



FOSTERING FINANCIAL HEALTH WITH HEALTHCARE RX

Different organizations. Different goals.
Same outcome: excellence.

BDO

In order to offer critical services and support to your community, you must have a strong financial foundation. Otherwise, you may find yourself in a downward spiral, unable to stay in the green, leading to suboptimal patient care. Today, many healthcare organizations are struggling to rightsize their finances, but with the proper support, an organization can turn its financial future around.

Read more to learn how healthcare organizations are restructuring, reducing costs and performing acquisitions to attain robust financial health.



Pursuing a Restructuring to Increase Revenue by \$40 Million

SERVICES: RESTRUCTURING & TURNAROUND

THE CHALLENGE

A large national provider of proton radiation therapy with multiple operating centers had debt exceeding \$750 million with EBITDA losses at each facility. Additionally, insurance company coverage and reimbursement challenges continued to impact providers. Numerous operational and compliance-related matters required management oversight.

OUR SOLUTION

BDO was retained by the board as the Chief Restructuring Officer in 2012 and subsequently as senior management (CEO, CFO and COO) to oversee all operations in 2013. We improved stakeholder relations and aligned interests by reconstituting corporate governance and structural issues. We also negotiated physician agreements, clinical affiliations and professional service agreements to drive patient volume.

THE RESULT

As a result of our work:

- ✓ **Revenue increased by \$40 million**, and patient volume more than doubled
- ✓ We **reduced the corporate overhead** at the parent company by \$15 million
- ✓ We **restructured \$700 million in debt** and executed exit strategies at all centers
- ✓ One center was **sold for \$210 million**
- ✓ **\$150 million of tax-exempt and taxable bonds were issued** with the sale of another center, and a new five-year management agreement was signed
- ✓ Another center was **restructured** with a new not-for-profit ownership
- ✓ Another center was **sold in a 363 sale**
- ✓ We successfully lobbied for state legislation to **improve insurance coverage**

Turning Strategic Initiatives Into \$10 Million in Cost Savings

SERVICES: OPERATING COST REDUCTION

THE CHALLENGE

A large medical center wanted to improve its financial and operational health by seeking support in implementing strategic cost reductions, identifying opportunities for efficiencies across inpatient areas and physician practices, and consolidating and better leveraging existing systems and data to improve care delivery.

OUR SOLUTION

BDO was engaged to perform an assessment of the medical center, design initiatives to achieve their stated goals and implement and measure those initiatives.

The project team, which included clinical and non-clinical staff, completed a one-month assessment that included data collection, interviews and staff surveying. The assessment identified more than 50 opportunities that were reviewed by hospital leadership for implementation.

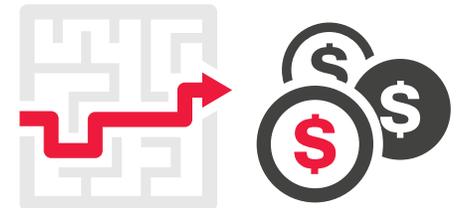
The team developed a project management office and oversight committee to approve strategic initiatives and implementation, as well as monitor key metrics and assess results. For chosen initiatives, the project team developed detailed project plans, including timelines, dependencies and responsible parties. The team also provided project management, staff support, data analytics support and subject matter expertise.

THE RESULT

The project team achieved over

\$10M

in direct expense reduction alone over a 6-month period.



Even after the team had left, the client continued to implement their recommended initiatives.

Optimizing revenue cycle management to drive a \$10 million increase in revenue

SERVICES: REVENUE ENHANCEMENT

THE CHALLENGE

A multispecialty practice consisting of 1,200 employees and over 300 providers sought to improve their revenue cycle management., including:

- ▶ Lack of KPI management
- ▶ Inefficient utilization of Epic (which they had been using for over 10 years) and integrated 3rd party tools
- ▶ Broken processes and, in some cases, a total absence of processes
- ▶ Initial denials accounting for 14% of revenue
- ▶ Terminal denials accounting for 4% of revenue (\$10.7 million)
- ▶ Bad debt amounting to \$3.3 million annually

OUR SOLUTION

BDO was brought on to rethink the company's revenue cycle management processes. Some of the initiatives executed included:

- ▶ Redesigned the organizational structure to more effectively allocate staff to workstreams
- ▶ Reviewed and revised job descriptions to align roles and responsibilities in an Epic environment
- ▶ Consolidated payers/plans to improve registration and real time eligibility (RTE)
- ▶ Optimized remit code master file to improve reporting based on payer-specific requirements
- ▶ Improved dashboard & KPI reporting to provide leadership visibility into revenue cycle performance
- ▶ Consolidated & optimized Epic work queues to improve staff efficiency & automation activities
- ▶ Standardized workflow and account resolution
- ▶ Enforced continuous improvement and optimization by executing Denials Workgroup
- ▶ Developed documentation to bridge the gap between operations and IT

THE RESULT

As a result of our work:

The company saw a cumulative increase in revenue of

\$10M 
over a 9-month period.

- ▶ Charge Entry Lag decreased by **73% in 15 months**
- ▶ Claim Error WQ Days decreased by **60% in 11 months**
- ▶ Denial Rate decreased by **50% in 15 months**
- ▶ Self-Pay A/R was reduced by **\$2.8 million in 15 months**, and over \$2 million was converted to net patient revenue
- ▶ Overall A/R decreased by **17%, despite a 6% increase in volume**
- ▶ RTE was reduced from **1300 to 350**

Creating Tremendous Growth With Audit and Finance Support

SERVICES: RESTRUCTURING & TURNAROUND

THE CHALLENGE

A healthcare insurance company was struggling with their year-end audit—specifically in proving the existence and completeness of certain numbers. They engaged with BDO's Business Services and Outsourcing team for support in completing the audit.

OUR SOLUTION

What began as a year-end audit grew into a large-scale project, including support in:

- ▶ New General Liability (GL) implementation
- ▶ Financial reporting system implementation
- ▶ Treasury and HR systems
- ▶ Interim roles as Controller, CFO and the internal audit department
- ▶ Free of Particular Advantage (FPA) Insurance
- ▶ Accounts receivable analysis
- ▶ Cost-benefit analysis of certain departments and lines of business

THE RESULT

Beyond successful completion of the audit, we facilitated an increase in the company's productivity and helped build a robust and complete accounting and finance department. Even though the company has hired its own full-time controller, we've continued to work with them for the past three years. **Today, the company has grown tremendously through mergers and acquisitions, taking its annual revenue from**

\$300M to \$1.1B



Guiding an Acquisition to Generate \$170 Million in Value

SERVICES: CORPORATE DEVELOPMENT

THE CHALLENGE

BDO was engaged by a healthcare real estate investment trust (REIT) to rapidly assess the acquisition of an underperforming hospital and medical office campus.

OUR SOLUTION

As part of the engagement, BDO carried out management team, service line, market and clinical opportunity, and revenue cycle assessments. We also undertook analyses of service areas and their relationships to the brand, transportation, physician engagement, cash flow management and financial viability, and reputation of clinical leadership and staff.

Following these assessments and analyses, we:

- ▶ Identified opportunities and initiated a negotiation strategy with a best-in-class neurosurgery practice for the hospital
- ▶ Provided specific, actionable opportunities for revenue cycle and cash flow improvement
- ▶ Connected with top-tier orthopedic and cardiology practices

THE RESULT

In the end, the engagement team realized \$110 million in value identified in the acquisition of the hospital and medical office campus.

Within two years of acquisition, initiatives put forth by BDO yielded an additional

\$60M in value.



Ready to Shift Your Financial Performance Into High Gear?

BDO's industry leaders are at the forefront of the healthcare conversation and have decades of experience in financial management at healthcare organizations. Whether we're advising our clients to move to a value-based care model, pursue a deal, find alternative financing or go through a restructuring, we deliver a comprehensive range of offerings to improve quality and lower the cost of care.

See our full suite of services dedicated to financial improvement:



OPERATING COST REDUCTION

- ▶ Performance Diagnostic Assessment
- ▶ Cost Reduction (Labor & Non-Labor)
- ▶ Business Process Automation
- ▶ Real Estate Optimization



REVENUE ENHANCEMENT

- ▶ Revenue Cycle & Patient Access Transformation
- ▶ Revenue Integrity Advisory
- ▶ Denial Management & Cash Acceleration
- ▶ Billing System Optimization
- ▶ Payer/Managed Care Contracting
- ▶ Ambulatory Network Development



CORPORATE DEVELOPMENT

- ▶ Acquisitions & Partnerships
- ▶ Transaction Support
- ▶ Due Diligence & Valuations
- ▶ Integration Support
- ▶ Compensation & Benefits



RESTRUCTURING & TURNAROUND

- ▶ Ownership Transition
- ▶ Raising Alternative Sources of Capital
- ▶ Interim Management & Business Outsourcing
- ▶ Crisis Management & Business Continuity
- ▶ Bankruptcy Support



ASSURANCE

- ▶ ASC 740
- ▶ Accounting & Reporting Advisory
- ▶ Audit & Financial Reporting
- ▶ Corporate Governance
- ▶ Regulatory Compliance



TAX

- ▶ R&D Tax Credits
- ▶ State and Local Tax, International Tax, Federal Tax
- ▶ Tax Due Diligence & Transformation
- ▶ Transfer Pricing

The Bottom Line

The moves healthcare organizations make are creating the future of care. That's a daunting responsibility—and it requires breaking down organizational and industry silos to create the best possible experience and outcomes for the patient. With the right support in clinical innovation, financial improvement and digital transformation, your organization can assume or extend its position as a leader in the industry, reimagining care delivery and the patient experience for your community.



Contact

Contact us today to share your healthcare organization's mission and learn how we can help you fulfill it.

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About The BDO Center for Healthcare Excellence & Innovation

The BDO Center for Healthcare Excellence & Innovation is devoted to helping healthcare organizations thrive, clinically, financially, and digitally. We help clients redefine their strategies, operations and processes based on both patient-centric demands and rigorous best business practices—responding to the industry's new market disrupters, cost pressures and outcomes-based reimbursement models.

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