



MARGIN OPTIMIZATION...

QUICKLY

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TODAY'S PRESENTER



RICHARD KUNNES, MD

Managing Director – Margin Solutions

Rick brings over 35 years of experience in the healthcare industry helping hospitals and health systems on an enterprise-wide basis. He has worked as a Partner at a “Big Four” accounting/consulting firm, as a Managing Principal at one of the largest accounting/consulting firms in the Midwest, as a Chief Medical Officer at a 50 hospital/health system and as a Founder/CEO of a hospital consulting firm serving hospitals in 33 states.



AGENDA

- Course Objectives
- Background & Overview in a COVID Crunch Era
- Optimizing Margins....Quickly
- Basic Approaches & Implementation
- Sample Implementation Solutions
- Q&A



COURSE OBJECTIVES

- Provide a basis for appreciating how the COVID crunch era has dramatically altered the operational and financial landscapes of small and medium-sized hospitals.
- Understand the financial necessity for the rapid implementation of carefully curated operational and financial Solutions.
- Learn specific Solution examples that maximize new, high-dollar savings and revenues quickly.



MARGIN OPTIMIZATION...QUICKLY

The COVID crunch era.....

- Increases expenses
- Reduces revenue
- Subtracts staffing...relative to work-load, work-complexity and team cohesion

Resulting in....



MARGIN OPTIMIZATION.....QUICKLY

Producing:

- Decreased cash flow
- Decreased days cash on hand
- Negative ops margins...

...and most importantly....

Not enough/right staff to quickly increase cash and margins

Must work with what you have and optimize/maximize the cost-effectiveness and creativity of incumbent execs, managers and staff



HOW TO: MARGIN OPTIMIZATION....QUICKLY?

Optimize Margins *Quickly*, via....

- Decreasing unnecessary use...e.g., D/C post-closure preventative ABs
- Converting expenses into revenues...e.g., admission imaging
- Increasing collections...e.g., co-pay/deductible/OOP coverage
- Gaining new savings/revenues from new sources...e.g., patient estates

....using only 20-30 high-dollar-value Solutions....out of 1000s,



OPTIMIZING MARGINS....

.....Very Quickly & Very Easily....

- Only 6 months needed for fast implementation
- Achieves far more savings & revenues in 6 months.
- Increases days cash and ops margins ASAP, without layoffs.
- Practical, implementable & **100%** scalable for all-sized hospitals/systems.
- Savings & Revenues are in actual , **verifiable new** net savings and net-net revenues





OPTIMIZING MARGINS...VERY QUICK AND VERY EASILY

- Works best for hospitals needing it the most:
 - Smaller hospitals...under 100 occupied beds
 - Negative ops margins....minus 3% or worse
 - Days cash on hand less than 50 days
 - Areas of high unemployment
 - Low Medicaid coverage...especially out of NY State





VALUE OF OPTIMIZING MARGINS QUICKLY....

More generally...hospitals with any of these
ASAP needs:

- Quickly need increased: ops margins, cash flow, debt capacity/ratings and/or days-cash-on-hand.
- Now: Want to **avoid layoffs**, stay independent, strengthen bargaining position and/or make new capital purchases.





OPTIMIZING MARGINS QUICKLY.... FACILITATORS:

All Solutions evidence-based and proven-in-practice:

- Quickly-optimizing Solutions: “Been there, done that... at 100s of hospitals.”
- **All** Solutions documented with peer-reviewed references....in the public domain
- “Stolen shamelessly, proven effective!” (*Registered Service Mark*)
- You don’t “re-invent the wheel.”



OPTIMIZING MARGIN SOLUTIONS' ADVANTAGES

All Solutions:

- Customizable, cost-effectiveness-enhancing & scalable for hospital
- Implementation-ready, easy and quick to achieve new dollars... leading to:
 - Quick-hit savings/revenues...using only 20-30 high-dollar value

Solutions....

....Resulting in multi-year, sustainable, growing new net savings & net-net revenues



STARTING WITH QUICKLY OPTIMIZING SOLUTIONS...

Leads to:

- Decision-Support to “Decision-Now”
- Actionable-Now Solutions
- Speed-to-Solution **Implementation**
- Fastest and Highest New Net Savings & Net-Net Revenues



Prevents: the delaying *blur* of Paper Mountains...don't drown in paper



MARGIN OPTIMIZING SOLUTIONS' ADVANTAGES

Always for hospital.....

- Days cash-on-hand growing
- Margin-increasing
- Credit rating-enhancing
- Supports: ACO, bundling, shared-savings, value-purchasing, pop. health & tele-med



Counts only actually implemented new net dollars, not “implementable” dollars.



QUICKLY OPTIMIZING SOLUTIONS'... ADVANTAGES

- **100s** of margin optimizing Solutions' achieved high-dollar savings & revenues in all 50 states...quickly
- Avoid analysis paralysis...just do it!
- Margin optimizing Solutions' "MO" is...Margin Optimization



HOSPITAL FULLY CONTROLS...

➤ **Selection**, sequence & rejection of Solutions.

➤ The number of Solutions:

- Implemented
- Customized/Modified
- Rejected
- On-Hold



➤ **Customization of Solutions by:**

- Pace and Acceleration
- Who/How Implement
- Maximized dollar gain/value
- Hospital's cultural/administrative fit.



HOSPITAL'S OBLIGATIONS

Work toward an **effective**, savings- & revenue-generating dynamic using quickly-optimizing margin Solutions via...

- Appointing an active, hospital **executive champion/sponsor** for the quickly-optimizing margin Solution project.
- **Implementing** at least 2-4 Solutions in 6 months, out of 20-30.
- Regularly scheduling meetings for the implementation of quickly optimizing Solutions with appropriate execs, directors, managers and staff, virtually and frequently.
- Tracking and **reporting** on rapidly optimizing Solutions' new net savings & net-net revenues on a bi-weekly basis.



IF CORRECTLY AND QUICKLY IMPLEMENT...WHAT WILL YOU GET?

- Ease of implementation
- Complete implementation within 6 months....can repeat often
- Savings/revenues from these Solutions continue and grow for many years.
- No layoffs required; layoffs and furloughs avoided
- No new hires nor new overtime required
- Increased days cash and ops margins...quickly



RAPIDLY OPTIMIZING MARGIN SOLUTIONS: EXAMPLES

- Aged AR Acquisition....sell fast, collect big
- IT expense reduction management...internal IT staff can't
- Medicaid (and other insurances) eligibility...bad debt to new revenue
- OEM M&R....end OEM expensive monopoly
- Managed print/telecom/waste/utilities...hidden savings
- EE Medical Benefit Eligibility....family feud...but necessary





QUESTIONS?





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