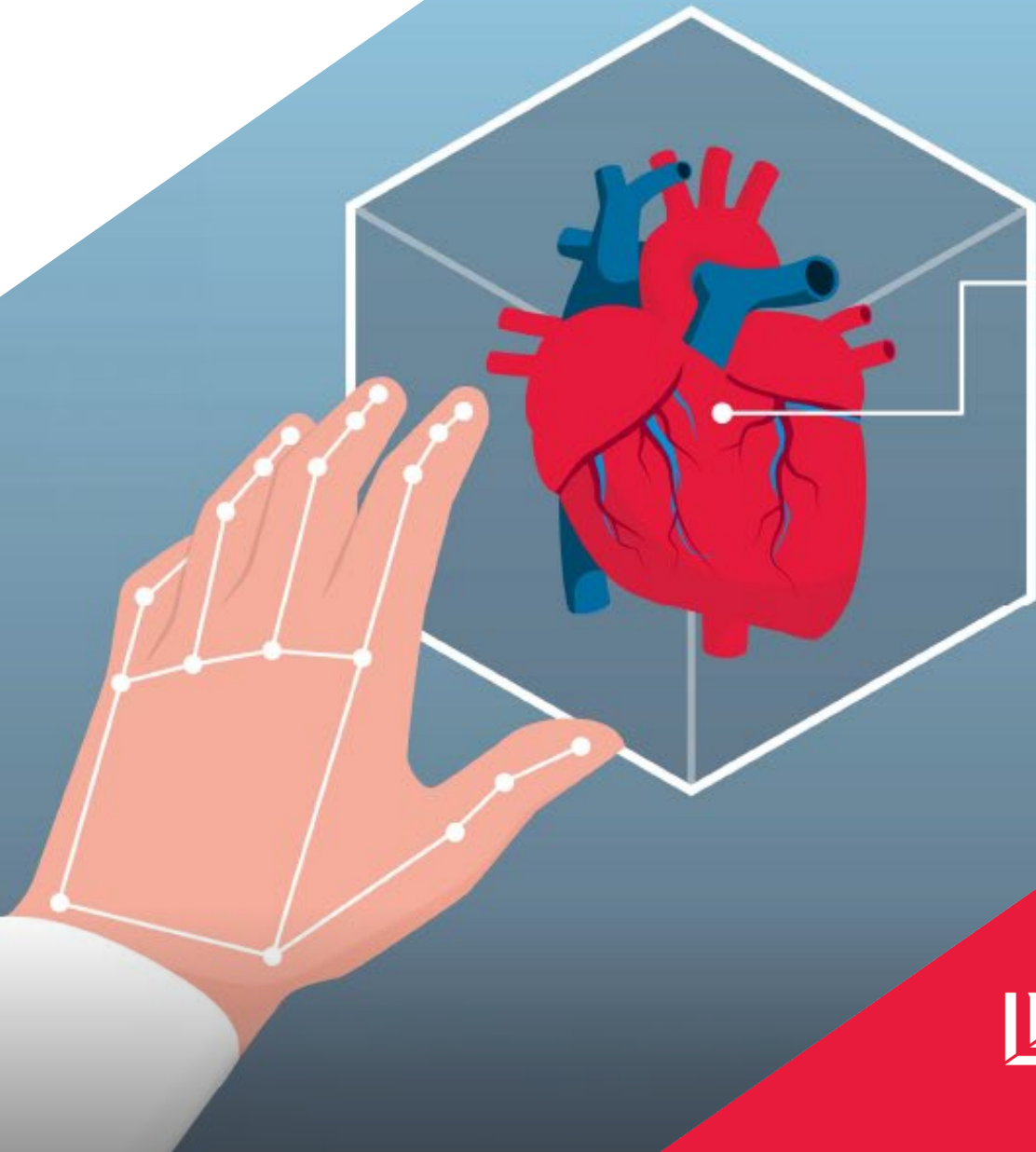


What Healthcare CFOs Need To Know

FEBRUARY 13, 2024



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Learning Objectives



Examine the overall results of the survey and what healthcare organizations can expect to see in 2024



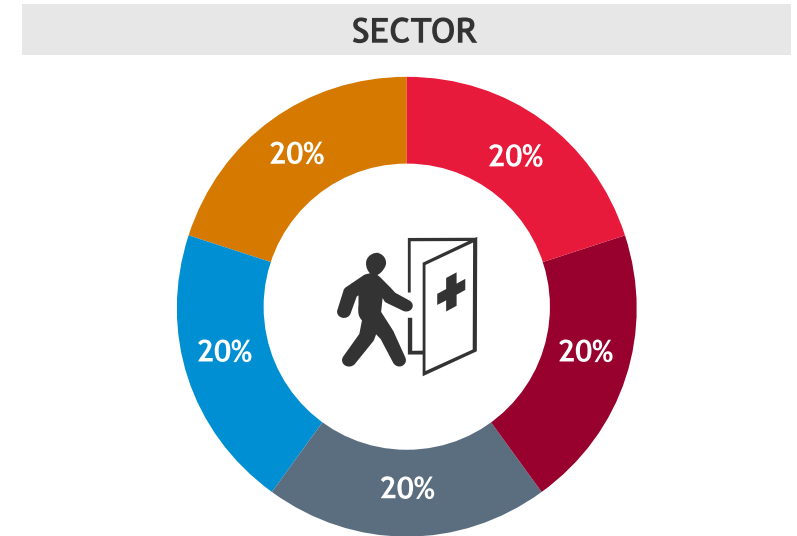
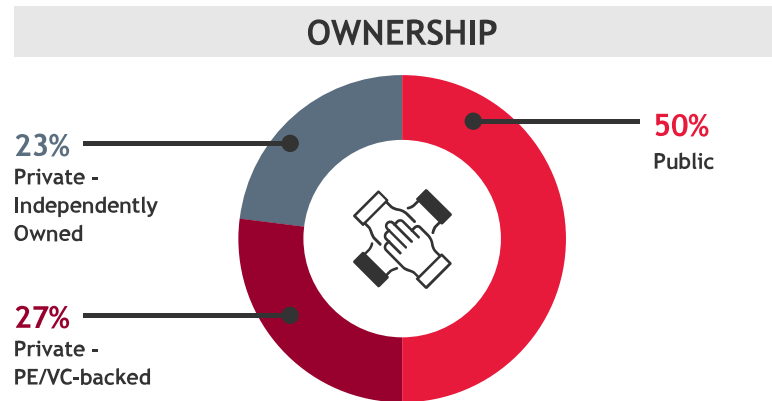
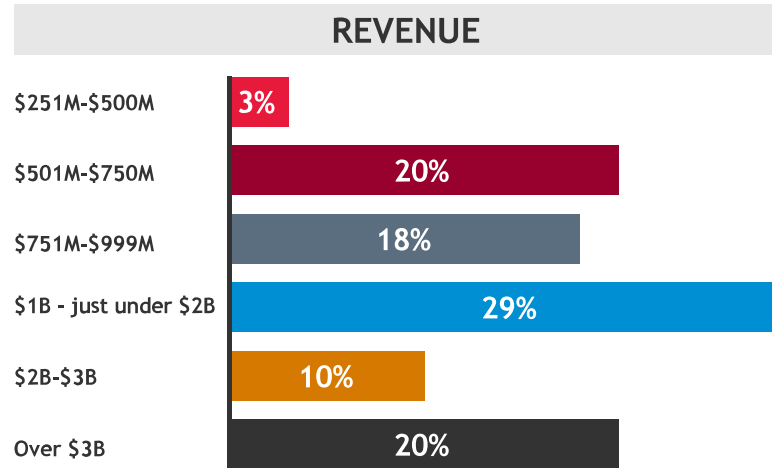
Discuss how healthcare CFOs plan to address their top threats and opportunities in the year ahead



Describe timely regulatory & compliance updates affecting the healthcare industry.

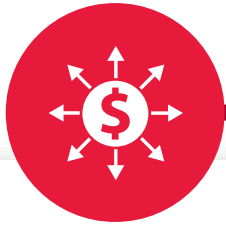
Methodology

The 2024 Healthcare CFO Outlook Survey polled 100 healthcare CFOs with revenues ranging from \$250 million to \$3 billion or more in October 2024. The survey was conducted by Rabin Research Company, an independent marketing research firm, using Op4G's panel of executives.



- Hospital/Health System
- Physician Group
- Long-term/Post-acute, Home Health
- Academic Medical Center
- Outpatient/ASC

Healthcare CFOs' Upcoming Plans and Challenges in the Year Ahead



**FINANCIAL
GROWTH**



**INVESTMENTS IN
AI**



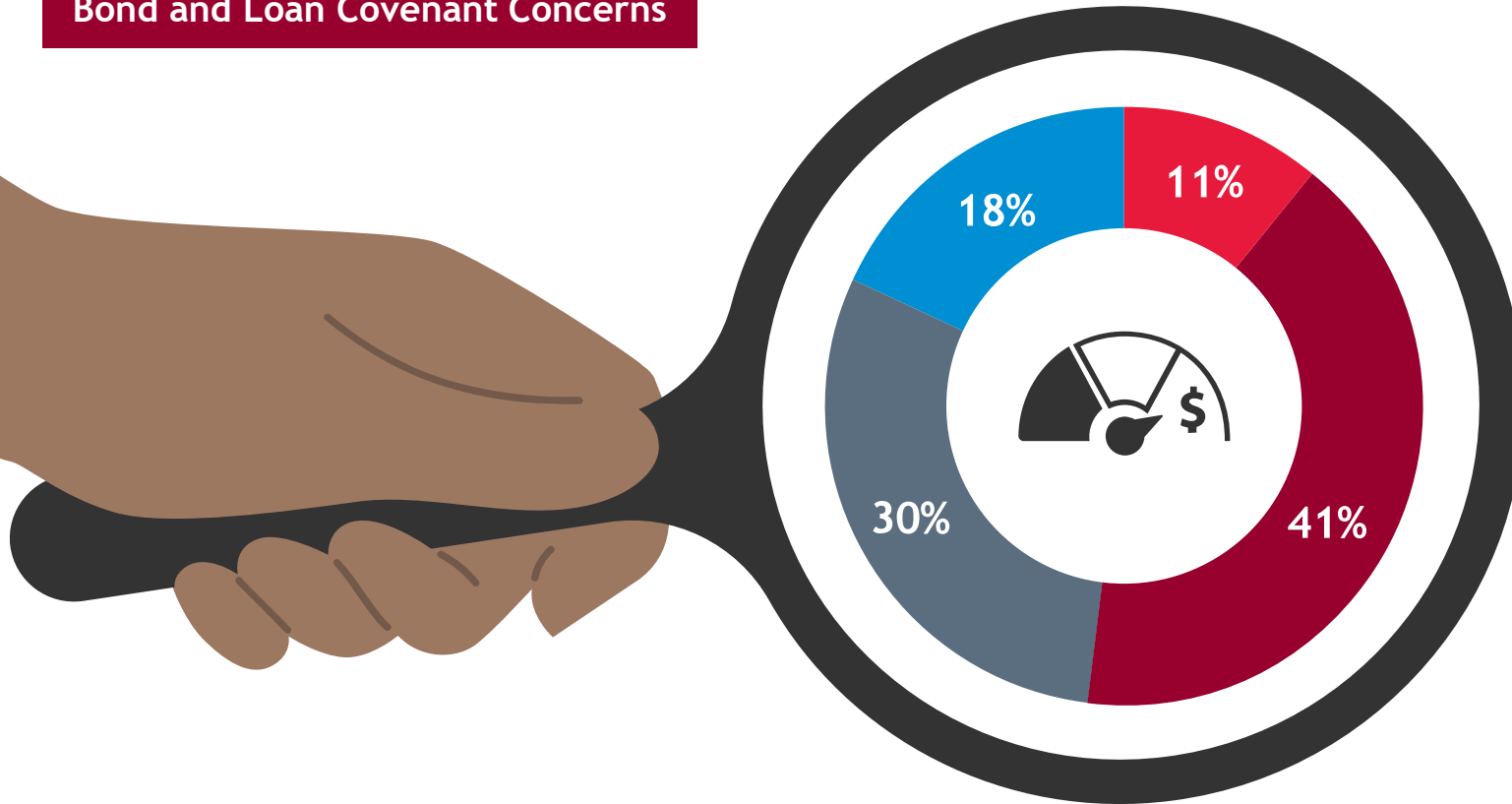
**SUPPORTING THE
WORKFORCE**



**STRUCTURING
FOR
SUSTAINABILITY**

Bond & Loan Covenant Expectations

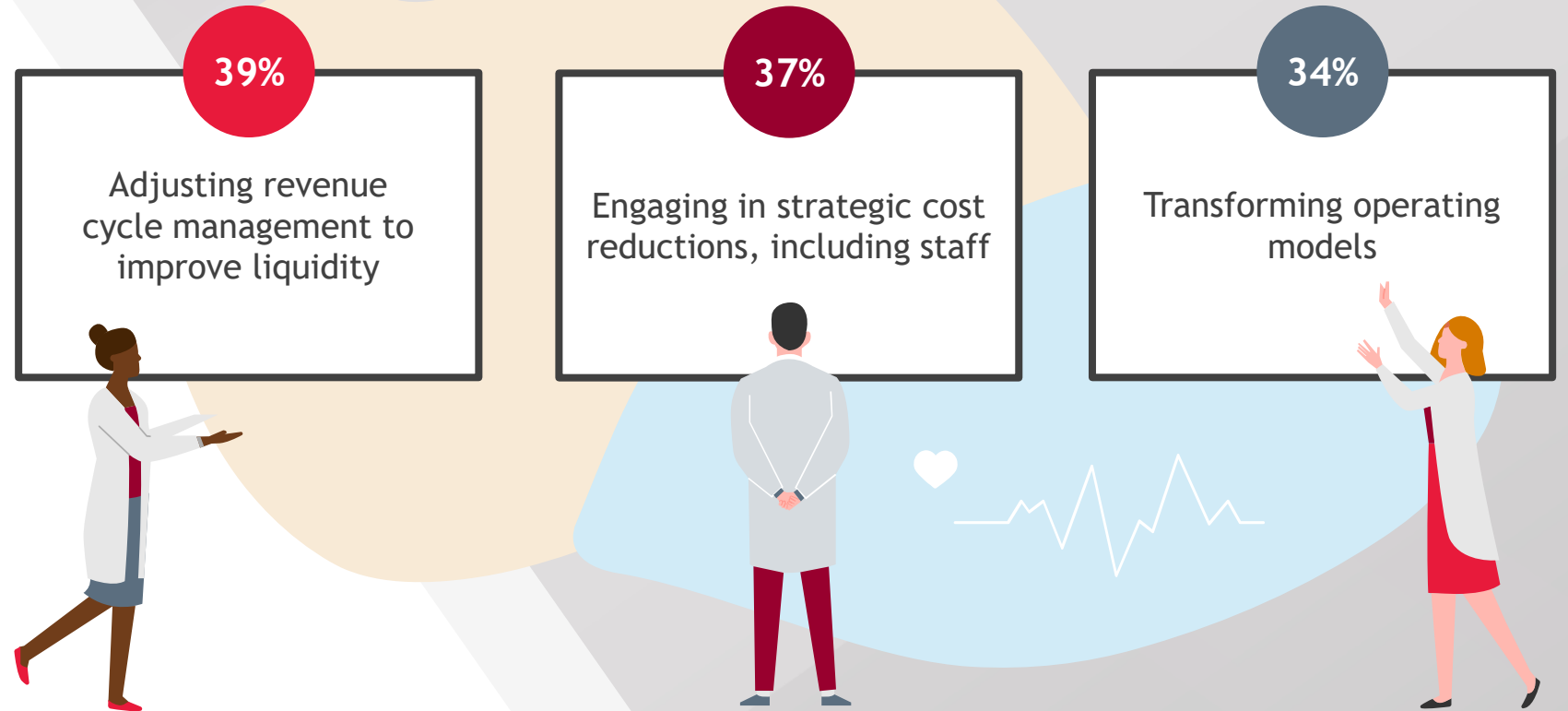
Bond and Loan Covenant Concerns



- 11% We have violated our bond and/or loan covenants in the past 12 months, and are concerned we will violate again
- 41% We have violated our bond and/or loan covenants in the past 12 months, and are not concerned we will violate again
- 30% We have not violated our bond and/or loan covenants in the past 12 months, but we are concerned we will violate in the next 12 months
- 18% We have not violated our bond and/or loan covenants in the past 12 months, and we are not concerned we will violate in the next 12 months

Top Financial Improvement Strategies

Business Strategy Pivots



Healthcare Business Recommendations

1

Revisit your growth strategy.

2

Optimize revenue cycles.

3

Shore up risk management.

4

Employ strategic cost reductions.

DISCUSSION QUESTION #1

How Concerned Are You That Your Organization Will Violate One of Its Bond or Loan Covenants in the next 12 Months?



1

Very concerned

(We will almost certainly violate)

2

Somewhat concerned

(We might violate)

3

Not very concerned

(We don't think we will violate)

4

Not at all concerned

(We will almost certainly not violate)

5

Not applicable

AI in Healthcare

Generative AI at a Glance

98%
of healthcare
organizations
are **piloting**
generative AI



46%
are building
proprietary
generative
AI Platform

39%

Treatment Plan Generation
(Clinical Decision Support)



38%

Clinician-to-Patient
Communications



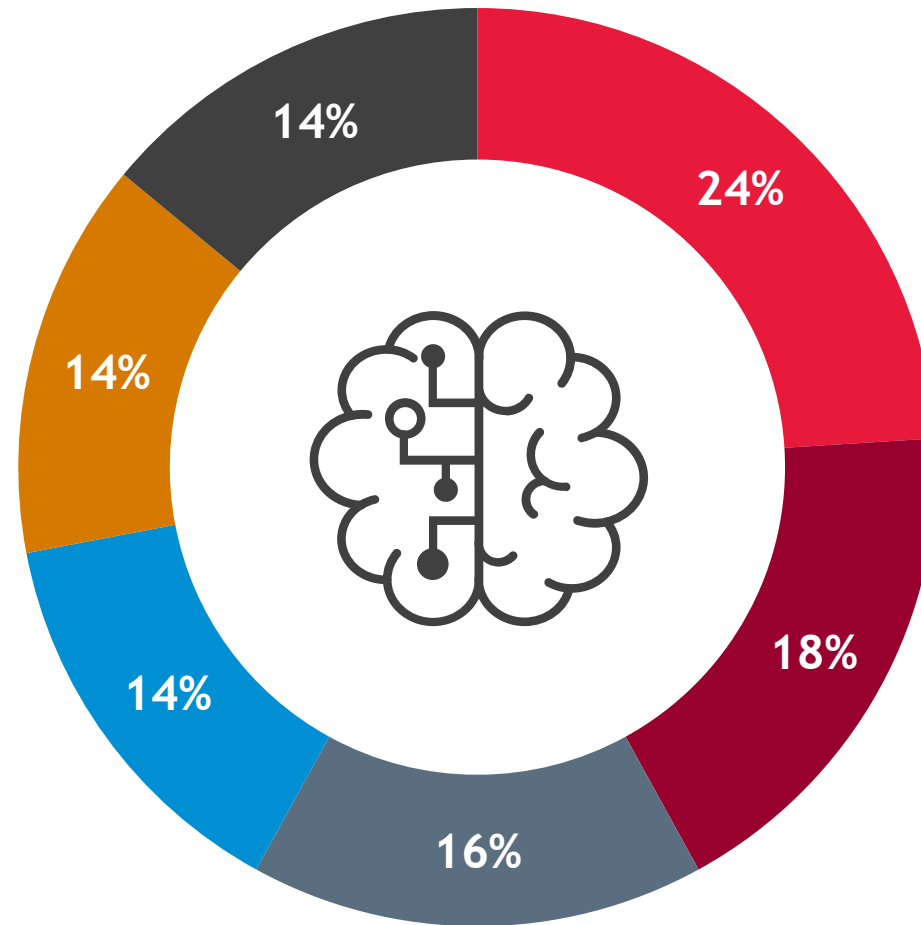
37%

Diagnostics and Medical
Imaging



AI Risks in Healthcare

Top Generative AI Risks



- Generation of and/or acting upon incorrect information
- Inability to find talent with generative AI skillset
- AI bias/ethics
- Industry disruption (ex. New entrants, competitors using generative AI)
- Job displacement
- Data privacy risk

AI Recommendations

1

**Find relevant
use cases.**

2

**Build the right
foundation.**

3

**Find the
right partner.**

4

**Have a
backup plan.**

DISCUSSION QUESTION #2

**In Which Areas Do
You Plan to Prioritize
Generative AI in 2024?**



1

Clinical Decision Support

2

Automated Patient Communications

3

New Service Offerings

4

Administrative Process Automation

5

Predictive Staffing

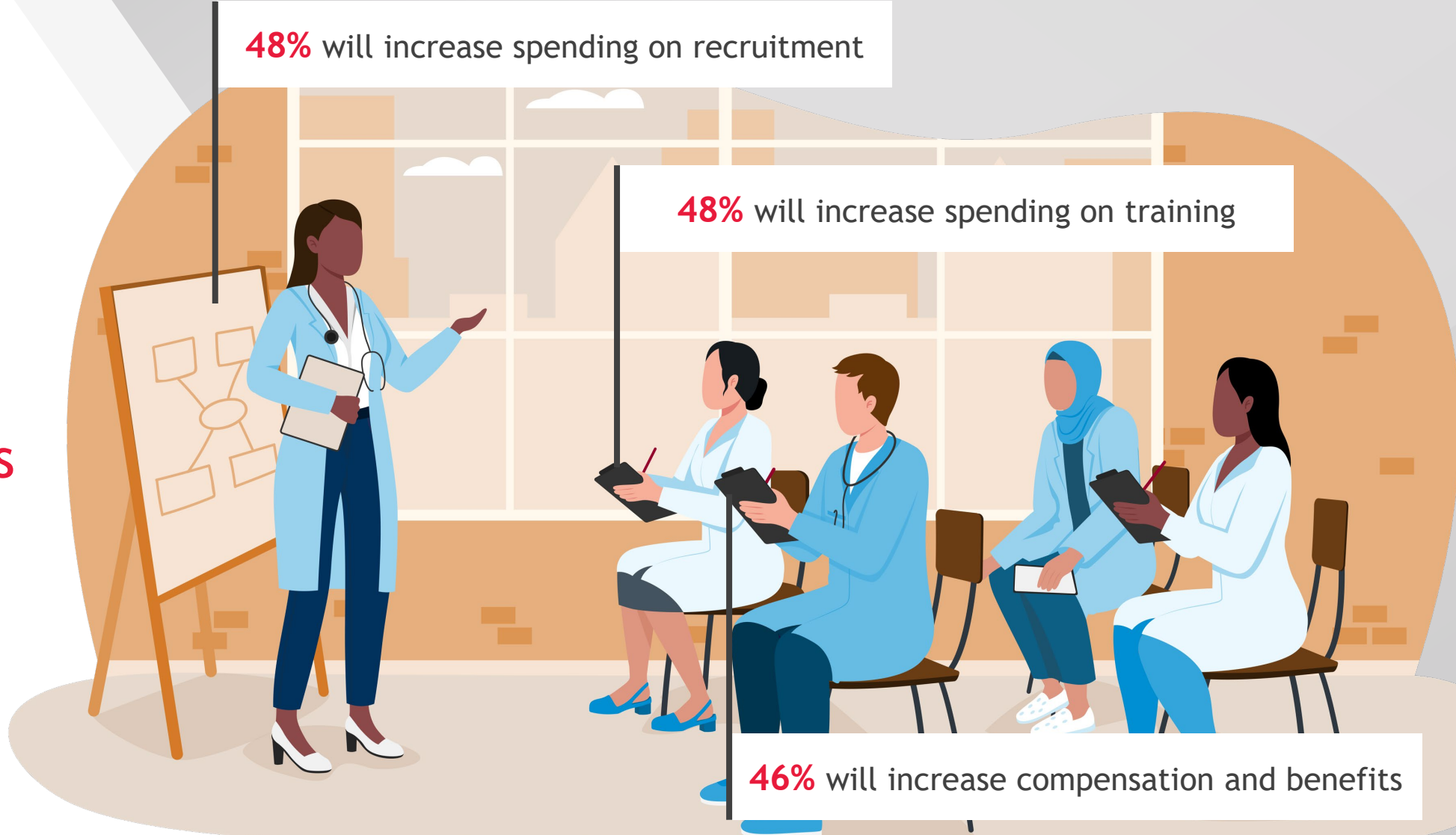
6

Other

7

Not applicable

Supporting Care Providers



48% will increase spending on recruitment

48% will increase spending on training

46% will increase compensation and benefits

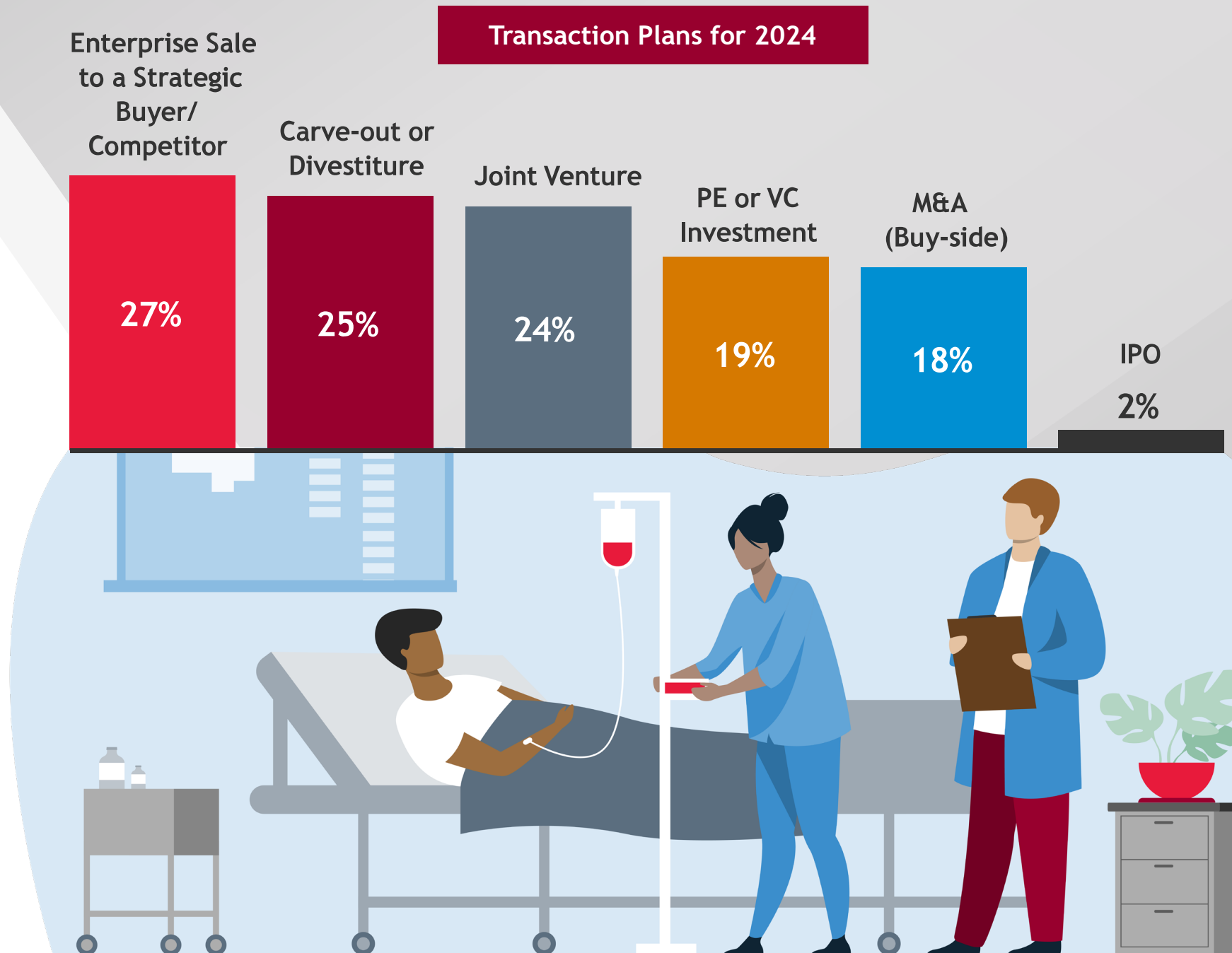
DISCUSSION QUESTION #3

What Has Been Your Organization's Top Clinician Morale Challenge in the Past 12 Months?



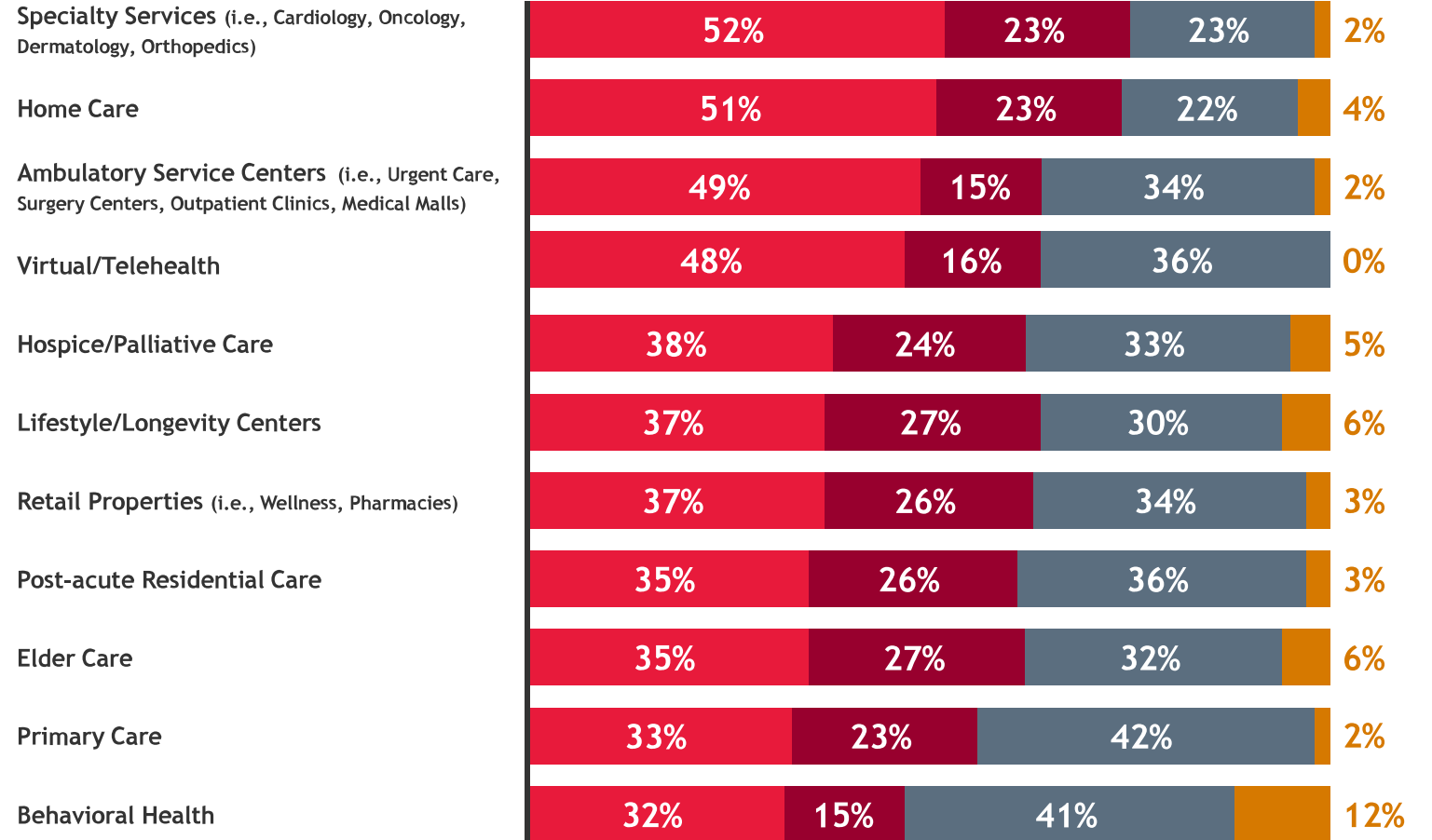
- 1 Clinician turnover and understaffing
- 2 Compassion fatigue/burnout
- 3 Challenges using digital solutions (e.g., EHR systems)
- 4 Financial challenges
- 5 Lack of investments in modern technology
- 6 Low administrative transparency toward clinicians
- 7 Other

Structuring for Sustainability and Success



Healthcare's Investment Plans

Healthcare's Investment Plans



● Increase Investment
 ● Partner with a Capital Provider or Operator
 ● Reduce Investment
 ● N/A

Healthcare Transactions Recommendations

1

**Be flexible
in planning.**

2

**Get your
house in order.**

3

**Be clear on
value
opportunity.**

4

**Proactively
plan for Day 2.**

DISCUSSION QUESTION #4

What Is Your Biggest Dealmaking Challenge in 2024?



1

Navigating the due diligence process

2

Finding the right target or buyer

3

Valuation expectation gaps

4

Economic uncertainty

5

Uncertain ROI expectations

6

Regulatory compliance

7

Not applicable

Regulatory Update



Current Regulatory Issues



FY24 IPPS



No Surprises Act Update



CMS Prior Authorization Rule



HHS Chief Competition Officer



State Minimum Wage and Staffing Laws

Thank You!





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