

CASE STUDY

HEALTH FIRST

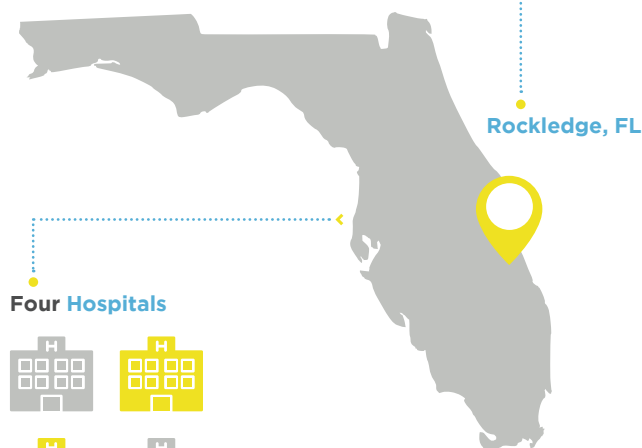


TEXICAN, INC.
Receivables Management & Consulting

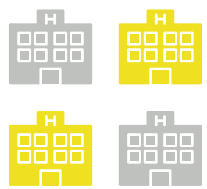
TEXICAN LEADS HEALTH FIRST'S REVENUE CYCLE TRANSFORMATION, RESULTING IN \$52 MILLION ADDITIONAL CASH IN 15 MONTHS.

ABOUT HEALTH FIRST

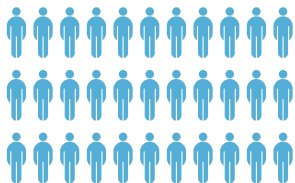
Health First is Central Florida's only integrated health system. Headquartered in Rockledge, Florida, the not-for-profit health system consists of four hospitals, 300 employed physicians, and a health plan covering 100,000 lives. >



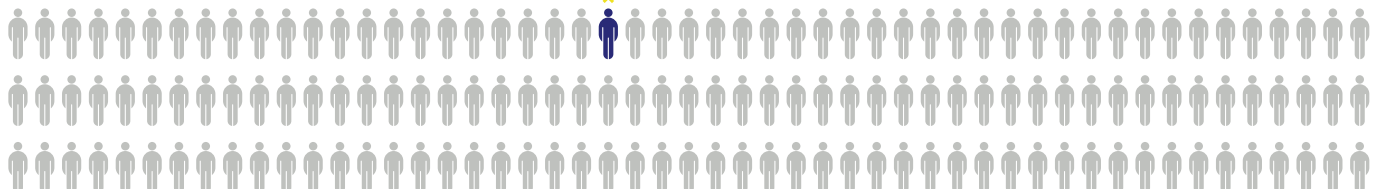
Four Hospitals



300 Physicians Employed



100,000 Lives Covered



THE CHALLENGE

Health First recognized the need to identify a partner to reach best in class revenue cycle performance. There were deeply rooted challenges require the need for comprehensive change, including:

- *Achieving financial goals set by senior leadership and based on national benchmarks*
- *Creating a culture of accountability for sustained performance improvement*
- *Implementing a quality assurance program to improve staff results*
- *Streamlining processes to improve efficiency and effectiveness*
- *Optimizing existing technology to maximize productivity*

“We recognized the need to partner with Texican, a trusted advisor, to lead comprehensive and sustainable revenue cycle improvements for Health First.”

Joseph Felkner
Chief Financial Officer
Health First

BACKGROUND

Health First realized the value of a best in class revenue cycle performance initiative that would maximize cash on hand, improve net revenue and reduce operating expenses.

With a new Executive Team in place, Health First understood that outdated processes and under-utilized technology had created significant revenue cycle opportunities. Several of the Health First Executives had previously worked with revenue cycle firms and knew the impact that the right partner could provide to cash collections, net revenue, and requisite cultural change. As Health First reviewed proposals from several national RCM firms, the need for an organization that could provide more than a one-time cash acceleration became a primary selection criteria. Health First wanted a partner that would drive sustainable improvements to net revenue, while promoting a cultural change within the organization.

“Texican worked side by side with Health First management and staff providing guidance and industry leading best practices.”

Shaun Ronan
VP Revenue Cycle
Health First

THE TEXICAN COMMITMENT

Based on Texican's experience in the healthcare revenue cycle and Health First's needs, the project scope was determined to be:

- *Assess and identify areas for improvement within the revenue cycle*
- *Cash acceleration and net revenue improvement of \$40M*
- *Re-design processes and train revenue cycle staff*
- *Optimize and re-deploy existing technology*
- *Provide interim management*

Texican's approach to meeting its commitments requires its professionals to identify and present the problematic issues along with their corresponding solutions. Once approved, these issues were attacked by the appropriate team members consisting of Health First and Texican professionals. This process facilitated collaboration, mentorship, and ultimately the change of behavior required to provide sustainable change.



Texican projected a \$40M cash improvement in the first year, which quadrupled the projected results of their competitors.



Texican's compensation was tied directly to the results of the engagement.



Texican had a 20+ year track record of sustainable revenue cycle improvements.

THE PATIENT ACCESS SOLUTION

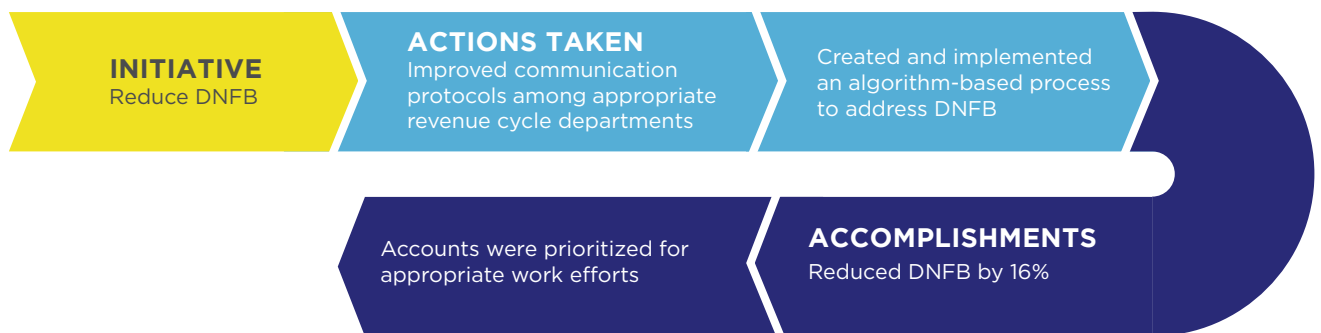
Texican's comprehensive patient access solutions included:

■ Initiative ■ Action(s) Taken ■ Accomplishment(s)



THE HIM SOLUTION

■ Initiative ■ Action(s) Taken ■ Accomplishment(s)



THE PFS SOLUTION

INITIATIVE	ACTION TAKEN	ACCOMPLISHMENT/ BENEFIT
Utilize best-practice “Collection Logic” for follow-up activity	Implemented Texican’s Collection Enhancement Program, including management review processes	Increased management and staff education facilitating two-way communication
Redesign workflows to maximize collection efforts	Utilized Texican’s proprietary work queues Re-deployed Receivables Workstation to enhance cash through more effective follow-up Implemented Texican’s 15 minute review process	Immediately increased cash flow Increased efficiencies resulting from exception based workflows Reduced errors and improved collaboration among revenue cycle departments
Analyze billing edits for deficiencies	Billing system edit overhauled	Reduced rejects and increased first-pass pay rates
Process redesign for billing and follow-up responsibilities	Aligned employee skills to meet their daily work expectations	Created more effective and efficient work efforts

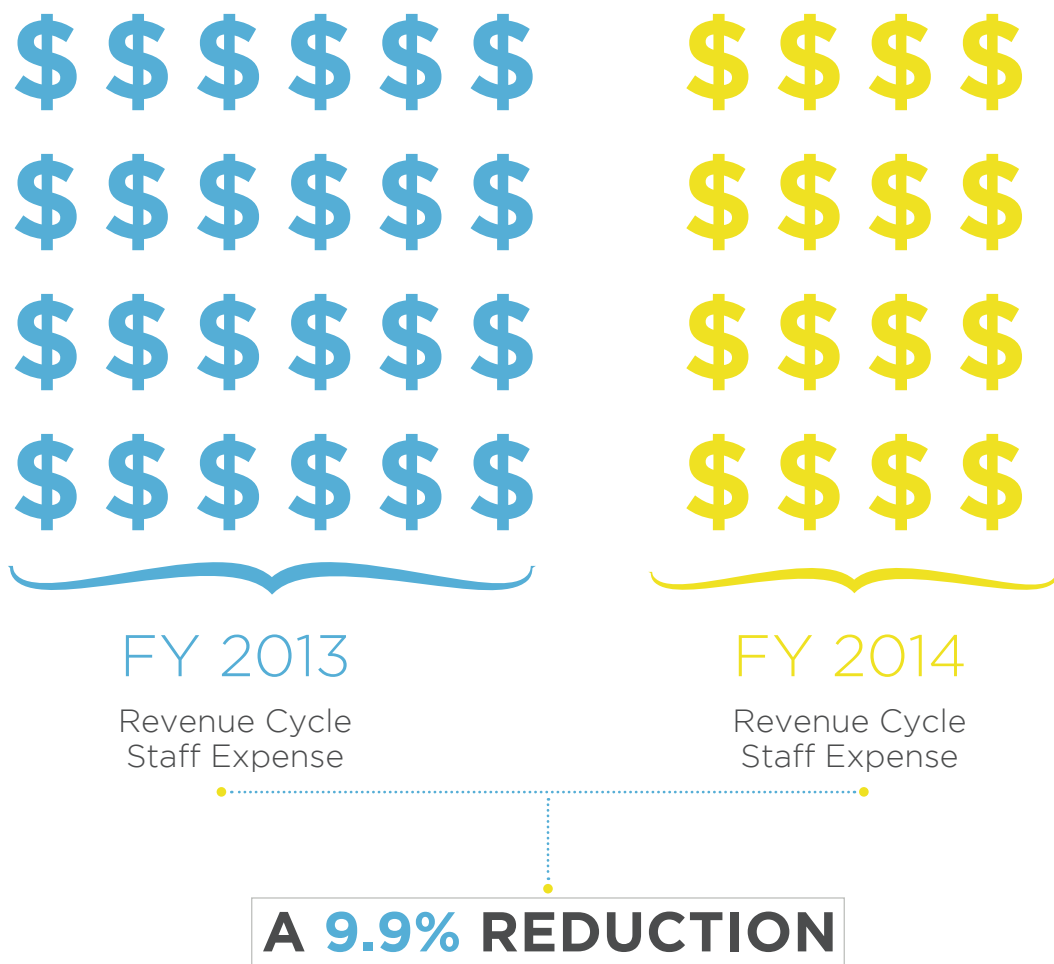
THE TECHNOLOGY SOLUTION

Texican utilized proprietary algorithms and technology to ensure appropriate account workflow processes and work efforts throughout the revenue cycle systems. Texican ran A/R, Bad Debt, and Early Out files through its system to identify revenue cycle process improvement opportunities. Additionally, Texican analyzed A/R data files to determine revenue cycle process opportunities.

Texican's methodical analysis of Health First's patient accounting system indicated that there were additional improvement opportunities to be realized through the integration of Texican's workflow logic.

The implementation of this logic provided immediate and sustainable results stemming from a reduction in inefficiencies due to redundant efforts and manual processes.

Texican transformed Health First's revenue cycle team's efforts and culture to work by exceptions rather than manually or systematically reviewing all accounts. The results included improved collection performance contributing to a 9.9 percent reduction in labor expense based on automation and process improvement.



THE RESULTS

As a result of the Health First and Texican collaboration, Health First realized \$52M in incremental cash flow as compared to *the same previous period*. This cash impact resulted in approximately 5 percent net revenue improvement. The partnership has delivered the expected outcomes and in many instances exceeded those initial targets. The process changes incorporated at Health First were designed to be sustainable, and

the benefits have extended well beyond the end of the Texican engagement. Health First had a goal of improving cash by \$40M. In 15 months, Texican generated \$52M and the results continue after the engagement.

Engagement Performance Indicators	Texican Performance
Cash Flow Improvement	\$52M
Ratio of Cash to Charges Billed	+4.8%
Point of Service Collections	+15%
Bad Debt % of Gross Revenue	-0.5%
Cost to Collect	-9.9%

“Texican exceeded all deliverables from their initial assessment, including significant increases in cash and recurring net revenue.”

Joseph Felkner
Chief Financial Officer
Health First

ABOUT TEXICAN, INC.

Texican was formally established in 1991 with a sole focus on hospital receivables management and cash acceleration. Our senior consultants each have a minimum of 15 years of hands-on experience in all facets of revenue cycle operations. Historically, Texican has helped clients improve incremental cash collections by an average of 12 percent per engagement, reduced bad debt expense and improved operational efficiencies. In addition, we have worked with a variety of hospitals and health systems, including community hospitals, integrated health systems, university-based teaching facilities, and both for-profit and not-for-profit hospital organizations and large physician groups (contracted and employed).

As our corporate theme, “Achieving Results Through Adaptation,” suggests, we do not promote the abandonment of your current business model. At Texican, we pride ourselves not only on the

evaluation of your business, but most importantly, on the results that come from collaborative efforts and focused hard work. We realize that revenue cycle leaders are struggling with tighter budgets, increasing scrutiny over billing and collection practices, new legislation, and payers constantly changing the rules. This is why, at Texican, we look beyond the problem to identify the source and the cure, tailoring solutions to enhance your existing processes without uprooting your organization from its foundation. By training and motivating existing staff, solidifying relationships with vendors and payers, and implementing propriety software to enhance existing information systems, we integrate the revenue cycle process and unleash the power within your team to proactively attain results for years to come.

CONTACT INFORMATION

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