

**Cosel Reed Group, LLC**

**A healthier financial future  
For your Healthcare Investments**

**CRG**



# Healthcare Statistics Today

- The industry, with 6500 hospitals nationwide, contributes \$1 trillion dollars to the annual GNP (the largest percentage of any other industry – over 14%). **With this much at stake, even the most modest streamlining could represent a fortune in savings**
- 750,000 healthcare doctors working with 9700 different insurance carriers
- The poorest financial outlook of any other industry in the United States today



**Cosel Reed Group** represents an enlightened approach to healthcare management.

For the healthcare industry to succeed, it must be run like a successful business venture.

Sadly, the majority of hospitals across the country are ill-equipped. They lose billions of dollars every year needlessly.

This is where we can help.



# Why the Healthcare Industry is in Trouble

- **Billing systems that don't 'talk' efficiently to each other**
- **Labor intensive**
- **Management is technologically behind the times**
- **\$220 billion is spent on administrative support**
- **One in three claims sent to the wrong place for payment the first time**
- **30% to 40% of back office work is rework**



# The Cost of Inefficiency

- Manual billing procedures can run as high as \$86 per transaction
- 85% of financial institutions will not lend money to healthcare organizations based on poor financial track records
- **\$.25 of every healthcare dollar is spent on the paperwork compared to .02 for the rest of the industries in the U.S.**
- Unpaid bills as a percentage of total hospital expense was responsible for an industry loss of \$21 billion in 1999 – and the figure is getting worse





# The Goal of CRG

- Reduce hospital overhead where it counts – Improving the capacity to eliminate aging and dead-end claims
- Apply financial overview to improve effectiveness of administrative dollars
- Raise your hospital profits by 25%



# CRG Offers an Arsenal of Services to Optimize Your Healthcare Investments

We are specialized consultants in the healthcare industry uniquely focused on the analysis of cash flow and business operations.

**Business strategy services**

**Personnel services**

**Turnaround management services**

**Diligence and valuation services**



# William F. Reed

- **With Cosel Reed Group you are bringing on board the best advice in the healthcare industry**
- **A right balance of hands-on technical application and financial acumen**



# CRG Mission Statement

- To provide a complete end-to-end healthcare financial transaction service
- Processing for patient visits and the payment for services rendered conveniently and cost effectively
- Remove technology as a barrier
  - Update system with Internet or VPN (Virtual Private Network) Based
  - Integrate new portals with existing systems





# What CRG Does

## Integrated with Healthbank Systems & Workflow

- Eligibility verification
- Credit Card authorization
- Receivables financing
- Claims billing, editing and OCR
- Auto-adjudication of claims
- Workers compensation payments
- Provider back office management
- Process re-engineering
- Eligibility file hosting
- Financial markets consulting



# Today's Claims Processing of Patients is Losing Your Hospital a lot of Money

- A patient makes an appointment or comes in unannounced
- Insurance eligibility is solicited but not verified over the phone and the patient is admitted or is seen by the doctor without this vital billing information
- A claim is filed within days for \$100 visit. But there may not be coverage
- Also, there may be manual billing errors that will render the claim unactionable.





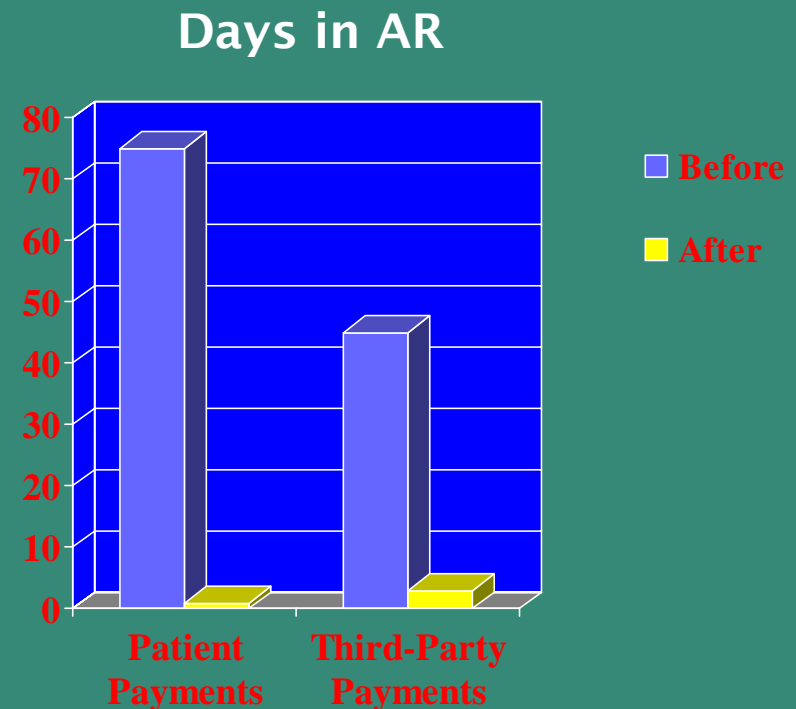
# The CRG Advantage

- The claim is reviewed and adjudicated immediately.
- The patient is billed for the remaining portion before he leaves the office.
- The bill is now completely paid in full.



# Case Study - Providers

- Old process took more than 100 days to finalize an encounter at a cost of more than 30% of claim
- **CRG** reduced the process to just 3 days – far less expense





# Case Study - Providers

<b>Eligibility Verification</b>	<b>\$ 2.00</b>
<b>Claim and Report Processing</b>	<b>\$16.00<sup>1</sup></b>
<b>Billing Statements</b>	<b>\$20.00<sup>2</sup></b>
<b>Total per encounter</b>	<b>\$38.00</b>

1 - 1/3 claims require rework - Industry average.

2 - MGMA study says it takes 2.5 statements (\$8 per) before patient pays.



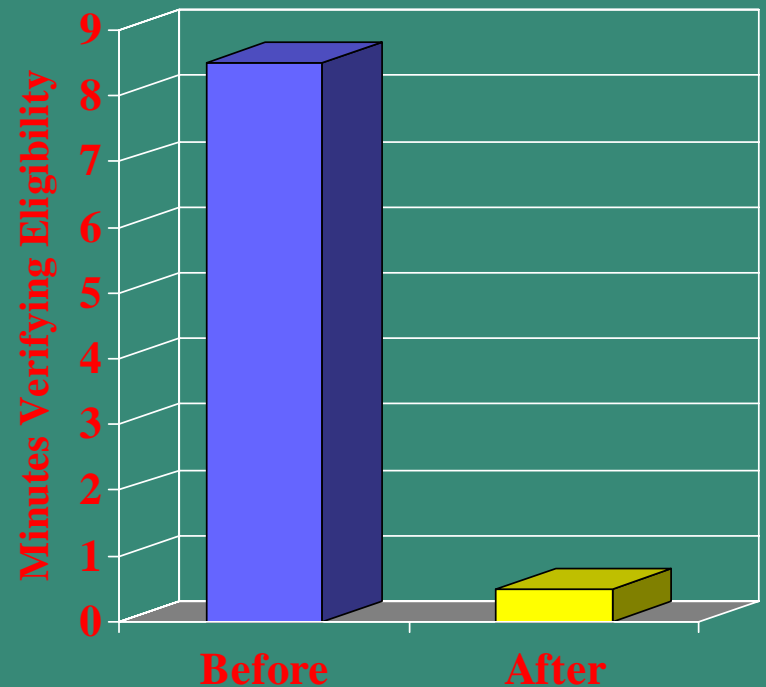
# Case Study - Providers

- **How CRG did it ...**
  - Analyzed workflow and reengineered accounting process
  - Retrained staff
  - Implemented tools to verify eligibility in real time
  - Increased number of locations collecting patient payments
  - Advanced payment on current and ongoing receivables
  - Collected delinquent receivables
  - Reconciled all accounts daily



# Case Study - Providers

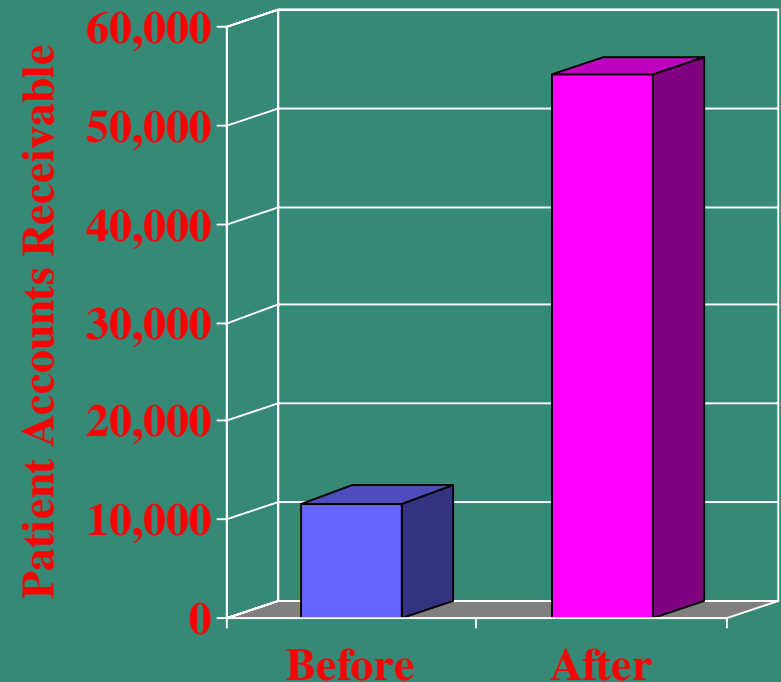
- With CRG Eligibility was verified over the phone at an average of 8 minutes per call
- Reduced process to less than a minute with online, real-time verification at time of care - and improved accuracy with printed record





# Case Study - Providers

- With the old system, nearly 30% of patient accounts receivable more than 120 days old - and 50% more than 60 days old
- CRG Reduced patient accounts receivable by 78% in 12 months - and new collections are deposited in 48 hours





# Case Study - Providers

Eligibility Verification	\$ 0.40
Claim and Report Processing	\$12.00
Billing Statements	\$ 0.00
Pre-funding	<u>\$ 5.00</u>
<b>Total per encounter</b>	<b>\$17.40</b>

**A \$20 savings per encounter - funds are recovered in 72 hours!**



# CRG Represents an Improved Business Process

A complete end-to-end healthcare financial transaction service

- Accelerated Cash Flow
- Reduced Billing & Claims Costs
- Simplified Billing & Banking Processes
- Reduced AR Days
- Improved Staff Workflow
- Off-Balance Sheet Financing



# CRG Delivers

- **Reduced provider costs**
- **Improved efficiency**
- **Improved effectiveness**
- **Removal of technology as a barrier**

# HEALTHBank can mean a healthier financial future for your healthcare facility.

## Financial Programs Offered...

- Our finance programs offer
- Off balance sheet financing
- On balance sheet asset-backed borrowing

## Service Programs Offered...

- A Virtual Private Network
- An e-Commerce enabled end-to-end financial processing solution

## Benefits for YOU ...

- Cost efficient financial advice
- Improved and predictable Cash flow
- Improved liquidity
- Working capital

# Cosel Reed Group, LLC