

Imagine Tomorrow

Kevin F. Brennan, FHFMA, CPA
2018-19 Chair, HFMA
Principal, SunStone Consulting

hfma





Learning Objectives

- Identify top trends facing the healthcare industry.
- Articulate the importance of imagination and innovation when it comes to opportunities for improving the financial management of health care.
- Describe current HFMA initiatives designed to help finance professionals succeed in their efforts to make a difference in today's healthcare industry.



Industry Trends

Global Trends

Political and regulatory

- Healthcare reforms
- Budgetary restraints
- Federal debt and deficit

Economic trends

- Industry Consolidation
- Costs rising again
- Healthcare as a percentage of GDP

Societal trends

- Consumerism
- Social determinants of health

Technology trends and innovations

- Technological innovations

Payment & Delivery Model Trends

- Focus on the continuum of care
- Transform clinical systems and patient-provider-payer interactions
- Shift FFS → payment to value
- Overlapping experiments
- Uncertainty

Implications

Healthcare Finance Tomorrow
Future of Revenue Management



The background is a dark grey gradient. On the left side, there are several overlapping, semi-transparent circles in a lighter shade of grey. The word "Consumerism" is written in a bold, white, sans-serif font, centered vertically within the overlapping circles.

Consumerism

Why consumers are critical for building a sustainable healthcare system



The Healthcare Consumer Today

72-112 Million

Who will buy their own health plan in 2020



28%

Consumer share of national healthcare expenditure (2016)

59 Million

Who are in high-deductible health plans¹ in 2017, up from 54M in 2016

9%

CAGR in average annual health plan deductible² (2006-2017)

¹ For individuals 19-64, with or without an HSA/FSA/HRA; HDHP defined as \$1300 or above

² For single coverage, across firms, for in-network services

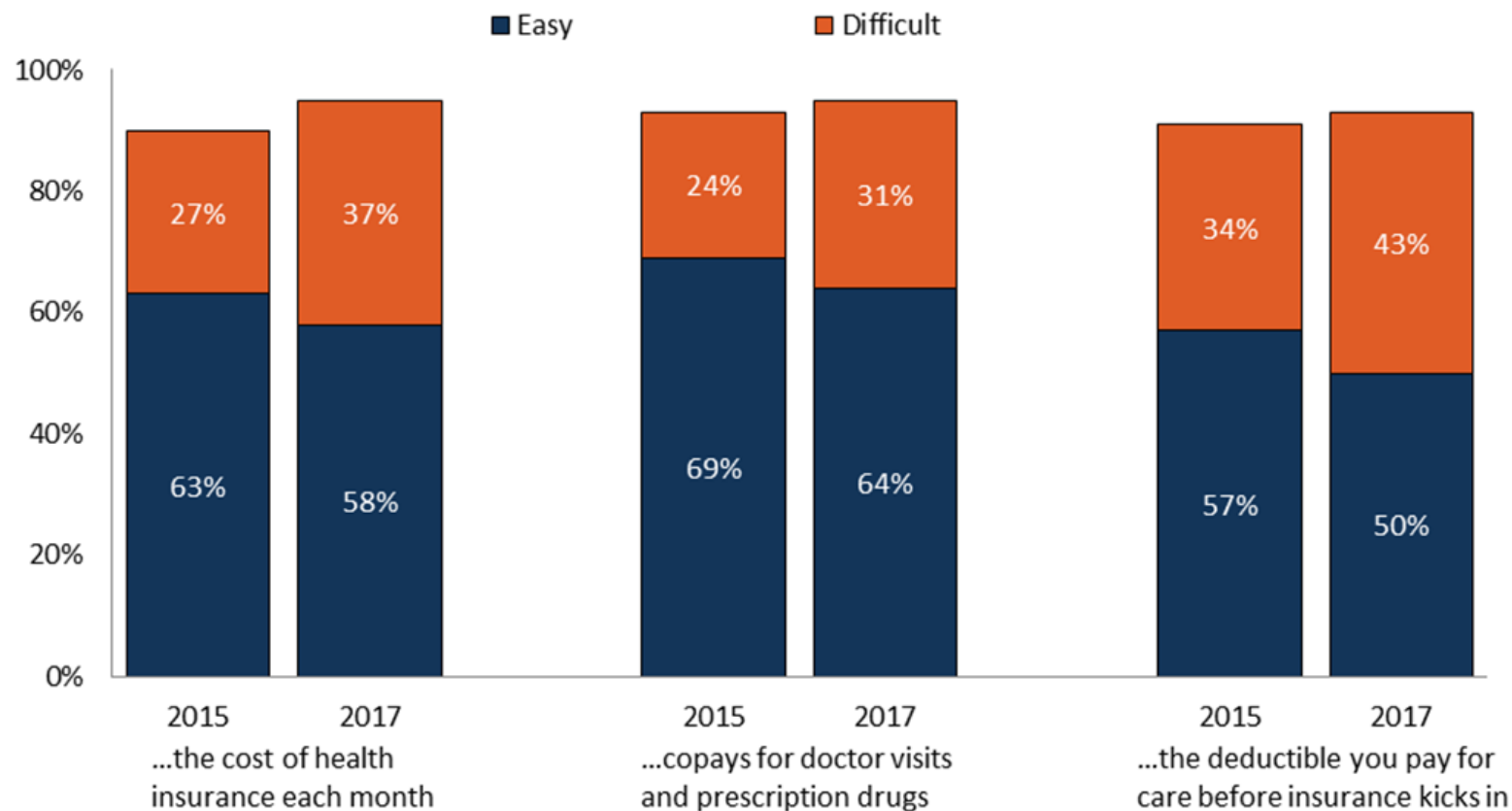
³ For non-Medicare households. The figure for Medicare households is 14%



The Healthcare Consumer Today

More Insured Americans Now Report Difficulty Affording Health Care

AMONG THE INSURED: In general, how easy or difficult is it for you to afford to pay...



NOTE: Don't have to pay (Vol.) and Don't know/Refused responses not shown.

SOURCE: Kaiser Family Foundation Health Tracking Polls

Consumerism: Now and in the Future

Today



Consumer cost sharing



Segmentation and pricing of choice



Next-gen product design



Patient-centric care delivery



Digital consumer



Consumerism: Now and in the Future



Understandable medical bills

Consumers expect a modernized physician/patient interaction

- + 50% are comfortable contacting physician digitally
- 56% would use some form of tech to interact with care providers
- 36% would use an at-home diagnostic test kit
- 58% prefer to interact with their physician in person

- 27% have used personal activity trackers in the past 12 months
- 33% would use a smartphone – connected device to send info to a physician
- 21% would use video consultation with medical professionals
- 7% would be more comfortable interacting with physician online

Physicians are encouraged by the promise of digital technology to help improve overall wellness

Physicians:

- 71% believe personal sensor-based technology will have positive impact
- 68% believe at-home diagnostic testing will deliver better outcomes
- 67% believe smartphones health and fitness apps will deliver better outcomes

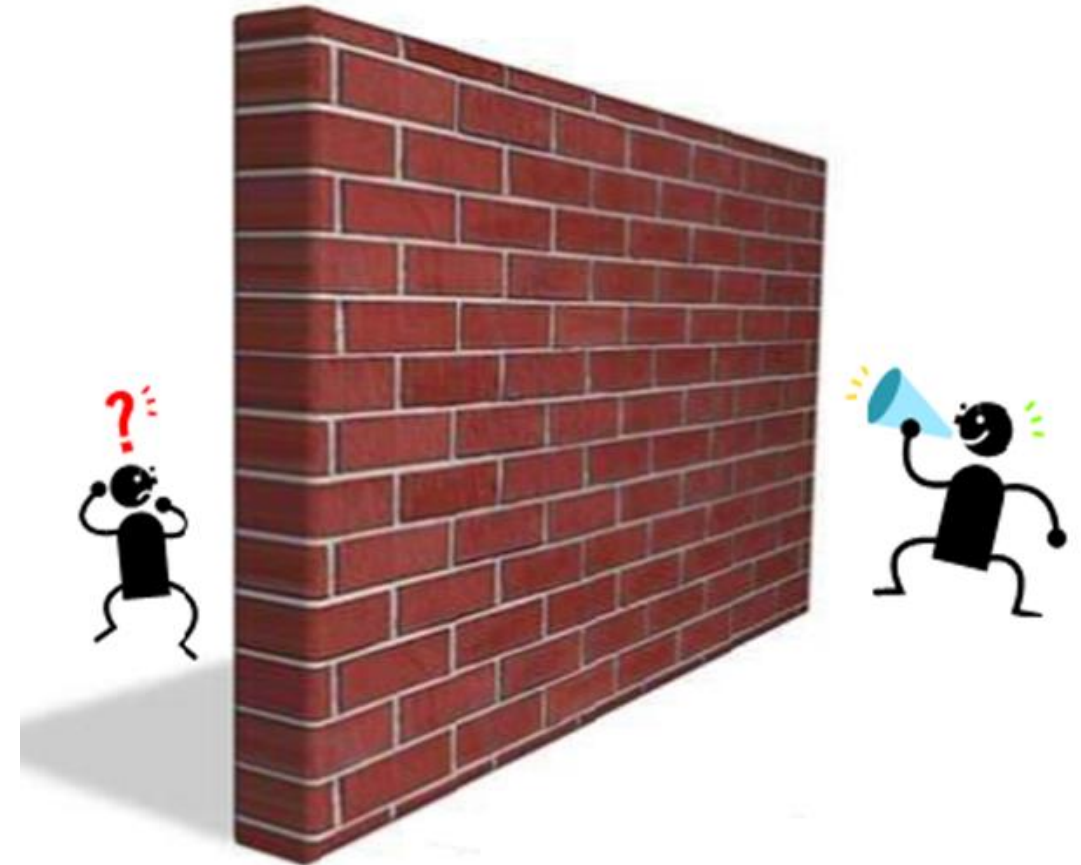
Consumers:

- 26% would be very interested in sharing lifestyle habits
- 60% would share tracked exercise/activity patterns
- 61% would share info digitally if it reduced wait times
- 55% would share info digitally if it resulted in cost savings
- 26% would share dietary info digitally if it led to a more comprehensive health plan



Overcoming Barriers to Consumerism

- Make basic information more accessible
- Increase cooperation between plans and providers
- Decrease forms and questions
- Improve price transparency
- Simplify bureaucracy
- Encourage shared decision making
- Increase patient satisfaction
- Improve the patient experience



HFMA's Consumerism Resources

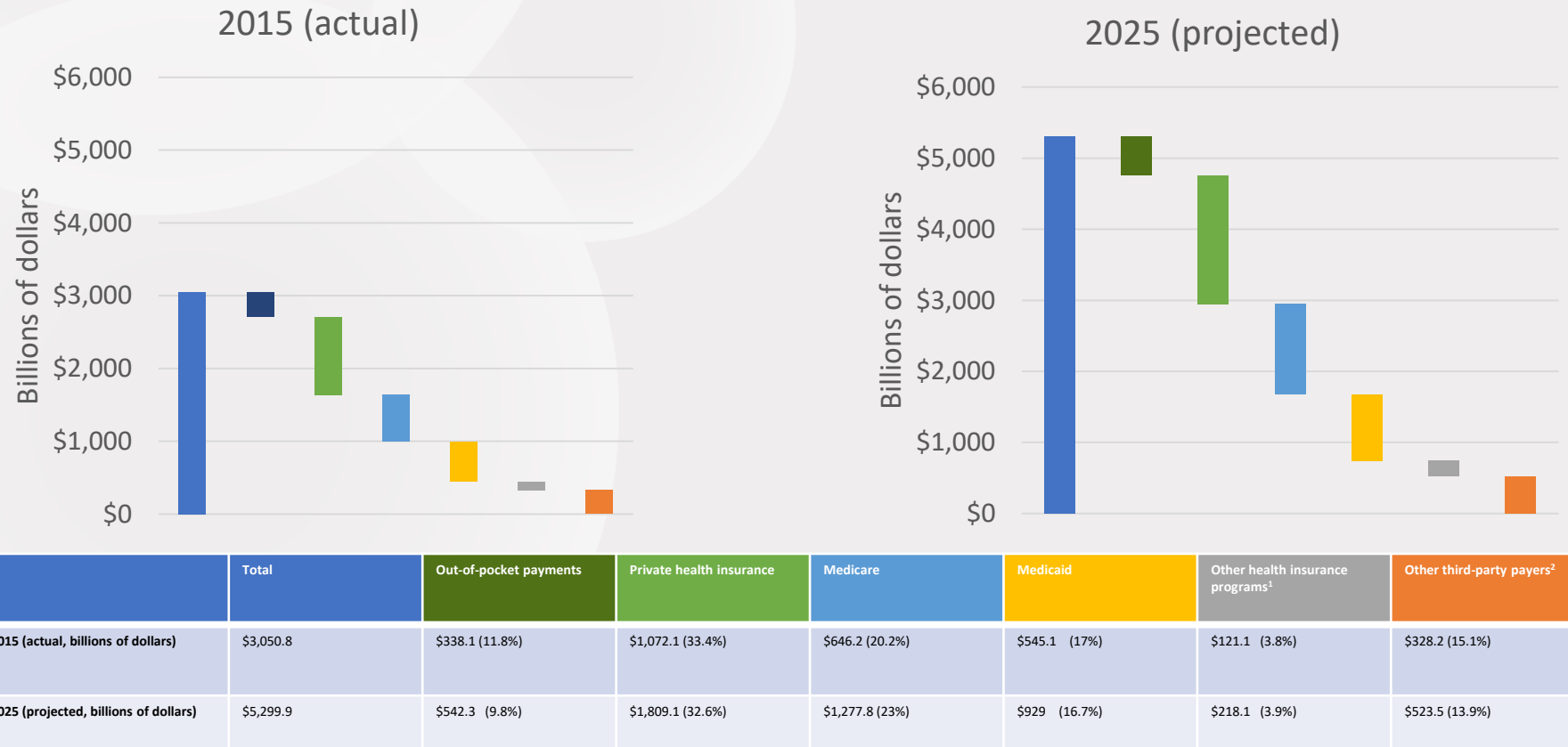


The background features a dark grey gradient with several overlapping, semi-transparent circles in various shades of grey. The circles are positioned primarily on the left side of the frame, creating a layered, abstract effect. The text 'Economic Trends' is centered horizontally and partially overlaid by these circles.

Economic Trends

How is health care spending projected to change?

National health care expenditures are projected to grow at an annual average rate of 5.6% for 2016-2025. Health care is projected to account for 19.9% of GDP by 2025.



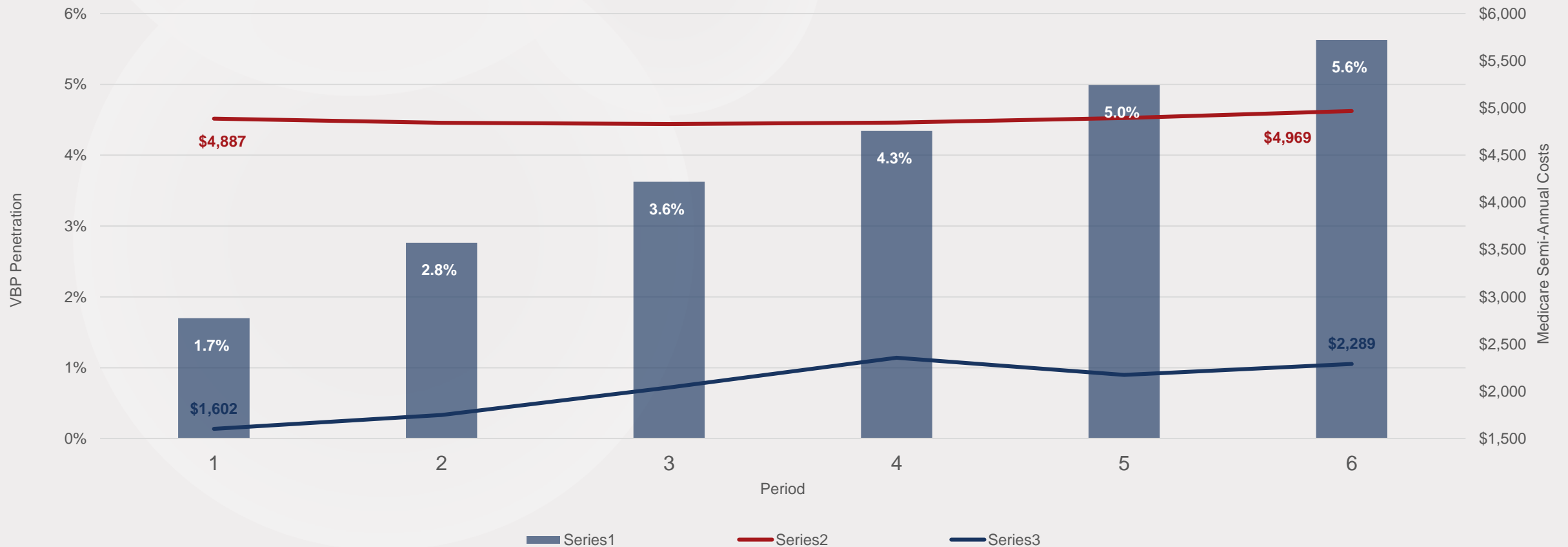
Source: National Health Expenditures Projections, 2016-2025; Centers for Medicare and Medicaid Services, February 2017.

1. Children's Health Insurance Program (CHIP, Titles XIX and XXI), Department of Defense, Department of Veterans Affairs.
2. Includes worksite health care, other private revenues, Indian Health Service, workers' compensation, general assistance, maternal and child health, vocational rehabilitation, other federal programs, Substance Abuse and Mental Health Services Administration, other state and local programs, and school health.



Study: Value-Based Payment Has Yet to Reduce Total Cost of Care...

Increased VBP penetration was not associated with a slowdown of growth for either Medicare or commercial costs.

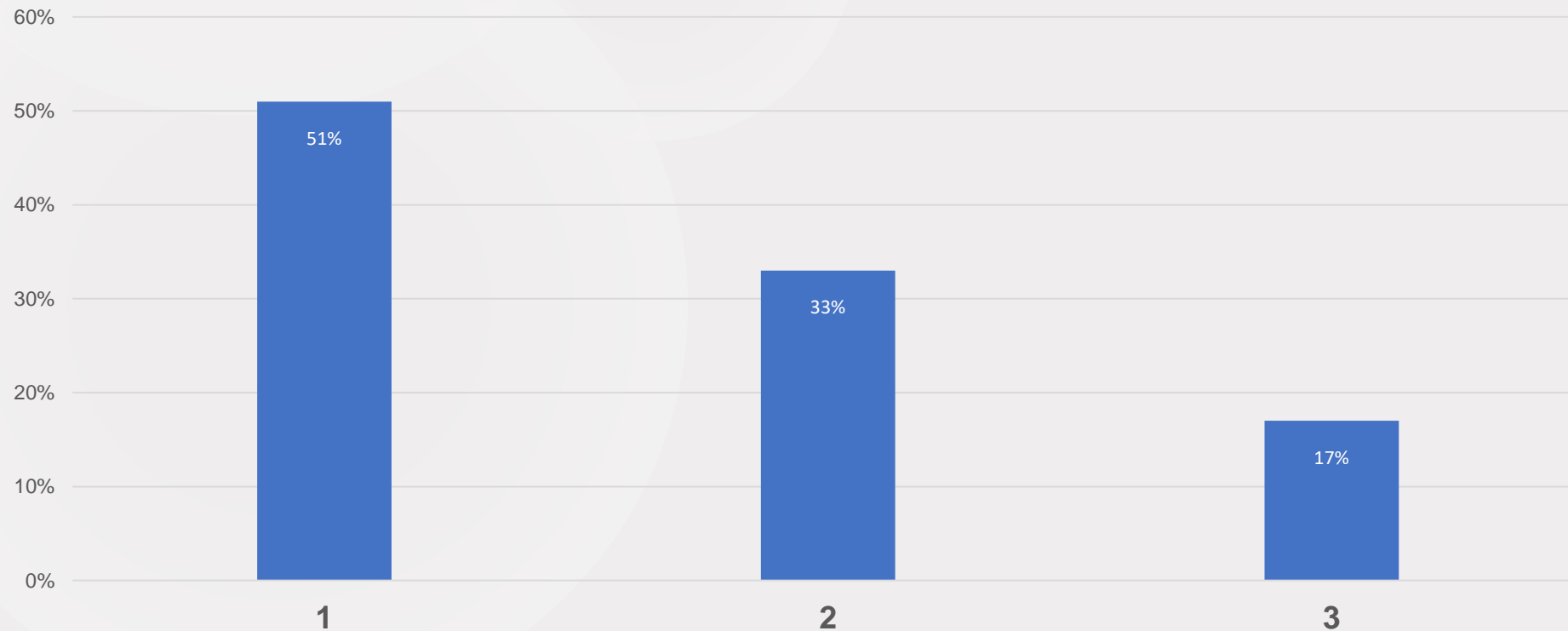


Source: Growth of Population-Based Payments is Not Associated With a Decrease in Market-Level Cost Growth, Yet, Adapted from Leavitt Partners/HFMA/McManis Consulting report, June 2018. leavittpartners.com/tcoc

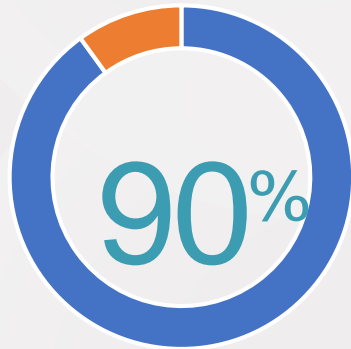
...In Part, Because Strong Financial Incentives Aren't There

Most organizations are pursuing upside risk.

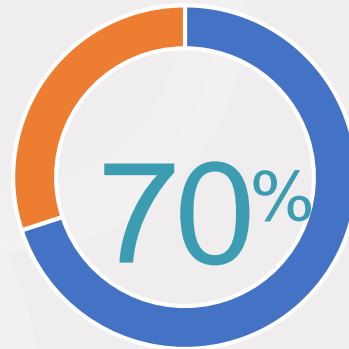
Within commercial plans, respondents receive payment from...



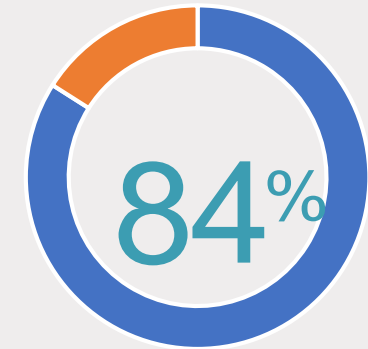
Reducing Total Cost of Care Requires Better Analytics. It is a Top Unmet Need for CFOs.



of senior healthcare financial executives state that their organizations should do more to leverage financial and operational data to inform strategic decisions.

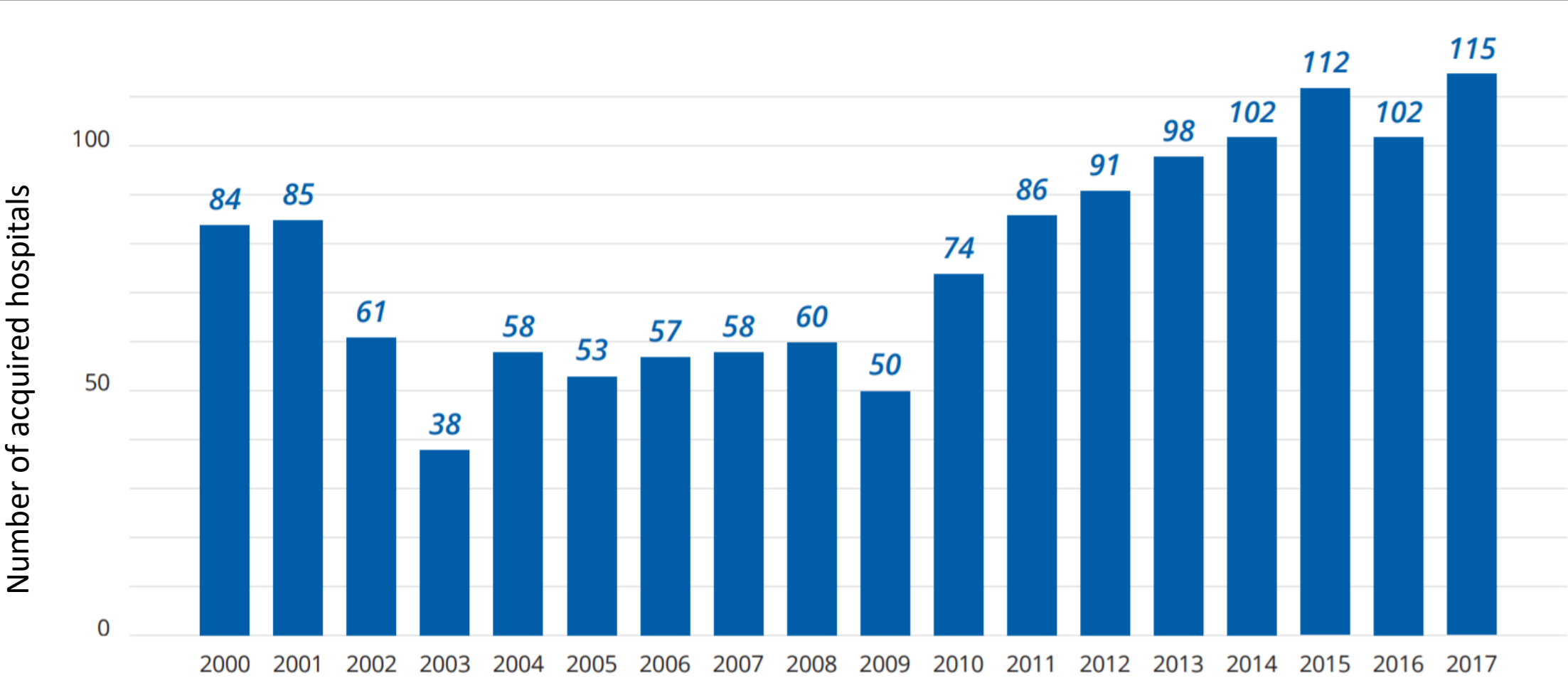


have either cost measurement tools they describe as too simplistic or as sources of inaccurate data, or no tools in place at all.



view peer financial benchmarking activity as important, yet just 56 percent are benchmarking their organizations' performance against industry peers.

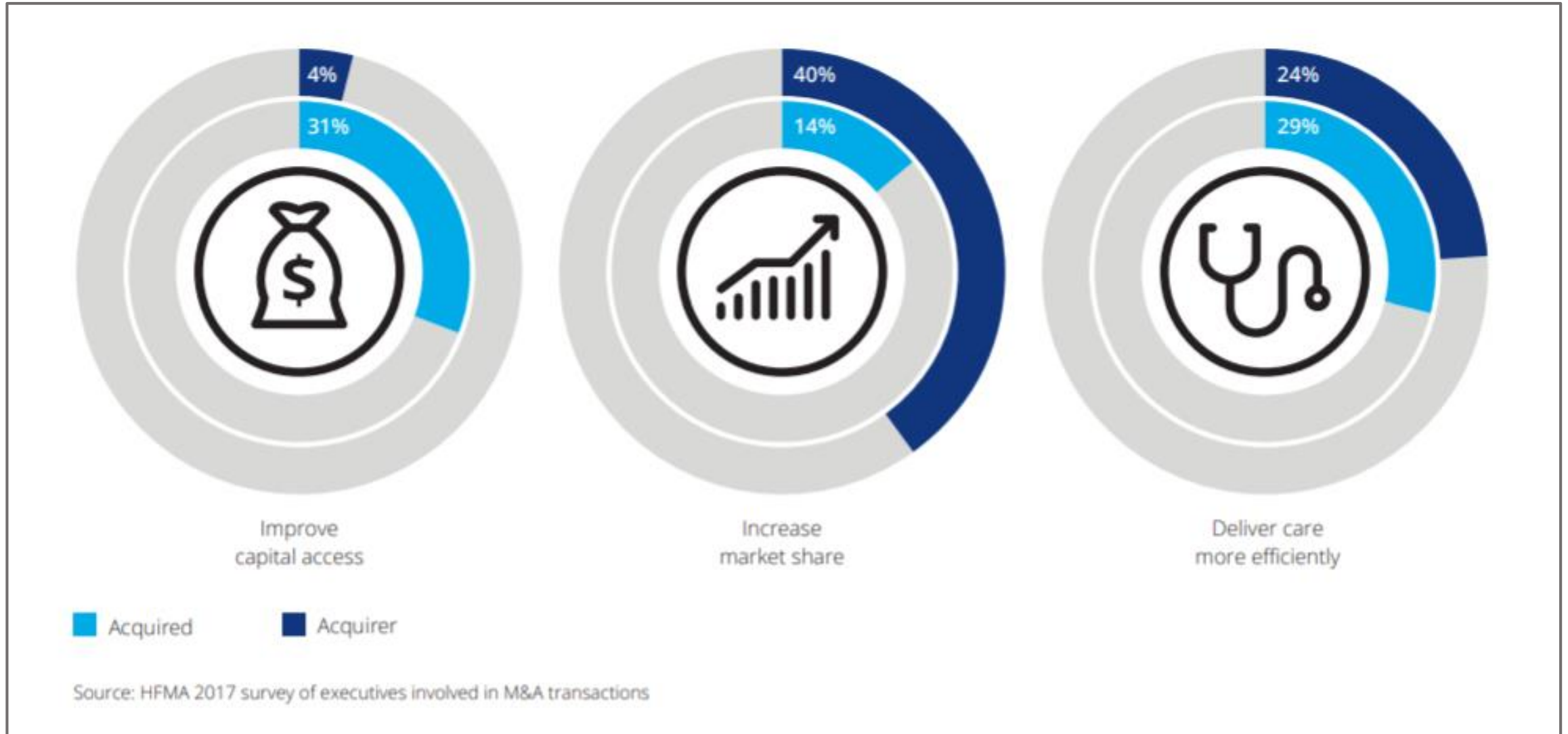
Hospital M&A Transactions Continue to Increase



Source: Kaufman Hall Transactions Data



Capital, Market Share, and Cost Efficiencies are Top M&A Drivers



HFMA and Deloitte Center for Health Solutions Study

Overall higher operating margins did not immediately follow M&A for acquired hospitals. Once we took into account market and hospital characteristics, acquired hospitals experienced a post-transaction decline in operating margins, revenue, and expenses that typically lasted two years

Quality at acquired hospitals did not decline, but this is harder to detect since it lags.

BUT, M&A experience varied a great deal among acquired hospitals. Among a sample of transactions with better outcomes (improved cost and quality), executives reported spending more time on integration planning and execution than those from transactions that did not meet cost and quality goals.

Acquired hospitals are most likely to succeed if leadership:

- Develops a strong strategic vision
- Has explicit financial and non-financial goals
- Holds leadership accountable for integration efforts
- Identifies cultural differences between organizations
- Makes clear and upfront decisions
- Aligns clinical and functional leadership early
- Follows best practices for integration
- Implements project management best practices



The background features a dark grey gradient with several overlapping, semi-transparent circles in a lighter shade of grey. The circles are arranged in a way that they appear to be floating or overlapping each other, creating a sense of depth and movement. The overall aesthetic is modern and minimalist.

Technology and Innovations

Top 10 health care innovations: Achieving more for less

What innovations are most likely to help stakeholders achieve the triple aim goals and transform health care over the next 10 years?

Next-generation sequencing (NGS)

3D-printed devices

Immunotherapy

Artificial intelligence (AI)

Point-of-care (POC) diagnostics

Virtual reality (VR)

Leveraging social media to improve patient experience

Biosensors and trackers

Convenient care

Telehealth

Innovations that
will most likely
achieve more for
less in health
care



**And what about mobile phone
diagnostics?**



Healthcare Startups are Addressing Specific Problems and Unmet Needs Across the Value Chain



Innovation will drive success

Population health demands a new model of care delivery to improve quality and efficiency of care.

Matching resources
to Intensity of
services required

Team-based care
and collaboration

Engaging
consumers
to improve patient
compliance

Pre-paid
reimbursement



Physician/caregiver
collaboration
platform

Telemedicine and
virtual care

Wearables

Home care



Revenue Cycle

Billing and Payment Falls Far Behind Experiences in Other Industries

Consumers are regularly unable to accurately predict costs as they are unique and infrequent

Key Friction Points:



Lack of up front transparency can lead to bill shock



Timing – billing often comes long after the procedures take place



Method – often receive a number of bills



Even when upfront estimates are provided, they are often inaccurate



On individual to follow up and dispute

Disruption from Start-ups

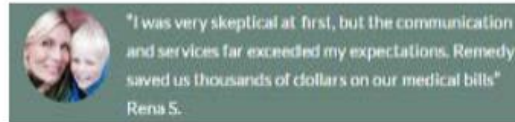
At least **10%-30%** of medical bills contain a mistake, responsible for **\$120-\$150 billion** in overcharges each year

Medical bills are the **number 1 source** of bankruptcies in America, and **63%** of Americans do not have enough savings to cover a \$500 emergency



Medical bill analyses and error mediation

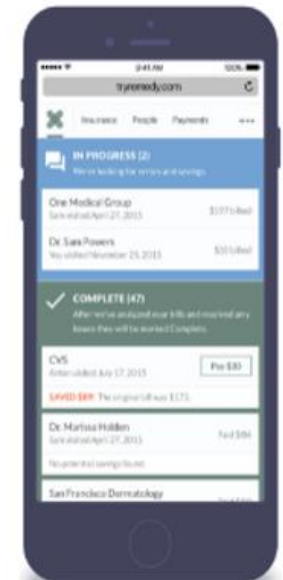
Users connect their insurance to the platform and have Remedy scrutinize every one of their claims



We find mistakes on most medical bills, saving the average family \$1,000 per year.

Simple pricing

When we find you savings, our service fee is 20% – up to \$99.



“It makes cancelling Comcast look like the simplest thing in the world.”

Revenue Cycle Today

ACCESS/SCHEDULING

Edits - Medical Necessity & Benefit Eligibility

Timeliness - Secondary Insurance, MVA, Work Comp

Enrollment

Eligibility/Insurance Verification

Precertification/ Second Opinion

Charity Care

Billing - Hospital v Professional

Clean Claims - First Submission

Site of Service

Non-covered

Charge Posting

Transparency - quality

ACO's/Bundling

Medical Necessity

Coding

Financial Counseling

Receipts & Cash Posting

Contract Maintenance

RCM Technology Transformation & Innovation

Technology continues to evolve at a rapid pace with transformational impact within health care and revenue cycle.

Artificial
Intelligence



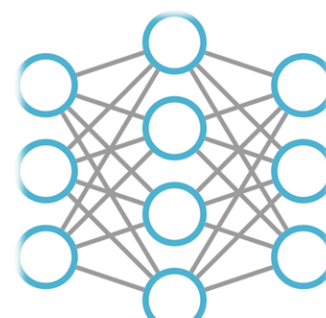
Natural
Language
Processing (NLP)



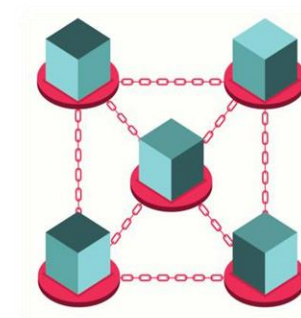
Robotic
Process
Automation



Machine
Learning



Blockchain /
Distributed Ledger



Collaboration
Technologies



Revenue Cycle Tomorrow

- Simplicity
- Quality/Integrity of Data
- Automation
- Artificial Intelligence/Machine Learning
- Integrated Information Technology
- Real Time Connectivity
- Remote Online Capabilities
- Mobile Devices Everywhere
- E-Commerce
- Education → Employee & Patient



The background features a dark grey gradient with several overlapping, semi-transparent circles in a lighter shade of grey. The circles are arranged in a cluster on the left side of the frame. The word "Implications" is written in a bold, white, sans-serif font, centered vertically within the cluster of circles.

Implications

What needs to change with Finance?

Business model disrupters are changing the demands of finance

- Increase support of innovation
- Proactively lead enterprise performance
- Employ 70% less labor
- Enable business agility
- Increase speed of insight
- Act as role model of collaboration
- Improve forecasting accuracy
- Develop new skills and talent



The CFO response

Leading finance organizations have developed an agenda to deal with disruption

Agenda in response to operating model disruption:

Extreme automation

Integrating and combining:

- Cloud ERPs
- Robotics
- Artificial intelligence
- Blockchain
- Mobile



Insights & analysis

New insights through:

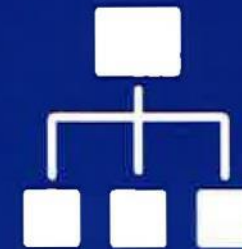
- Descriptive and diagnostic analytics
- Predictive and prescriptive analytics
- Integrated business plans
- Decision support



Organizational simplification

Changing way of work:

- Less people
- Less hierarchy
- Fewer locations



Skills & talent

Changing requirements:

- Both strategy and finance skills
- Process and control leaders
- Relationship and collaboration



Innovation enablement Increasing role in innovation

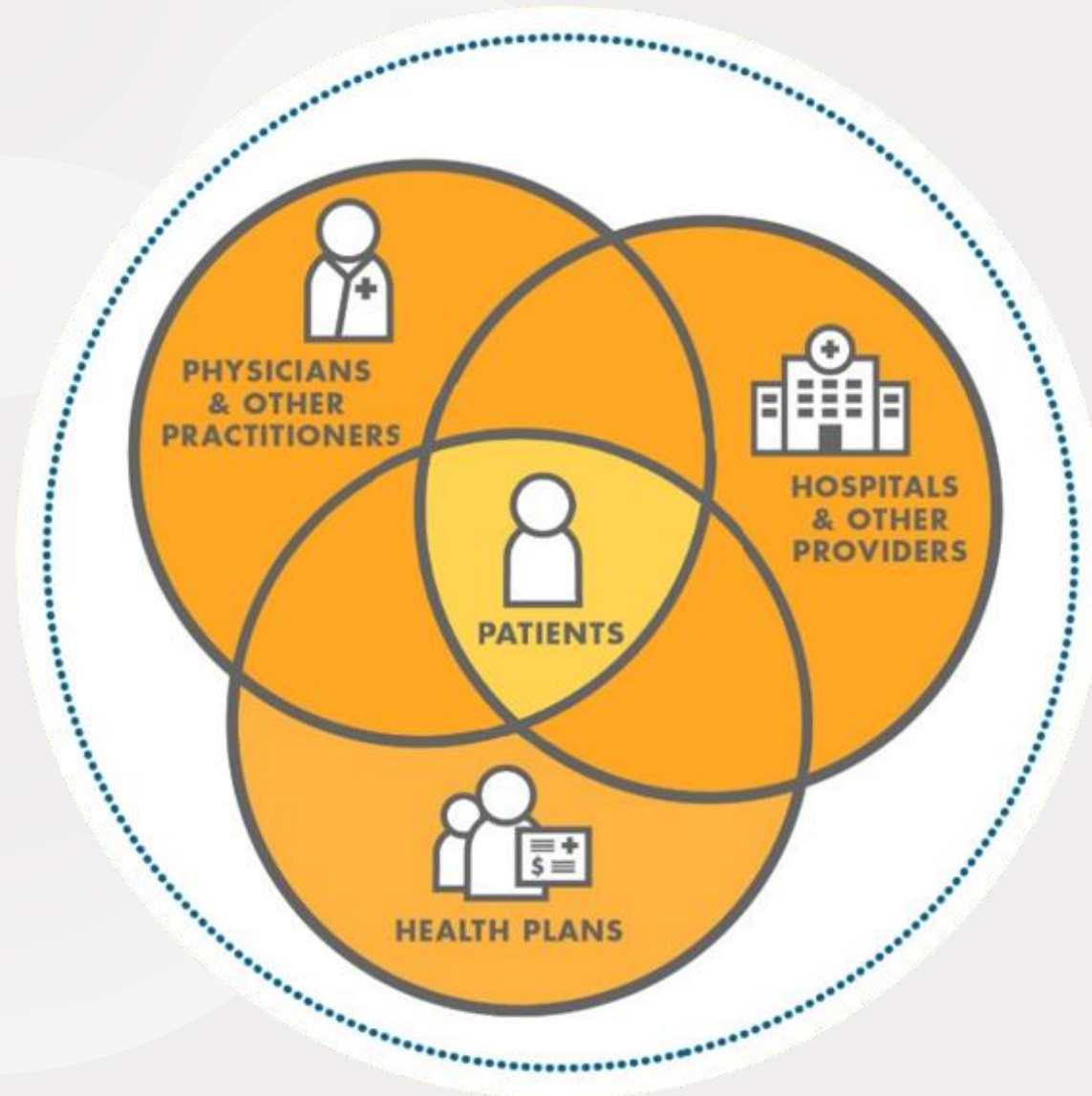
- Approaching disruption at the organizational level
- Fundamental economics behind disruption
- Maintaining an Innovation portfolio
- Disciplined innovation process and structure



The background features a dark gray field with a light gray geometric graphic on the left side. This graphic consists of several overlapping circles and ovals of varying sizes, creating a layered, abstract effect. The text is centered horizontally and positioned in the middle of the frame.

HFMA is Imagining Tomorrow

HFMA Collaborative Efforts: The Strategy



HFMA Partners

Physician/clinical areas

American Organization of Nurse Executives

National Academy of Medicine (formerly Institute of Medicine)

Institute for Healthcare Improvement/National Patient Safety Foundation

American Association for Physician Leadership

Health insurance plans

America's Health Insurance Plans

Alliance for Community Health Plans

National Association of Insurance Commissioners

Society of Actuaries

Purchaser/employer/consumer perspective

Catalyst for Payment Reform

Community Catalysts

Leapfrog Group

National Business Group on Health

Hospital and health systems

American Hospital Association

Association of American Medical Colleges

Catholic Health Association of the U.S.

Federation of American Health Systems

National Rural Health Association

Standard-setting bodies

Financial Accounting Standards Board

Governmental Accounting Standards Board

Regulatory agencies

Centers for Medicare & Medicaid Services

Department of Health and Human Services

Internal Revenue Service

Department of Treasury



HFMA Affinity Groups

- Large System CFO Council
- Large System Revenue Cycle Council
- Large System Controller Council
- Physician Practice Executive Council
- Health Care Economics Professional Council
- Bundled Payment for Care Initiative Council
- Financial Analytics Council
- Strategic CFO Council
- Academic Medical Center CFO Council





Superb UX



ACCESS



CONNECT



LEARN



LEAD

Have you ever had a great customer experience with a digitally savvy retailer?
How about with a professional association?
You will, soon.

Have you ever had a great customer experience with a digitally savvy retailer? How about with an association? **Well, you are about to...**

Improved Website

The screenshot displays the HFMA website interface. At the top, a blue navigation bar includes the HFMA logo and a menu with items: For You, Topics, Industry Initiatives, Career Development, Community, Events, and Tools. A secondary navigation bar on the right contains icons for Membership, Search, Notifications, Favorites, and a user profile. The main content area features a hero section with a background image of two business professionals reviewing documents. The headline reads "Connect With Your Peers" with a sub-headline: "Check out the new HFMA Community Message Board. Connect, collaborate with your fellow members. Tap into real professional insights with your network." A prominent blue button labeled "JOIN THE COMMUNITY" is positioned below the hero text. Below the hero section, a "MOST POPULAR" section displays a grid of article cards. Each card includes a category (e.g., "REPORT | APPLICATION | OPERATIONS"), a title, a brief description, a date, and the author's name. At the bottom of the page, there are additional article cards and a "Q&A" section.

MEMBERSHIP | Search | Notifications | Favorites | User Profile

hfma™ For You Topics Industry Initiatives Career Development Community Events Tools

Connect With Your Peers

Check out the new HFMA Community Message Board. Connect, collaborate with your fellow members. Tap into real professional insights with your network.

JOIN THE COMMUNITY

THE MOST POPULAR

REPORT | APPLICATION | OPERATIONS

Recent Trends in Healthcare Philanthropy and Foundations

Lorem ea incididunt ut labore et dolore magna aliqua. Ut enim ad minim veniam, quis nostrud exercitation.

MARCH 29, 2018
By Walter J. Dillingham, Jr.

SAVE SHARE

REPORT | MASTERY | TECHNOLOGY

Low-Cost Strategies to Strengthen Cybersecurity

Lorem ea incididunt ut labore et dolore magna aliqua. Ut enim ad minim veniam, quis nostrud exercitation.

MARCH 28, 2018
By Robert E. Anderson, Jr.

SAVE SHARE

SPONSORED BY UNITED HEALTHCARE

Innovating and Improving Performance with Venture Investing

Lorem ea incididunt ut labore et dolore magna aliqua. Ut enim ad minim veniam, quis nostrud exercitation.

MARCH 30, 2018
By David G. Anderson, PhD; Mary Jo Potter, and Dudley E. Morris

SAVE SHARE

BLOG POST | UNDERSTANDING | CAREER DEV

Revolutionary Medicine: Can Less Sometimes Be More?

Lorem ea incididunt ut labore et dolore magna aliqua. Ut enim ad minim veniam, quis nostrud exercitation.

BLOG POST | APPLICATION | CAREER DEV

A Three-Pronged Approach for Tackling Physician Burnout

Ea incididunt ut labore et dolore magna aliqua. Ut enim ad minim veniam, quis nostrud exercitation.

Q&A | MASTERY | CAREER DEV

Q&A: Mastering the Art of the Deal

...

Have you ever had a great customer experience with a digitally savvy retailer? How about with an association? Well, you are about to...

Personalized Experience

The screenshot displays the HFMA website interface. At the top, there is a navigation bar with the HFMA logo and menu items: For You, Topics, Industry Initiatives, Career Development, Community, Events, and Tools. Below the navigation bar, the main content area is divided into several sections:

- For You:** A section with an "EDIT SETTINGS" button and a "THE LATEST" sub-section. It features a large article titled "Acquisition and Affiliation Strategies" with a placeholder image and text. Below the article are "SAVE" and "SHARE" icons.
- A QUESTION A DAY:** A survey question about HFMA's 2014 Value Project Survey. The question asks about the extent to which independent physicians or medical groups are available for acquisition or alignment. The response options are: VIRTUALLY NONE, SEVERAL, and MOST. A blue "SUBMIT ANSWER" button is located below the options.
- DISCUSSIONS:** A section with a "SEE MORE" link. It contains two discussion items, each with a profile picture, a title, a short description, and a "SAVE" icon.
 - My innovation pipeline sprung a leak!** by a woman. Description: "Leverage agile frameworks to provide a robust synopsis for high level overviews." 7 RESPONSES | SAVE
 - Running my company feels like running my household.** by a man. Description: "Organically grow the holistic world view of disruptive innovation via workplace." 13 RESPONSES | SAVE
- Other Articles:** Two smaller article cards are visible at the bottom. One is titled "RHFMA urges support for the Stark Administrative Simplification Act (H.R. 3776)" by Joe Fifer. The other is titled "VitalWare VitalKnowledge™" by Vital Ware.

Have you ever had a great customer experience with a digitally savvy retailer? How about with an association? Well, you are about to...

Online Communities

The screenshot displays the hfma website's online community interface. The top navigation bar includes 'MEMBERSHIP', search, and notification icons. The main content area is divided into several sections:

- EXPLORE:** A sidebar menu with links to Community Home, Blog, Discussions, Groups, Ideas, Question & Answer, File Library, Assignments, and Community Calendar.
- JOIN THE CONVERSATION:** A section listing various articles and discussions, such as 'CEO Says to Embrace the Forks in the Road of Your Career Journey', 'First Female CEO to Lead Venture-Capital-Backed Startup to IPO Shares Secret of Her Success', and 'Low Cost Strategies to Strengthen Cybersecurity'.
- ACTIVITY:** A central section featuring a Q&A post sponsored by KaufmanHall titled 'What's working and what's not working for your company as it implements Revenue Cycle Transformation?'. It includes a 'SUBMIT YOUR ANSWER' button and a comment from John Smith.
- RECOMMENDED GROUPS:** A sidebar on the right showing 'Regulatory Ramblers' and 'MAVENS & LEADERS'.
- MAVENS & LEADERS:** A list of community members with their names and overall contribution status, including Helen Reddy, John Smith, Kimberly Pratt, Richard Berman, and Sue Johnson.

A large 'EXAMPLE' watermark is overlaid diagonally across the center of the page.

Have you ever had a great customer experience with a digitally savvy retailer? How about with an association? Well, you are about to...

Awesome Search

Revenue Cycle

Relevance

ADVANCED SEARCH

2250 RESULTS IN EVERYTHING

Attribute 1 x Attribute 2 x

EVERYTHING (n)

- Articles (n)
- Community (n)
- Courses & Certifications (n)
- Events (n)
- People (n)

REFINE YOUR RESULTS

BY PURPOSE

- Lorem ipsum dolor (n)
- Ipsum dolor (n)
- Rem ipsum dolor sit amet (n)
- Sit amet (n)
- Amet (n)

BY AUDIENCE

- Lorem ipsum dolor (n)
- Ipsum dolor (n)
- Rem ipsum dolor sit amet (n)

BY CONTENT TYPE

- Lorem ipsum dolor (n)
- Ipsum dolor (n)
- Rem ipsum dolor sit amet (n)
- Sit amet (n)
- Amet (n)
- + Show All

BY CONTENT TYPE

- Lorem ipsum dolor (n)
- Ipsum dolor (n)
- Rem ipsum dolor sit amet (n)
- Sit amet (n)
- Amet (n)

SPONSORED BY

ENSEMBLE HEALTH PARTNERS

ARTICLE | REVENUE CYCLE | BUSINESS PROFILE

Ensemble Health Partners: Driving Revenue Cycle Innovation

Lorem ipsum dolor sit amet, consectetur adipiscing elit. Etiam augue justo, ultrices eu luctus sed, vestibulum quis quam. Donec accumsan libero a neque vestibulum, aliquam porta dolor dignissim. Nunc consequat aliquet ligula, faucibus sagittis ligula molestie et. Phasellus eget justo nisi.

☆ SAVE 🔗 SHARE

PODCAST | AWARENESS | REVENUE CYCLE

Association of... Advance Over Hospital Concerns

Lorem ipsum dolor sit amet, consectetur adipiscing elit. Etiam augue justo, ultrices eu luctus sed, vestibulum quis quam. Donec accumsan libero a neque vestibulum, aliquam porta dolor dignissim. Nunc consequat aliquet ligula, faucibus sagittis ligula molestie et. Phasellus eget justo nisi.

☆ SAVE 🔗 SHARE

John Smith

Organically grow the holistic world view of disruptive innovation via workplace.

☆ SAVE

CONNECT

PODCAST | AWARENESS | REVENUE CYCLE

Letter from U.S. Departments of Justice and Health & Human Services Warning Providers about Improper Medicare Billing

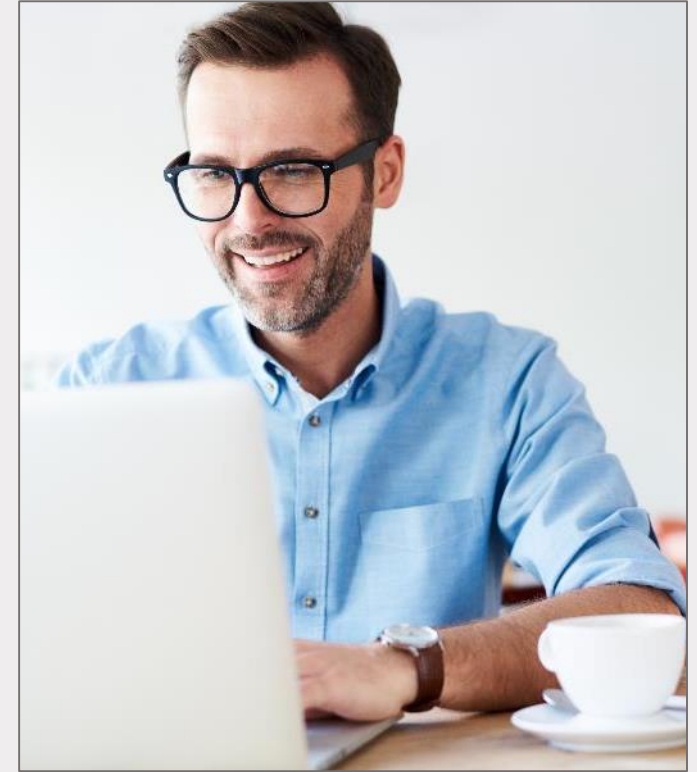
Lorem ipsum dolor sit amet, consectetur adipiscing elit. Etiam augue justo, ultrices eu luctus sed, vestibulum quis quam. Donec accumsan libero a neque vestibulum, aliquam porta dolor dignissim. Nunc consequat aliquet ligula, faucibus sagittis ligula molestie et. Phasellus eget justo nisi.

☆ SAVE 🔗 SHARE

Timeline



HFMA Educational Strategy: Contemporary Learning and Professional Development



Pointing You in the Right Direction.

Your world is full of challenges.
Our insights can help you find ways
to address them.

On August 1, you began receiving the new *HFMA Compass*, and you now have a direct link to the industry insights and member resources you need to effectively and efficiently solve problems and move your organization and your career forward. Compass replaces HFMA's *hfm Early Edition*, *Weekly News*, and *Monthly Resource Guide* to provide you with all you need in one place.

Your *Wednesday Compass* offers in-depth news and analysis on four specialty topics that rotate each week: Innovation, Finance, Revenue Cycle, and Leadership. Look for articles, analyses, case studies, podcast episodes, and more, all centered on the week's focused theme.

Your *Friday Compass* is your source for healthcare finance news, *hfm* expert-reviewed features, regulatory updates, blog posts, webinars, case studies, educational events, and career opportunities.

Because *Compass* is an HFMA member-only benefit, there's no action required on your part to subscribe. If you are not receiving *Compass* or have questions or comments, email memberservices@hfma.org.



It's Like GPS for
Industry Insights.

COMPASS
Navigate Your Member Resources

hfma



Lead with confidence.



Solve complex issues.



Grow your career.

Membership has its benefits.

hfma[™]

Lead. Solve. Grow.

