

Navigating Financial Landscape: Insights from Hospital Leadership



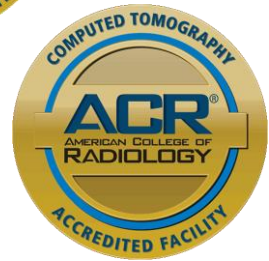


AH is the *largest local private employer*

- 2,587** Employees
- 267** Employed Providers (AMG)
- 145** Volunteers
- 255** Licensed Beds
- 325k** Population Served
- 10k** Admissions
- 62k** ED visits
- 1k** Births
- 610k** AMG Clinic visits
- 22k** Total Surgeries
- 3k** Cath Lab Procedures
- 5** AH Urgent Care Centers
- 42** AH Practices
- 2** OP Satellites Locations
- 1** Outpatient Pavilion:
Surgery, Imaging and Breast Care
(Opened Jan. 2023)



Focus on Quality Care





Key Differentiators



Where is the patient?



Advocacy



'Family you CHOOSE'



Multidisciplinary Approach



1 of 5 independent hospitals in VA



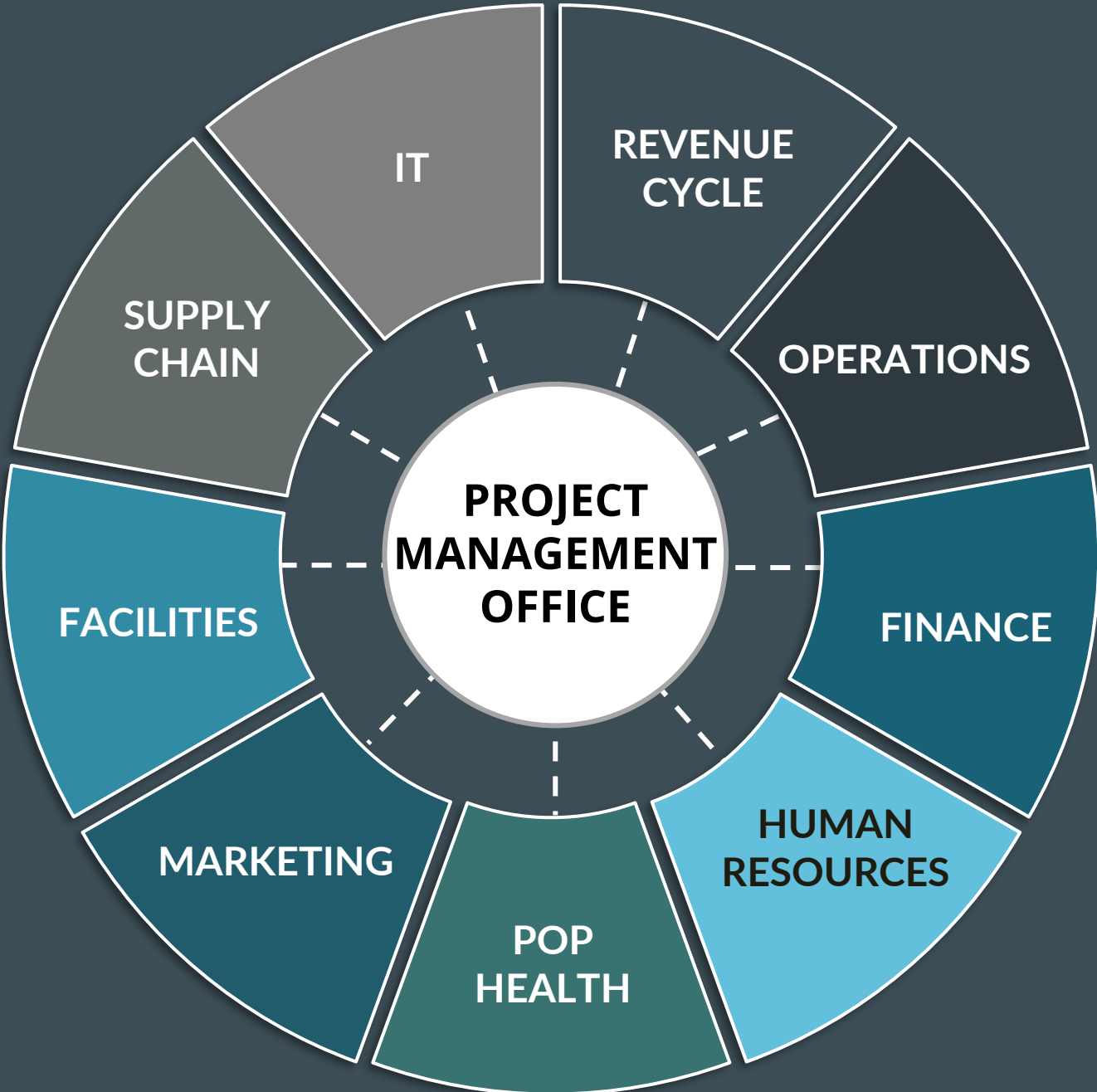
No Debt!

What you may want to know...



Collaborative model at Augusta Health

Our typical cast of characters



Practical Example | Women & Children Service Line Development

When no is not the answer.

A FAST AND FURIOUS APPROACH

Project kick-off on April 21, 2023
 First clinic opening on July 5, 2023

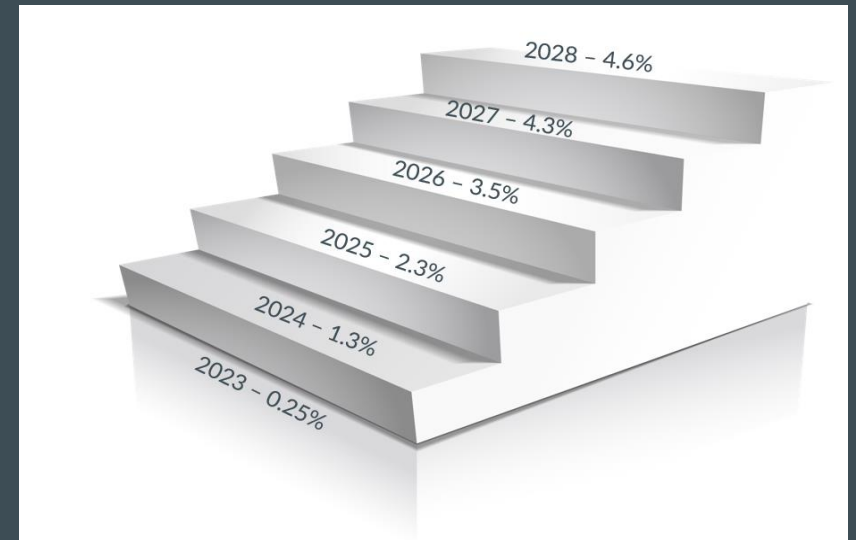
"It is an impossibility to do this in isolation."
 - Doug Thompson, Interim Director of PPMO

Finance Division	Operations	Physician/ Providers	Facilities	IT	Human Resources & Marketing
Payer Credentialing	Medical Group	OB/Gyn providers	Plant operations	Telecom	Recruitment
Cost & GL	OR & Nursing	Hospitalists	EVS	Clinical Informatics	Onboarding
Payroll	Patient Experience	Anesthesia	Construction	Workstation	Compensation
Revenue Integrity & Compliance	Radiology & Laboratory	Medical Staff Credentialing	Clinical Engineering	Network engineers	Marketing & Communications
Supply chain	Laundry	Provider Recruitment and Onboarding	Groundskeeping & Maintenance	Applications Analysts	Service line analytics

Is financial stewardship preventing you from delivering patient care?

Contract Labor Trends:

- 2022: \$44M
- 2023: \$38M
- 2024: \$25M YTD Ann.



Are payers getting in the way of achieving your targets?



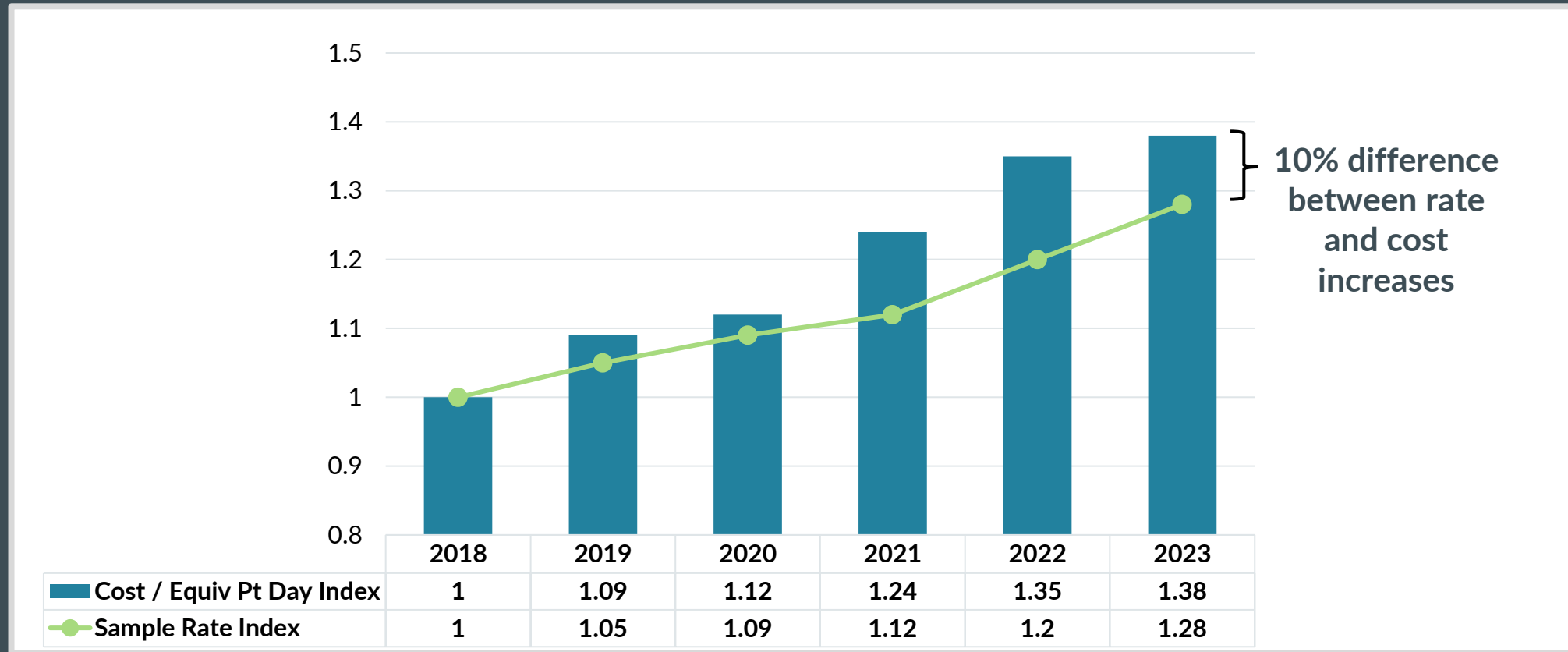
MA Plan Net Realization		
Plan	2023 % FFS	2024 % FFS
1	90.8%	100.0%
2	90.9%	93.7%
3	86.9%	86.1%
4	86.9%	83.8%
5	99.3%	96.3%

Authorization requirements are multiplying by the day.

Medicare Advantage MRI stats

- 8.3% of MRIs required auth in 2018, up to 32.5% in 2023
- Of the 32.5% of authorization requests, only 1.3% ultimately denied and services were not rendered.

HEALTHCARE MATH PROBLEM



- Hospital rate increases have lagged – cost increases by 10 cents on the dollar
- Part of our request for higher rates is to make up for prior year rates that lagged inflation

How do you address payer challenges during negotiations?

How are you using innovation and what's important?



- #1 Financial Priority related to Innovation – Measure ROI
- Joe's thought process – where does our “next dollar go”?
 - LTIP – 7+% CAGR, reasonable hurdle rate?
 - Alternative – cost differential to current status

Other thoughts:

- What does healthcare finance look like over the next decade?
- How will innovation change revenue cycle and managed care?
- How can we “fail fast” if an innovative idea doesn't generate ROI?
- How can we operationalize innovation?



- How has Augusta Health embraced Virtual Nursing?
- Does a system with one hospital get the needed efficiencies to use virtual nursing?
- Are we working at the top of our license in allied health professional departments?

Other thoughts:

- It feels like the industry is about to change. How do you think it will change?
- How will our care delivery change?

How are you building team trust amidst these challenges?



- Transparency between leaders and direct clinical care professionals
- Focus on middle manager leadership development and support
- Improvement of direct care healthcare professional retention through strategies to promote positive practice environment



- Listen to, fully vet, and implement team member recommendations
- Instilling trust in team instills trust in the leader and organization
- Setting clear expectations, monitoring, and celebrating success
- Be a cheerleader for the team

What is the value of budgeting?

Have you made any changes to the standard budgeting process?

Where have you missed the mark?

OPERATIONAL EXCELLENCE WHEN VOLUME DOESN'T FIX EVERYTHING

- Ensure everyone defines OE the same
- Don't take your eye off contract labor in clinical departments (i.e., nursing and allied health)
- Regular and frequent check-ins with leaders



PROMPT ACTION IS NEEDED LITTLE TIME FOR REFLECTION

- Replace underperforming vendors with better alternatives quickly
- Biz plans - Don't just check the revenue/expense math – push back on assumptions (including volumes)



COMMUNICATION IS KEY SHARED UNDERSTANDING

- Strategic pricing – impacts to service line leaders
- Underestimating payer reimbursement impacts in development of Radiology Group Practice
- Constant monitoring of proforma expectations for net revenue assumptions



Collaborative Leadership

Why it Works


NO FALSE
ASSUMPTIONS


ALIGNMENT


PREVENTS
FAILURE


NO
BLINDSPOTS


PREVENTS
REWORK


REDUCES RISK


EMPOWERS
EVERYONE

Open Forum

What have we not touched on that
you would like to know?

Thank you



Care that makes a lifetime.