



Planning for Tomorrow While Managing a Crisis Today

**Kansas Hospital Association
Virtual Rural Health Symposium
December 2, 2020**

© 2020 PYA, P.C.

WE ARE AN INDEPENDENT MEMBER OF HLB—THE GLOBAL ADVISORY AND ACCOUNTING NETWORK

**Plans are worthless, but
planning is everything.**

-Dwight D. Eisenhower



“The pandemic has given us a glimpse of a world in which business as usual in our health care system was upended. It has also provided an opportunity to start up again in a healthier and more financially responsible way.

Reflexively returning to the status quo may be good for our bottom line, but it won't serve our patients well.”



Sandeep Jauhar, MD
New York Times, June 22, 2020

Five Fundamentals of COVID-Era Planning

1. Optimize Federal Relief Funds

2. Develop and Execute on a Financial Improvement Plan

3. Become a Presence, Not a Place

4. Pursue Collaboration, Not Competition

5. Deliver Health, Not Healthcare (Get Ready for Risk)

1. Optimize Federal Relief Funds

- \$175B Provider Relief Fund
 - On average, Kansas CAHs received ~ \$4M each
- Use of funds limited to lost revenue and expenses attributable to coronavirus not reimbursable from another source
 - Many unanswered questions remain
- Reporting requirements
 - Report on 2020 use of funds due February 15, 2021
 - Report on 2021 use of funds (through June 30) by July 31, 2021
 - Obligation to return “unused” funds

2. Develop and Execute on a Financial Improvement Plan



1. Sufficient data available to quantify hospital's opportunity and measure success
2. Relative ease of implementation
3. Minimal upfront investment
4. Speed to results
5. Low risk of negative outcomes

1. Data-Driven Market Assessment
2. Patient Care Revenue - Outmigration
3. Non-Patient Care Revenue
4. Revenue Cycle
5. Governance Processes

Data-Driven Market Assessment

- Compile in usable format relevant data from multiple sources to understand hospital's current market position as compared to relevant benchmarks
 - Demographics
 - Regional provider inventory
 - Hospital service line inventory and performance
 - Hospital financial indicators
 - Hospital quality indicators
- Utilize assessment (1) to identify immediate opportunities and (2) to assist leadership in evaluating performance over time

Patient Care Revenue - Outmigration

- Reduce hospital services outmigration
- Increase swing bed utilization
- Improve local access to primary care
- Enhance 340b program
- Leverage outreach opportunities

Non-Patient Care Revenue

- Evaluate current philanthropic resource development efforts to identify opportunities for improved performance
 - Annual fund (operating expenses)
 - Capital campaigns (facilities)
 - Endowment (planned/deferred gifts)
- Identify potential grant funding opportunities for specific initiatives
 - Private foundations, state and federal programs
 - Pursue through partnerships with other providers, communities

Revenue Cycle



- Evaluate and develop detailed action plans to improve revenue cycle operations
 - Front-end (financial counseling, patient access, upfront collections)
 - Middle (charge capture, clinical documentation improvement, query process)
 - Back-end (patient financial services, denials management, adjustments and write-offs)
 - Commercial payer contract compliance (actual payment vs. contract rates)
- Maximize cost-based reimbursement
 - Review and update chargemaster
 - Review and correct inaccurate cost allocations
 - Evaluate process for filing interim cost reports based on significant events (e.g., change in volume or chargemaster rates)

Governance Processes

- Evaluate governing board structure, membership, operations, and oversight function
 - Review organizational documents, board packets, meeting minutes
 - Interview board members, management, medical staff
- Variables linked to better financial performance
 - Board meeting frequency – schedule meetings every other month to allow enough time to accumulate critical indicators of performance for review
 - Board membership – non-tenured; have limited number of terms
 - Financial and quality indicators (i.e. market share) – well defined and frequently updated via scorecard or dashboard
 - Financial activities (i.e. capital planning) – review information routinely
 - Financial benchmarks – establish benchmarks and compare to peers nationwide

3. Become a Presence, Not a Place

Virtual Care

- Patient portal
- Telephone/text messaging
 - Patient-initiated
 - Provider-initiated
- Audio-Visual
- Health monitoring programs
- Hospital-at-Home, Hospital-to-Home

Care Management

- High-risk, rising risk

Physical Locations

- Shared facilities

4. Pursue Collaboration, Not Competition

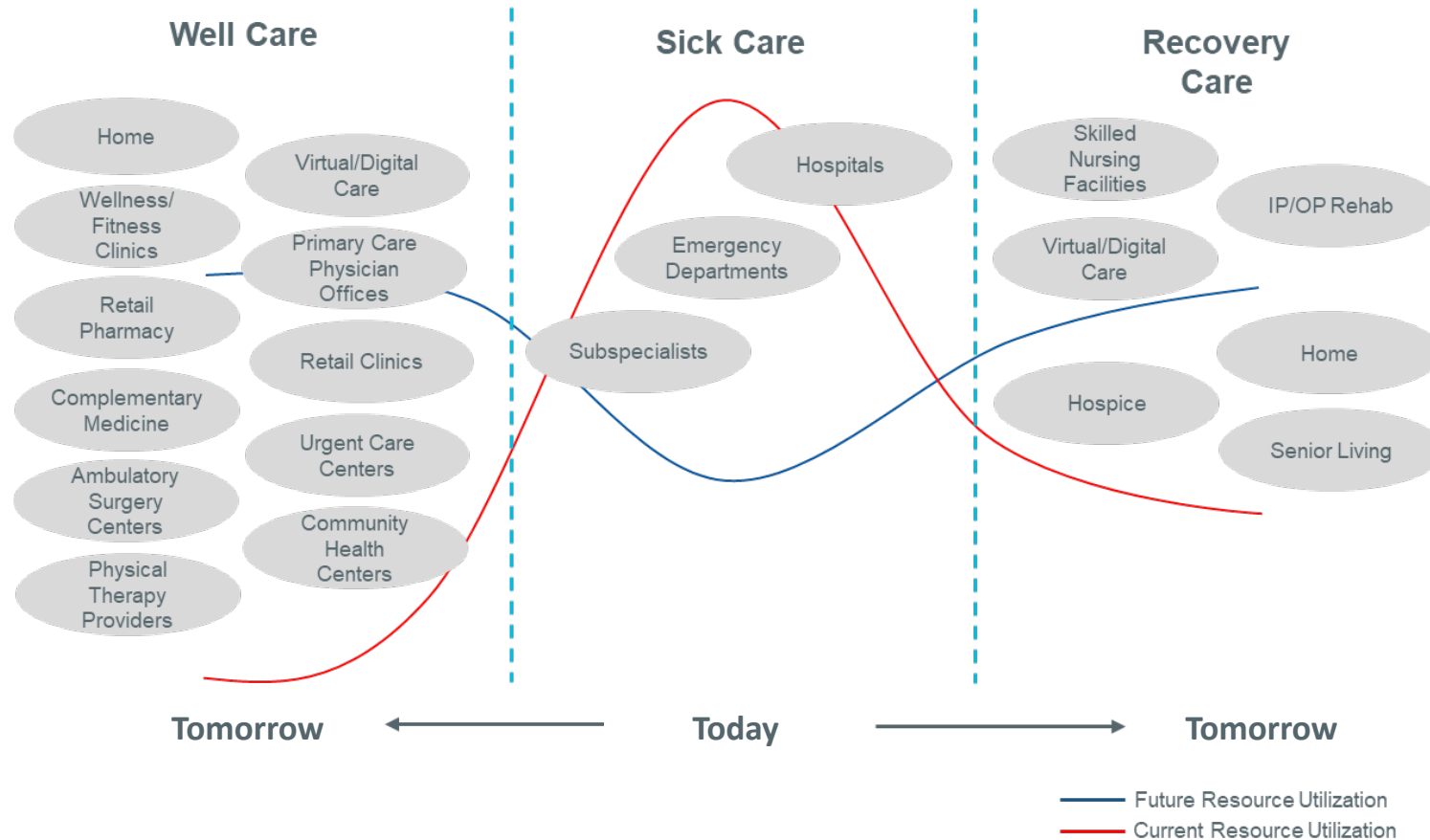
Rise of Regional and National Systems

- Access to capital
- Negotiating power
- Vertical integration
- Assumed efficiencies from scale

Community Needs

- Continuum of care
- Staffing, equipment, supplies
- Surge planning
- Social determinants
- Health equity

5. Deliver Health, Not Health Care (Get Ready for Risk)



Thank You!



Martie Ross
mross@pyapc.com

COVID-19 HUB

Because we are living through an unprecedented healthcare phenomenon, PYA is committed to sharing timely and relevant information that we hope will benefit our clients and colleagues. The COVID-19 HUB will centralize PYA's thought leadership, guidance, and resources related to the COVID-19 pandemic.

www.pyapc.com/covid-19-hub/



pyapc.com
800.270.9629

ATLANTA | KANSAS CITY | KNOXVILLE | NASHVILLE | TAMPA