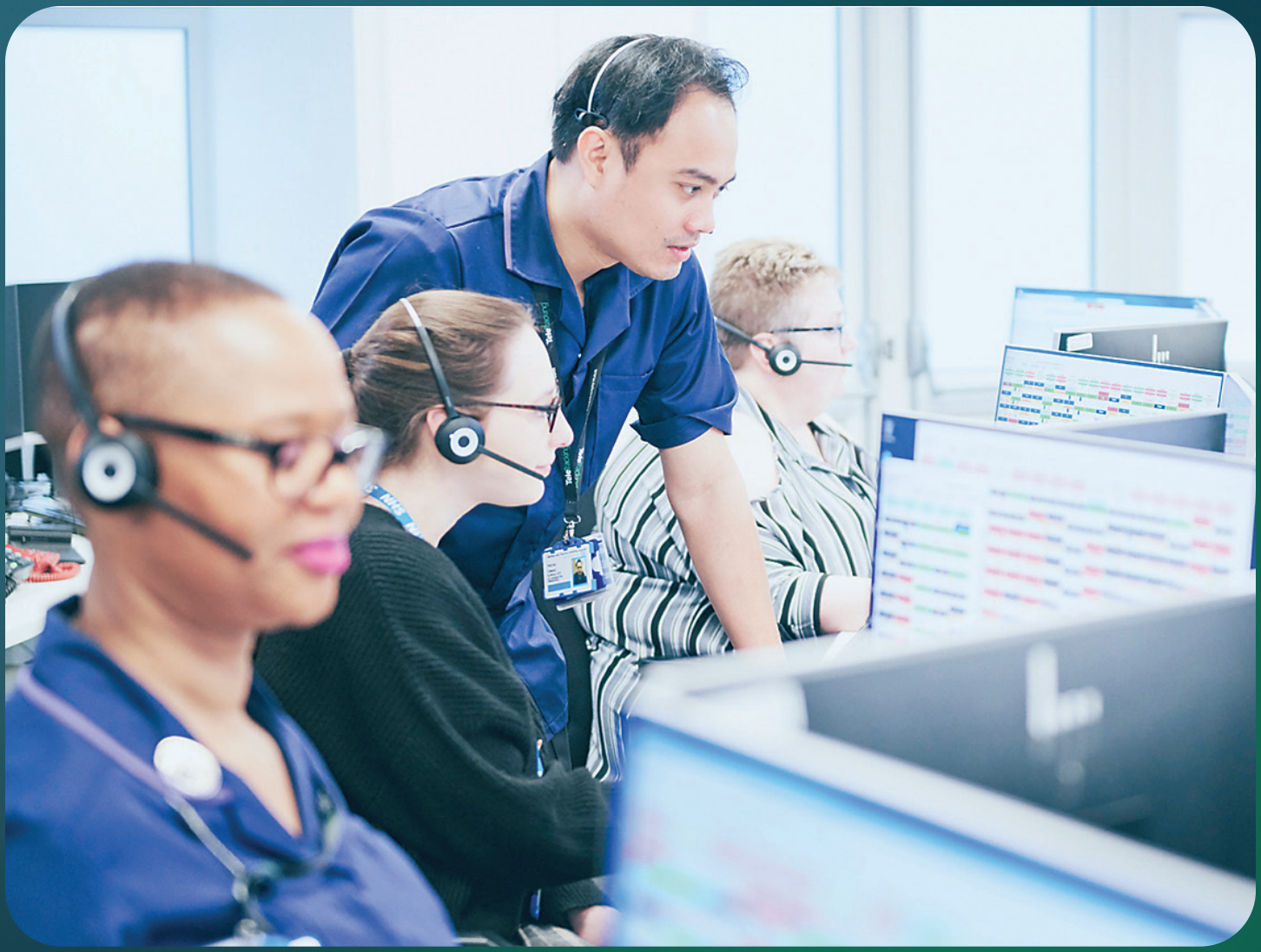
TeleTracking



The #1 Imperative for Health Systems

Growth Through Operational Optimization

Executive Summary

- Today, hospitals and health systems recognize that **growth requires integration across ambulatory, acute, health network ecosystems, non-affiliated post-acute care networks, and provider partner health systems** to facilitate care access, delivery, and discharges that meet the patients where they are in their journey.
- With the shift from individual, independently run hospitals to large-scale health systems, and now large-scale market networks, came an **increased need for system-wide visibility to capacity, centralized placement capabilities, and the ability to visualize demand across the entire enterprise.** Now, the need for managing operations and data across disparate health information systems, especially EMRs (Electronic Medical Record), has only increased.
- These headwinds are forcing leaders to find ways to improve operational management by **leveraging purpose-built efficiency and growth-driving technology** that enables workflow automation, improves communication, and provides data and analytics across historically disconnected care settings, flattening the care continuum, and growing care networks.
- This requires a reimagining of healthcare operations beyond the four walls of the hospital – centered around **how patients interact holistically across health system(s) throughout their entire care journey** – with true data interoperability.
- **This is not a future concept, but something that is happening now** as leaders realize that to capitalize on growth opportunities, they must operationally centralize disconnected care settings across the system.

The question remains:
Why hasn't healthcare adopted purpose-built operational solutions like other industries?

The Change Needed

Integrated Operations and Care Coordination

A centralized and streamlined care coordination model empowers hospital and health system teams to improve coordination, create shared visibility, and streamline care delivery across care networks. Like Air Traffic Control Centers at airports, these operational "Command Centers" provide integrated, real-time data to support clinical and operational staff with automated workflows, capacity planning, and resource utilization and optimization.

Visibility and Expansion at the Entry and End Points

The combination of reimbursement factors, technological advances, and patient preference has led to significant outpatient growth. The line for what is outpatient versus inpatient is becoming increasingly blurry. Outpatient revenues are rising at 9-10% annually, versus inpatient revenues, which are growing 5-6%. Outpatient revenue now accounts for half or more of total care delivered, according to Deloitte.

Predictive Data and Analytics

In order for a hospital or health system to grow, they need to improve capacity planning and management in the short, medium, and long term – and this capacity planning must span all facilities within the system at a minimum. Exponential value in the form of data and analytics are created when you can begin to integrate partnered, affiliated, and non-affiliated networks into a single capacity planning and management view. This data can be used for hindsight, insight, and foresight planning.

Improved Patient Engagement and Retention

Attracting new patients, ensuring they have a good experience, and keeping them within the system for care sets up higher revenues in fee for service and better positions the health system for value-based contracts.

> "I believe that the use of technology to create that seamless, frictionless patient care continuum, person-centric health continuum, is critical to driving the future value of healthcare we need in this country."
>
> **Chief Operating Officer, Health System**

Understanding Real-world Implications of Operational Optimization

Growth can only be achieved if operational and financial barriers are removed, and that's the domain of an Operations Platform, to move patients seamlessly through the system. They provide intelligent capacity management and load balancing, insightful and actionable data, and the visibility needed to expand reach to those not yet in the system for proactive and integrated care delivery.

The EMR has a critical role to play in clinical care documentation and billing; however, there are clear differentiators between an EMR and an Operations Platform. The most notable differentiators are return on investment, predictive analytics to better plan capacity, seamless transfers to owned, affiliated, and non-affiliated post-acute facilities, better managing care delivery through integrated workflows, and visibility to network-wide capacity.

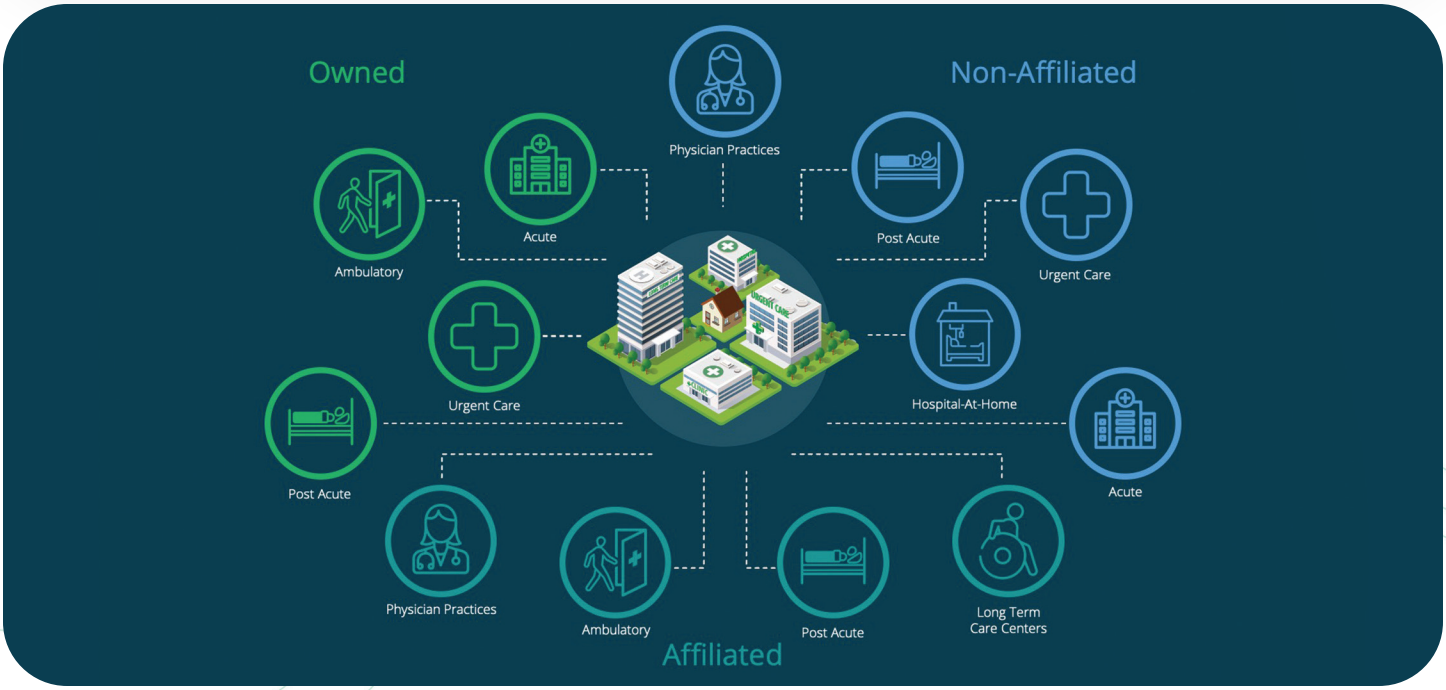
To deliver measurable value, hospital and health system leaders can start by looking at maximizing contribution margin and ROI.

While these margins vary based on network coverage, below is a conservative breakdown of the revenue per transferred patient opportunity based on thirty years of experience working with 1,200 hospitals globally:

While contribution margin is a place to start, ROI is more than just referrals in, and transfers out. Whether you're an organization of 1 or 200 hospitals, there are two key layers to realizing operational efficiency and system growth. The first is overarching "flow" tied to operational management. To run efficiently, hospitals and health systems must have easy pathways to access care (bringing patients into the most appropriate care setting), the ability to progress care (by aligning the right resources), satisfaction and productivity from care givers (by enabling staff with visibility and automated workflows), the ability to manage discharges (through Real-Time Locating System technology), and aligned support to ensure that the care needed takes place (from environmental and transportation teams). The second layer focuses on the ability to manage relationships to make determinations around volume and capacity utilization against service line demands. This comes from enabling staff with the right integrated technology to maximize capacity utilization within – and outside – the four walls of the hospital or health system.

Return on Investment

Each additional patient per day, at a conservative contribution margin of **$5,000–7,000** has a significant impact of more than **$1.8–2.5 million** per year.



A Perspective on Growth from Healthcare Executives

In 2023, through a series of qualitative interviews with C-Suite leaders, TeleTracking commissioned an anonymous market research report to gain insights on how healthcare leaders are thinking about operations and growth opportunities. Here are the findings from executive leaders across regional, urban integrated, academic-affiliated, and rural health systems.

> "While the EMR supports clinical documentation and billing levers, it supports the status quo in patient capacity management with gaps in operations that the EMR cannot solve for. Innovative ideas fundamentally change healthcare systems by proactively addressing operational bottlenecks to growth."
>
> **Chief Innovation Officer, Health System**

More than just capacity management…

- Interviewees point out the need for patient flow to mirror the efficiency seen in the manufacturing industry.
- There is alignment that hospitals can not make money if patients can not access care.
- EMRs capacity management solution does little to dynamically identify bottlenecks and improve enterprise-wide visibility.
- Systems must know where a patient is, predict when and where they are going, and integrate that information seamlessly into their care plans.

Financial implications can make or break a deal…

- All interviewees agreed that a clear ROI can trump bottom line costs.
- Platform companies must show value to stakeholders, including CFOs, COOs, and CSOs.
- Measures such as reimbursement, transfer center contributions, labor savings and productivity, and denial rates help to make the business case.

> "I think operational efficiency and growth work in tandem with each other. So yes, growth is an important driver, but if we are not maximizing operational efficiency, then we are just layering on complexity into the organization where a future acquisition would fail or be more challenging than it needs to be."
>
> **Chief Executive Officer, Health System**

A new concept to move operations beyond acute care…

- Interviewees agreed that solutions that create a seamless, frictionless patient care continuum and establish a person-centric health continuum are a priority.
- Operational solutions that allow health systems to use physical capacity to their utmost potential, while adding more, is a top prioritization for organizations.

Case Study

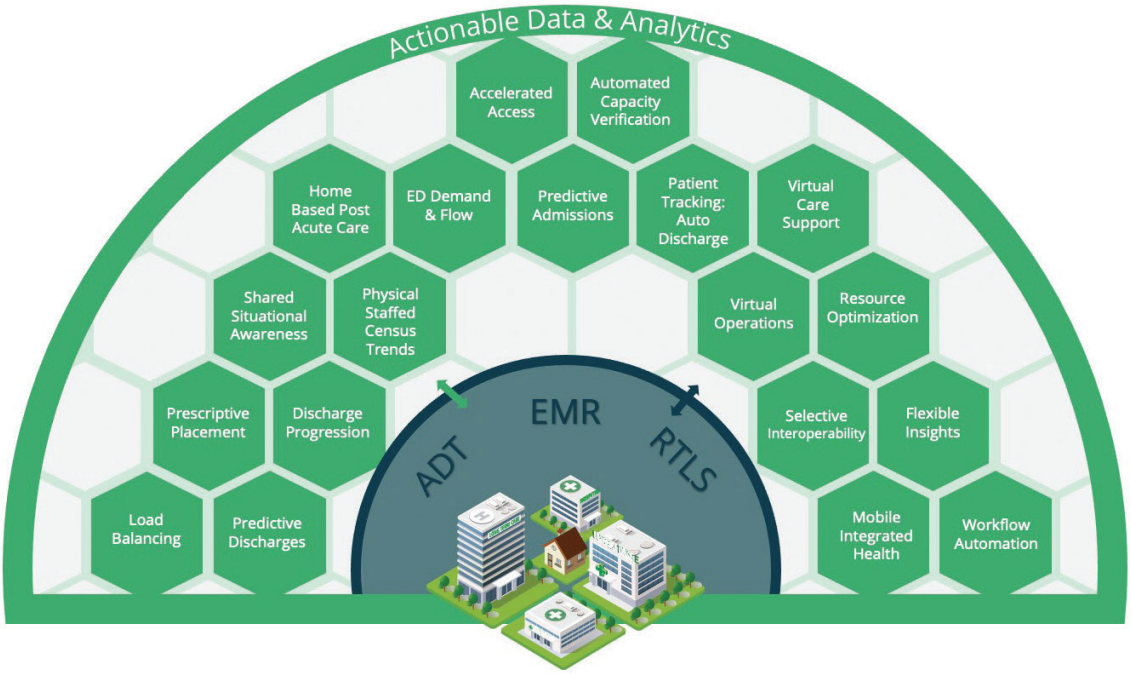
Largest for-profit operator of healthcare facilities in the U.S. uses an Operations Platform

- Manages 11,038,993 patient interactions on its Operations Platform
- 135% increase in transfer volume over a one-year period
- 70% acceptance rate for patient transfers
- 6,800+ increase in available bed days
- 17,000+ potential additional admissions from improving bedturn capacity
- 10% improvement in patient transport times
- $3.9B revenue impact with a per patient contribution margin of $5,000

> "And we actually had acuity grow, as we mentioned, but length of stay went down. That allowed us to open up more beds, receive more patients in through our transfer centers and our emergency rooms and so forth. And that's not necessarily compromising our operating leverage."
>
> **Samuel Hazen, CEO**
> **Q1 2024 Earnings Call**

A Boundaryless Healthcare Model

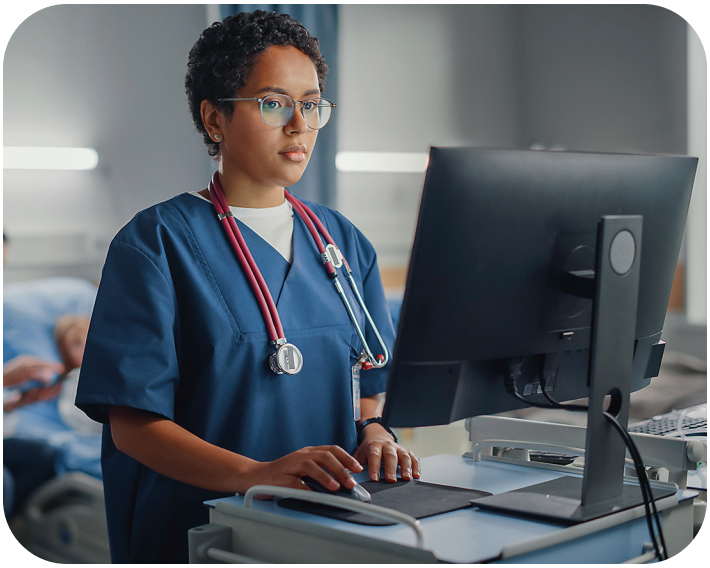
Where the EMR starts after the patient is admitted, system growth happens before that point, requiring a streamlining of patient inflow (transfers and referrals) from the entire network that are often on different EMR systems or instances. This requires capabilities beyond the EMR that can augment a growth plan, including:



End-to-End Operational Efficiency

- Advanced analytics
  - Providing hindsight, insight, and foresight
- Integrated staff and resource workflows
  - Automating routine tasks to optimize workflows
- Patient flow management
  - Streamlining transitions of care across settings
- Automated capacity verification
- Physical and staffed bed census trend analysis
- Predictive admission and discharge reporting
- Prescriptive patient placement
- Automated discharges
  - Real-time location tracking to reduce equipment search and maximize asset utilization
- Coordinated referral management to support patient access and growth
- Operational interoperability across owned, affiliated, and non-affiliated post-acute facilities

Current State of Operations	Future State of Operations
Knowing where patients are	Knowing where patients will be and when
Basic forecasting shows that a problem is going to happen	Predictive analytics solve problems before they arise
Operations impacts revenue cycle passively (i.e., length of stay)	Operational solutions actively improve revenue drivers



It Comes Down to Operational Performance

A high-performing organization has proven best practices around operational management and optimization as seen across multiple industries, including the manufacturing, automobile industry, and multinational conglomerates. Healthcare should be no different, leveraging purpose-built operational technology to enable quality patient care, optimized workforce productivity, and integrated care access, delivery, and transitions with a proven return on investment.

For over 30 years, TeleTracking has been helping hospitals and health systems deliver better, more coordinated care by combining KLAS recognized market leading technology with deep clinical expertise and a proven return on investment. We are here to help you with an initial assessment and ROI analysis of your current operations so you can see the value of our operational solutions. To learn more, visit TeleTracking.com.

Scan the QR code to learn more about growth and operational efficiency.

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