

Changing the Way Healthcare Works

Improving The Business Process

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Healthcare Today

- \$1 trillion
- 9,700 paying units
- 6,500 hospitals
- 750,000 providers
- Paper intensive
- Labor intensive

Today's Mission

- Reduce provider costs
- Reduce payer costs
- Improve efficiency
- Improve effectiveness
- Remove technology as a barrier

Mission

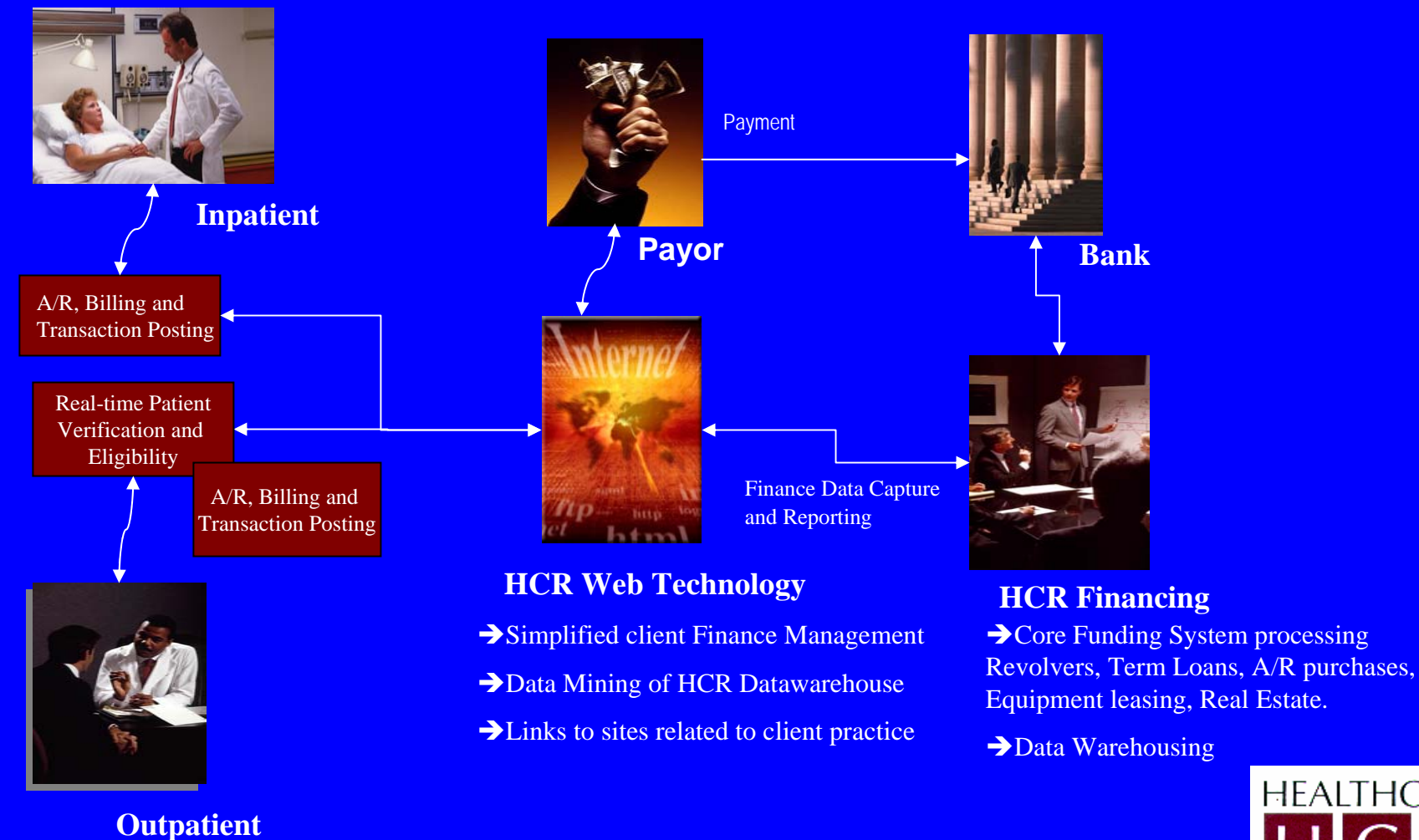
- To provide a complete end-to-end healthcare financial transaction service
- Process a patient visit and the payment for services rendered conveniently and cost effectively
- Benefits for the patient, provider and payer
 - Reduce provider costs
 - Reduce payer costs
 - Improve efficiency
 - Improve effectiveness
- Remove technology as a barrier
 - Internet or VPN (Virtual Private Network) Based
 - Integrates with existing systems

What HCR Does

Integrated with Systems & Workflow

- Eligibility verification
- Credit card authorization
- Receivables financing
- Claims billing, editing and OCR
- Remittance processing and posting
- Auto-adjudication of claims
- Claims submission
- Workers compensation payments
- Provider back-office management
- Process re-engineering
- Eligibility file hosting
- Equipment lending / leasing
- Real estate financing
- Capital market activities

Removal Of Technology As A Barrier

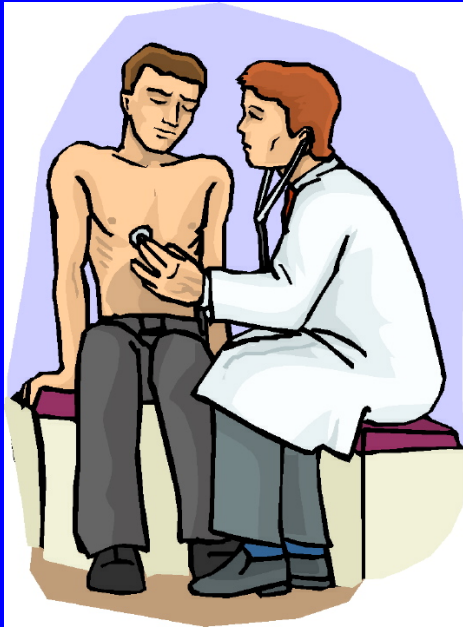


→ Patient pays using ATM, Debit, Credit Card via POS device

Healthcare Today - Providers

- \$220 billion 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

Today's Process



Then...

A patient makes an appointment or comes in unannounced.

Insurance eligibility is verified over the phone and the patient is admitted or is seen by the doctor.

A claim is filed within days for \$100 visit.

Today's Process



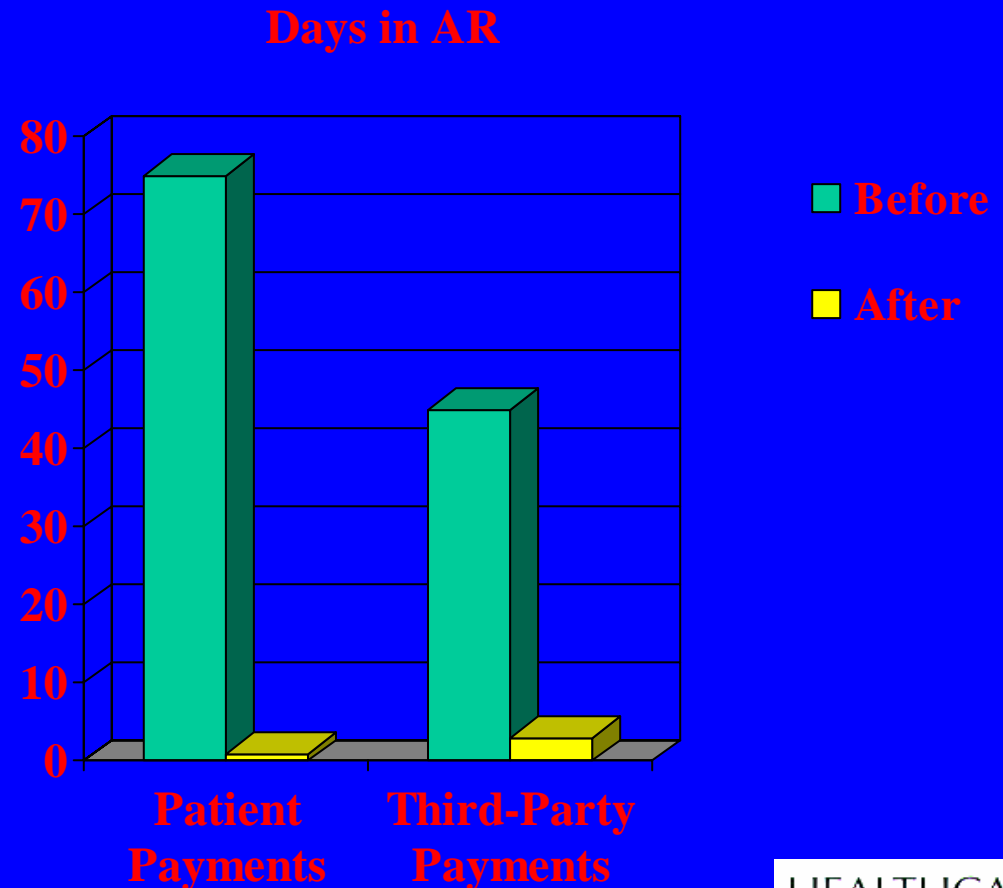
The claim is reviewed and adjudicated, usually in 45 to 60 days.

The patient is then billed for remaining portion.

After mailing 2 or 3 statements, the patient pays and the encounter is complete.

Case Study - Providers

- Process took more than 100 days to finalize an encounter at a cost of more than 30% of claim
- Reduced the process to 3 days for far less expense



Case Study - Providers

Eligibility Verification	\$ 2.00
Claim and Report Processing	\$16.00 ¹
Billing Statements	\$20.00 ²
Total per encounter	\$38.00

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

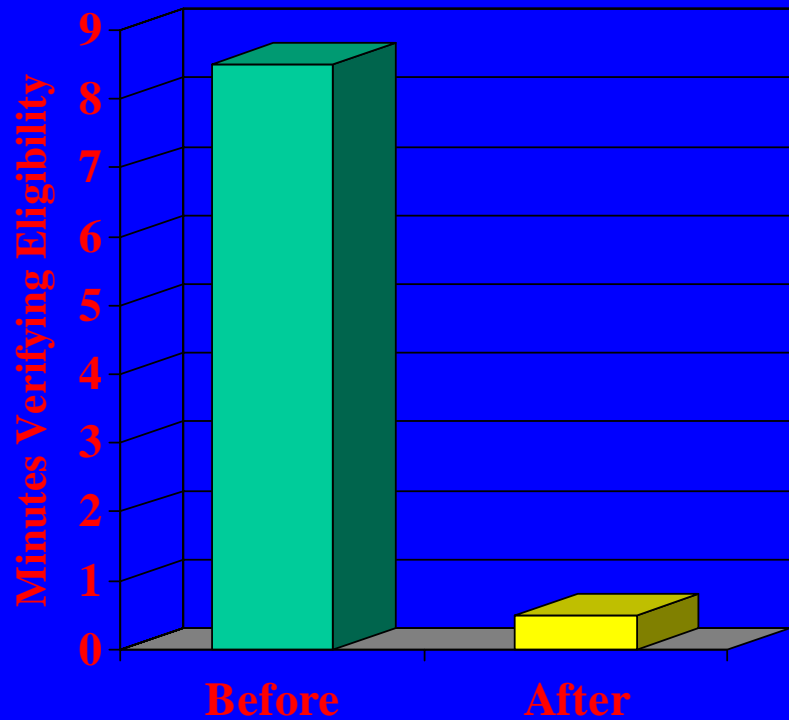
2 - MGMA study says it takes 2.5 statements (\$8 per) before patient pays.

Case Study - Providers

What we did...

- 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

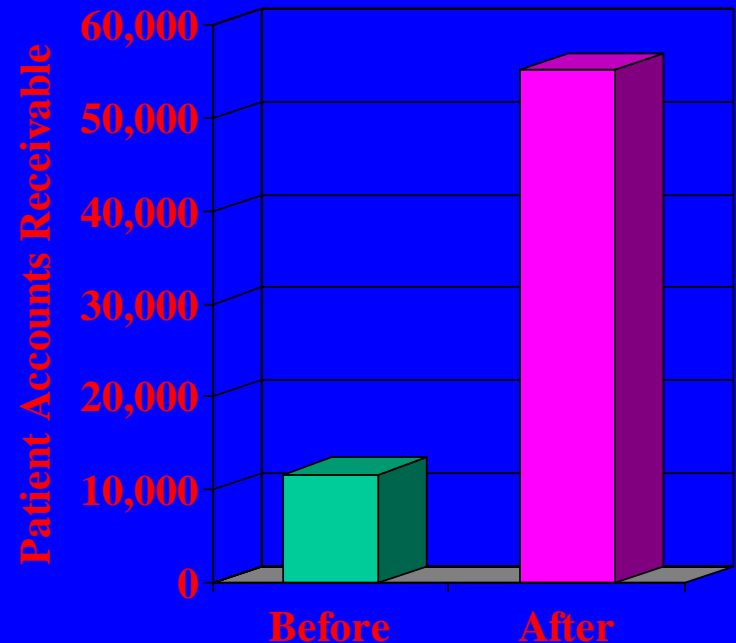
Case Study - Providers



- 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

- Nearly 30% of patient accounts receivable more than 120 days old - and 50% more than 60 days old
- Reduced patient accounts receivable by 78% in 12 months - and new collections are deposited in 48 hours



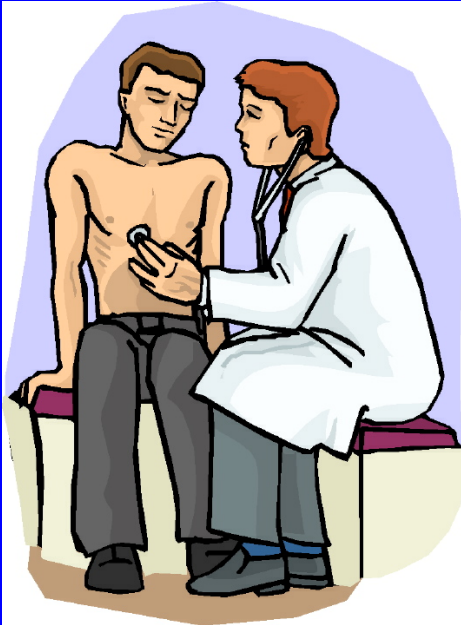
Case Study - Providers

Now...

A patient makes an appointment or comes in unannounced.

Insurance eligibility is verified *electronically* and the patient is admitted or is seen by the doctor.

Before the patient leaves, co-payment, deductible or patient portion is collected.



Case Study - Providers



A claim is filed to the *correct* payer within days.

The claim is *pre-funded* and *payment is received by provider within 3 days.*

The claim is reviewed and adjudicated usually in 45 to 60 days.

Payer distributes payments in normal course of business.

Case Study - Providers

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

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

Healthcare Today - Payers

- 14% - 17% spent on administrative overhead
- \$6 - \$8 is spent each time the phone is answered
- \$5 - \$12 is spent each time a claim is rejected
- \$8 - \$11 is spent each time a check is cut

Case Study - Payer

Eligibility Verification	\$ 7.00
Claim Denial Processing	\$ 3.50
Payment Distribution	<u>\$10.50</u>
Total per encounter	\$21.00

Case Study - Payer

- Incoming provider calls reduced - for every 80 providers using automated eligibility 1 FTE saved
- Claim processing volume reduced by 25%
- Cash distribution costs reduced by 47%

Case Study - Payer

Eligibility Verification	\$ 0.15
Claim Denial Processing	\$ 1.00
Payment Distribution	<u>\$ 5.50</u>
Total per encounter	\$ 6.65

A \$14 savings per encounter!

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

Results

- Reduced provider costs
- Reduced payer costs
- Improved efficiency
- Improved effectiveness
- Removed technology as a barrier

You breathe **life into people**, we breathe **life into your financial needs....**

Financial Programs Offered...

- *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

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

HCR's Finance and Service Programs can help you do that.

Healthcare Capital Resources, Inc.

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