

SCI Solutions Helps Hospitals Increase Revenue, Patient Satisfaction, and Physician Loyalty through Subscription-Priced Software-as-a-Service Systems

Hospitals can succeed in unfavorable economic conditions if they make it easy for physician and patient customers to do business with them. They also need to be scrupulous about managing the revenue cycle, starting in advance of the patient's arrival to actively manage high-deductible plans and self-pay patients. In these conditions, subscriptions-priced services are more attractive to hospitals with constrained capital budgets since they match accrued benefits to cash outlays rather than requiring a huge upfront payment. SCI Solutions was an early healthcare pioneer in Software-as-a-Service (SaaS), forming the company around that concept in 1999. We spoke to John Holton, president and CEO of SCI Solutions.

A year ago, you predicted an increase in the number of uninsured. Did that trend come about as quickly as you expected and how is it affecting healthcare IT?

The trend has absolutely accelerated. Credit markets are frozen. We're in a severe economic recession. Somewhere between 45 and 50 million people are uninsured. We have close to 60% of commercially insured folks on high-deductible plans. That adoption will accelerate.

It's a bad market for hospitals. Medicaid reimbursement has declined in most states and managed care rates are flat at best. Who knows what's going to happen to Medicare?

High-deductible plans should really be renamed "catastrophic insurance." People won't get services because the deductible is so high and they'll have to pay out of their pockets, so hospital utilization will go down as patients choose to put off elective procedures.

We're already seeing self-pay bad debt rising with our customers. People don't understand how expensive some

of these procedures are. They'll go and have them, but if hospitals don't collect the money up front, there's only about a 40% chance of collecting it after the procedure is done.

There will be more and more shifting to self pay because of these high deductibles. We are going to see a real challenge there for hospitals.

How are those conditions changing the mix of IT systems that hospitals are buying?

Hospitals have to develop a strategy for their marketplace. Are they going to acquire facilities or are they going to be acquired? They have to evaluate their physician network strategy. Do they want to have owned physicians or affiliated physicians or some combination? How will they establish physician loyalty?



PRODUCTS
Order Facilitator®
Schedule Maximizer®
Revenue Accelerator®

COMPANY
SCI Solutions
180 Knowles Drive Suite 180
Los Gatos, CA 95032
408.378.0262
www.scisolutions.com

NOTABLE CUSTOMERS
HCA, McLeod Health, Radiology Associates of Sacramento, National Institutes of Health, Roswell Park Cancer Institute, Alamance Regional Medical Center, Torrance Memorial Medical Center.



HOLTON

They also have to manage their balance sheet, finding new sources of funding and spending their money wisely.

A lot of that has to do with capital budgeting. We're starting to see hospital customers taking a really hard look at significantly reducing their capital budgets.

They have to look at operating performance and how to maximize utilization and revenue. Utilization is going down, so which programs do you cut and which do you strengthen?

Hospitals should focus on improving their relationships with their physicians. That could involve things like online outpatient orders, procedure scheduling, and results reporting. Anything that avoids disruption at the office or that makes physicians more productive will be a real plus during these times.

Hospitals need systems that help them with the revenue cycle. If utilization decreases, they need to catch every dollar, which requires revenue cycle tools on the front end to identify a patient's insurance quickly and make sure the authorizations are obtained.

Physician ordering needs to start in the physician's office, paying attention to authorizations and medical necessity checking up-front before the patient gets to the hospital. By the time service is being rendered, you know whether you're going to get paid or not.

If you're not going to get paid, you can make arrangements for the self-pay portion, getting people signed up for plans or sending it to charity care.

It's important to help hospitals with capital outlays, so the Software-as-a-Service industry with its all-inclusive subscription model will be popular. You pay a monthly subscription rate and get everything without a large investment from the IT department and without paying hardware or license fees. You get return on investment immediately.

Your business was good before the downturn. How has that changed?

All of our prospective clients are concerned about capital dollars. Hospitals are freezing capital budgets and laying

people off. We haven't seen a decline because the subscription-based model means you don't have to commit to a long-term payment plan or contract.

It's a different kind of financial decision to go with SCI than one of the more traditional models. You don't have to invest upfront fees to get live on systems. We're dealing directly with the revenue cycle and attracting physicians. There are huge benefits associated with that.

People are getting quantifiable benefit right out of the box. We offer Software-as-a-Service, so less installation time is needed and people see a real return for only a few thousand dollars a month. For that reason, traditional models will be challenged.

What will the industry look like if traditional vendors try to change to go after capital-poor customers by switching to subscription pricing?

I've run companies with both models. I don't think the traditional software company can just flip a switch to become Software-as-a-Service. It's a really different model with regard to the types of people you hire and how you deliver services.

Traditional companies will have a harder time making the transition. I expect we will see another wave of consolidation. Smaller companies will struggle.

Three years ago, you said that 80% of software would be purchased using a hosted model within 10-15 years. That was a pretty brave prediction back then. Were you right?

Yes. We've seen a huge uptake in software-as-a-service. Almost every hospital has something being delivered that way. They have gotten more comfortable with it.

The success inside the healthcare industry and in Fortune 100 companies proves SaaS is a viable model for even the largest institutions. CIOs can allocate their own resources to other projects.

Hospitals are focusing on throughput and revenue cycle issues, with consultants moving to those areas to help. What are you seeing?

Throughput and revenue cycle are the keys. Hospitals have to look at their programs and services to determine which are making money and which are bringing in business.

Hospitals will focus on scheduling. Much of the revenue cycle is back-end driven, but hospitals need to improve

Hospitals should focus on improving their relationships with their physicians. That could involve things like online outpatient orders, procedure scheduling, and results reporting. Anything that avoids disruption at the office or that makes physicians more productive will be a real plus during these times.

the front end – catching the errors, making sure everything is in order, and focusing on those self-pays.

The key now is to get patients in, make it easy for the patients to do business, get patients into the hospital and, for the physician, get the bills through without getting denials because of revenue cycle mishaps.

How do your products fit in as the patient goes through the individual steps?

Let's say my wife comes home from a trip and gets a reminder from an SCI

hospital that her screening mammogram is due because it's been more than year. She logs into the hospital's SCI Consumer Portal on a computer and schedules the appointment in real time.

SCI is the only company that offers the ability for patients to schedule at 11 o'clock at night. This isn't just sending a request to a scheduler. It is essentially the scheduling "brains in the box", similar to the airlines where you get back a choice of flights based on your preference. You get a choice of times and maybe a choice of locations. She can book that at 11 o'clock at night.

She fills in the pre-registration component so it will bring up everything the hospital knows about her if she has been there before. She can make any changes to her demographic information, for instance her insurance carrier. If any co-pays are due, she'll be notified and can pay those. She will be able to go straight to the department at her appointment time because everything else is done.

Once she's scheduled, the system is smart enough to ask her a series of questions and adjust the time it's going to take to do the procedure. A patient with implants will take an extra half hour, so it will add that to avoid bumping other cases and creating an overbooking situation.

It can also shift demand. If the radiology department is booked but the hospital has an ancillary clinic that does screening mammograms, it can divert her there to make better use of their resources.

With her online pre-registration, the system has already checked her eligibility for these procedures. It finds that she's eligible, but the hospital needs to collect a \$20 co-pay. If she had needed an authorization, the system would have fired off that request and tracked it while scheduling to make sure the hospital is not over-scheduling beyond the number of times that procedure has been authorized for.

In the background, the SCI Revenue Accelerator product, which is a workflow system, would have brought up the

case to a clerk and compared the old and new data, asking, "Do you want to accept the new data?"

The system works all the steps of the revenue cycle. If she didn't have insurance after all and needed financial planning, it would go to the financial planner. They would use SCI tools to make sure they had made the arrangements for self-pays.

When she arrives, she will be checked in and a registration message will go off to the registration system. That will generate an account number.

We're providing self-service tools for patients and doctors so that everything goes much smoother. There aren't a lot of telephone calls or dropped data. Customer service is better and the revenue cycle is started earlier with the right data.

What do you tell hospital executives about being an SCI customer?

We talk to the CEO about physicians and the network -- connecting their physicians to the institution. That's a primary strategic driver.

We talk to the CFO about the revenue cycle and how we can streamline the whole process.

We answer any CIO questions about our technology. All they have to do is arrange for us to hook up to their interface engine to pass over registration data and either accept or pass schedule data. We want them to understand how deeply we can integrate our product so they will have the same data that they would with a larger vendor, plus even more easily accessible data that is very valuable.

You can't do the self-service scheduling with all the larger vendors. They just don't do it. There's no intelligence in the box. We've saved over 40% of the labor costs with that self-service scheduling component.

They can't get a jump on the revenue cycle with those systems. They don't automate eligibility verification. We don't need humans involved. Other systems don't start the medical necessity process in the physician's office.

SCI's systems are good for patient convenience, physician relations, collections, and efficiency, but they don't really affect patient outcomes. Is that true?

I believe they do affect outcomes. Physician loyalty is so important. Without physician loyalty, you won't have a hospital. We also make sure no

errors occur in scheduling, that all the medical rules are covered and that procedures are scheduled exactly at the right time.

Patient satisfaction is a huge component of patient outcomes. It's a lot nicer to do business with one of our hospitals. They provide really good customer service instead of making people stand in line; getting hassled about their bill. Having debt agencies calling patients because they haven't made arrangements for the self-pay is part of the patient experience and we positively affect that.

Are customers seeing a measurable improvement in patient satisfaction?

Yes. One of the educational Webinars we offer is called "The Ritz-Carlton Approach to Healthcare" and it talks about one of our facilities that employed that approach. They really couldn't have done it without the system support we provide. You don't have to pass calls between departments when a patient is trying to schedule multiple procedures.

We've had hospitals that have established concierge services, where they send patient representatives to the individual doctors' offices and sign up patients there. Our software lets them do it from that location with the office people right there to ask questions.

We have a lot of documentation on improving revenue and hard dollar benefits, but also improved satisfaction from patients.

SCI just won an award for its access management magazine. What topics does it address and how did people get it?

Our Innovations in Access Management magazine (IAM) is considered the Thought Leadership publication for Access Management professionals. At SCI we are very active with NAHAM, the National Association of Healthcare Access Managers. They are the primary group involved in healthcare scheduling, pre-registration, and ordering processes. All the articles are available for download on our corporate website: www.scisolutions.com.

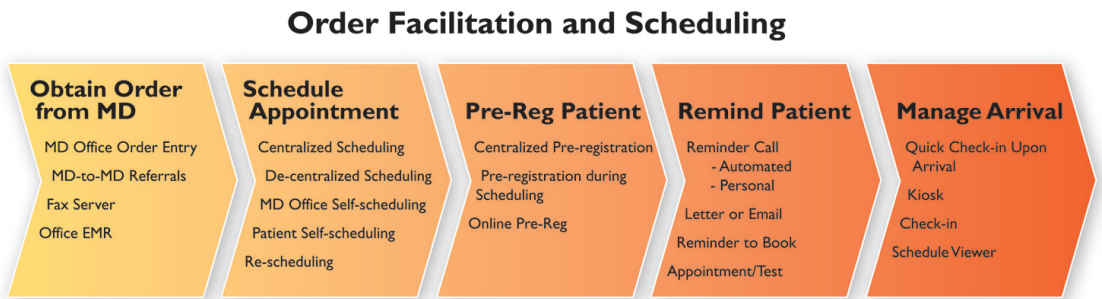
We're conducting educational Webinars with NAHAM around general interest topics -- not our products specifically. We sponsor Webinars probably twice a month. I gave one a couple of weeks ago that had nearly 300 people on it. They really have that level of interest.

We are trying to facilitate and discuss how to improve access to the hospitals through the doctors and the patients. We think there are a lot of good ideas that can be adapted from other industries. We discuss what people

We answer any CIO questions about our technology. All they have to do is arrange for us to hook up to their interface engine to pass over registration data and either accept or pass schedule data.

have tried and what has been successful, facilitating and passing the good ideas on to other places.

What symptoms might tell a hospital that they're having problems that your solutions can address?



Every one of them will have problems if they don't have our product. They might have a problem with lost or illegible orders, a simple thing that's hard to fix. I've seen medical practices decide to work with another hospital because the ordering process is so difficult. So, I would look at orders first.

I would see whether they would like to reduce their labor expenses or maximize their resources. We have improved utilization close to 15% in every facility that we've gone to, which directly affects patient satisfaction.

The CFO will know how they are addressing Medicare and the medical necessity component. Are they getting their ABNs signed before the procedure starts? Are industries in the area turning to high-deductible plans that will cause self-pay bad debt problems? How is financial planning set up? Do they have a workflow process that keeps people from taking shortcuts and making mistakes?

You've been in the industry for a long time. What is your top couple of predictions looking out 3-4 years?

I think we have a much better chance of universal healthcare now. That will have ramifications on the industry, on healthcare IT, and on hospitals.

We're probably going to get some kind of help to get EMRs and clinical systems established. A lot of change is going to come from the outside.

PHRs are being developed by Microsoft and Google and others. It's the way information will be stored and sent because no one really cares about your medical history except you.

Large employers will place changes on the industry. They could do more themselves or take stronger initiatives.

There will be more international competition than people realize. Hospitals here will try to compete on price with international hospitals that are run by doctors trained in the

Revenue Cycle



US. A lot of them are new facilities and are much cheaper than US hospitals. We'll have more pricing transparency for the high-deductible plans, but also more pricing transparency and competition for hospitals going after specific groups of workers within a specific company.

THE BOTTOM LINE

SCI's affordable solutions help hospitals build patient and physician loyalty while improving the bottom line.

While broad-line vendors treat "access management" as nothing more than the patient registration systems of yesteryear, SCI offers domain expertise that is essential in a world where consumers and physicians have choices.

Software-as-a-Service technologies like SCI's, offered under a subscription model, match system costs with benefits without tying up precious capital dollars

Sponsored by:

