered a large list of business initiatives and asked to identify those that were among their organizations' top priorities. Respondents were free to flag as many of the options they deemed relevant. A full list of initiatives appears at the end of this paper.

Of their top priorities, respondents were then asked to rank order them in terms of relative priority. On average, respondents had 14 identified priorities. Respondents then indicated their sense of current operational performance relative to their top priorities, the magnitude of improvement that they were seeking over the coming few years, and, finally, how they expected to close that gap.

On average the survey took slightly over 12 minutes to complete.

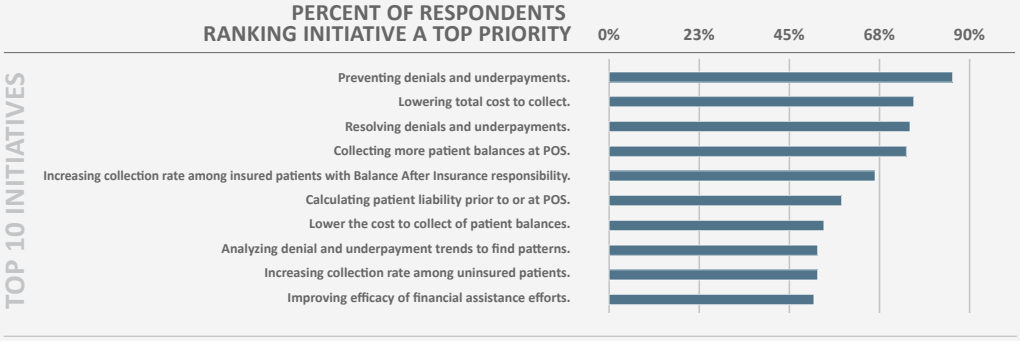

FIGURE 3

PRIORITIES

Respondents on average selected 14 listed initiatives as among their organizations' top priorities. Among the respondents, 49% selected 10 to 15 initiatives from the list. More than a third selected more than 15 initiatives (see fig. 2).

Figure 3 lists the top 10 initiatives ranked according to the percentage of respondents identifying the initiative as a top priority, and 81% of respondents identify Preventing denials and underpayments as a top initiative. Two of the top three initiatives were related to denial and underpayment activity. Aspects of collecting from patients with responsibility after insurance had four slots in the top ten list.

When asked to force rank their top initiatives, respondents said this:

- Of the 81% of respondents who identified Preventing denials and underpayments as a top priority, 14% of them had it as their number-one initiative and 61% among their top five.
- Of the 55% of respondents who identified Calculating patient liability prior to or at POS, 33% had this as their number-one initiative and 59% in their top five. This initiative was noted as the number-one initiative more than any other.

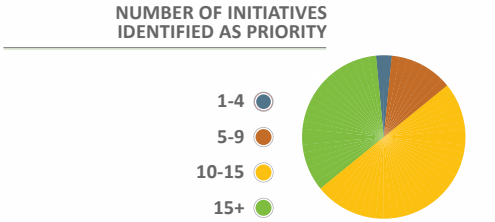

FIGURE 2: NUMBER OF INITIATIVES RESPONDENTS CHOSE AS PRIORITIES FOR THEIR ORGANIZATIONS.

Priorities for larger organizations—those over $350 million in net patient revenue—are generally similar to priorities for smaller organizations. For the 10 most commonly identified initiatives overall, six are on both top-10 lists (see fig. 4).

Notably, larger system top-10 lists uniquely include

- Managing bundle payments (57%)
- Identifying patients likely to qualify for financial assistance (52%)
- Improving patient registration data and eligibility accuracy (48%)
- Improving patient utilization of online payment options (43%)

Smaller respondents focused uniquely on

- Resolving denials and underpayments (79%)
- Increasing collection rate among uninsured patients (58%)
- Analyzing denials and underpayment trends to find patterns (54%)
- Improving efficiency of financial assistance efforts (51%)

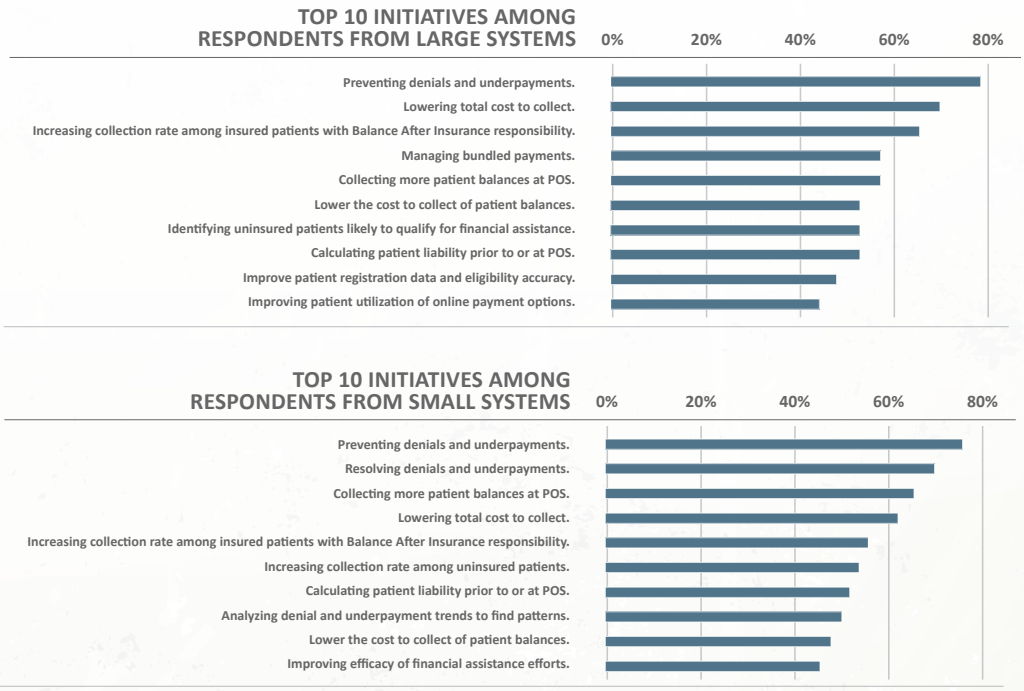

FIGURE 4: TOP PRIORITIES AMONG RESPONDENTS FROM BOTH LARGE AND SMALL HOSPITAL SYSTEMS

PERFORMANCE ON PRIORITIES

Among the top three initiatives identified as priorities, respondents tend to have low comfort with current performance (see fig. 5).

Among the 81% of respondents who identified Preventing denials and underpayments as a priority, 12% evaluate current performance as poor and 56% as fair. Among the 71% of respondents who identified Lower the cost to collect as a priority, 9% ranked themselves as currently poor and 58% fair.

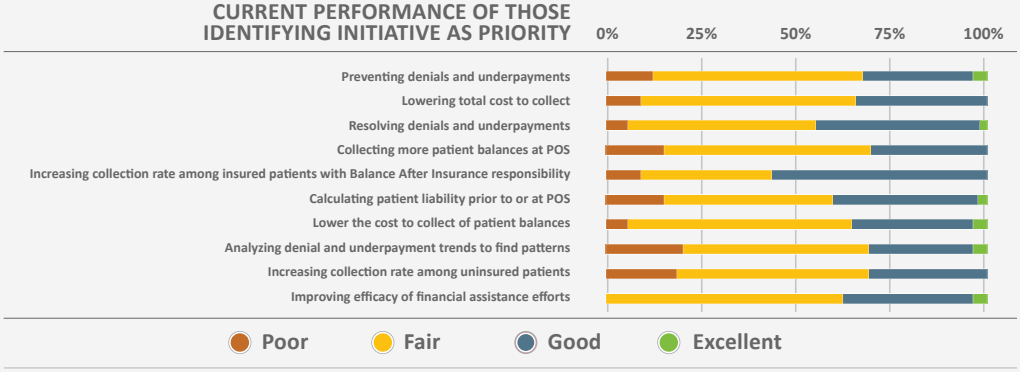

FIGURE 5: COMFORT LEVEL AMONG RESPONDENTS TO TOP PRIORITIES

On nine of the top 10 most popular initiatives, more than 50% of self-assessments are either poor or fair. The exception to this is Increasing collection rate among insured patients with BAI responsibility. In this situation, 55% of people noting this as a priority believe their current performance is good.

ADDRESSING HIGHEST PRIORITY INITIATIVES

Among survey respondents' top 10 initiatives, there are splits in how organizations expect to close the gap in current performance and aspired performance (see fig. 6).

To lower cost to collect, both overall and patient-related, more than 40% of respondents believe the path to improvement is through the current organization and technology.

Add-on software is the leading solution for Calculating patient liability prior to or at POS, with 66% indicating a likelihood to implement new technology. Existing infrastructure and team is the second most likely solution, with 17%.

Similarly, for Resolving denials and underpayment trends to find patterns, 51% indicate that add-on software will be part of their solution. Secondarily, 24% expect to hire new team members.

Additional employees are the preferred solution for three initiatives including

- Improving efficacy of financial assistance efforts (38%)
- Increasing collection rate among insured patients with BAI responsibility (34%)
- Increasing collection rate among uninsured patients (33%)

Technology is least likely for those targeting Improving efficiency of financial assistance efforts, with under 20% indicating add-on software.

External consulting support has the lowest expected utilization rate for the top 10 initiatives, with likelihood of usage being below 20% for every initiative.

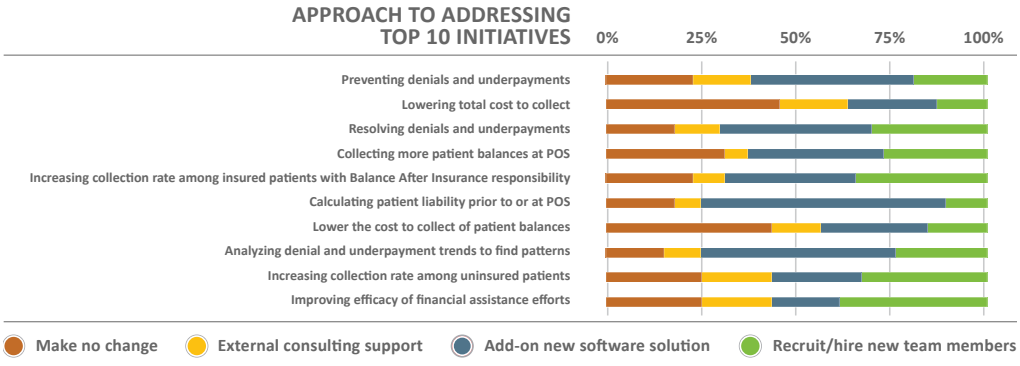

FIGURE 6: STRATEGIES ORGANIZATIONS EXPECT TO USE TO CLOSE THE GAP IN THESE INITIATIVES

CONCLUSION

Provider finance teams are clearly pursuing complex and expansive programs to address their changing landscape. The average agenda includes 14 specific initiatives around three trends:

- Rising patient financial engagement
- Denial management
- Overall cost management

With continued transfer of payment responsibility to patients and pressure to lower cost of health generally, these trends are likely to persist for some time.

What will likely change, however, are the tactics leveraged. As this survey demonstrated, larger enterprises are facing the more emerging trends of online patient engagement and bundle payment reimbursement. These themes will certainly press downward to smaller organizations into the industry in the months and years ahead.

ABOUT CONNANCE

Connance is the healthcare's industry leading provider of predictive analytics solutions that personalize the financial and clinical experience for patients. Transforming the revenue cycle and value-based care delivery, Connance leverages data science, integrated to workflow to drive enhanced performance. Connance delivers Patient Pay Optimization, Reimbursement Optimization and Value-Based Risk solutions that combine our data, hospital data and consumer data to stratify patients based on social determinants to predict behavior and provide actionable insights to improve net income and patient outcomes. Connance solutions connect more than 500 hospitals, over 1,000 physician practices and other clinical locations, and more than 80 collection agencies nationwide creating the largest research database of its kind.

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ABOUT PORTER RESEARCH

Porter Research has for over 25 years worked diligently to understand and assess each client's unique needs and to build a customized business to business research program to achieve desired goals.

The company has worked with over 300 healthcare IT companies, providing many with Go To Market Strategies based on its unparalleled experience, proven methodologies and knowledge based analysis. Porter Research enables its clients to operate in a fast changing market of new, emerging technologies and health reform issues. It provides the unbiased results that healthcare clients need to make informed, strategic business decisions.

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