



STROUDWATER

**COVID-19 Financial and Operational Improvement
Resources**

**Urgent, Intermediate and Long-Term
Service Offerings**

An inventory of advisory services specifically designed to help hospitals address and resolve the precedent-setting challenges created by the 2020 COVID-19 pandemic.

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SUMMARY OF SERVICES

URGENT SERVICES: Positive ROI and Net Cash Flow Improvement Realized within 90 Days

CASH FLOW PROJECTION AND CAPITAL PLANNING STRATEGY

With the deferral of elective services and procedures, reduced primary care visits, and increased costs to address the COVID-19 pandemic, rural and community hospitals experienced a significant decrease in cash flow leading to furloughed/terminated staff and restrictions to programs. The CARES Act funding significantly improved cash flow to address the cash decline. Now, after the initial surge and disruption, many organizations are (temporarily) flush with Cash via advanced payments, PPP and other CARES act disaster relief. But depending on the depth and duration of disruption and the recession that we are now in, the impact on cash flow over the coming months should be monitored carefully. Stroudwater will work with the rural hospital finance team to develop a weekly cash flow projection considering current clinical operations, increased preparation costs, and timing of CARES Act accelerated cash, grants, and loans. The cash flow projection will place a priority on defining the cash flow run rate of the organization and accessing loan and grant dollars available through the CARES Act of 2020. These tools can greatly assist management in staying on top of these key trends. Hospitals should then develop specific strategies to determine if further CARES Act programs should be applied for, the process for submitting appropriate applications and paperwork, and the anticipated timing of cash receipts and subsequent paybacks if necessary, to be built into the cash forecast. Once the cash projection is developed, Stroudwater will assist in developing a strategy for identifying, prioritizing, and estimating the cash impact of the various CARES Act provisions, as well as other financial and operation changes necessary. Within 90 days, these services will provide positive ROI and improved cash flow.

REVENUE CYCLE STEERING COMMITTEE IMPLEMENTATION AND DASHBOARD CREATION

A Revenue Cycle Steering Committee (RSC) is essential to ensure that the facility revenue cycle performs exceptionally. The entire revenue cycle must work in concert to ensure all services are represented correctly and paid on a timely basis. Sound revenue cycle practices help to ensure adequate cash flow and financial viability. As such, Stroudwater will facilitate a project aimed at establishing a functional RSC that manages revenue cycle functionality through proper use of data, metrics, accountability, and prioritized action.

TELEHEALTH AND COVID-19 LAB IMPLEMENTATION ASSISTANCE

Billing guidelines and payor expectations for both telehealth services and COVID-19 laboratory testing are being updated regularly. Revenue cycle staff must understand the correct use and implementation of these services to ensure clean claim submission and timely reimbursement. Stroudwater will lead a process to ensure chargemaster, pricing, utilization, and documentation are appropriate to support compliant submission of these code sets. Stroudwater will work with clinicians, coders, department leadership, and business office staff to ensure documentation, code identification, and claim submission are primed for successful representation of services.

REVENUE CYCLE COVID-19 PERFORMANCE IMPROVEMENT ASSESSMENT

To ensure that revenue cycle operational decisions are thoughtful and well informed, Stroudwater will perform a multidisciplinary review of current revenue cycle processes and coordinate those findings with administrative priorities. The multidisciplinary assessment will center on two core components: revenue cycle leadership interviews and foundational data analytics. As a result of the conversations and data

review, Stroudwater will develop an action plan to address issues and provide additional resources, training, and education where necessary to improve immediate operational efficiencies and outcomes.

BUSINESS OFFICE REVIEW

Stroudwater will provide a formal business office review. The goal of the business office review will be to improve operational efficiencies, grow staff knowledge base, increase expectations, and improve protocols to ensure better revenue cycle outcomes. We will focus on generating consistent gross revenue and ensuring representative net reimbursement while mitigating compliance concerns. We will place specific attention on the structure, skills, and supervision necessary to manage remote staff and empower them to perform exceptionally.

PAYER CONTRACT REVIEW AND RENEGOTIATION

Now, more than ever, healthcare systems and physicians must partner with their payers to survive the operational pressures and the cash flow needs the current crisis has placed on healthcare organizations. Immediate attention should be paid to timely filing and cash flow options. Stroudwater's Contract Review and Renegotiation services can help providers navigate both practical and creative solutions to ease the operational and financial impacts when faced with extraordinary circumstances.

INTERIM COST REPORT MODELING

For critical access hospitals (CAHs), changes in volumes and costs have a significant impact on cost-based reimbursement rates; when not properly understood, these changes can negatively impact short-term cash, longer term reimbursement, and accuracy of decision making. The current pandemic has reduced volume for many while increasing costs, resulting in higher cost-based rates. Without a financial model to understand the impact of these changes on rates, CAHs are under-reporting financial results, deferring necessary cost-based cash, and losing revenue from Medicare Advantage plans that only pay a prospective cost-based rate without settlement. Stroudwater will work with the finance team to develop a model in which the finance team can input their monthly revenue detail and general ledger into an Excel spreadsheet that will update cost-based rates immediately. These updated rates can then be submitted to the CAH's Medicare Audit Contractor (MAC) to receive new, more accurate rates.

PROACTIVE CARE MANAGEMENT

Comprehensive Care Management has emerged as a leading strategy to manage the health of populations, according to the Agency for Healthcare Research and Quality. During the current COVID-19 pandemic, it is critical for healthcare organizations to quickly identify their vulnerable, high, and moderate risk patients/members, ensure a process to review and prioritize the lists of identified individuals, and initiate proactive outreach to them. Immediate priorities will be to facilitate continuing patient access to chronic disease and other medically necessary care and services and to identify and begin to address any immediate or anticipated psycho-social needs or barriers to care.

INTERMEDIATE-TERM SERVICES: Positive ROI and Increased Cash Flow Realized within 90-180 Days

PRIMARY CARE DESIGNATION REDESIGN

Hospitals that own or manage primary and specialty practices must ensure the practices are optimized in terms of clinic designation, staffing models, provider complement, specialty service integration, and alignment with larger regional health systems. The realignment and designation of practices often lead to considerable financial gains for hospitals and systems. Hospitals, both Critical Access Hospitals (CAH) and

rural PPS hospitals, that are evaluating the acquisition or realignment of primary care practices in their market may also consider this activity.

CLINICAL CARE SPECTRUM DEVELOPMENT

Staff competencies, provider availability, and ancillaries offered often dictate the clinical care spectrum of a hospital; however, most hospitals do not go through a formal process of identifying the services that should be provided by the hospital. This leads to inefficiencies, confusion, and overall impact to the continuity of care. Stroudwater will work with the hospital to develop an inpatient, swing bed, and or ED care spectrum that defines the level and type of services offered at the hospital based on available resources and staff.

SWING BED OPTIMIZATION

Swing beds represent a hospital service line that provides essential services, especially for rural residents who prefer care close to home; however, many rural hospital swing bed programs are underutilized. This impacts the ability of the rural hospital to generate revenue and often prevents larger urban hospitals (often urban affiliates of larger health systems) from managing their inpatient units optimally. Stroudwater's swing bed optimization initiative focuses specifically on how to pursue and achieve volume growth by identifying and addressing internal and external barriers, thus improving the financial and operational performance of the organization.

EMERGENCY DEPARTMENT THROUGHPUT

Given the vital role of the rural and community hospital emergency departments, it is imperative that efficient practices are in place to ensure time-sensitive treatment, transfer, discharge, or admission. The Stroudwater assessment evaluates current practices and provides recommendations for action steps needed to improve access, workflow and efficiency to recapture admissions lost due to lengthy wait times and inefficient practices.

PRACTICE THROUGHPUT AND OPERATIONS

Many practices have experienced temporary closure during the COVID-19 pandemic. This has resulted in delayed or lost revenue and a significant bottleneck in providing patient care and access. Practices must come back online in an optimized fashion to work through the backlog of patient care effectively and generate revenue. Stroudwater will perform analysis, conduct a one-day on-site visit to interview hospitals and review practice operations, and generate a report containing high-level recommendations.

PAYER CONTRACTING AND REIMBURSEMENT STRATEGY

If there is ever a time to re-think your relationship and contract strategy with your payers, the time is now. The COVID-19 crisis has highlighted the underlying dangers of a fee-for service (FFS) reimbursement system that pays only for volume. As your organization weathers the crisis and then starts to regroup during the aftermath, rethinking both the changes in the way care is delivered must go hand in hand with rethinking the payment mechanism and methodology for those newly defined and re-designed services. Stroudwater can help you evaluate your current commercial contracts and work with you to develop reimbursement models and methodologies to better align with your newly emerging delivery system, provide reimbursement methodologies and rates that make financial sense for your organization and physicians, provide clinically aligned incentives, and create or improve the partnering relationship with your commercial payers.

IMPROVING LONG-TERM OPIOID MANAGEMENT FOR CHRONIC PAIN PATIENTS IN PRIMARY CARE – THE SIX BUILDING BLOCKS PROGRAM

The Six Building Blocks Program was developed by a physician-led team from the University of Washington Department of Family Medicine and the Kaiser Permanente Washington Health Research Institute to improve management of patients with chronic pain and long-term opioid therapy in primary care settings. The Six Building Blocks Program provides an evidence-based quality improvement roadmap to help primary care teams implement effective, guideline-driven care for their chronic pain and long-term opioid therapy patients. A clinician-led Stroudwater team assists practices to integrate team-based care principles and the Six Building Blocks Program into daily clinic operations.

IMPLEMENTING THE TEAM-BASED CARE MODEL

To improve Primary Care clinical quality outcomes and patient access, Stroudwater works with physician practices to implement the Team-Based Care Model. The model involves restructuring of clinical workflows to redistribute responsibilities across the entire team, enhancing practice efficiency, increasing provider productivity and capacity, while improving patient and clinical team engagement. This model varies from, but is highly complementary to, the Patient - Centered Medical Home (PCMH) model.

EMERGENCY DEPARTMENT OPERATIONAL AND UTILIZATION IMPROVEMENTS

Improving ED throughput and inefficient practices and improving the use of appropriate care settings are key to reducing ACOs' total cost of care. Efficient practices are essential to ensure time-sensitive treatment, transfer, discharge or admission. Stroudwater ED operational improvement engagements evaluate current practices and processes and identify gaps in workflows overburdening providers and staff while potentially impacting outcomes.

PHYSICIAN AND ADVANCED PRACTICE PROVIDER CONTRACT COMPLIANCE

Few organizations properly track their physician spend, having different buckets for clinics, professional services agreements, and other provider contract services. Blanket waivers for Stark/Antikickback statutes do not fully protect payments made to physicians during COVID-19 leaving organizations and physicians frustrated with compensation models that do not meet best practice. Stroudwater will review compensation arrangements, provide recommendations to align with best practice, and provide a valuation opinion and report based on the standards and requirements of Stark and Antikickback regulations for provider employment agreements and professional services agreements.

LONGER-TERM CASH PLANNING SERVICES: Positive ROI and Increased Cash Flow Realized within 180-365 Days

COST REPORT REVIEWS

Most critical access hospitals (CAHs) have opportunities to improve both the accuracy of their cost reports and their cost-based reimbursement. Opportunities are generally found when an understanding of rural hospitals' operations and best practices is combined with a detailed review of cost report worksheets. These assessments can be completed with limited involvement from senior administration and on a short time schedule, with historical returns on investment of over 25 to one.

FACILITY MASTER PLANNING AND USDA PRELIMINARY ARCHITECTURAL REPORT (PAR)

Historically low interest rates from the United States Department of Agriculture (USDA) in their Community Facilities programs suggest that rural hospitals in need of facility investments may want to explore those needs and potential options in the near term. Whether investments are for smaller facility additions and

renovations, or for full replacements, the current interest rates from the USDA present an excellent opportunity to consider facility investments. Much of the market analyses, volume scenarios, financial modeling, and the site and departmental analyses required can initially be accomplished virtually. Initial reports can be developed and paused, with an interactive session, rapid report refinement and engagement completion once on-site conditions improve to allow for on-site visits.

FINANCIAL SCENARIO MODELING - ACO COST REDUCTION STRATEGIES AND IMPACT ON HOSPITAL PARTNERS

For those hospitals and healthcare systems with value-based contracts (CMS, state, or commercial) or those trying to assess the potential financial impact of becoming an ACO may have on the hospital, Stroudwater has developed some modeling tools that can assist. While it is generally accepted that there will be a negative revenue impact on the hospital, understanding what that might be is more difficult to determine. In addition, working with the ACO data, will lead to insights as to where the opportunities lie to reduce total cost of care. Knowing this and the actual impact on the hospital can help executives strategically prepare for and make necessary care deliver changes to mitigate the impact.

EVALUATING AND RE-EVALUATING PARTNERSHIPS DURING COVID-19

The pandemic has shaken many basic assumptions, including whether partnerships create value and which partners and partnerships may be best suited to create long term value. Health systems can use the lessons of the pandemic as a decision point. Using a framework that seeks stakeholder perspectives, develops a common fact base and educates and engages stakeholders, Stroudwater evaluates the needs, constraints and opportunities facing each client within the context of larger regional and national industry trends. Existing and prospective partnerships are evaluated alongside organizational risks and constraints. Prospective partners and partnerships are then evaluated against this framework. This approach ensures that objective analysis drives decisions regarding which partnerships may be necessary, which should be maintained, or which should be discontinued or replaced.

COUNTY AND DISTRICT-OWNED HOSPITALS: MOVING FROM CONFLICT TO CONSENSUS BETWEEN PUBLIC BOARDS AND HOSPITAL BOARDS

Challenging times often are the catalyst for conflict between Hospital Boards and District/County Boards. Before the situation escalates or after public conflict has broken out between boards, it is critical to de-escalate the situation and replace distrust and animosity with effective communication, sound working relationship, a common set of facts, and a shared venue for dialogue between Board leaders. We have often heard the hospital board exclaiming that the district or county are just the landlord and should not meddle in the management and operations of the hospital. Conversely, we have heard district or county board members speak to their role as stewards of a community asset and their responsibility to protect it from harm. De-escalating conflict, ensuring that the relationship between boards remains sound and creating a shared vision for the future are critical investments in the success of your hospital and community.

URGENT SERVICES

Positive ROI and Net Cash Flow Improvement Realized within 90 Days

SERVICE A: CASH FLOW PROJECTION AND CAPITAL PLANNING STRATEGY

DISCUSSION:

Cash planning for rural hospitals is essential as a result of COVID-19's disruption to patient volumes combined with increases in expenses in preparation for the pandemic. The CARES Act of 2020 was signed into law on March 27 and provides significant opportunities for rural hospitals to access necessary funds to stabilize and enhance operations. A 26-week weekly cash flow projection will enable a rural hospital to better understand current and future cash needs, placing a priority on accessing funds available through the CARES Act. The result will provide peace of mind and for hospital leadership and staff and the knowledge that there are funds available to continue to maintain current service offerings while preparing for local impact of COVID-19.

ACTIVITY DESCRIPTION:

Stroudwater will work with the rural hospital finance team to develop a weekly cash flow projection considering current clinical operations, increased preparation costs, and timing of CARES Act accelerated cash, grants, and loans. Once the cash projection is developed, Stroudwater will assist in creating a strategy for identifying, prioritizing, and estimating the cash impact of the various CARES Act provisions. Each of the programs will be built into the cash projection.

EXPECTED OUTCOMES:

Expected outcomes include a 26-week weekly cash flow projection and a prioritized list of CARES Act provisions available to the rural hospital and their anticipated financial impact and expected timing.

TIMELINE:

The cash flow projection and capital plan can be completed within two weeks of project commencement and the submission of requested data.

BUDGET:

Cash flow project and capital plan are anticipated to cost between \$7,500 and \$12,500 depending on sophistication of the plan and funding requirements.

SERVICE B: REVENUE CYCLE STEERING COMMITTEE IMPLEMENTATION AND DASHBOARD CREATION

DISCUSSION:

A Revenue Cycle Steering Committee is essential to ensure that the facility revenue cycle performs exceptionally. The entire revenue cycle must work in concert to ensure all services are represented correctly and paid on a timely basis. Proper cash flow is essential to financial viability. As such, Stroudwater will facilitate a project aimed at establishing a functional RSC that manages revenue cycle functionality through proper use of data, metrics, accountability, and prioritized action. This project includes two distinct phases: initial consultation and implementation support.

ACTIVITY DESCRIPTION:

Revenue Cycle Steering Committee Initial Consultation includes a 60-minute call with Revenue Cycle Steering Committee members. Members should include CEO, CFO, CNO, HIM Director, Revenue Cycle Director, Business Office Director and at least three department managers (Emergency Room, Radiology and Laboratory preferred). Goals of the call are to:

- Review committee structure
- Detail desired outcomes
- Identify administrative priorities and metrics
- Create a format and team mission
- Identify potential data constraints
- Provide guidance on dashboard components
- Identify sources of historical data
- Define meeting structure and agenda
- Develop the expectation of accountability and ownership

Revenue Cycle Steering Committee Implementation and Dashboard Creation includes:

- Assistance with the development of data and review of dashboard components
- Review of available data
- Consultation across the hospital to develop the dashboard
- Creation of metrics with historical comparatives
- Assistance with processes to ensure timely update of dashboard reports
- Facilitation of daily meetings for the first two weeks
- Weekly meeting scheduling and facilitation over the next six weeks and monthly over the next eight weeks

EXPECTED OUTCOMES:

As a result of the conversations and data review, Stroudwater will develop an action plan to address issues and provide additional resources, training, and education where necessary to improve immediate operational efficiencies and outcomes. Stroudwater will assist with meeting agendas and facilitate steering committee meetings. Participants will receive a detailed dashboard report incorporating administrative priorities and revenue cycle metrics to assist in cash flow planning and revenue cycle management.

TIMELINE:

This project is estimated to be completed within 30 days of project commencement and the submission of requested data.

BUDGET:

Professional Fee: \$10,000

SERVICE C: TELEHEALTH AND COVID-19 LAB IMPLEMENTATION ASSISTANCE

DISCUSSION:

Billing guidelines and payor expectations for both telehealth services and COVID-19 laboratory testing are being updated regularly. Revenue cycle staff must understand the correct use and implementation of these services to ensure clean claim submission and timely reimbursement. Stroudwater will lead a process to ensure chargemaster, pricing, utilization, and documentation are appropriate to support compliant submission of these code sets. Stroudwater will work with clinicians, coders, department leadership, and business office staff to ensure documentation, code identification, and claim submission are primed to represent services successfully. This project includes two distinct phases: initial consultation and implementation support.

ACTIVITY DESCRIPTION:

Telehealth and COVID-19 Lab Initial Consultation includes:

- Conference call with hospital and physician practice leadership to detail potential service offerings
- Identify charge codes, provide CDM description and fee
- Research applicable state and federal guidelines based on service offerings
- Research waiver applicability
- Detail COVID-19 lab test offerings
- Identify charge codes, provide CDM descriptions, revenue codes, and pricing
- Conference call with coding and billing staff to review respective process and detail quality measures to ensure successful claim submission
- Review alternate site process, e.g., lab testing in a parking lot or another alternative site

Telehealth and COVID-19 Lab Implementation support includes:

- Review clinician documentation and follow up where necessary
- Assist with payor guidelines
- Create payor-specific reimbursement grid
- Assist with denial follow up, create processes for timely adjudication and generate payor response protocols
- Create consumer notification material and scripting
- Coordinate revenue cycle approach between servicing providers, coding staff and billing office members
- Assist with claim check creation, scrubber review, and scrubber denials

EXPECTED OUTCOMES:

Participants will have an updated chargemaster with appropriate descriptions, prices and alternate code hierarchy. Clinicians will receive training and education surrounding documentation requirements, coding staff will have an operational understanding of code selection, and business office staff will have the processes to increase clean claim submission rates and implement proactive denial mitigation.

TIMELINE:

This project is estimated to be completed within 30 days of project commencement and the submission of requested data.

BUDGET:

Professional Fee: \$5,000

SERVICE D: REVENUE CYCLE COVID-19 PERFORMANCE IMPROVEMENT ASSESSMENT

DISCUSSION:

The objective of the assessment is to conduct rapid and focused analyses of targeted areas within the facility revenue cycle to identify concrete opportunities for immediate operational and financial performance gains. To ensure that revenue cycle operational decisions are thoughtful and well informed, Stroudwater will perform a multidisciplinary review of current revenue cycle processes and coordinate those findings with administrative priorities. The multidisciplinary assessment will center on two core components: revenue cycle leadership interviews and foundational data analytics.

ACTIVITY DESCRIPTION:

As a result of the conversations and data review, Stroudwater will develop an action plan to address issues and provide additional resources, training, and education where necessary to improve immediate operational efficiencies and outcomes. Revenue Cycle leadership interviews will focus on three central components: Facility Revenue Cycle Leadership, Coding Staff, and Business Office Staff.

Facility Revenue Cycle Leadership conversation includes a 60-minute discussion facilitated by revenue cycle experts with CEO, CFO, RC Director, HIM Director, Business Office Director, and selected department leaders. The goals of the call are to:

- Provide the forum for revenue cycle participants to raise concerns and prioritize issues
- Identify resource constraints, educational concerns, and process obstacles
- Provide guidance on COVID-19 concerns
- Discuss remote staffing concerns and supervision
- Discuss cross-training, quality review and productivity concerns
- Provide resources and educational materials post-call

Coding Staff Consultation includes a 60-minute conversation facilitated by coding experts with CFO, HIM Director, and HR Director. The goals of the call are to:

- Review production expectations, supervisory components, compliance concerns, and communication challenges
- Identify COVID-19 specific challenges and issues
- Examine the impact of remote supervision and productivity
 - Create a platform for daily staff conference call if possible, or individual calls if necessary, to set expectations for the day
 - Review policies and procedures for IT/PHI protections
 - Set expectations for staff notifications – start of the day, breaks, end of day
 - Create a formal process for the identification of completed tasks (i.e., worklists, work queues)
 - Review policies, procedures and redundancies for abstracting and account adjudication
 - Review the process for submitting and tracking queries to clinicians
 - Review email encryption standards for secure communication

URGENT SERVICES: Positive ROI and Net Cash Flow Improvement Realized within 90 Days

Business Office Consultation includes a 60-minute conversation facilitated by Business Office Management and coding experts with CFO, Business Office Director, and HR Director. The goals of the call are to:

- Review production expectations, supervisory components, and communication challenges
- Identify COVID-19 specific challenges and issues
- Develop real-time communication process for PHE coding and billing changes
- Review accounts receivable activity and operational plan
- Review Clearinghouse rules to ensure real-time compliance with PHE changes
- Review denial rate, clean claim submission rates and BO adjudication of issues
- Examine the impact of remote supervision and productivity
- Create a platform for daily staff conference call if possible, or individual calls if necessary, to set expectations for the day
- Review policies and procedures for IT/PHI protections
- Set expectations for staff notifications – start of the day, breaks, end of day
- Create a formal process for the identification of completed tasks (i.e., worklists, work queues)
- Review policies, procedures, and redundancies for electronic claim submission and clearinghouse claim processing
- Review technology to ensure access to a shared drive, on the hospital server, for logging of issues, questions, logs, etc.
- Review and develop denial review and appeal process to ensure total charge capture

Foundational Data Review: In parallel with the interviews, Stroudwater will conduct an assessment of foundational data components. These components include a review of the chargemaster, pricing methodology, and revenue capture outcomes. Stroudwater will provide a detailed evaluation of the structure, composition, strengths, and potential limitations of supplied data components and results for each facility. Specific attention will be placed upon items that contribute to timely and representative reimbursement, revenue cycle quality, and customer service. A conference call will be scheduled with hospital leadership to detail a prioritized action plan, next steps, and necessary resources to improve overall revenue cycle functionality and cash flow.

EXPECTED OUTCOMES:

Participants will receive a detailed action plan with solutions and next steps to address issues and improve revenue cycle performance. Specific workplans will be developed for revenue cycle leadership, coding and business office staff. Likewise, where applicable, solutions to foundational revenue cycle issues will be provided along with education and resources to prevent them from re-occurring. Participants can expect lower revenue cycle process costs, improved revenue recognition and increased reimbursement.

TIMELINE:

This project is estimated to be completed within 30 days of project commencement and the submission of requested data.

BUDGET:

Professional Fee: \$10,000

SERVICE E: BUSINESS OFFICE REVIEW

DISCUSSION:

Stroudwater will provide a formal business office review. The goal of the business office review will be to improve operational efficiencies, grow staff knowledge base, increase expectations, and create improved protocols to ensure better revenue cycle outcomes. We will focus on generating consistent gross revenue and ensuring representative net reimbursement while mitigating compliance concerns. Specific attention will be placed on the structure, skills, and supervision necessary to manage remote staff and empower them to perform exceptionally.

ACTIVITY DESCRIPTION:

The business office review will consist of a comprehensive desktop review for each staff member. The business office interviews will be conducted via GoToMeeting technology to leverage staff availability and minimize operational impact. This project includes two distinct phases: initial consultation and an individualized desktop review for staff members. The initial Business Office Consultation includes a 60-minute conversation facilitated by business office and revenue cycle experts with CEO, CFO, Revenue Cycle Director, Business Office Manager, and Business Office Staff. The goals of the call are to:

- Provide the forum for business office staff to raise concerns
- Identify resource constraints, educational concerns, and process obstacles
- Review process structure and operational priorities
- Provide guidance on COVID-19 concerns
- Discuss remote staffing concerns and supervision
- Discuss cross-training, quality review and productivity concerns
- Identify best practices, process modifications, and action steps
- Provide resources and educational materials post-call

Business Office experts will subsequently provide a formal desktop business office review for staff members. The goals of the business office review will be to:

- Improve operational efficiencies
- Grow staff knowledge base and increase expectations
- Create improved protocols to ensure better revenue cycle outcomes

Focus will be placed on generating consistent gross revenue and ensuring representative net reimbursement while mitigating compliance concerns. The Business office review will consist of a comprehensive desktop review for each staff member, with interviews conducted via GoToMeeting technology to leverage staff availability and minimize operational impact. Upon completion, Stroudwater will submit a written report detailing best practices, issues, remedies, and next steps. A conference call will be scheduled with both hospital and business office leadership to review findings and discuss process improvement opportunities and action steps.

As a result of the conversations and data review, Stroudwater will develop an action plan to address issues and provide additional resources, training, and education where necessary to improve immediate operational efficiencies and outcomes.

EXPECTED OUTCOMES:

As a result of the conversations and data review, Stroudwater will develop an action plan to address issues and provide additional resources, training, and education where necessary to improve immediate operational efficiencies and outcomes. Specific workplans will be provided to improve operational efficiencies and process quality.

TIMELINE:

This project is estimated to be completed within 30 days of project commencement and the submission of requested data.

BUDGET:

Professional fee: \$7,500

SERVICE F: PAYER CONTRACT REVIEW AND NEGOTIATION

DISCUSSION:

Now more than ever, healthcare systems and physicians must partner with their payers to survive the operational pressures and the cash flow needs the current crisis has placed on healthcare organizations. Payers have resources and the same drive to make sure members/ patients stay safe and well. Payers also face the same issues as providers. Their staffs are working remotely, and they are making major changes to their systems to accommodate benefit changes, coding, and reimbursement changes. These issues are placing a huge stress on the entire healthcare system, both providers and payers. However, there are ways to mitigate some of these issues in partnership with your payers.

Stroudwater's Payer/Provider Contracting Strategy services can help you navigate both practical and creative solutions to ease some of the operational and financial impacts when faced with extraordinary circumstances.

- Timely filing and appeal deadline adjustments
- PIP payment strategy and negotiations - temporary reimbursement methodology changes to mitigate cash flow concerns and reduce billing and claims re-work
- Waiver or temporary easement of provider process requirements (pre-authorizations, forgiveness of co-pays, etc.)
- Change in communication methods such as batching questions
- Understanding benefit design changes and implication on workflows
- Self-funded employer groups benefit design awareness
- Influencing benefit design changes
- Risk contract review to assess potential catastrophic claims exposure and work with commercial payer to mitigate

ACTIVITY DESCRIPTION:

Stroudwater will work with organizations to determine the top priorities to address with the top 2-3 payers and establish a desired strategy to meet the organization's needs. Stroudwater will reach out to each payer to assess willingness to negotiate these changes, and wherever amenable, produce an agreement that can be executed by the organization.

EXPECTED OUTCOMES:

Wherever possible, the organization will have written amendments /agreements with its top two or three payers, signed and executed to achieve the desired strategy.

TIMELINE:

Now is the time to initiate the conversations. The timeline will be dependent on access to the organization's payer contacts and the payers' availability.

BUDGET:

This would be performed on an hourly rate basis. Please reach out for further information and to discuss hourly pricing and time estimates.

SERVICE G: INTERIM COST REPORT MODELING

DISCUSSION:

For critical access hospitals (CAHs), changes in volumes and costs have a significant impact on cost-based reimbursement rates that, when not properly understood, can negatively impact short-term cash, longer term reimbursement, and accuracy of decision making. The current pandemic has reduced volume for many while increasing costs, resulting in higher cost-based rates. Without a financial model to understand the impact of these changes on rates, CAHs are under-reporting financial results, deferring necessary cost-based cash, and losing revenue from Medicare Advantage (MA) plans that only pay a prospective cost-based rate without settlement.

ACTIVITY DESCRIPTION:

Stroudwater will work with the finance team to develop a model in which the finance team can input their monthly revenue detail and general ledger into an Excel spreadsheet that will update cost-based rates immediately. These updated rates can then be submitted to the CAH's Medicare Audit Contractor (MAC) to receive new, more accurate rates.

EXPECTED OUTCOMES:

An interim cost report model will be developed and the CAH finance team trained how to use the model, leading to improved financial statement accuracy, accelerated access to cost-based cash, and improved net revenue as a direct result of increased revenue from MA plans.

TIMELINE:

The interim cost report model can be completed within four weeks of project commencement and the submission of requested data.

BUDGET:

Cash flow project and capital plan are anticipated to cost between \$7,500 - \$9,500, with pricing somewhat dependent on access to functional revenue detail and general ledger reports.

SERVICE H: PROACTIVE CARE MANAGEMENT

DISCUSSION:

Comprehensive Care Management has emerged as a leading strategy to manage the health of populations, according to the Agency for Healthcare Research and Quality. "Care Management is organized around the principle that appropriate interventions for individuals within a given population will reduce health risks and decrease the cost of care."* During the current COVID-19 pandemic, it is critical for healthcare organizations to continue and potentially even escalate their Care Management activities to quickly identify their vulnerable, high and moderate risk patients/members, ensure a process to review and prioritize the lists of identified individuals, and initiate proactive outreach to them. Immediate priorities will be to facilitate continuing patient access to chronic disease management and other medically necessary care and services and to identify and begin to address any immediate or anticipated psycho-social needs or barriers to care. Goals are to mitigate patient, provider, and healthcare staff exposure to the COVID-19 virus; maintain and support patients' self-management and control of their chronic conditions at home; and prevent avoidable hospitalizations and ED visits during and immediately after the pandemic.

(* <https://www.ahrq.gov/professionals/prevention-chronicare/improve/coordination/caremanagement/index.html>)

ACTIVITY DESCRIPTION:

Stroudwater will assist the organization to develop a Care Management Crisis Action Plan, addressing priorities, capabilities, and needed resources during the pandemic. The steps below can be provided remotely via conference calls/webinars and desk reviews. The process will include assistance with the following:

1. Conduct a brief high-level review of the organization's Care Management structure, functions, and processes via virtual interviews
2. Determine methods to identify the patients requiring proactive outreach, including risk stratification tools
3. Determine Care Management staffing capacity and any immediate recruitment and training needs
4. Develop a process to assign patients/members for proactive outreach
5. Develop or modify scripts to be used by staff during outreach calls
6. Train staff as needed
7. Develop a plan in preparation for potential additional Care Management staffing disruptions during this period, identifying and procuring additional available staffing resources internally and/or within their local communities, to maintain core Care Management functions for the duration of the pandemic locally

EXPECTED OUTCOMES:

The organization will have a written Care Management Crisis Action Plan ready for immediate execution and deployment.

TIMELINE:

These projects will be focused, short-duration engagements. *Note: Actual duration of specific projects will vary based on the size and complexity of the organization and its existing Care Management model, infrastructure, functions, and availability of staff.*

BUDGET:

These engagements will require a budget of approximately \$15,000 - \$20,000 to accomplish the representative scope of work outlined above. *Note: Individual project budgets to be determined, based on the size and complexity of the organization, its existing Care Management model and infrastructure, and agreed upon project scope of work.*

INTERMEDIATE TERM SERVICES

Positive ROI and Increased Cash Flow Realized within 90-180 Days

SERVICE I: PRIMARY CARE DESIGNATION REDESIGN

DISCUSSION:

Primary care practice alignment within a hospital's service area is one of the organization's most important strategic assets and often a key competitive bulwark. Based on an analysis of hospital financial and operational performance, hospitals and systems have an option to evaluate the alignment and designation of practices to improve financial performance. The Provider Alignment Impact Analysis engagement has been tailored to both hospitals and systems to provide a cost-effective means to address the needs of Provider-Based Rural Health Centers (PB-RHCs) and other off-campus healthcare sites.

ACTIVITY DESCRIPTION:

Stroudwater conducts analyses, collaborates with hospital and clinic staff, and generates a report containing financial analysis and recommendations. Work steps for the Provider Alignment Impact Analysis include a review of historic utilization by procedure code and payor, the impact of each practice location on hospital cost-based reimbursement (if a CAH), evaluation of average charge and payment per face-to-face encounter, the impact of alternative designations on reimbursement, delineation of provider-based assumptions, evaluation of the provider complement at each practice location, and an assessment of provider productivity.

EXPECTED OUTCOMES:

Process measures for the project include the identification of participating hospitals, the completion of the initial analyses, virtual interviews as necessary, and the generation and distribution of hospital-specific reports. The final report will identify the optimal alignment and designation of practices for the hospital and/or system.

TIMELINE:

The primary care designation design can be completed within 30 to 60 days of project commencement and the submission of requested data.

BUDGET:

The cost of the primary care designation redesign is variable and dependent upon the number of hospitals and practices evaluated. Please reach out to Stroudwater to discuss pricing.

SERVICE J: CLINICAL CARE SPECTRUM DEVELOPMENT

DISCUSSION:

The creation of clinical care spectrums across clinical departments is a vital process that improves efficiency, patient outcomes, and continuity of care. After creating a clinical care spectrum, staff will have a clear understanding of the types of patients who should receive care and those patients that should be transferred to receive care elsewhere. This can lead to a reduction in the number of transfers, improved throughput, a streamlined admissions process, and an overall increase in financial performance.

ACTIVITY DESCRIPTION:

Stroudwater will collaborate with participating hospitals to create a clinical care spectrum for the selected department. First, Stroudwater will conduct an educational session with hospital leadership and key clinical staff on the importance of the spectrum. Then, Stroudwater will conduct an onsite assessment to evaluate

clinical competencies, provider availability, access to specialty care, ancillaries offered, and available equipment to determine breadth of the spectrum and identify opportunities to expand spectrum.

EXPECTED OUTCOMES:

Through facilitation and coaching, Stroudwater will work with the hospital to create an individualized clinical care spectrum for selected departments. The Care Spectrum will identify the types of patients to which the hospital should provide care, while identifying opportunities and actions the hospital could take to expand the spectrum. The goal is to adopt and implement the care spectrum to improve performance.

TIMELINE:

The clinical care spectrum development can be completed within 30 to 60 days of project commencement and the submission of requested data.

BUDGET:

The clinical care spectrum development project is anticipated to cost between \$15,000 - \$25,000 and is somewhat dependent upon sophistication of the plan.

SERVICE K: SWING BED OPTIMIZATION

DISCUSSION:

Swing bed programs are often viewed as subordinate to inpatient acute-care services because swing bed patients require less intensive patient care. Resources and referring hospitals often assume that post-acute care can be provided by Skilled Nursing Facilities (SNF) and Long-Term Care (LTC) facilities at a lower total cost of care because their daily rates are typically much lower than swing beds. However, that hypothesis ignores the foundational cost-based reimbursement model and the fact that most swing beds have lower lengths of stay, fewer readmissions, and more comprehensive nursing coverage.

ACTIVITY DESCRIPTION:

Stroudwater will collaborate with participating hospitals to develop an educational and training program to identify gaps in referral processes, nurse training, information flow and data modeling, and then use that information to facilitate a formal business-process reengineering methodology to achieve optimal swing bed program growth strategies, processes, measures and accountabilities with the goal of increasing swing bed utilization and improving patient outcomes.

EXPECTED OUTCOMES:

The engagement will include a full-day session, either on-site or virtual, facilitated by Stroudwater with senior management and clinical leaders. Our multidisciplinary approach will yield a formal written report containing major findings as well as a comprehensive set of actionable recommendations to increase swing bed volumes. From there, Stroudwater will work with the hospital to formulate an action plan to implement best practices that will improve performance and fill gaps to achieving optimal process flow.

TIMELINE:

The swing bed optimization can be completed within 30 to 60 days of project commencement and the submission of requested data.

BUDGET:

The swing bed optimization project is anticipated to cost between \$10,000 - \$15,000 and is somewhat dependent upon sophistication of the plan and funding requirements.

SERVICE L: EMERGENCY DEPARTMENT THROUGHPUT

DISCUSSION:

The role of the emergency department (ED) is critically important to local communities and their hospitals, and even more so during the COVID-19 pandemic. Community confidence is highly correlated with ED capacities. As required by the Emergency Medical Treatment and Active Labor Act of 1986 (EMTALA), the front door of the ED is always open. However, the ED is not simply the front door to the hospital but is also the hospital's front window—first and lasting impressions of the hospital are made here. Thus, hospital leadership must ensure that ED performance clearly demonstrates the hospital's commitment to quality, efficiency and service while ensuring potential missed admission volume is captured.

ACTIVITY DESCRIPTION:

The engagement will consist of data analysis combined with remote provider and staff interviews as well as the framework for the development of findings and recommendations. Specific attention will be directed to the assessment of current practices and processes potentially impacting workflow and efficiency. Special focus will address the MBQIP measures as well as other measures related to Emergency Department throughput and outcomes. The areas to be reviewed include but are not limited to Registration; Triage; Tracking of Patients; Provider and Nursing workflow and staffing; Respiratory and Radiology turnaround times for most commonly ordered tests; Communication systems between ED staff and IP staff; Boarding of patients; Admission processes; Transfer processes; Discharge processes, Documentation; and Use of standing orders.

EXPECTED OUTCOMES:

Stroudwater will provide a written summary of all reviewed which includes high-level findings and analysis and prioritized recommendations and actions for improvement. In addition, virtual training will be provided with the ED Manager and selected members of the leadership team to:

- Review the findings and recommendations
- Define key metrics and develop performance monitoring plan to assist the leaders in driving ongoing performance
- Outline action steps to implement recommendations

TIMELINE:

This ED throughput improvement opportunity can begin within 30 days of signed agreement. Recommendations and action planning can be completed within 60 days.

BUDGET:

Professional costs are based on hospital ED volume.

SERVICE M: PRACTICE THROUGHPUT and OPERATIONS

DISCUSSION:

Many practices have experienced temporary closure during the COVID-19 pandemic. This has resulted in delayed or lost revenue and a significant bottleneck in providing patient care and access. Practices must come back online in an optimized fashion to effectively work through the backlog of patient care and generate revenue. This may include bringing back furloughed staff and potentially burned out providers into a system that was already experiencing a significant loss per provider prior to COVID-19. However, this also provides hospitals a unique opportunity to reset practice operations to be optimized to both work through the backlog and move toward long-term financial sustainability.

ACTIVITY DESCRIPTION:

Consultant will perform analysis, conduct a one-day on-site visit to interview hospitals and review practice operations, and generate a report containing high-level recommendations. Analysis will include a review practice financials, policies, and productivity and management reports. Areas of focus include:

- Physician compensation agreements
- Advanced practice provider (APP) utilization
- Productivity metrics
- Practice revenue cycle including point of service collections, bad debt and contractual allowances, payer contracts
- Practice expenses including staffing benchmarks
- Practice operations including workflow, patient access, and scheduling

EXPECTED OUTCOMES:

Expected outcomes include specific recommendations for optimizing patient access and throughput to minimize the timeline for recouping revenue delayed due to COVID-19. Additional outcomes will be recommendations for implementation of compensation strategy and tracking physician spend, optimizing staffing ratios to maximize productivity and cross-training, and improved clinic revenue cycle processes.

TIMELINE:

Step 1 Data Request and Preparation: Stroudwater will begin by submitting a data request to the organization. We would like to have the data back in our office one month before our on-site session. After receiving data, we will complete an internal analysis to identify key areas for observation during the on-site time. Step 2: On-site Session (1 day): One to two Stroudwater consultants will provide one-day on-site to interview physicians and observe practice workflow (2 hours per practice location). Stroudwater will issue a full report to the hospital within two weeks of on-site sessions with recommendations for financial and operational improvement within the practices and a workplan to implement these recommendations.

BUDGET:

Available upon request. Note that pricing is dependent on the number of physicians, APPs, and practice locations evaluated at each hospital. Historically, the price ranges from \$15,000 for a single practice location of up to five physicians to \$30,000 for up to three locations comprising of no more than 20 physicians. In our experience, initial recommendations based on three locations can provide overall insight into larger issues that exist across the board for groups consisting of more than three locations. For in-depth review of more than three locations, pricing can be determined after a scope of work discussion with the specific hospital.

SERVICE N: PAYER CONTRACTING AND REIMBURSEMENT STRATEGY

DISCUSSION:

If there is ever a time to rethink your relationship and contract strategy with your payers, the time is now. The COVID-19 crisis has highlighted the underlying dangers of an FFS reimbursement system that purely pays for volume. As your organization weathers the crisis and then starts to regroup during the aftermath, rethinking both the changes in the way care is delivered must go hand in hand with rethinking the payment mechanism and methodology for those newly defined and redesigned services.

While the healthcare insurers have done the right thing by waiving cost-sharing, expanding telehealth coverage, increasing call center capacity, and financially supporting social determinants of health (SDOH) issues throughout the COVID-19 crisis, we can anticipate the ramifications of these increased expenses balanced against the decreased expenses for all the deferred care. While it is true that many healthcare services have been postponed, it is also true that many of these services will eventually be rendered. It is also expected there will be increased costs due to anxiety, depression, post-traumatic stress-related illnesses, and increased alcohol and opioid use disorders.

This impact will hit your organization in two ways: first, as an employer, around the cost of your healthcare benefits for your employees and second, around your reimbursement from your payers and your payer mix. Healthcare providers and insurers need to establish new relationships to move forward in the “new norm”. Given current conditions, the time is right for both healthcare providers and payers to explore and embrace value-based reimbursement methodologies.

ACTIVITY DESCRIPTION:

Now is the opportunity to re-think your payer reimbursement methodology and strategy to align with changes in your delivery of care and to assure your ability to weather future storms. Stroudwater’s Payer Contracting and Reimbursement Strategy services, most of which can be handled virtually, include:

- Review of existing payer contracts and reimbursement methodologies
- Review of existing incentive and/or shared savings arrangements with CMS, the state, or commercial payers
- Develop your organization’s “value proposition”
- Evaluate changes in your organization’s delivery of care models and services
- Evaluate non-FFS alternative reimbursement models
- Evaluate both clinically and operationally what works and does not work with current payer contracts and relationships
- Focus on developing a strategy specifically for your top 2-3 commercial payer contracts or those accounting for 80% + of your commercial revenue
 - Methodology and rates
 - Specific contract language to help protect your organization
- Process and negotiation coaching and guidance throughout the contracting process

EXPECTED OUTCOMES:

New and up-to-date commercial payer contracts that:

- Align with your organization’s changed card delivery model
- Reimbursement methodologies that make financial sense for your organization and physicians
- Provide clinically aligned incentives
- Create or improve partnering relationship with your commercial payers

TIMELINE:

The timeline can be structured to meet your needs, but will be dependent on level of coaching needs, current relationships with payers, and access to payers. Analyzing contracts takes only a few weeks. Working with the organization to define its value proposition, determine changes to clinical practices and assess impact on operations will depend on the organization’s level of urgency and access to internal resources. Actual negotiations that require restructuring of methodologies may take months of intermittent work once contact has been made with the payer.

BUDGET:

Due to the nature of this work, it is best priced on an hourly rate basis with the consultant’s level of involvement and budget cap set by the organization as part of the contracted scope of work. Please reach out to us to discuss an estimate.

SERVICE O: IMPROVING LONG-TERM OPIOID MANAGEMENT FOR CHRONIC PAIN PATIENTS IN PRIMARY CARE – THE SIX BUILDING BLOCKS PROGRAM

DISCUSSION:

The Opioid epidemic in the U.S. has been widely documented. Thirty-six percent of opioid deaths involve a prescription opioid. (*CMS Roadmap: Fighting the Opioid Crisis*; November 2019). The CDC has reported that the overall opioid prescribing rate in 2018 was 51.4 prescriptions per 100 people. (<https://www.cdc.gov/drugoverdose/maps/rxrate-maps.html>). It is estimated that over two million people have an opioid use disorder, but only 20% receive treatment. (*CMS Roadmap- Fighting the Opioid Crisis*; November 2019.)

The **Six Building Blocks Program** was developed by a physician-led team from the University of Washington Department of Family Medicine and the Kaiser Permanente Washington Health Research Institute to improve management of patients with chronic pain and long-term opioid therapy in primary care settings. The Six Building Blocks Program provides an evidence-based quality improvement roadmap to help primary care teams implement effective, guideline-driven care for their chronic pain and long-term opioid therapy patients. A clinician-led Stroudwater team assists practices to integrate team-based care principles and the Six Building Blocks Program into daily clinic operations.

ACTIVITY DESCRIPTION:

Stroudwater works with physicians, leadership, and staff to customize and implement the Six Building Blocks Program to meet their organization’s needs, including:

- Program education: Program overview, implementation stages, operational factors, resource materials

INTERMEDIATE TERM SERVICES: Positive ROI and Net Cash Flow Improvement Realized within 90-180 Days

- Review and Gap Analysis: Evaluation of current staffing and infrastructure; relevant policies and procedures, workflows, and tools to manage chronic pain and long-term opioid therapy; as well as provider and staff interviews to understand current state and identify knowledge and programmatic gaps.
- Present Gap Analysis findings and recommendations.
- Conduct group Action Planning to facilitate development of an organizational Six Building Blocks Program Implementation Plan.
- Ongoing virtual Implementation coaching and support for a defined period, as mutually agreed.

EXPECTED OUTCOMES:

- Increased knowledge and adoption of chronic pain management and long-term opioid therapy best practices.
- Increased consistency and standardization of chronic pain management and long-term opioid therapy workflows, processes, and tools across the organization's Primary Care practices.
- Improved patient care quality and safety for this challenging and vulnerable patient population.

TIMELINE:

Project work generally will begin within 15-30 days of signed agreement. Client education, consultant due diligence, and action planning phases can generally be completed within 3-4 months; ongoing coaching and implementation support generally will be for a period of 2-6 months, as mutually agreed.

BUDGET:

As mutually agreed, based on the number of practices and clinic locations participating in Six Building Blocks program development and implementation and the overall scope of work.

SERVICE P: IMPLEMENTING THE TEAM-BASED CARE MODEL

DISCUSSION:

To improve Primary Care clinical quality outcomes and patient access, Stroudwater works with physician practices to implement the Team-Based Care Model. The model involves restructuring of clinical workflows to redistribute responsibilities across the entire team, enhancing practice efficiency, increasing provider productivity and capacity, while improving patient and clinical team engagement. This model varies from, but is highly complementary to, the Patient - Centered Medical Home (PCMH) model.

The Team-Based Care Model encompasses four major components, as adapted by each organization:

- Co-location of providers and core clinical staff to maximize real-time communication and coordination of care
- "Co-visit" model: MA/Nurse performs real-time documentation in patient's EHR while provider examines patient
- Pre-visit planning
- Daily morning team huddle

ACTIVITY DESCRIPTION:

A clinician-led Stroudwater team will assist selected Primary Care physician teams to implement the Team-Based Care Model. Consultant activities include:

- Provider and staff education and training about the Team-Based Care Model
- High level assessment of current practice operations, staff roles and responsibilities and distribution of work
- Initial onsite or virtual Team-Based Care Model coaching and implementation support
- Ongoing virtual Implementation coaching and support for a defined period, as mutually agreed

EXPECTED OUTCOMES:

- Improved clinical outcomes – ex. immunization rates, chronic disease management, reduced gaps in care
- Increased visit capacity, particularly same day appointments and potential to expand practice panel size, increasing long-term financial sustainability of practices
- Increased practice efficiencies and productivity
- Increased coordination of care and potential reductions in avoidable hospital readmissions and ED visits
- Increased patient satisfaction and engagement
- Increased provider and staff engagement and reduced burnout and turnover

TIMELINE:

Project work generally will begin within 15-30 days of signed agreement. Client education, consultant due diligence, and initial model implementation support can generally be completed within 3-4 months; ongoing coaching and implementation support generally will be for a period of 2-6 months, as mutually agreed.

BUDGET:

As mutually agreed, based on the number of provider teams and practice/clinic locations participating in Team-Based Care Model development and implementation and the overall scope of work.

SERVICE Q: EMERGENCY DEPARTMENT OPERATIONAL AND UTILIZATION IMPROVEMENTS

DISCUSSION:

Improving emergency department (ED) throughput and inefficient practices and improving the use of appropriate care settings are key to reducing total cost of care. Efficient practices are essential to ensure time-sensitive treatment, transfer, discharge or admission. Stroudwater ED operational improvement engagements evaluate current practices and processes and identify gaps in workflows overburdening providers and staff while potentially impacting outcomes.

ACTIVITY DESCRIPTION:

Specific attention will be directed to ED utilization and national benchmarks related to ED throughput and outcomes.

Areas reviewed and evaluated include:

- ED Value Stream from registration to patient disposition
- Avoidable ED visits
- Multiple Visit Patients (MVPs)
- Current and potential programs to identify and direct patients to the appropriate alternative levels of care

EXPECTED OUTCOMES:

Clinician-led engagement will include a written summary and leadership meeting to present analysis, findings, prioritized recommendations, and improvement actions.

TIMELINE:

Project will generally begin within 30 days of signed contract. Data / Information request will be sent to client, interviews scheduled. Completion date also dependent on size and volume of ED.

BUDGET:

Professional cost is per hospital and based on ED volume. **Budget:** \$75,000 to \$100,000

SERVICE R: PHYSICIAN AND ADVANCED PRACTICE PROVIDER CONTRACT COMPLIANCE

DISCUSSION:

Few organizations properly track their physician spend, having different buckets for clinics, professional services agreements, and other provider contract services. Blanket waivers for Stark/Antikickback statutes do not fully protect payments made to physicians during COVID-19 leaving organizations and physicians frustrated with compensation models that do not meet best practice. Stroudwater will review compensation arrangements, provide recommendations to align with best practice, and provide a valuation opinion and report based on the standards and requirements of Stark and Antikickback regulations for provider employment agreements and professional services agreements.

ACTIVITY DESCRIPTION:

Consultant will review existing contracts and compensation arrangements. All analysis will be provided remotely. Stroudwater will perform an interview with administration to provide context regarding compensation arrangements. Stroudwater will provide a draft valuation report regarding existing or proposed compensation arrangements. Upon review of the draft valuation report and confirmation of assumptions, Stroudwater will issue a final report.

EXPECTED OUTCOMES:

Expected outcomes will include specific recommendations regarding changes to compensation arrangements to comply with Stark laws and Antikickback statutes. Where applicable, recommendations regarding aligning compensation with best practice or to further physician-hospital alignment.

TIMELINE:

Step 1 Data Request and Analysis: Stroudwater will begin by submitting a data request to the organization. After receiving data, we will complete an internal analysis and perform an interview with administration and the relevant provider when applicable. This should be completed within 30 days of receiving data.

Step 2: Draft Report and Assumption Confirmation: Stroudwater will provide the hospital with a draft report, review any contract adjustments, and provide a final report upon assumption confirmation.

BUDGET:

Valuations will be provided for \$5,000 per report assuming the report covers a single provider. While most organizations require one report per provider contract, in some circumstances a single report can cover multiple contracts. In these circumstances, additional work needed to cover multiple providers will be billed at an hourly rate, with the total price not to exceed \$8,000.

LONGER-TERM CASH PLANNING SERVICES

Positive ROI and Increased Cash Flow Realized within 180-365 Days

SERVICE S: COST REPORT REVIEWS

DISCUSSION:

Most critical access hospitals (CAHs) have opportunities to improve the accuracy of their cost reports and their cost-based reimbursement. Opportunities are typically found when an understanding of rural hospitals operations and best practices is combined with an expert assessment of detailed cost report worksheets. These assessments can be completed with limited involvement from senior administration and on a short time schedule, with historical returns on investment of over 25 to one.

ACTIVITY DESCRIPTION:

Stroudwater will review the most recent Medicare cost report, and based on Stroudwater's understanding of rural hospital operations, best practices, and the intricacies of the cost report, will identify a set of questions to be discussed with senior management. Once the questions are answered by senior management, Stroudwater will prepare a memorandum identifying opportunities for financial and operational improvement, as well as possible changes to improve the accuracy of the cost report.

EXPECTED OUTCOMES:

A memorandum identifying opportunities for improvement will be provided to senior management. Historical returns on investment of over 25 to one are typical.

TIMELINE:

The cost report review can be completed within two weeks of project commencement and the submission of requested data.

BUDGET:

The cost report review is anticipated to cost between \$5,000 and \$7,500.

SERVICE T: FACILITY MASTER PLANNING AND USDA PRELIMINARY ARCHITECTURAL REPORT (PAR)

DISCUSSION:

Historically low interest rates from the United States Department of Agriculture (USDA) in their Community Facilities programs suggest that rural hospitals in need of facility investments may want to explore those needs and potential options in the near term. Whether investments are for smaller facility additions and renovations, or for full replacements, the current interest rates from the USDA present an excellent opportunity to consider facility investments. Much of the market analyses, volume scenarios, financial modeling, and the site and departmental analyses required can initially be accomplished virtually. Initial reports can be developed and paused, with an interactive session, rapid report refinement and engagement completion once on-site conditions improve to allow for on-site visits. Once the USDA Preliminary Architectural Report is developed, healthcare institutions can secure a USDA financing commitment without having already expended dollars for full architectural design services. The USDA loan value can then be used as a defined budget once architectural design commences.

ACTIVITY DESCRIPTION:

Healthcare systems must align their physical assets with the potential volume of clinical services to be provided within their community. Matching the demand for services with the spaces required in a financially feasible master plan is critical to sustaining hospitals in rural communities. The demand for appropriate clinical spaces, during both pandemic responses and normal times, is critical. While facilities cannot afford to overdesign, providing more surge capacity than is reasonable for normal operations, the current crisis has forced hospitals to identify plans more formally for disaster surge capacity. This capacity, or the ability to scale temporary facilities more quickly on a campus, will become an increasingly important component of master planning.

The process begins with evaluating the hospital’s historical volumes and financial performance, projecting the future market demand, and understanding opportunities to capture additional volumes. Our team will review existing hospital floor plans coupled with aerial imagery and will reach out to hospital facilities personnel with questions and requests for specific interior photographs. We will be focusing on evaluating the volume, quality and adjacency of key departmental spaces, and exploring how those spaces can meet future needs, or where modifications or additions might be required.

Balancing these space needs with the potential volume capture and financial performance provides an initial estimate of the affordability and sustainability of a facility investment. The USDA requires a Preliminary Architectural Report, complete with market analysis, options considered, conceptual solutions, cost estimates and a financial feasibility study. The USDA requires a meaningful study of potential options considered, ranging from minor renovations and additions through complete replacement if necessary. While our team will eventually need to be on site to complete the full engagement, much of the preparatory work required for achieving a USDA commitment can be completed via interactive videoconferencing.

EXPECTED OUTCOMES:

As a result of this project, each hospital will receive:

- Evaluation of the Medicare Cost Report for short term financial opportunities
- Analysis of current and projected inpatient and outpatient clinical volumes by service line
- Scenario modeling for future volume capture from primary and secondary markets
- Facility master plan for short term and long-term phased investment
- Financial proforma showing facility investment and the impact on the Medicare Cost Report
- USDA Preliminary Architectural Report

TIMELINE:

- Step 1 - Market assessment, high level financial model, Medicare Cost Report review and baseline facility evaluation (from floorplan, aerial photos and internal photos provided by hospital personnel) can be accomplished within four (4) to six (6) weeks from submission of complete data.
- Step 2 - Draft of Preliminary Architectural Report (PAR) within two (2) weeks of Step 1 completion.
- Step 3 – Refinement of deliverable and Preliminary Architectural Report (PAR) within four (4) weeks of the on-site session (Step 3)
- Step 4 – Exam level financial feasibility for USDA financing (separate engagement)

BUDGET:

- Step 1 - \$90,000
- Step 2 - \$15,000
- Step 3 - \$15,000
- Step 4 - \$TBD

SERVICE U: FINANCIAL SCENARIO MODELING - ACO COST REDUCTION STRATEGIES AND IMPACT ON HOSPITAL PARTNERS

DISCUSSION:

For those hospitals and healthcare systems with value-based contracts (CMS, state, or commercial) or those trying to assess the potential financial impact of becoming an ACO may have on the hospital, Stroudwater has developed some modeling tools that can assist. While it is generally accepted that there will be a negative revenue impact on the hospital, understanding what that might be is more difficult to determine. In addition, working with the ACO data, will lead to insights as to where the opportunities lie to reduce total cost of care. Knowing this and the actual impact on the hospital can help executives strategically prepare for and make necessary care deliver changes to mitigate the impact.

ACTIVITY DESCRIPTION:

Stroudwater will work with an ACO and their participating hospitals to provide high-level financial insight into the impact on revenue and overall financial performance based on the chosen ACO model and cost savings target assumptions and scenarios. Through the engagement, Stroudwater will work with leaders to establish and modify assumptions, including volume and expense variation; educate on the strategic importance of financial decisions made; and develop a five-year pro forma that projects the net financial performance of the organization.

EXPECTED OUTCOMES:

The goal of the engagement is to provide leaders with the financial framework to make decisions regarding changes to the delivery of care that better align with the imperatives of the organization's contractual value-based reimbursement and incentives.

TIMELINE:

Several weeks once the necessary data is received.

BUDGET:

The listed price range will cover the financial modeling of a one- to four-hospital system: \$25,000-\$75,000

SERVICE V: EVALUATING AND RE-EVALUATING PARTNERSHIPS DURING COVID-19

DISCUSSION:

The pandemic has shaken many basic assumptions, including whether partnerships create value and which partners and partnerships may be best suited to create long-term value. Health systems can use the lessons of the pandemic as a decision point. Using a framework that seeks stakeholder perspectives, develops a common fact base and educates and engages stakeholders, Stroudwater evaluates the needs, constraints and opportunities facing each client within the context of larger regional and national industry trends.

ACTIVITY DESCRIPTION:

A common fact base consisting of market, operating, clinical, financial and strategic analyses and findings is developed, reviewed and discussed. A set of custom strategic objectives is created to help evaluate

alternative strategic options. Existing and prospective partnerships are evaluated alongside organizational risks and constraints. Prospective partners and partnerships are then evaluated against this framework to determine the extent to which a partnerships or partner creates value for the client.

EXPECTED OUTCOMES:

This approach ensures that objective analysis drives decisions regarding which partnerships may be necessary, which should be maintained, or which should be discontinued or replaced. Stroudwater is highly skilled at evaluating, unwinding, and crafting partnerships to create long-term value for our clients.

TIMELINE:

60-75 days to analyze the targeted partner(s) or partnership(s)

BUDGET:

Professional fees: vary, depending upon the number and complexity of partnerships to be evaluated.

SERVICE W: COUNTY AND DISTRICT-OWNED HOSPITALS: MOVING FROM CONFLICT TO CONSENSUS BETWEEN PUBLIC BOARDS AND HOSPITAL BOARDS

DISCUSSION:

Challenging times often are the catalyst for conflict between Hospital Boards and District/County Boards. Before the situation escalates or after public conflict has broken out between boards, it is critical to de-escalate the situation and replace distrust and animosity with effective communication, sound working relationship, a common set of facts and a shared venue for dialogue between Board leaders. We have often heard the hospital board exclaiming that the district or county are just the landlord and should not meddle in the management and operations of the hospital. Conversely, we have heard district or county board members speak to their role as stewards of a community asset and their responsibility to protect it from harm. De-escalating conflict, ensuring that the relationship between boards remains sound and creating a shared vision for the future are critical investments in the success of your hospital and community.

ACTIVITY DESCRIPTION:

Stroudwater will work with leadership of both Boards to create a joint task force or special committee to jointly review key issues. Stakeholders will be interviewed and a summary of key themes from the interviews will be developed. A set of analyses and findings related to market, operational, clinical, financial and strategic metrics and factors will be developed and reviewed. Stroudwater will also facilitate 2-3 task force meetings that will produce a review of organizational and strategic risk factors as well as a set of strategic objectives by which the Task Force and Boards can evaluate performance and strategic options. The work of the Task Force will culminate in a final report that summarizes key findings, the options reviewed by the Task Force, and the preferred path forward as reflected in the consensus view of the Task Force.

EXPECTED OUTCOMES:

Stroudwater has worked with dozens of county and district-owned hospitals on critical strategic and operational issues. We understand the key strategies necessary to fix a conflict-ridden and distrustful relationship between boards. The Task Force recommendation(s) will typically be forwarded to both boards for the boards to review, deliberate and act, as appropriate.

LONGER-TERM CASH PLANNING SERVICES: Positive ROI and Net Cash Flow Improvement Realized within 180-365 Days

TIMELINE:

90-120 days to engage the joint task force around a common fact base, develop strategic objectives, analyze risk factors, evaluate strategic options and forge a consensus around a recommended strategic option for the Boards to evaluate and act upon. Depending on the circumstances, variances from this timeline may be necessary.

BUDGET:

Professional fees: vary, depending upon the nature of the relationship between the hospital board and county or district board and the strategic issues that require attention.

STROUDWATER CONSULTING TEAM

ERIC SHELL, CHAIRMAN • eshell@stroudwater.com • 207-221-8252



Stroudwater's Rural practice leader, Eric Shell has over 27 years of experience in healthcare financial management and consulting. Since joining Stroudwater in October 1997, his areas of responsibility have been to assist rural hospitals, rural health clinics, and physician group practices in improving financial and operational performance and developing strategic and operational plans. Eric is often a featured speaker at state, multi-state, and national rural conferences presenting on the future of rural healthcare, CAH financial, and reimbursement issues, as well as rural-hospital performance improvement.

JEFF SOMMER, MANAGING DIRECTOR • jsommer@stroudwater.com • 207-221-8255



Jeffrey Sommer is Stroudwater's current Managing Director and previously led Stroudwater's Mergers, Affiliations & Partnerships practice and Capital Planning & Access practice. For 25 years, Jeff has focused on assisting hospital and health system clients with strategic positioning, executing major strategic initiatives, conceiving and executing affiliations and partnerships and crafting performance improvement plans. Jeff's advisory practice is focused on the nexus of strategy, capital planning, affiliations and operational performance.

JOHN DOWNES, DIRECTOR • jdownes@stroudwater.com • 207-221-8275



John Downes brings over 18 years' experience to clients in the healthcare facilities planning arena. John has led the development of strategic facility master plans as well as functional and space programs for high-end clinical services. Recently, John has worked with real estate clients to identify and analyze markets to determine potential healthcare facility demand. Before joining Stroudwater Associates, John directed the consulting division of a Boston-based architectural firm that enjoys a national leadership position in healthcare design.

OPAL H. GREENWAY, DIRECTOR • ogreenway@stroudwater.com • 615-465-1502



Opal Greenway is an accomplished healthcare and finance professional who focuses primarily on the strategic needs of healthcare service providers. She is an expert in physician practice operations and strategy, ambulatory strategy, valuations, physician compensation, physician-hospital alignment strategies, and regulatory compliance. Opal has worked extensively on valuations focused on physician and healthcare provider compensation, hospital service lines, and practice acquisitions, and has advised hospitals and healthcare providers regarding market trends, Stark and Anti-Kickback regulations, and professional services agreements.

LOUISE BRYDE, PRINCIPAL • lbryde@stroudwater.com • 770-206-9160



Louise Bryde joined Stroudwater in 2013 and brings to the firm more than 35 years of experience in healthcare management and clinical operations. She has a proven record of accomplishments in developing and executing initiatives to enhance access and improve quality and value of healthcare delivery in both the public and private sectors. At Stroudwater, she focuses on population health, strategic planning and operational improvement, and models of care, including Patient-Centered Medical Home and Team-Based Care initiatives.

JONATHAN PANTENBURG, PRINCIPAL • jpantenburg@stroudwater.com • 207-221-8253



Jonathan Pantenburg joined Stroudwater in 2016 and brings to the firm a strong record of leadership in rural healthcare. A highly accomplished, results-driven senior executive, Jonathan has over 12 years of progressively responsible experience advising profit, non-profit, and governmental entities through complex issues including cost reduction, acquisitions, contracts, financial analysis, and operations.

CYNTHIA WICKS, PRINCIPAL • cwicks@stroudwater.com • 207-221-8254



Cynthia Wicks has over three decades of healthcare industry experience within national managed care organizations, health insurance companies, ACOs, physician IPAs, and hospital system organizations. She has a strong balance of analytical expertise and matrix management abilities providing leadership to businesses undergoing startup, rapid growth, or major transformation, and can work with Boards, Board level committees, and executives to provide vision and establish strategy. Cynthia has worked with hundreds of physicians improving quality and total cost of care metrics to assure their maximum success with value-based contracts.

GREGORY WOLF, PRINCIPAL • gwolf@stroudwater.com • 207-221-8251



Gregory Wolf recently rejoined Stroudwater Associates, where he formerly led development of information technology-based solutions for healthcare providers and implemented performance management and benchmarking systems for community and rural hospitals. Before returning to Stroudwater, Greg spent four years at iVantage Health Analytics, where he established programs to assist community and rural hospitals/hospital networks to identify performance improvement and operational efficiency opportunities.

LINDSAY CORCORAN, SENIOR CONSULTANT • lcocoran@stroudwater.com • 207-221-8262



Lindsay Corcoran is an accomplished consultant and practice management professional with over ten years of healthcare and medical office experience. Lindsay focuses on supporting and sustaining healthcare access for rural communities through hospital operational improvement and affiliation strategies and has assisted rural and community hospitals and clinics across the country to improve operational and financial performance.

CARLA BROCK WILBER, SENIOR CONSULTANT • cwilber@stroudwater.com • 207-221-8276



Carla Brock Wilber, an accomplished nurse administrator with an extensive background in critical care, education, and emergency services, joined Stroudwater in 2014. Carla came to Stroudwater from Wake Forest Baptist Health-Lexington Medical Center, where she was Director of Enterprise Excellence; in this capacity, she led, facilitated, and supported the Lean transformation initiative across the continuum of care and health systems.

AMY GRAHAM, ADVISOR • agraham@stroudwater.com • 615-465-1504



Amy Graham is an experienced healthcare executive providing vision and direction in finance and revenue cycle and serving clients in the pharmacy (retail and specialty), laboratory (anatomic, clinical, molecular diagnostics and molecular pathology) and hospital space. A leader with excellent communication and project management skills who has demonstrated the ability to manage teams, execute projects, and achieve results, Amy has over 20 years' experience in maximizing the accounting, finance and revenue cycle processes for healthcare organizations.