



Healthcare Solutions for Margin Improvement

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Welcome



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Learning Objectives

- ▶ Review key financial and operational drivers of margin performance.
- ▶ Identify strategies for achieving sustainable cost reduction solutions.
- ▶ Describe timely regulatory and compliance updates affecting the healthcare industry.



Agenda



Margin Erosion Drivers



Building Your Margin Improvement Strategy



Healthcare's Regulatory Update

Discussion Question #1 (Select one)



WHICH BEST
DESCRIBES THE
ORGANIZATION
YOU WORK FOR?

A

Hospital / Health System / Academic Medical Center

B

Physician Group

C

Outpatient / ASC

D

Long term / Post-acute, Home Health

E

Ambulatory/outpatient practices (including behavioral/mental health, orthopedics)

F

Professional Services

G

Investor (PE, VC, Investment Bank)

H

Other



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Margin Erosion Drivers



Higher-Impact Margin Erosion Drivers



High Labor and Contract Expenses



Interest Rate Hikes

Higher-Impact Margin Erosion Drivers



**High
Inflation**



**Low
Capacity**



**Decreasing Commercial
Coverage**



**Changing Sites
of Care**



**Competition from Non-
Traditional Entrants**



**Underperforming
Assets**

Discussion Question #2 (Select all that apply)



WHAT ARE THE
TOP CHALLENGES
FACING YOUR
ORGANIZATION IN
THE NEXT 6
MONTHS?

A

High Labor & Contract Expenses

B

Interest Rate Hikes

C

High Inflation

D

Low Capacity

E

Decreasing Commercial Coverage

F

Changing Sites of Care

G

Competition from Non-Traditional Entrants

H

Underperforming Assets

Moderate-Impact Margin Erosion Drivers



Supply Cost Increases



Underperforming Real Estate

Lower-Impact Margin Erosion Drivers

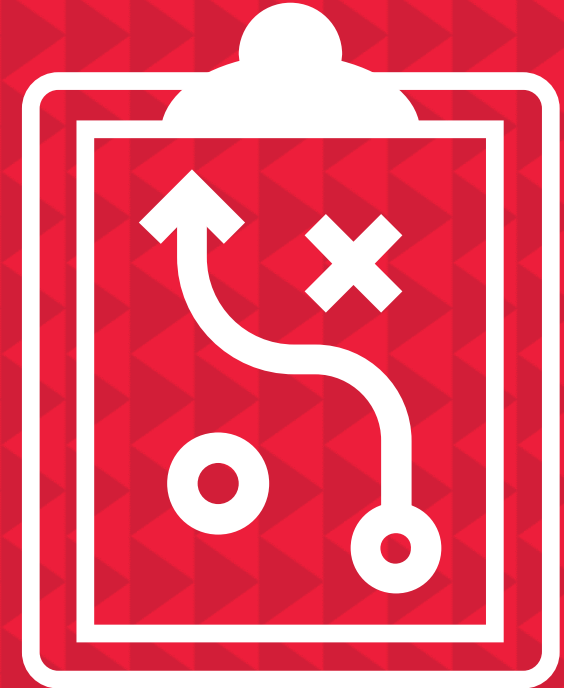


Endemic Impacts of the COVID-19 Pandemic

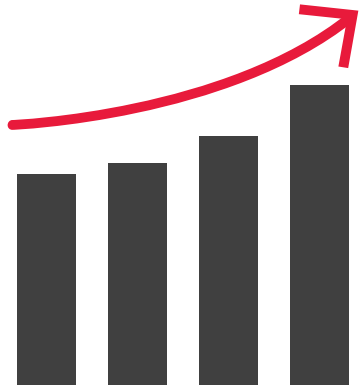


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Building Your Margin Improvement Strategy



Why You Need a Margin Improvement Strategy



Margin improvement is a long-term play



Common margin improvement tactics are short-term (ex. cost-cutting)



Foundational changes yield long-term financial stability

PHASE I

Identifying Cost and Revenue Opportunities

- ▶ Review your patient access, demand, and capacity management to identify gaps and inefficiencies
- ▶ Benchmark your costs in the following areas against industry standards
 - Provider and clinical support staffing
 - Pharmacy
 - Perioperative and procedural
 - Supply chain
 - Vendor management
 - Selling, general & administrative (SG&A)
 - IT
- ▶ Assess your revenue cycle management to identify gaps and inefficiencies
- ▶ Assess the profitability of each of your service lines



PHASE II

Reviewing Balance Sheets

- ▶ Identify your priority strategic initiatives and determine the capital requirements to support them
- ▶ Conduct a property, plant, and equipment (PP&E) assessment to determine if any assets should be sold, leased, or disposed of
- ▶ Identify opportunities to deploy or reinvest working capital
- ▶ Reevaluate your debt structure to assess your organization's current financial risk level
- ▶ Determine whether you have any unclaimed property
 - If so, review your state's regulations around reporting and refunds ahead of balance sheet transactions
- ▶ Assess your management of assets like technical systems and medical equipment to identify gaps and inefficiencies
- ▶ Identify opportunities to capitalize on R&D tax credits



PHASE III

Accelerating Digital Enablement

- ▶ Explore opportunities to leverage data and machine learning to reduce preventable readmissions
- ▶ Offer expanded consumer-centric self-service tools with the side benefit of shifting work into the hands of patients
- ▶ Assess your EHR platform to determine if it is properly integrated with your other systems and can support data-driven predictions
- ▶ Prior to introducing new technology systems, evaluate their potential impact on and disruption to clinicians and administrative staff



Discussion Question #3 (Select one)



WHAT IS YOUR
ORGANIZATION'S
PRIMARY EHR
PLATFORM?

A

Allscripts (Altera)

B

athenahealth (athenaOne/athenaIDX)

C

Cerner

D

eClinicalWorks

E

Epic

F

MEDITECH

G

NextGen

H

Other

PHASE IV

Exploring Strategic Opportunities

- ▶ Consider opportunities to leverage and collaborate for functions such as IT, contact centers, and supply chain
- ▶ Explore outsourcing and managed service arrangements to achieve efficiencies in core business operations
- ▶ Critically evaluate mergers and integration opportunities to ensure they are patient-centric and focus on improving care at lower costs



PHASE V

Developing Your Workforce

- ▶ Consider how you can enable remote work opportunities to expand your talent pool
- ▶ Invest in continuous learning to promote employee retention and satisfaction
- ▶ Integrate advanced practice providers (APPs) across service lines
- ▶ Invest in recruiting and training licensed practical nurses (LPNs) and medical assistants (MAs)



Discussion Question #4 (Select one)



HOW DOES YOUR ORGANIZATION PLAN TO FILL CLINICIAN STAFFING GAPS IN THE NEXT 12 MONTHS?

A

Increase full-time headcount

B

Train existing clinician staff to fill vacant roles

C

Increase automation of clinical tasks and patient communication

D

Offer patients more telemedicine options

E

Divest underperforming service lines

F

All the above

G

N/A



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Healthcare's Regulatory Update



Regulatory Update



Existing Areas of Concern:

- ▶ 2024 IPPS Rule (Final)
- ▶ OIG Audit of PRF Uninsured Program
- ▶ Health Equity
- ▶ Price Transparency Compliance
- ▶ SNF Staffing Mandate
- ▶ Compliance Concerns around Physician-Hospital Arrangements

Areas to Watch:

- ▶ AI & Bias in Healthcare
- ▶ Medical Credit Cards & Third-Party Loans Scrutiny



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Q&A





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Thank You!





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