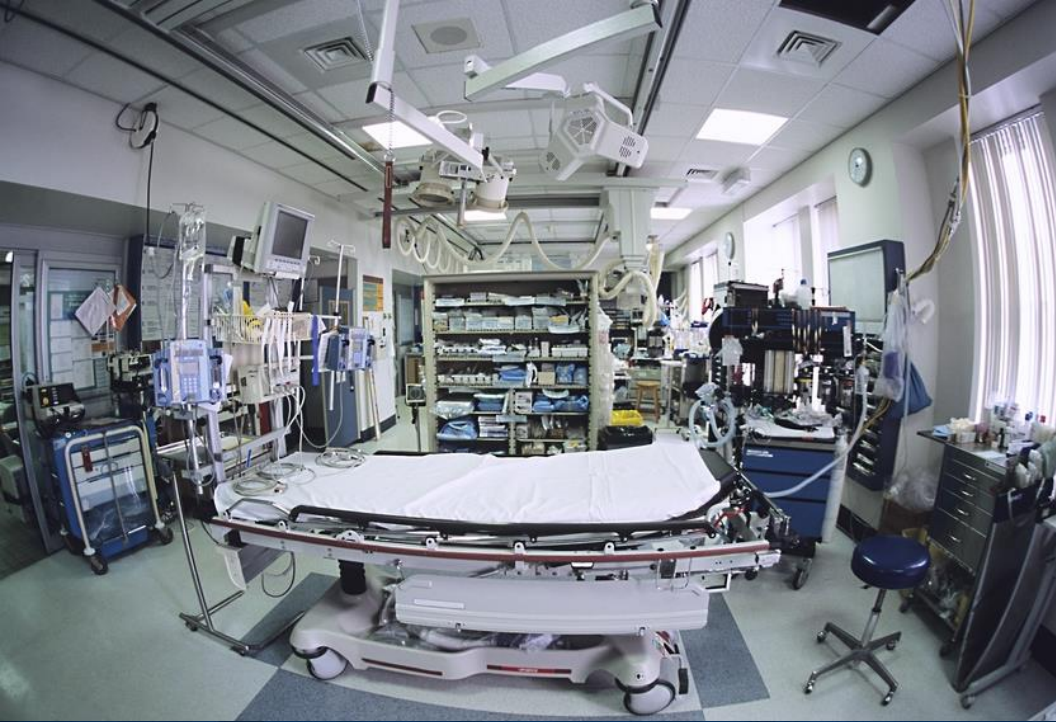


Where does your **EMERGENCY
DEPARTMENT** fit in today's healthcare
landscape?

John G. Holstein
Director of Development
Zotec Partners

THE IMMEDIATE LANDSCAPE



- Access remains an issue
- PCP shortage continues
 - Upwards of 95,000 by 2025
- Ret clinics – 6 million pts
- Eds – 150 million pts
- UCCs – 160 million pts

PRESSING ISSUES

Zika virus

Terrorism- Domestic
and international

OON and
Balance Billing

Transparency

WHO warnings

New revenue
streams

Healthcare retailization

Hospital closures,
expansions and
mergers

WHERE DOES EMERGENCY MEDICINE FIT?



THE AFFORDABLE CARE ACT



NY Times Photo – Doug Mills



MAJOR DATE OF IMPORTANCE



“Medicare Access and CHIP Reauthorization Act of 2015” (MACRA)

April 16, 2015

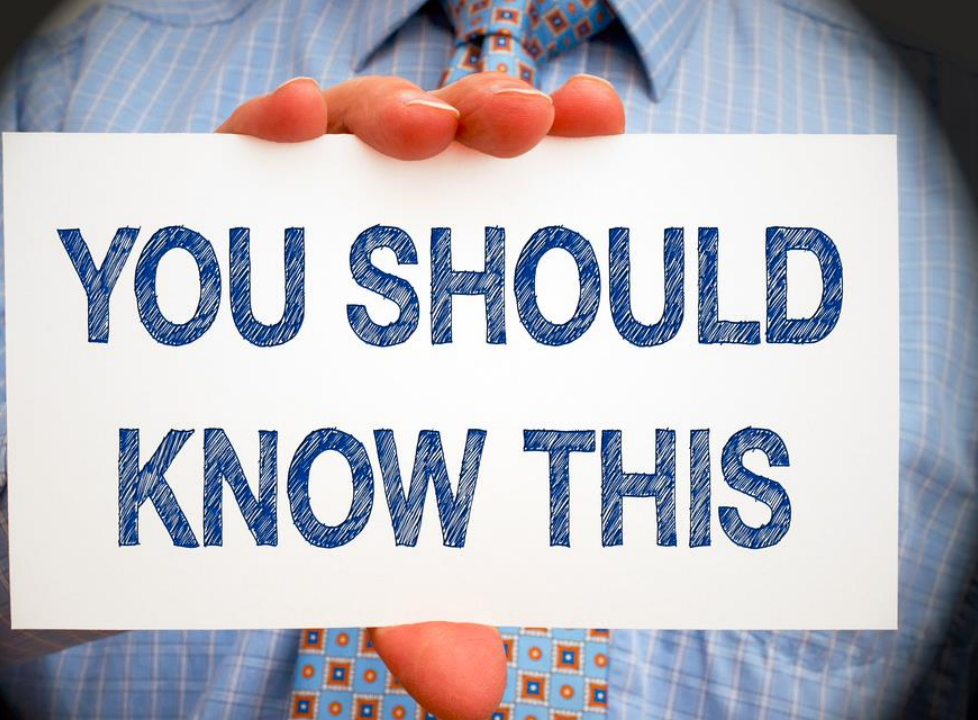
SGR Repealed!!!

THE FUTURE OF THE FEE SCHEDULE & NEW FEDERAL QUALITY PROGRAMS

	2015	2016	2017	2018	2019	2020	2021	2022	-To-	2026+
MPFS	0.5%	0.5%	0.5%	0.5%	0.5%	Base Conversion Factor Update of 0.0 each year				0.25%
PQRS	Continues under current law				+/- 4%	+/- 5%	+/- 7%	+/-9%		
VM	Continues under current law				MIPS	MIPS	MIPS	MIPS		

- Movement From “Volume” to “Value”
- ACOs, Bundled Payments, Medical Homes = Alternative Payment Models (APMs)
- APMs already occurring for Ortho w/ hips and knees in 2016

THE KNOWN

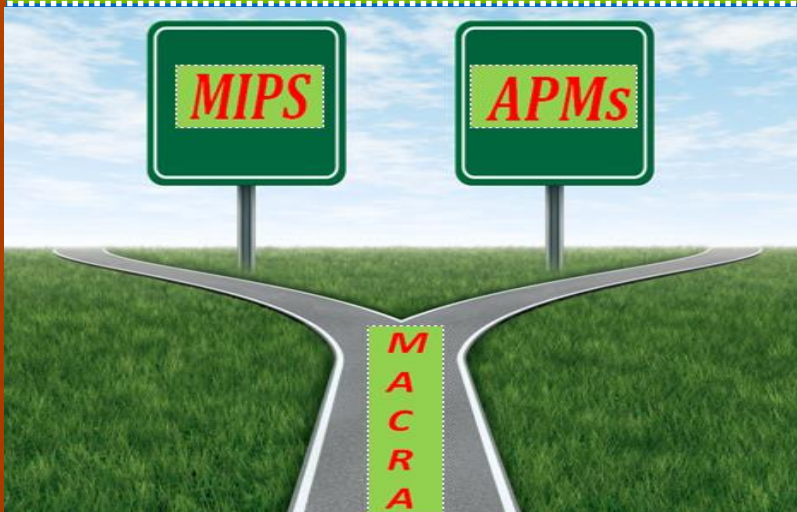
A hand holding a white sign with blue text. The sign is held by a hand with red-painted nails. The background is a blue and white checkered shirt with a patterned tie.

**YOU SHOULD
KNOW THIS**

- Your 2014 data is impacting you now in 2016
- 2015 will impact 2017
- 2016 will impact 2018
- 2017 will impact 2019

GETTING TO THE KNOWN

The Unknown



Known Today

- American College of Emergency Physicians-ACEP
- Task Force
- Transforming Clinical Practice INITIATIVE-TCPI



CHALLENGES FACING US – COST OF CARE



The physician's pen:

- Most expensive medical device?
- What responsibility does the EM physician have in this debate?
- We need access to cost data!!!

CHALLENGES: HOSPITAL C-SUITE'S PERSPECTIVE INSURANCE COMPANIES PENALTIES

Hospitals survive
on revenue

CFO mantra:
"No margin... No mission."

Leader Numbers Public
Meetings Execute Filings
Shareholders **CFO** Loss Cash Profit
Company Financial Officer Issues Decisions
Finances Business Operating Gain Calendar Strategy
Accounting Money Stock Board Analysts Laws Staff Stats
Goals



REVENUE

The Physician's Dilemma



IS THIS TRUE TODAY?
FRONT DOOR? MAJOR SOURCE
OF ADMISSIONS?

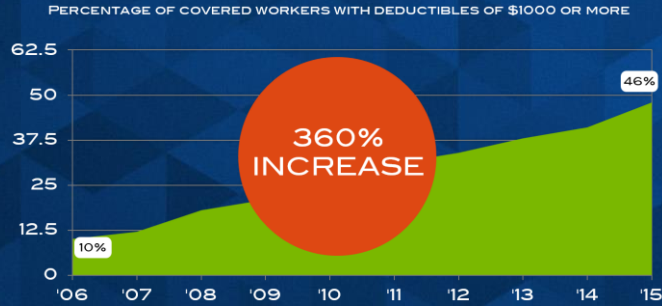
Front door to the hospital



Upwards to 70+%
of admissions

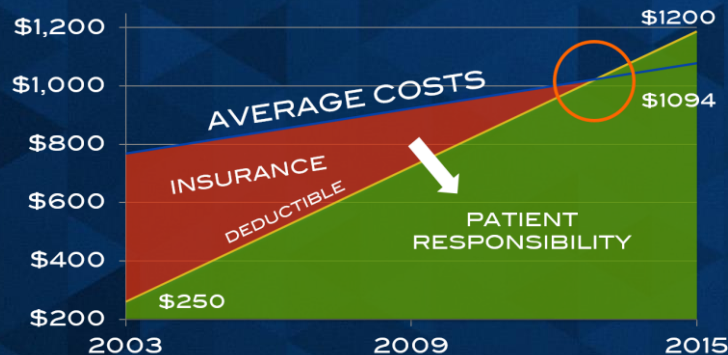


THE PATIENT'S CHALLENGE IS OUR CHALLENGE



- Only 38% of Americans can cover a \$1,000 ED bill
- Average household credit card debt is \$5,700
- 96% of ED patients don't understand their emergency coverage
- Upwards of 80% of ED physicians continue to report patients are delaying care
- In 2015 25% of employees were covered by a QHDP
- Average deductible now exceeds average costs

HIGH-DEDUCTIBLE PLANS



THE IMPACT OF QHDHPS IS FELT DAILY IN OUR EMERGENCY DEPARTMENTS

High quality and satisfaction scores at low cost



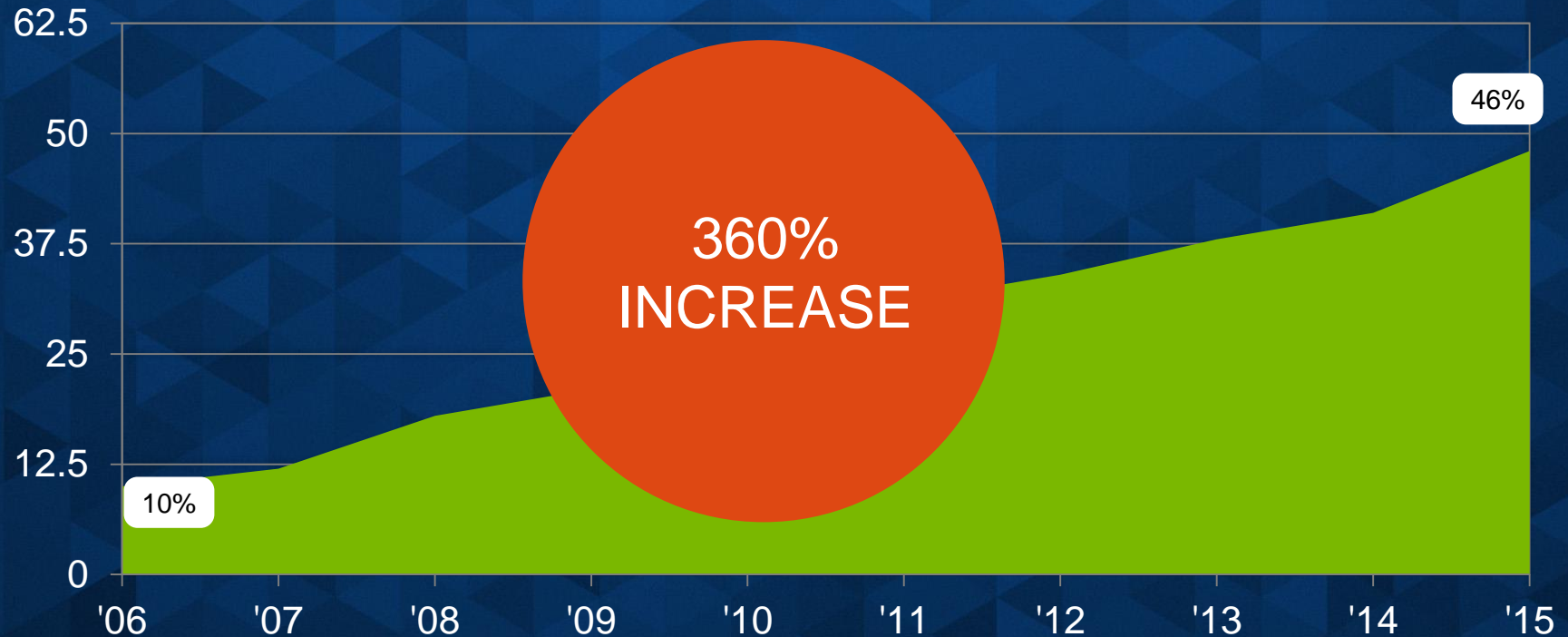
The Revenue Cycle has been redefined today

Simplicity replaced by:

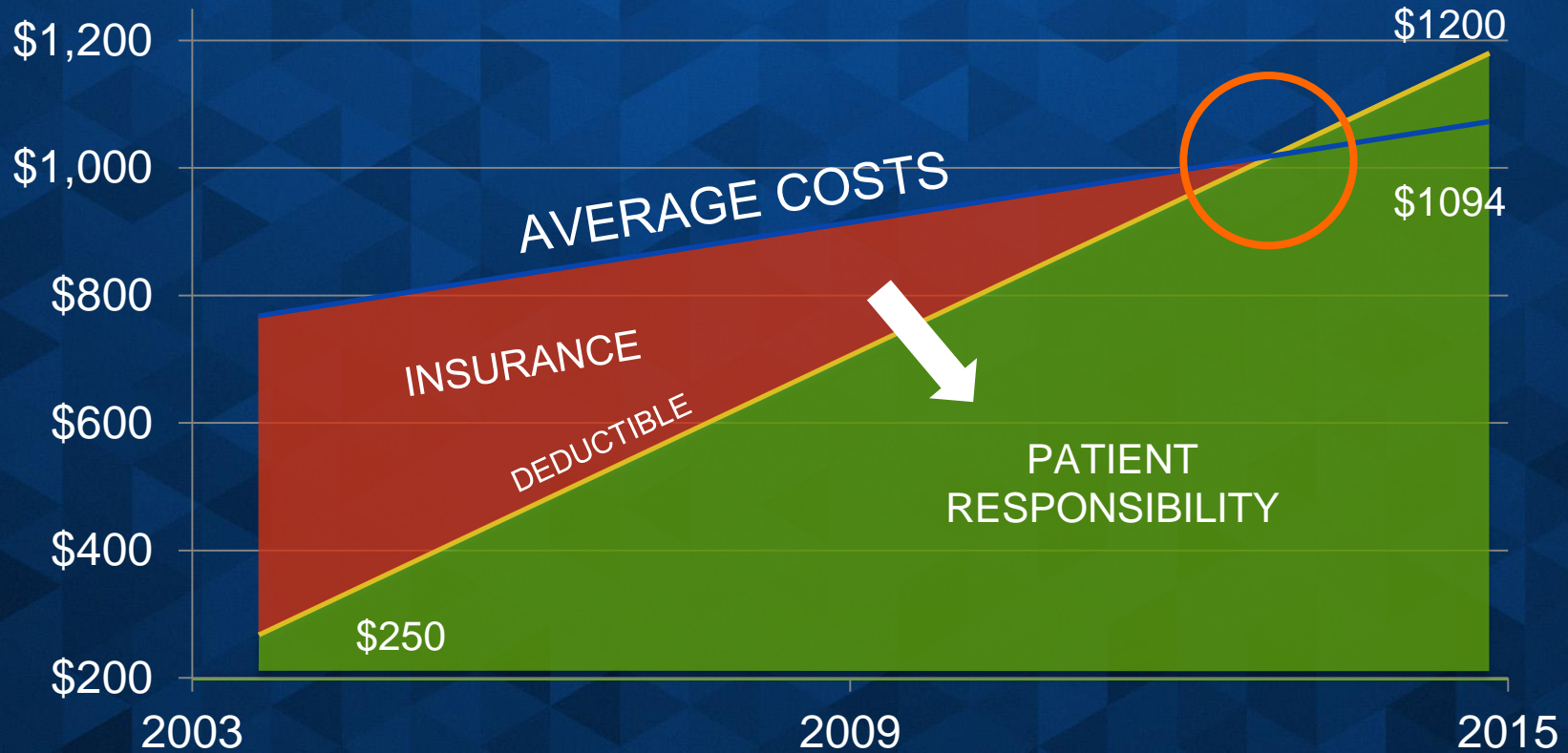
- Patient personas
- Propensity-to-pay metrics
- Necessity to understand your patients'
 - Financial pain points
 - Meet them where they live
 - Demographically
 - Financially
 - Socially

HIGH-DEDUCTIBLE PLANS

Percentage of covered workers with deductibles of \$1000 or more



HIGH-DEDUCTIBLE PLANS



REVENUE CYCLE



TRANSFORMATION TO CONSUMER HEALTH



PHYSICIAN



CARRIER

TRANSFORMATION TO CONSUMER HEALTH



PHYSICIAN



PATIENT

NEW MODEL OF HEALTHCARE- BUSINESS TO CONSUMER

SNAIL
MAIL

E-STATEMENTS

MOBILE

WEBSITE

PATIENT
PORTAL

IVR

INSTANT
MESSAGING

E-CHECK

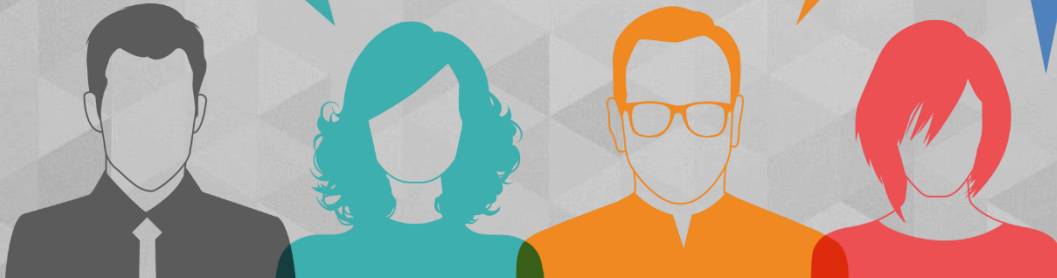
TEXTING

OUTBOUND
CALLS

Amazon

Uber

Google
Searches



SELF-PAY AFTER INSURANCE

Before HDHP



Statement

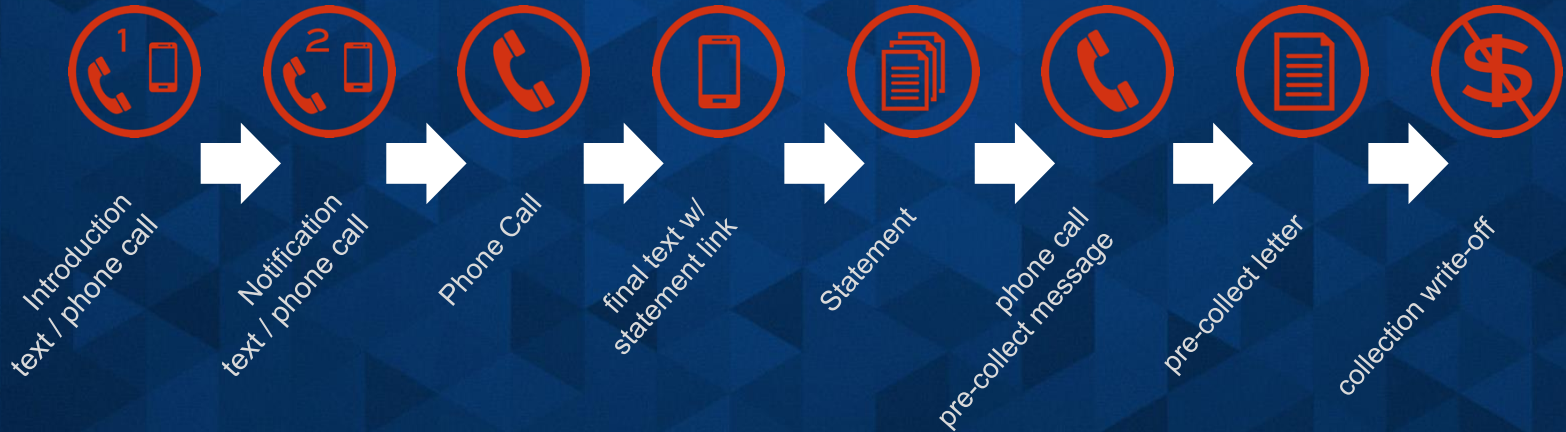
letter

pre-collection

collection
write off

SELF-PAY AFTER INSURANCE

After HDHP



Patient Persona

Friction % -
propensity to pay,
to history
to complain

Carrier Persona

Friction % -
Probability of friction

- Electronic
- Denial %
- % of Allowed

Physician Persona

Friction % -
History/Patterns

- Denials % – Documentation
- Specialty
- CPT Codes Used
- ICD-10 History/Patterns

Probability
Of
Friction

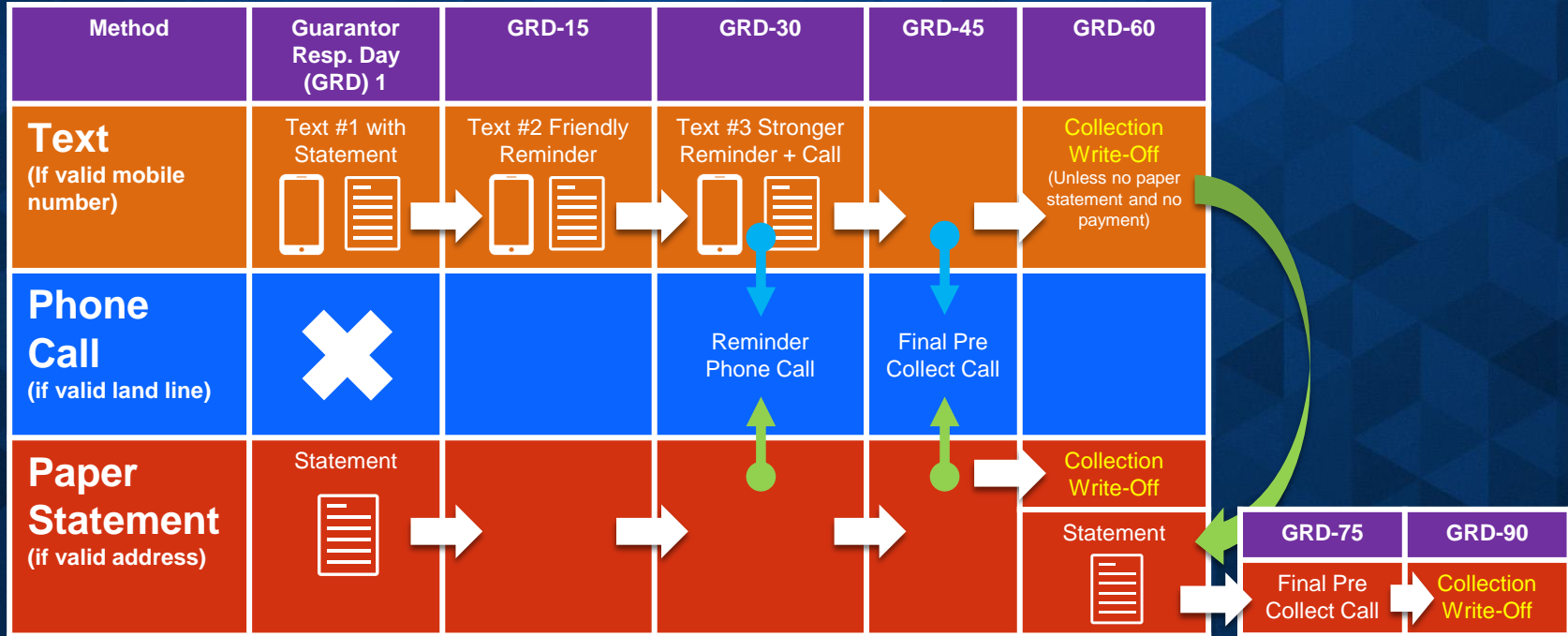
Path to
Eliminate
Friction

THE PATIENT'S PROPENSITY TO PAY

Texting Campaign

Roll to Guarantor

Roll to Collection



Text Messaging with On-line Statements

USING BIG DATA

Portal Use by Age

Age	% of Total
< 40	46.66%
40 – 65	48.12%
>= 65	10.21%

10.21%

Payment Method by Age

Age	Cash	Check	Credit Card
< 40	6.97%	37.04%	54.64%
40 – 65	2.89%	53.34%	42.62%
>= 65	3.04%	74.60%	1.64%

74.60%

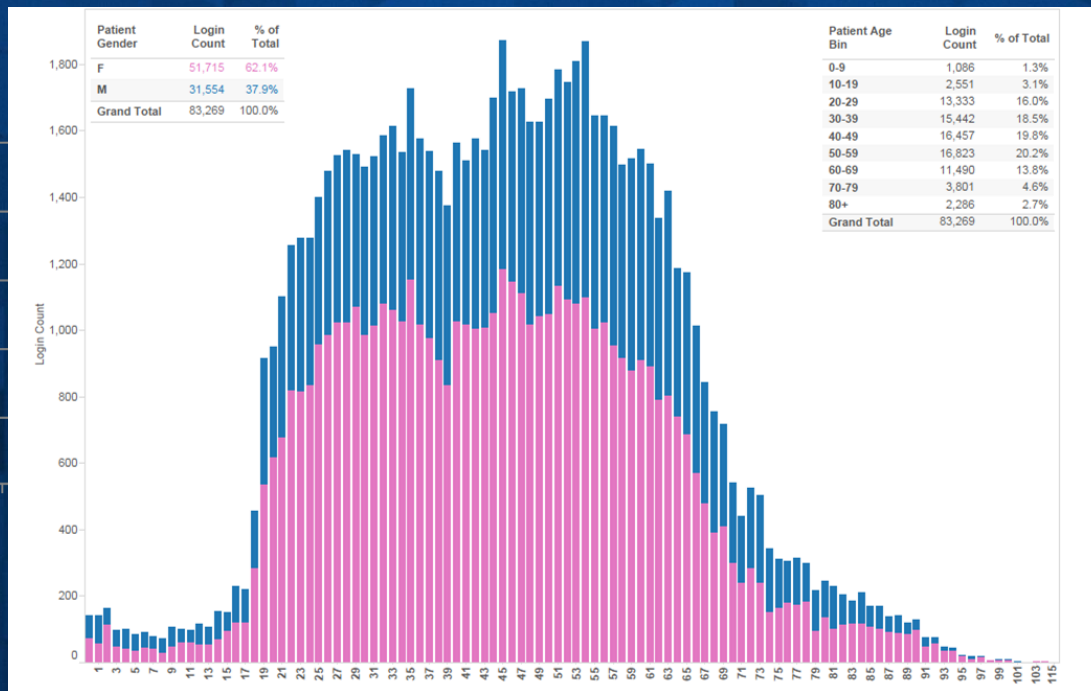
IVR Use by Age

Age	N	Y
< 40	53.77%	46.23%
40 – 65	51.34%	48.66%
>= 65	45.64%	54.36%

54.36%

USING BIG DATA

Online Payments By Gender



80%

60%

40%

20%

0%

38%

Male

PHYSICIAN BENCHMARKING





coding and charge capture



claims filing



payment posting



exceptions processing



patient interaction

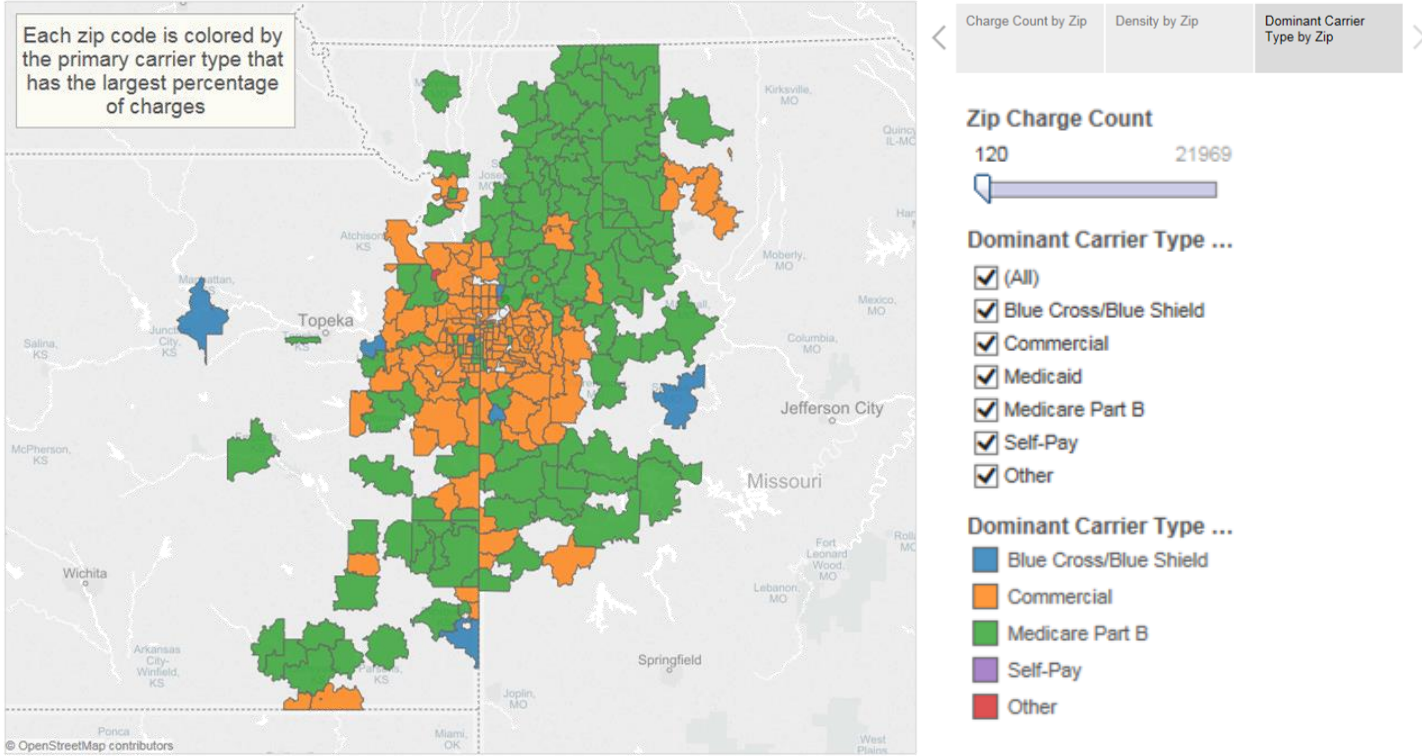


'The Zotec Way' Scorecard Example Client

Results by KPI						
KPI	May 2016	MoM Net Change	YoY Net Change	Target	Target %	Trend
Charges / KPI %	\$100.0K	-4.2%	2.0%	\$95K	105%	
Payments / KPI %	\$50.0K	9.1%	16.7%	\$57K	88%	
Payments / Allowed %	95.0%	-4.4%	-3.3%	92.0%	103%	
Gross Collection Rate %	33.0%	2.9%	-17.9%	32.0%	103%	
Days in AR	15.00	11.8%	-7.1%	13	115%	
AR > 120 Days	\$6,500.0K	-4.2%	13.0%	\$7,800K	83%	
Insurance AR > 120 Days	\$4,680.0K	-4.2%	13.0%	\$5,616K	83%	
Guarantor AR > 120 Days (re-aged)	\$1,820.0K	-4.2%	13.0%	\$2,184K	83%	
Missing Charges % (requested)	5.0%	-66.7%	-42.9%	4.0%	125%	
Coding Quality % (company-wide)	98.0%	1.0%	-3.2%	99.0%	99%	
Friction Payments %	20.0%	9.1%	4.8%	20.0%	100%	
Agency Recovery %	15.0%	11.8%	14.8%	18.0%	83%	
Call Center Avg Hold Time	180.0	5.3%	14.3%	180	100%	
Call Answer Rate %	95.0%	-4.4%	-9.2%	98.0%	97%	
Call Center Quality % (company-wide)	99.0%	-2.1%	-1.0%	98.0%	101%	

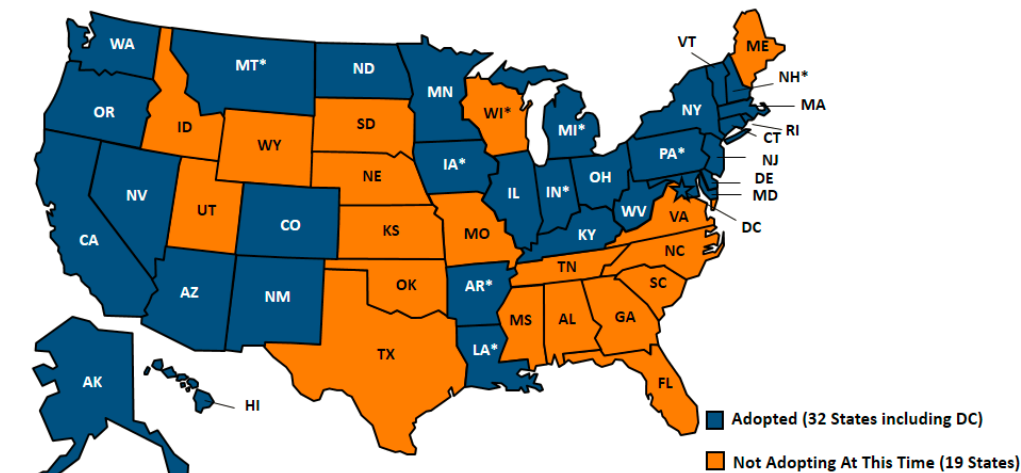
MARKETING

WHERE ARE YOUR PATIENTS COMING FROM?



OTHER ISSUES IMPACTING EMERGENCY MEDICINE

Current Status of State Medicaid Expansion Decisions



NOTES: Current status for each state is based on KCMU tracking and analysis of state executive activity. *AR, IA, IN, MI, MT, NH and PA have approved Section 1115 waivers. Coverage under the PA waiver went into effect 1/1/15, but it has transitioned coverage to a state plan amendment. Coverage under the MT waiver went into effect 1/1/2016. LA's Governor Edwards signed an Executive Order to adopt the Medicaid expansion on 1/12/2016, but coverage under the expansion is not yet in effect. WI covers adults up to 100% FPL in Medicaid, but did not adopt the ACA expansion. See source for more information on the states listed as "adoption under discussion."

SOURCE: "Status of State Action on the Medicaid Expansion Decision," KFF State Health Facts, updated March 14, 2016. <http://kff.org/health-reform/state-indicator/state-activity-around-expanding-medicaid-under-the-affordable-care-act/>



Medicaid Expansion

- Adopted – 32 states, including DC
- Not adopting – 13 states

IMPACT OF MEDICAID EXPANSION

Pre-Expansion

- 100,000 visit ED
- Self-pay mix – 23% (23,000 pts)
- Self-pay cash / visit – \$25
- Total self-pay collections – \$575,000

Post-Expansion

- Previous 23% self-pay shifts to 18% Medicaid (18,000 pts); residual of 5% self-pay (5,000 pts)
- 18,000 new Medicaid pts at \$60/visit= \$1,080,000
- 5,000 residual self-pay at \$12/visit= \$60,000

BOTTOM LINE IMPACT MEDICAID EXPANSION

Pre-expansion self-pay collections: \$575,000

Post-expansion self-pay to Medicaid transition

- New Medicaid patients collections: \$1,080,000
- Residual self-pay patients collections: \$60,000
- Impact of Medicaid expansion
- New collection total collections : $\$1,080,000 + \$60,000 = \$1,140,000$
 - Pre-Medicaid collections: \$575,000
 - Impact: +565,000
 - Secondary finding: Residual true self-pay patient collections are less than collections prior to Medicaid expansion

SOME FALL-OUT ISSUES

Payers responses to the ACA...

Example in Pennsylvania:

- Highmark ACA plans: across the board 5% fee cuts to providers
- Gateway Health Medicaid: Restrictive list of paid diagnoses; others either denied or paid at \$25 “triage fee”

“THE GREATEST OF THREE” (GOT) FINAL RULE (11/18/2015): AN IMPORTANT CHANGE & AN UNEXPECTED POTENTIAL “THREAT”

This is a Critically Important Contractual Issue

“Specifically, a plan or issuer satisfies the copayment or coinsurance limitations in the statute if it provides benefits for out-of-network emergency services (prior to imposing in-network cost sharing) in an amount at least equal the greatest of:

- the median amount negotiated with in-network providers for the emergency service;
- the amount for the emergency service calculated using the same method the plan generally uses to determine payments for out-of-network services (such as the usual, customary, and reasonable amount^{***};
(***Note: the IFR preamble was changed from “UCR charges” to “UCR amounts” in the final rule issued on Nov. 18, 2015)
- the amount that would be paid under Medicare for the emergency service (minimum payment standards).

EMERGENCY PHYSICIANS AND THE C-SUITE ALIGNMENT, COLLABORATION, INTEGRATION



- Find the areas of agreement
- Where do we differ?
- How do we make this work?

HOT-BUTTON ISSUES: HOW DO WE ACHIEVE COLLABORATION?

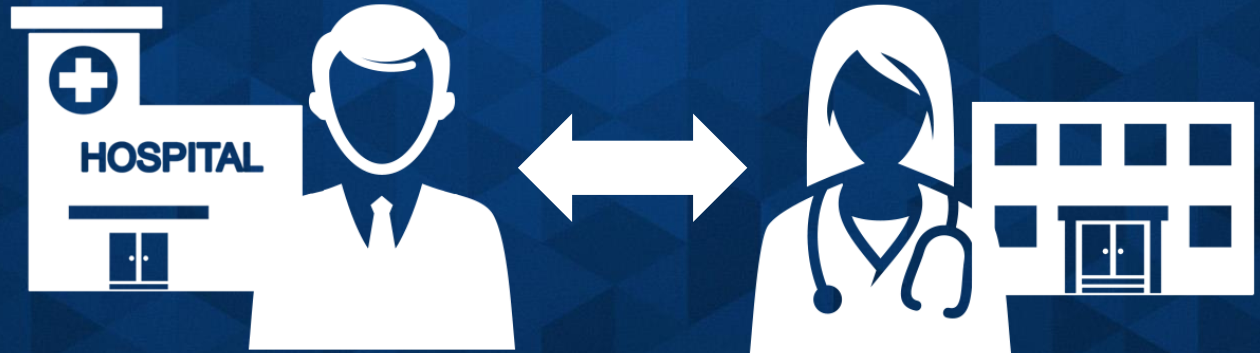


- OON and Balance Billing
- Transparency
- Hospital closures, expansions and mergers
- Healthcare retailization
- New revenue streams

HOSPITAL RELATIONSHIPS

VALUE-BASED PAYMENT MODELS

Sharing Information



HOSPITAL RELATIONSHIPS

OPPORTUNITIES FOR ENHANCED SERVICE AND INCENTIVE ALIGNMENT

EVIDENCE

- RVUs Are Here to Stay
- Sub-Specialty Service
- Turn-Around Times
- Department Insight

INFLUENCE

- Referral Patterns
- Clinical Outcomes
- Department Workflow
- Patient Experience

WALK IN MY SHOES

Meeting in my office –
CEO/CFO



Meeting in my office –
ED Chief



DESPITE THE ISSUES: 24/7/365

Emergency Medicine's Daily Commitment to America's Healthcare System



- 150,000,000 Patients Per Year Seen in Our Eds
- 410,958 Patients Per Day
- 1,440 Minutes per Day
- That's 285 Patients per Minute
- That's 4.75 Patients per Second

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