Dale Margaret Gibson <dalemargaret.gibson@hometownhealthonline.com>

Urgent!!!!Rural Hospitals face tough cash position in 2020 especially first quarter - trending issues - urgent reading for C-suite and Boards

1 message

theleadershipgrp@mindspring.com <theleadershipgrp@mindspring.com>
To: theleadershipgrp@mindspring.com

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HomeTown Health CEO's and Senior Staff:

Reference: Urgent!!!!Rural Hospitals face tough cash position in 2020 especially first quarter - trending issues - urgent reading for C-suite and Boards

Given:

1. First Quarter 2020 rural hospital cash flow may be a nightmare due to the following issues:

Trending issues that are being heard around the rural hospital industry

1. One major issue overrides all other issues as rural hospitals go into 2010
    a. It's **CASH! CASH! CASH!** or the lack of
2. Indicators of the problems include conversations that HomeTown has had in recent weeks
    a. "My hospital's payables are at 100 days and climbing"
    b. "My hospital's days cash on hand are 1.5 days"
    c. " My hospital is totally dependent on UPL both hospital and nursing home"
    d. "We live in fear of the cuts that may come to 340B"
    e. " We have cut our A/R down to 35 days which is really good except it is really bad in that there is no cushion left to get cash from "
    f. " Our A/R has grown to 70 days and getting worse daily because we don't have the people to collect the complex claims"
    g. "We have the least number of FTE's that we have had in many years"
    h. "We have lost money every month this year"
    i. "My tax credit donations have plummeted and are getting worse since donors do not get the ROI for donating and I can tell this is only going to get worse with local disinterest and large corporate donations drying up. It was a good idea while it lasted. The tax credit rankings have hurt me badly because my hospital ratings have changed and my local people say I no longer need the money. The new rankings are just wrong!"
    j. Prepayment Review for lab serves has held up hundreds of thousands of dollars with little help to resolve"
3. ***Compounding the problem will be a very difficult 2020 first quarter because of the way insurance works. E.g.,***
    a. ***Insurance Premiums are heard to be increasing at a minimum 20%***
        i. $700 per month premiums are going up $140 to $840 per month as an example
        ii. The increase converts to self-pay and uninsured

b. ***Co-pays are increasing substantially or are going away and the claim goes directly to deductible which increase the self-pay***

i. Some examples have copays going from $45 up to $125

ii. The increase converts to self-pay and uninsured

c. ***Hospital Denials continue to soar and expect to get worse 5% or worse in some cases***

i. The continued complexity of 47 payor platforms forces this loss of cash and denials

ii. Converts to lost cash due to claims timing out

d. ***"The authorization- preauthorization process continues to hurt us"***

3. The Local hospital health care insurance premiums for my hospitals self-insured employee populations are necessarily going sky high with my poor expensive claims experience. There is no way to go back to indemnity due to unacceptable claims experience.
4. "Wage rates are so competitive with large employers taking our employees with soaring wage rates that we cannot get the work done nor find capable new people to hire"
5. "Major service providers are threatening to cut vital services any day"
6. "Our hospital just lost another major provider/physician"
7. "DSH does not pay until big budget is approved in April or May 2020"

<u>What's gonna happen?</u>

1. Some number of rural hospital closures may seem eminent
2. At least two or three more OB units may have to close
3. Joint rural hospital collaborations will have to occur to share overhead
4. Larger hospitals will no longer be inclined to buy or assume smaller hospitals for fear of buying extended long-term debt and losses

<u>"What can we do to stem the tide of cash losses?"</u>

1. C-suite recognition that denials are a first place to start because denials are dollars left on the table that can time out
2. Focus on EMS helping to work frequent fliers to eliminate them for occurring – community medicine
3. Focus on EMS not carrying viable local patients to hospitals away from the local hospital in a surrounding county– improve working relationships between emergency room and local EMS
4. Focus on preventing readmissions
5. Read the various Rural Hospital Stabilization reports to study their findings and recommendations
6. Increase revenues by reducing patient out migrations by looking at patient origin data
7. For Critical Access Hospitals, focus on Swing Bed Program(this is the most critical service to fully embrace); PPS hospitals can focus as well but reimbursement is too much lesser a degree
8. Make sure that all business office and revenue cycle people are….
    a. Educated on HomeTown Health University

    i. A review of hospital participants still shows that there are people and hospitals that do not participate and thus are not getting paid fully

    ii. Indications are that HTH Educated students have lower days A/R which means that they collect more

    b. Educated through HomeTown Health monthly subject matter webinars

i. A review of hospital participants still shows that there are people and hospitals that do not participate in education nor webinars

9. **<u>Use HomeTown business partner resources to improve processes, save money and collect more</u>**
    a. These are proven resources with strong references. They work and get it done.
10. Call on HomeTown and its colleagues to do……
    a. An assessment of need in business office and revenue cycle
    b. Strategic assessments against industry benchmarks for the local hospital – HomeTown has 3 slots remaining available - January 1 through May 30, 2020 – **<u>first come serve</u>**
    c. Cash flow process improvement using HomeTown business partner comparison – budget to actual – on-line appointments being taken currently – **<u>first come first serve</u>**
11. **<u>Because demand for services has gotten so great and because the GoToMeeting tools are so capable as in the monthly webinars, HomeTown is scheduling GoToMeeting discussions with our colleagues and hospitals to get problems solved much quicker without the long wait of scheduling a field visit</u>**
12. Come to HomeTown CEO day, February 6, 2020 to meet legislators and network with fellow CEO's and C-Suite persons. Attendance is capped with HomeTown at 40 attendees due to logistics with a large number of registrant's positions already taken – **first come first serve**
13. Attend HomeTown's Spring Meeting – moving to Jekyll Island on April 14-17 details to follow. The Agenda is about complete but if you have specific issues that you want added please let us know
    a. Plan to bring your board and any C-suite members that you choose
14. Communicate with HomeTown about your emergencies before the occur so we can help immediately similar to what we have done in recent months through policymaker tours, politics and technical skills that H HomeTown Has
15. Choose the HomeTown Board Training program to allow your board members to know and see more of what HomeTown can bring to your operation in problem solving
    a. This is critical for you as C-Suites to garner more support and understanding from your boards otherwise you will become part of the 30+ per cent turnover . There is no immunity from turnover.
    b. Based solely on statistics as many as four Georgia rural CEO's can be turned over in first quarter. Let us help you not to let that happen.

This discussion is based on real live conversations that HomeTown has had in listening in the field in the last 3-4 months. Let us know if you agree or disagree with what we have heard. That is how we set our priorities to help rural hospitals.

<u>Tell us what you think by responding to this email! Your input is highly valuable.</u>

Thanks,

Jimmy Lewis

HomeTown Health, LLC

Cell 770-363-7453

Office 770-781-4677 Fax 770-781-3825 www.hometownhealthonline.com

"The Voice of Georgia's 55+ Rural Hospitals"