

Vendor Management

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SVP – Revenue Cycle

FastMed Urgent Care

Agenda

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- **Introduction**
- **Why are we talking about vendors?**
- **Insource vs. outsource**
- **Successful vendor management**
- **Revenue cycle solutions, benefits and costs**
- **Sample of other solutions**
- **Questions, comments, examples from others**

Vendor Management

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- **Introduction**
- **Setting Expectations**
- **Setting Realistic Goals**
- **Implementation Responsibilities**

Insource vs. Outsource

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Outsource Advantages

- **Cost savings**
- **Revenue gains**
- **Access to specialized skills**
- **Reduced capital expense**

Outsource Disadvantages

- **Limited control: management, experience and staff turnover**
- **Employee morale**
- **Patient satisfaction**
- **Conflicts between parties**

Successful Vendor Management

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- Request for proposals
- Negotiation
- Service level agreements
 - Always higher than current performance
 - Set goals
 - No fixed service levels at the start of work
- Contracts: Give yourself plenty of outs

Successful Vendor Management Continued

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- **Vendor relationships**
- **Implementation**
- **Reporting**
- **Communication**
- **Performance management**

Revenue Cycle Solutions, Benefits and Cost

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Self Pay Collections: 20-25% Liquidation

EBO SP/SP after Insurance

9% 10% 11% 12% 13% 14% 15%

Primary Bad Debt (without EBO)

5% 6% 7% 8% 9% 10% 11%

Primary Bad Debt (with EBO)

4% 5% 6% 7%

Secondary Bad Debt

1% 2% 3%

Recovery rates are based on the following assumption:

1. *EBO for Self-pay is placed at 30 days from date of service for true Self-pay accounts and within 30 days after insurance pays for Self-pay balances after insurance.*
2. *Primary Bad Debt Collections placed at approximately 150-180 days.*
3. *Secondary Bad Debt Collections placed at approximately 330-360 days.*

Self Pay Continued

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Success Factors:

- Transparency
- Goals
- Patient relations

Cost Expectations:

- EBO: 6-10%
- Primary bad debt: 12-15%*
- Secondary bad debt: 20-25%*
- Staff costs: 5k per staff per month

*Percentages largely depend on liquidation rates and volume

Self Pay Continued

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EBO Replacement/Automated Services

- **Single Bill for Clinics and Hospital**
- **Intuitive Patient Portal for viewing bills and payment plans**
- **Low cost to collect: 1-2%**
- **Decreased paper costs (meet medicare BD guidelines)**
- **Patient Satisfaction**
- **Patient Messaging via portal**

Revenue Cycle Solutions, Benefits and Cost

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AR Management:

- **Cash Acceleration**
- **Account Follow-up**
 - **3-6%**
 - **6-8k per employee per month**
- **Denial Management**
 - **4-7% (Depending on age)**
 - **6-8k per employee per month**
- **Underpayments**
 - **15-25%**

Revenue Cycle Solutions, Benefits and Cost

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Patient Access Solutions

Minimums usually apply and services are often packaged for flat fees

- Propensity to Pay: .35-.50c per encounter
- Medical Necessity: .20-.30c per encounter
- Eligibility: .10-15c per encounter
- Registration QA: .15-.25c per patient
- Address Verification: .12c-20c per transaction
- Patient Responsibility Estimation: .25c-40c per encounter
- ABN Manager: 1\$ per transaction
- Electronic Financial Assistance Screening: .75c-1.25 per transaction
- Authorizations: .20c-.40c per patient authorization
- Package Pricing: 25k per month/5000-7000 visits per month

Revenue Cycle Solutions, Benefits and Cost

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Other solutions

- **Medicaid Screening: Flat fee software or % (10-15%) of payments**
- **Payor Sweep/Insurance Discovery: Flat fee software or 10-20%**
- **Transfer DRG: 15-25%**
- **Workers Comp/Auto – Third Party Liability – Flat fee software and/or % (5-15%) of collections**
- **CDM Management**
- **CDI**

Revenue Cycle Solutions, Benefits and Cost

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Other solutions cont.

- **Contract Management (10-25k per month for 200-1500 beds) –
Typically 1-2 years to develop strategy and execute**
- **Contract Modeling**
- **Merchant services negotiation**
- **Pharmacy spend cost reduction**
- **Credentialing**
- **PPI Spend**
- **Primary Care Cash: RPM/CCM/ACP/TCM**



Questions/Comments/Examples