



Results that Exceed Expectations



Outsourcing Pros and Cons

SourceHOV HealthSERVE

August 23rd, 2011



Finding a Strong Value Proposition

Companies evaluate outsourcing for a variety of reasons

Reasons to Outsource

- Drive cost down – turn fixed expense into variable (many times)
- Address the need for increased efficiency in non core areas
- Free internal resources to focus on core competency areas
- Soften the impact of new regulation
- Get access to new technologies / capabilities – without CAPEX investment
- Address availability of limited or specialized talent
- Improve performance in a function which is difficult to manage/out of control
- Share risks with a trusted partner

Cost is important but not always the major driving factor



Finding a Capable Partner

The best outsourcing relationships are built around common concern for each partner's business

Attributes to look for

- What is their commitment to quality; does it match yours?
- Is their price competitive for the level of service provided? Cheaper is not always better. It may cost you more in the long run
- Do they have stellar references and a solid reputation; Do you have an existing relationship? Your diligence is key
- Will they work with you on flexible contract terms; Does the agreement meet both parties expectations?
- Do they have the depth and breadth of resources you need?
- What are their additional value-added capabilities?
- Is there a cultural match with your organization?

Cost is important but not always the major driving factor



Confront Reality

The biggest challenge to overcome is the self analysis of the business function to understand your full cost, efficiency and competency

Ram Charan & Larry Bossidy – Confronting Reality


To confront reality means to change the purpose and direction of your business on a regular basis to reflect ongoing changes which occur in the marketplace. Very few businesses do this. Most try and get by on the assumptions of yesterday rather than the realities of today. Companies that confront reality on a consistent basis search for the current answers to three very important questions:

1. *What's the nature of the industry we're in today?*
2. *Where's our industry heading?*
3. *How will we continue to make the money we hope to make in this industry in the future?*

Armed with the answers to these questions, business managers can then analyze and link the three fundamental components which determine their enterprise's success or failure:


1. *The financial targets the firm needs to meet.*
2. *The external environment in which the firm will be operating.*
3. *The firm's own internal activities and capabilities.*

Understand your current environment and the impact of the change to the new one



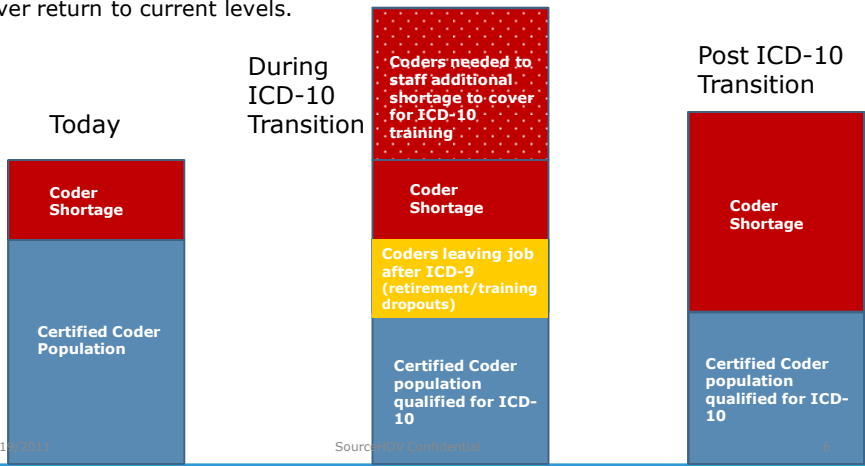
Medical Record Coding - Example

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Impact of ICD-10

The industry will need many more coders during the ramp up to ICD-10 to cover training time for current staff. Post ICD-10 we will need substantially more qualified resources to maintain current reimbursement / DNFB rates as productivity drops during ICD-10 'break-in' period. It is projected that it will never return to current levels.




Stage	Certified Coder Population	Coder Shortage	Additional Notes
Today	High	Low	
During ICD-10 Transition	Medium	High	Includes 'Coders leaving job after ICD-9 (retirement/training dropouts)' and 'Coders needed to staff additional shortage to cover for ICD-10 training'
Post ICD-10 Transition	Low	High	

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Total Cost of Coding

Many providers do not track the 'Total Cost of Coding'. They see only the tip of the iceberg.



- Coder Salary & Benefits
- Hiring costs
 - Recruiting Costs
 - Employment Advertising costs
- Training Costs
- Production impact (open seat) – DNFB increase
- Cost of temporary staff while filling position
- Lower productivity (hiring – training ramp up time and rework)
- Cost of books / code resources
- QA and management cost


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Total Cost of Coding

Resources and Technology can come together to drive down the 'Total Cost Of Coding' today and enable facilities to reduce risk in their plan for the ICD-10 transition and Post Transition environment

Cost of Coding	Outcome with Outsourcing	Rationale
Coder Salary & Benefits	Shifts from fixed cost to variable cost. No downtime cost.	Per record fee structure – Flexible staffing reduces risk of downtime during holidays and PTO
Hiring costs Recruiting Costs Advertising costs	Eliminated	Partner absorbs all costs of hiring coders
Training Costs	Eliminated	Training for all coding updates including ICD-10 shifts to partner
Production impact (open seat) – DNFB increase	Impact reduced or eliminated	Scalable resource pool delivering on quality / accuracy
Cost of temporary staff while filling position	Eliminated	Partner absorbs all costs of temporary staffing
Lower productivity (hiring – training ramp up time and rework)	Eliminated	Flexible staffing eliminates productivity concerns
Cost of books / code resources	Eliminated (Shifts to Partner)	All codebooks and resources provided by Partner
QA and management cost	Reduced dramatically (Partial shift to Partner)	Partner provides QA at start up and on-going



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HealthSERVE Overview


SourceHOV HealthSERVE is full service HealthCare Consulting and Outsourcing firm specializing in the provider market servicing clients for over three decades. Our offerings focus on helping clients manage their medical record environment and maximize revenue integrity and performance in a regulatory compliant manner. We have expanded capabilities in the business intelligence / data analytics area and developed unique capability in our coding and auditing business to meet the increasing demands of a data and compliance driven US healthcare industry.

Compliance and Data Integrity			
Consulting	Health Data Management		
Coding, Consulting & Compliance <ul style="list-style-type: none"> • Coding • Coding Audit • Clinical Documentation Improvement • Interim Management • Staff Augmentation • ICD-10 Readiness • RAC Audit support 	Business Intelligence / Data Analytics <ul style="list-style-type: none"> • SourceHOV Audit Track • Revenue Integrity Analysis and Valuation • Contract Modeling • RAC Audit Process Management 	Radiology Data Management <ul style="list-style-type: none"> • Radiology Analog film storage • DICOM Film Digitization • Digital Document Management and Retention • Record Life Cycle Management and Destruction 	Medical Records Management <ul style="list-style-type: none"> • Document Storage • EMR Conversion Support • Medical Record Repository • Document Life Cycle Management • NARA Compliant Storage
<div style="display: flex; justify-content: space-between; align-items: center;"> <div style="text-align: center;"> <p style="color: #4a698c;"><i>Discover Opportunity</i></p> <p style="background-color: #90d290; padding: 2px;">Planning</p> </div> <div style="text-align: center;"> <p style="color: #4a698c;"><i>Create Value</i></p> <p style="background-color: #90d290; padding: 2px;">Implementation</p> </div> <div style="text-align: center;"> <p style="color: #4a698c;"><i>Optimize Performance</i></p> <p style="background-color: #90d290; padding: 2px;">Operations</p> </div> </div>			

Our insight, industry experience, and depth of resources help SourceHOV HealthSERVE customers improve their operating economics and focus on patients.

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