Pre-Bill ROI/Cost Analysis

Objectives

- Current State Overview
- Resource needs
- Cost savings assumptions
- ROI Summary
- Next steps

Current State

Division	Census (Nov 2020)	Current Staff	Model	Notes
Pikake	763		De-centralized	Each office manages their own F2F and orders
Camellia /Ivy	2386	2	Centralized	A fully staffed CAT would include 2 additional FTEs
Firewheel	1094		De-centralized	Each office manages their own F2F and orders
Morning Glory	679	1	Centralized	Centralizes orders management- one CAT member
Calla Lilly	2420	7*	Centralized	*when fully staffed, CAT Team A
Moccasin	1309		Centralized	Cat Team A
Amaryllis	1833	8	Centralized	Cat Team B
Peach Blossom	1423		Centralized	Cat Team B
Ocotillo	1074	3	Centralized	Pre-Bill Pilot Oversight
Lilac	441		De-centralized	
Shooting Star	1114		Centralized	
Bluestar	817		?	
Cosmos	1245		De-centralized	

FUTURE STATE: Team Resource Needs

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Billing Manager:
Manages a census of ~2700
Salary $65,000

Calla Lily	0.25
Cosmos	0.75
Amaryllis	1.00
Shooting Star	1.00
Ivy	0.50
Moccasin	0.75
Ocotillo	0.50
Peach Blossom	0.50
Firewheel	0.50
Iris	0.50
Camellia	0.50
Pikake	0.50
Bluestar	0.50
Morning Glory	0.25
Lilac	0.25
Bleeding Heart	0.25
Practice	**8.50**

$552,500.00

Admin Team Member:
Manages a census of ~550
Salary $45,000

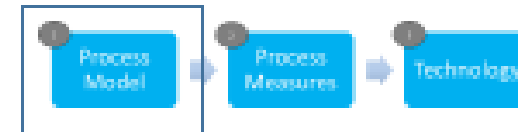|	
Calla Lily	2
Cosmos	3
Amaryllis	6
Shooting Star	5.5
Ivy	2
Moccasin	4
Ocotillo	2
Peach Blossom	2.5
Firewheel	3
Iris	2
Camellia	2
Pikake	1.5
Bluestar	1.5
Morning Glory	1.5
Lilac	1
Bleeding Heart	0.5
Practice	**40**

$1,800,000.00

Potential Total Cost:
$2,352,500.00

Recommendation

The "Pre-Bill Manager" Model – Overview At Scale

Process Model → Process Measures → Technology

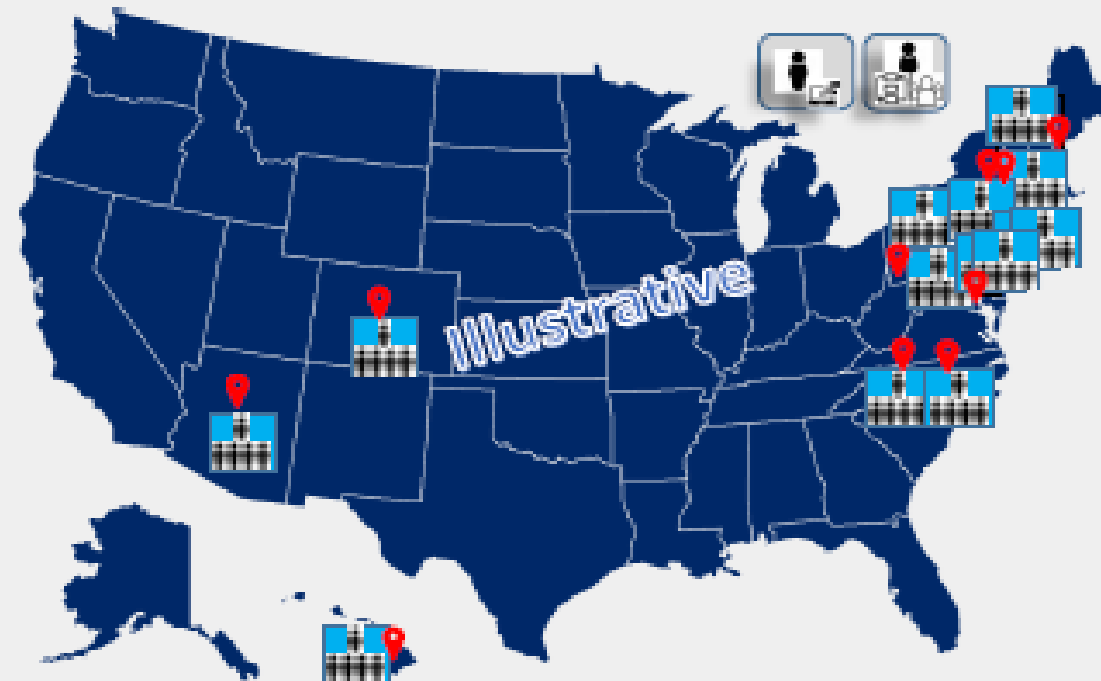**At Scale:**
- 4 new roles to be created
- ~55-60 personnel needed in those roles (new/shift)

Inputs:
- Overall census: ~16,000
- # of Offices: 92
- Recommended Support Levels:
  - 1 Pre-Bill Manager per "market" (region with <20 offices)
  - 1 Pre-Bill Support per ~400 census
  - 1 Pre-Bill Process Owner / Training Lead
  - 1 Pre-Bill Technology Lead

Illustrative

ROI Summary

COST

- Added cost of FTE
- Supplies for FTE
- Technology Resources
- GoodWorks
- Worldview Implementation

ROI Qualitative

- Reduction in Days to Bill
- Reduction in Bad Debt
- Improved Employee Satisfaction
- Improved compliance (Days to Final)
- CSM ability to manage higher census

ROI Quantitative

In Interest:
- $40,000 per year, in savings per day
- $400,000 per year, per day saved

RTP Cost Savings
- $5,000 per month

Write-off Savings
- $1MM annually

1. There is a borrowing rate of 4% that we would save if we received cash quicker. This would equate to 4% x the $ amount of potential cash (or average revenue) per day. For the practice, this amounts to approximately $1MM per day billed.
    a. For each day saved, for the practice, this would be:
        i. 4% x $1,000,000 = $40,000 per year in savings per day.
    b. If we reduced it by 10 days then this would equate to $400,000 per year
    c. For Ocotillo, this appears to be $60,500 per day in billed revenue so this would equate to $2,420 per year for each day saved for this division alone.

1. Cost for rejected/RTP claims
    b. Presently around 400 RTPs for having to re-submit a RAP claim because the Final Claim was not submitted within 60 days. $25 average for internal VRS cost for each transaction.
    c. 400 x $25 = $10,000 per month in costs if completely resolved
    d. If reduced by 50% (conservative estimate) then = $5,000 per month

1. Write-Off Avoidance.
    b. We have approximately $2MM in bad debt each quarter for the practice (2% of revenue) so with the reduction in Unbilled then there would be a reduction/avoidance of bad debt and would save money to the company/practice.
    c. If we reduced the reserve/bad debt by 50% (conservative estimate) because of these efforts then our per quarter cash savings would be $1MM since it wouldn't be reserved/written off.

Metrics – Questions / for Andrew?

- Days to Bill- Need tableau report to track improvement

- Unbilled Dollars- Show % of improvement for OCO pilot

- Risk Reduction- How can we show risk reduction?

  - Utilize compliance dashboard