FINANCIAL PERFORMANCE SUMMIT

2016 REVEALING OPPORTUNITIES
Introducing:

- Michael Beyer  
  Director of Patient Accounts  
  Sanford Health

- Kimm Benedetto  
  Strategic Product Consultant Director  
  Experian Health
Driving Collections Optimization with hybrid approach: Incentive and Segmentation

Patient Focused Approach
Who are We? A brief history of Sanford

With roots dating back to the 1890s
- Sanford Health, Sioux Falls and MeritCare, Fargo, ND merged in November 2009
- North Country Regional Hospital, Bemidji, MN merged with Sanford Health in March 2011
- Medcenter One, Bismarck, ND merged with Sanford Health in July 2012

Some things you might not know about Sanford
- Headquartered in the Dakotas
- Community owned – private non-profit charitable, volunteer governance; Board of Trustees representing the entire region
- Largest non-profit, rural healthcare system in the nation
- Serving 9 states and 3 countries: SD, MN, IA, NE, ND, MT, OK, CA, OR, Ghana, China and Mexico
Sanford Health: Where we are!

Sanford Health’s Footprint
Sanford Health: Numerical Perspective

**Sanford Health Today**

- Sanford Health Clinical Facilities
- Operations in 9 States
- Sanford covers 1/8 of all U.S. land mass, serving 2.65 million people.
  - 43 medical centers
  - 2 academic health centers and major teaching hospitals
  - 250 clinic locations
  - 45 senior living facilities
  - 175,000 Sanford Health Plan Members
  - 1,433 physicians and 5,900 registered nurses delivering care in more than 80 specialty areas
  - 27,000 employees

**Financial Highlights**

- $3.7 billion in assets
- $1.2 billion in cash & investments
- $195.2 million operating income (5.2% operating margin)
Sanford Health signed the contract to begin our journey with Experian Health for Collections Optimization Manager in April 2014.

Kick-off Meeting was on May 22, 2014.

Go Live with Segmentation Score and Estimated Federal Poverty Level (FPL) visible in Epic on October 1, 2014.

Key services provided include:

- Population Segmentations (1 – 5)
- Estimated Federal Poverty Level (FPL) percentage
Collections Optimization Screening of Self Pay Accounts

- Returned Mail / Updated Addresses – populated in Account Notes in Epic system
  - Ability to drive Mail Campaign (future: Phone Calling Campaign from indicators)

- Bankruptcy Accounts
  - Accounts are Returned with an Experian Health flag (safety net) upon filing of bankruptcy by patient/guarantor.

- Deceased Accounts

- Presumptive Financial Assistance
  - Systemically write-off self-pay balances in the Segment 5 category meeting an estimated FPL percentage consistent within the Financial Assistance Policy.

- Focused Collection Efforts towards patients who “presumptively” have the ability to pay.
Third Party Collection Agency Impact

- **Presumption:**
  - Utilizing Collections Optimization focus on collectable accounts – In-house Collections would increase and take-back the “gravy” collection accounts forward to the Third Party Agencies
  - Source Fewer Accounts to the Third Party Agencies
  - Reduction in Collection Agency Contingency Fees

- **Reality:**
  - Collections Accounts sourced to Third Party Agencies was reduced by 28.5% from CY2014 to CY2015.
  - Third Party Collection Agencies experienced 7.5% increase in collection
  - Agency Recoveries & Contingency Fees - greater than expected
Sanford Collections Results – Comparatively

- **Total Collection Lift**: $30,473,342
- **Average Monthly Lift**: $2,344,103
- **Average Unit Yield**: Increase by 12%, $8.69 per acct

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<td><strong>Segment</strong></td>
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Contributing Factors Enhancing this Success

- Experian Health – Collections Optimization Manager
- TCN Phone System and Dialer
- Patient Billing Statement Re-design
- Patient Accounts Incentive Program
TCN Phone System & Dialer

Experian Health and TCN Phone System & Dialer Partnership

Connecting Collectable Accounts and Timing of Calling Campaigns
Distinct Utilization of TCN Phone System/Dialer

- TCN Phone System/Dialer staffed by 70 Patient Account Representatives:
  - Simultaneous Inbound / Outbound Configuration
  - Outbound Calling Campaigns:
    - Agent Preview Calling (Daily)
    - Unattended Messaging, with optional link-back (Daily)
    - Broken Payment Plans (Weekly)
    - Coordination of Benefits (COB) patient contact calls (Weekly)
    - Returned Mail Campaign (Weekly)
TCN Phone Statistics

- Inbound Calls
  - Weekly Average Inbound / Link-back Calls – 11,060
  - Abandonment Rate – 1.5%
  - ASA – 14.7 seconds
  - Inbound Average Talk Time – 4:50
  - Inbound Average Wrap-up Time – 2:54

- Outbound Calls
  - Weekly Average Outbound Calls – 5,775 (includes Preview/Unattended/Manual calls)
Patient Billing Statement Re-design

Simplification based upon patient feedback
Patient Focus Improved Statements

- Implemented New Statement Design on August 3, 2015
- Major overhaul to cover page of Patient Billing Statement based upon patient focus group
  - Addition – Payment Options Section listing in order of preference
  - Addition – Important Message Section Notifying driven by Aging of Balances
    - If statement is first statement – Prompt Pay Discount – highlighted
    - Statements 2 – 4 (Assuming no Payment Plan) – Due Date displays “Past Due”
    - Payment Plan active – Default Message appears
Statement Design Comparison

Old Statement Design

New Statement Design

Thank you for selecting Sanford for your health care needs. This is your bill, please pay amount shown to the right.

PAYMENT OPTIONS

Prompt Pay Discount
You may be eligible for a PROMPT PAY DISCOUNT if you pay your balance by the DUE DATE of this statement. To receive the discount, please contact Patient Financial Services at (877) 123-4567 (Sioux Falls office) or (800) 234-5678 ( Fargo office).

Schedule your next appointment online. Anytime. mysanfordchart.org
Patient Accounts Incentive Program

Pay for Performance, Cultural Changing Opportunity
Purpose of Incentive Program

- Patient Account Representative turnover was over 50% in FY2015
- Patient Account Representative starting wages are not competitive with similar positions
  - Bankcard collections positions have incentives and higher base pay rates
  - Oil boom in Fargo has driven up wages for other non-healthcare positions
- Need for removing the “Revolving Door” from the Patient Accounts team
  - New employees using position as “foot in the door” position
  - Needed cultural changes to make employees want to stay
Appropriately Rewarding Performance

- Patient Accounts Representatives
  - Must Achieve Superior Quality Level
  - Minimum Collections Amount to Qualify
  - Extended tiers based upon weekly amounts collected

- Leads / Supervisors / Managers
  - Rewarded on aggregate quality of representative
  - Rewarded on management of phone statistics – Abandonment Rate
  - Rewarded on percentage of total representatives qualifying for Incentive
“If Opportunity doesn’t knock, build a door.”

— Milton Berle
QUESTIONS??
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Oct. 5–7, 2016 | Nashville, Tenn.

Experian Health