



Improving CAH Financial Performance

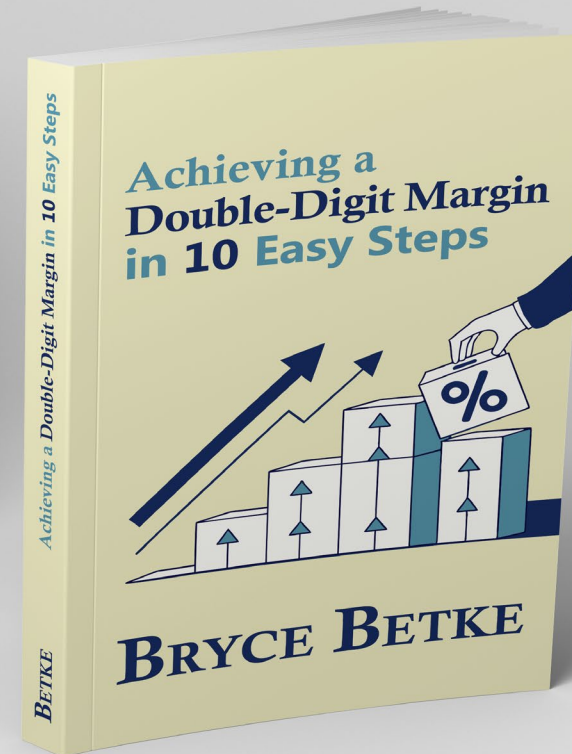
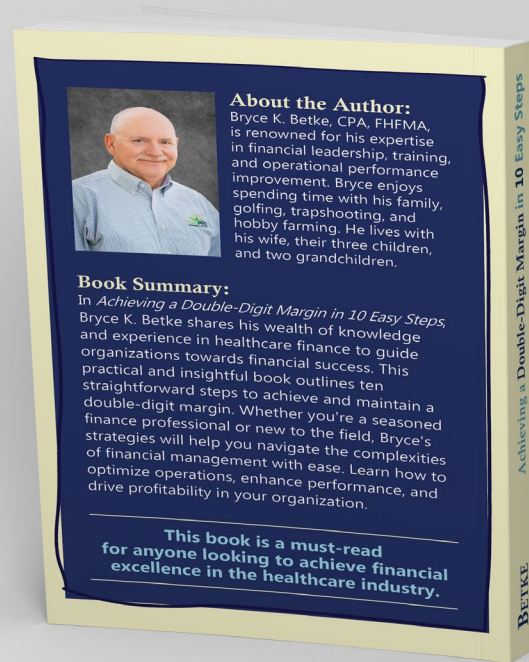
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My Future Book



Where do we start?



- **Perform a financial assessment to determine opportunities**
- **Review past audited financial statements**
 - Look for trends or significant changes
 - Review audit entries for financial misstatements
 - Evaluate KPIs for strengths and weaknesses
- **Interview department staff**
 - Review processes and procedures
 - Request documents – monthly reporting

#1 – Accurate Financial Information



- **Internal financial statements**

- Are accounts reconciled monthly?
- Do they include statistics (volumes and FTEs)?
- What is the process for estimates (allowances and third-party settlements)?
- What statements are included?
- Are department reports produced?
- Are the financial statements distributed timely?

#2 – Budget



- **Process of planning and preparation for the future**
- **Opportunity to evaluate service line/department performance**
- **Set goals for measurement**
- **Involve department managers and provide education and feedback (department reports)**

#3 – Cost Report/Reimbursement



- **Medicare cost report review**
 - Methodologies
 - Provider time studies
 - Overhead allocations
 - Revenue and expense matching
 - Service line profitability
 - CRNA
 - RHC
 - Payment rates

#4 – Revenue Cycle Management



- **Revenue Cycle opportunities**

- Revenue Cycle KPIs – Days in AR, Bad Debt %, Self Pay AR, etc.
- Coding and charge capture
- Collections and denials
- Chargemaster (CDM) review
- Pricing analysis
- Payer contracting

#5 – Staffing Productivity



- **FTEs by department**
 - Productive, Overtime, Paid Hours
- **Measure of efficiency – benchmarks**
 - Worked hours per Workload Unit (WLU)
 - Department/Organization goals
 - Monthly reports
- **Open positions/contract labor utilization**
- **Position request process**

#6 – Provider Management



- **Production and incentives**
 - Review contracts
 - Provide provider production reports
- **Compensation**
 - Evaluate fair market value
 - Production and quality incentive options
- **Succession planning**
- **Clinic staffing/scheduling**

#7 – Benchmarking/KPIs



- **Comparisons to industry benchmarks**
- **Identify areas for improvement and focus**
- **Measure performance**
- **Several options for external benchmarks**

#8 – Strategic Planning



- **Provides strategic direction for the next 1-3 years**
 - Review of historical data
 - Evaluate market assessment
 - Include Board, management, providers, and staff input
 - Develop goals and workplans for the organization
- **Service line analysis**
 - Identify profitability of service lines
 - Utilize for new or expanded service lines

#9 – Networking



- **Share best practices, obtain advice, and get new ideas**
- **Develop peer-to-peer relationships**
- **Exchange of critical knowledge and experiences**
- **Discussion of emerging topics**

#10 – Education



- **Financial education is crucial for effective management and decision making**
- **Department managers need a basic understanding of financial and budget reports**
- **Board members should receive an overview of healthcare finance, including Medicare and Medicaid**

Questions?



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