

2012 Performance Improvement Summit

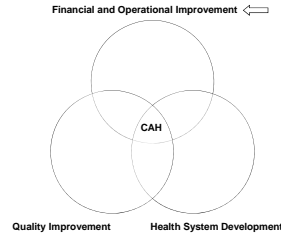
Data to Drive: Tools, Strategies, and Indicators to Manage Financial Performance

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Arizona Rural Hospital Flexibility Program Areas

Three Major Program Areas



Flex Program Activities

- Trainings
- Technical Assistance
- Networks
- Meetings/Conferences
- Assessments
- Reports
- Special Requests

Presentation Overview

CAH Financial Profiles

- CAH Profitability Trend
- CAH Financial Distress Trend
- CAH Payer Type Discharge Percentages
- AHCCCS Supplement Trend
- Medicare Inpatient and Outpatient Mix
- Outpatient Revenue to Total Revenue
- CAH Bed Usage Trends (Acute and SNF)

Financial Improvement Targets Discussion

- Financial Indicators Tracked (Benchmarking)

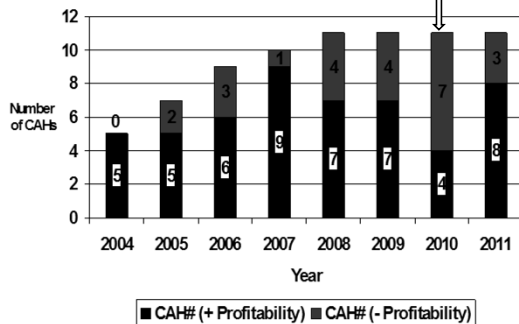
Successful Financial Strategies (Sheps)

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CAH Financial Profiles

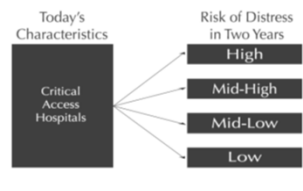


Figure 1. Arizona CAHs' Profitability Summary: 2004-11



Source: Arizona Department of Health Services: Hospital Cost Reports (2004 - 2011)

Sheps Center CAH Financial Distress Model



Distress Model Components

- Financial Performance
 - Current Profitability
 - Reinvestment
 - Hospital Size
- Market Characteristics
 - Competition
 - Economic Status
 - Market Size
- Financial Distress
 - Equity Decline
 - Unprofitability
 - Closure

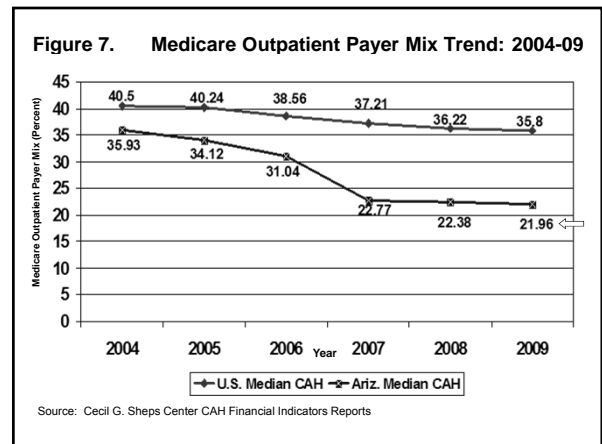
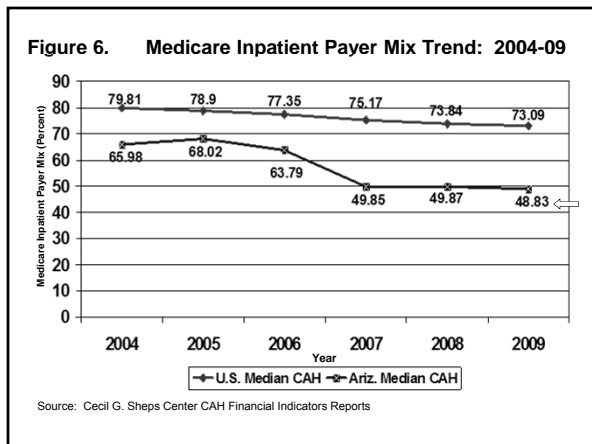
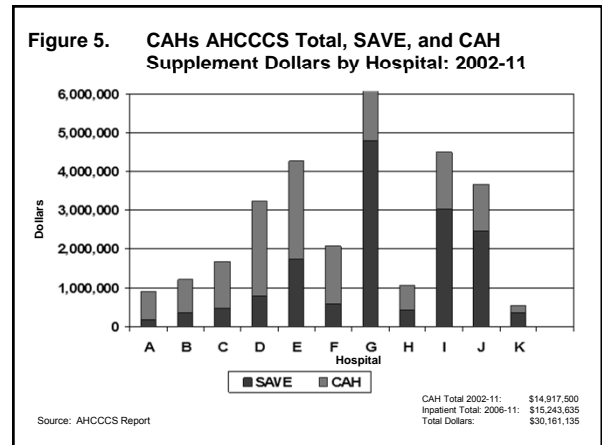
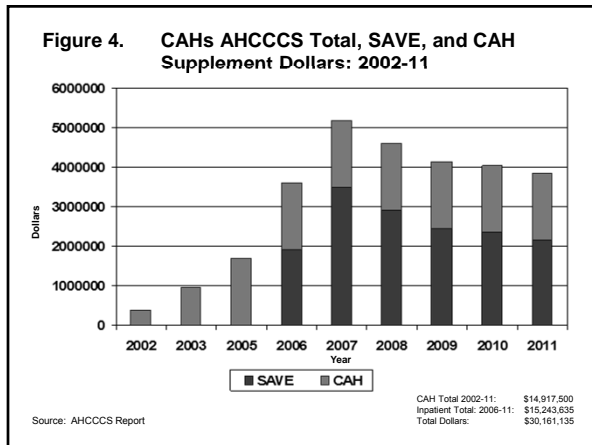
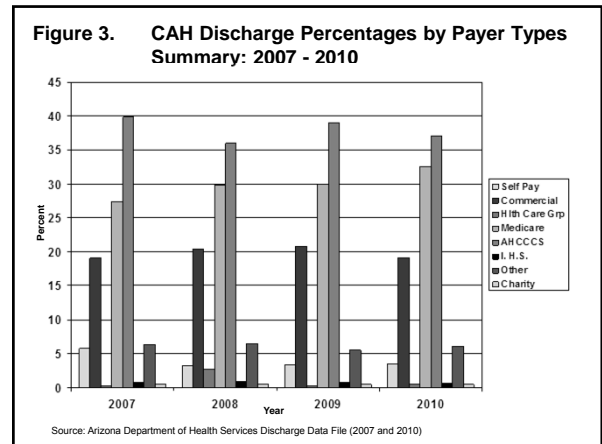
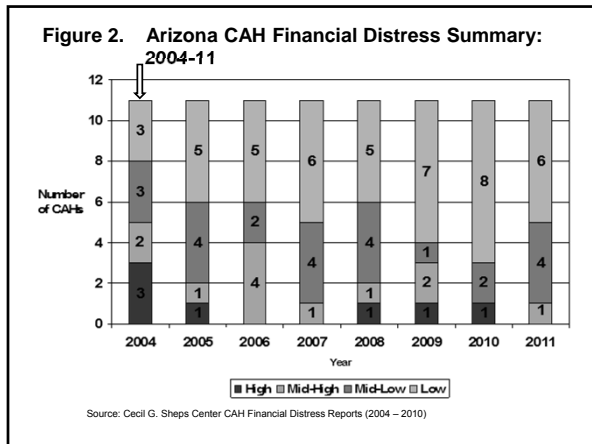
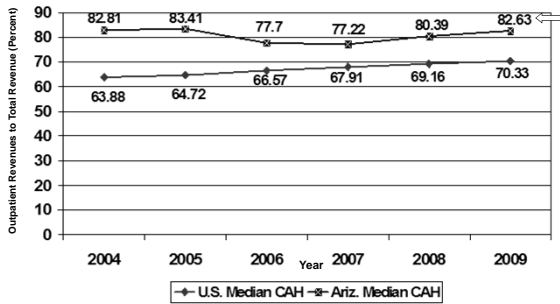
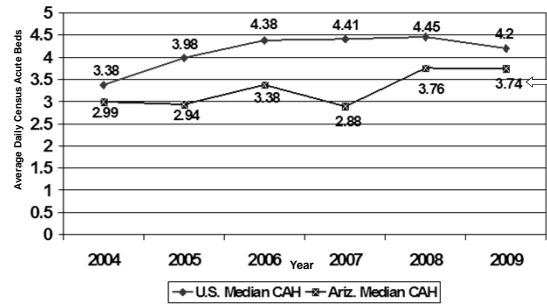


Figure 8. Outpatient Revenue to Total Revenue Trend: 2004-09



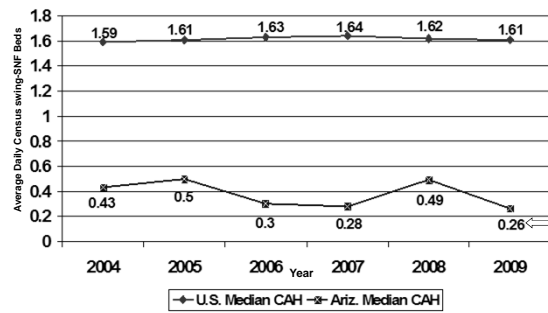
Source: Cecil G. Sheps Center CAH Financial Indicators Reports

Figure 9. Acute Bed Average Daily Census Trend: 2004-09



Source: Cecil G. Sheps Center CAH Financial Indicators Reports

Figure 10. Swing-SNF Beds Average Daily Census Trend: 2004-09



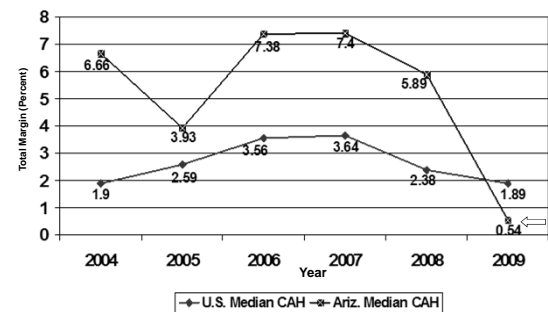
Source: Cecil G. Sheps Center CAH Financial Indicators Reports

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Financial Indicators Discussion

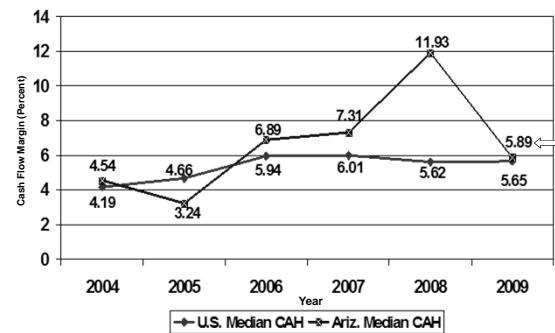


Figure 11. Total Margin Trend: 2004-09



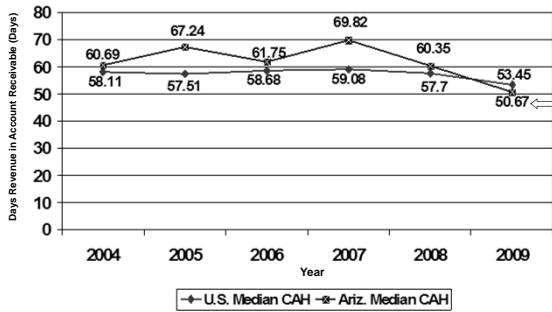
Source: Cecil G. Sheps Center CAH Financial Indicators Reports

Figure 12. Cash Flow Margin Trend: 2004-09



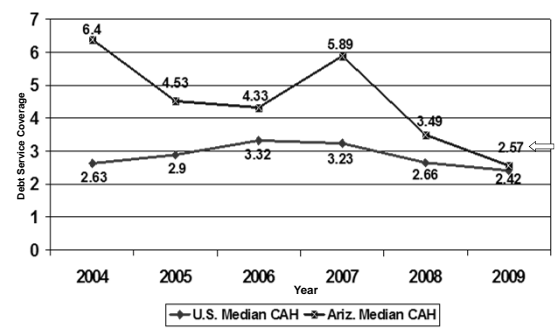
Source: Cecil G. Sheps Center CAH Financial Indicators Reports

Figure 13. Net Days Revenue in Account Receivable Trend: 2004-09



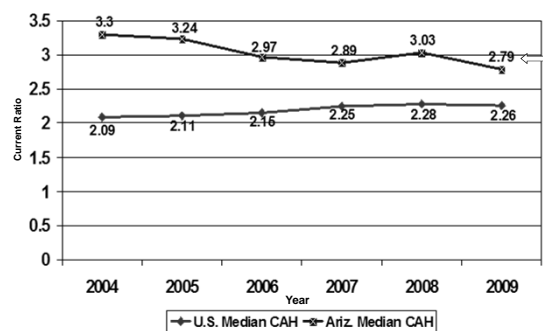
Source: Cecil G. Sheps Center CAH Financial Indicators Reports

Figure 14. Debt Service Coverage Trend: 2004-09



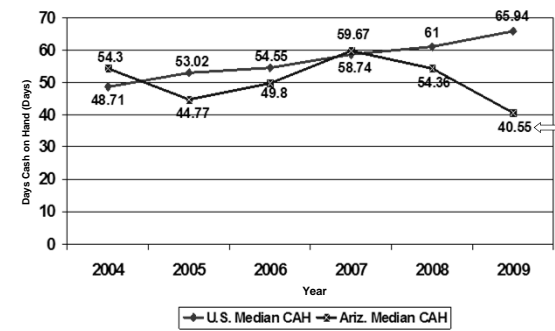
Source: Cecil G. Sheps Center CAH Financial Indicators Reports

Figure 15. Current Ratio Trend: 2004-09



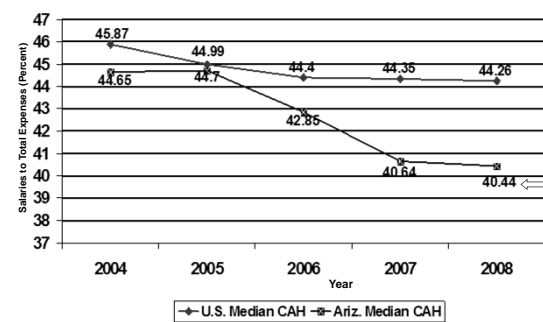
Source: Cecil G. Sheps Center CAH Financial Indicators Reports

Figure 15. Days Cash on Hand Trend: 2004-09



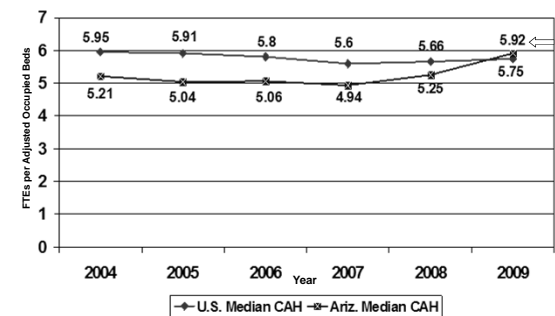
Source: Cecil G. Sheps Center CAH Financial Indicators Reports

Figure 16. Salaries to Total Expenses Trend: 2004-08



Source: Cecil G. Sheps Center CAH Financial Indicators Reports

Figure 17. FTEs per Adjusted Occupied Beds Trend: 2004-09



Source: Cecil G. Sheps Center CAH Financial Indicators Reports

Successful Financial Strategies



Sheps Center Successful Financial Strategies Reported

291 CAHs

- **Human Resource Strategies**
 - Reduced amount of contract labor (85.1%)
 - Reduced allied health personnel (70.7%)
 - Held down wage and salary increases (70.4%)
- **Revenue/Cost Strategies**
 - Joined purchasing organization/network (89.1%)
 - Update Chargemaster (74.9%)
 - Increased/improved revenue cycle activities (72.8%)
 - Improved billing and coding training (71.2%)
- **Capital Strategies**
 - Acquired/replaced diagnostic equipment (72.5%)
- **Service Expansion Strategies**
 - Increase outpatient capacity (73.3%)
 - Affiliated with a network/system (70.3%)

Source: Adoption and Perceived Effectiveness of Financial Improvement Strategies in Critical Access Hospital Article

Questions?

Thank you!

Acknowledgements

- Kevin Driesen
- Yuko Konishi
- Stephen Delgado