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CEO's MESSAGE:

Congratulations!! As you know, we have all just embarked on a performance optimization journey aimed to transform the operations of our organization into a high performing Physician Enterprise. The success of this initiative will require us to all work together to achieve our desired results -- not just as employer and employee, but together as valued Partners. Please take some time to review your personalized Commentary below. This is designed to provide you with concise and constructive insights into the performance of your individual practice and how it compares to others in our organization. The Commentary is intended to prompt thoughtful conversation between our Providers and our Leadership around opportunities to improve practice performance and reduce the year-over-year investments that we make in support of our Physician practice operations. The success of our efforts will serve to not only free up valuable financial resources and improve bottom line performance for the organization, but more importantly, our success will also serve to enhance Provider Compensation, develop new programs and initiatives, and facilitate expansion of our network. Thank you, in advance for all of your continued efforts to provide the finest care to the patients we serve!

- John Smith, CEO

The following commentary has been generated using SAE Optimizer™, our Physician Optimization reporting platform.

● OVERALL PERFORMANCE (SEPTEMBER 2018 YTD):

Your overall performance for September 2018 YTD grades out as a **C**. This is based on the combined weighted performance scores for 16 key performance indicators covering Financial, Operations, Revenue Cycle, Population Health and if applicable, Specialty-specific performance evaluations.

- ▶ You rank 39 out of 62 providers (excluding all Specialty-specific performance factors) .
- ▶ You rank 3 out of the 6 providers in Internal Medicine: Ambulatory Only (No Inpatient) (including any applicable Specialty-specific performance factors).

● FINANCIAL PERFORMANCE:

Your YTD Financial Performance grades out as a **D**. The results of 3 KPIs has impacted this evaluation. Of these, the most influential KPIs which have impacted your Financial Performance scores included

Practice Personnel Support Costs (35% weight), Net Profit (35% weight), Total Revenues (30% weight). Results for all scored KPIs were as follows:

► **Total Revenues** of 397,597.24 versus a goal of 439,425.00 (unfavorable by 9.5% and graded out as a **B-**). High performance in Total Revenue generation can result from high patient volumes, favorable payer rates and service mix.

Management Comment: Great job driving revenue generation to our target levels! This effort should help drive improvements in profitability.

► **Practice Personnel Support Costs** of 134,232.50 versus a goal of 111,496.83 (unfavorable by 20.4% and graded out as a **C-**).

► **Net Profit** of -82,865.76 versus a goal of 17,063.87 (unfavorable by 585.6% and graded out as a **F**). Very poor performance in Net profitability is often attributable to unusually low Revenues per Provider, and very high physician & personnel support costs.

Management Comment: Continued profitability issues will require increased attention to help us identify improvement opportunities.

Over the 6 months ending 9/30/2018 your revenues are trending up 1% (annualized). In comparison, on an annualized basis, other financial line items are trending as follows: Practice Personnel Support Costs are trending up 5%, Malpractice Insurance Expense are trending up 5%, Practice Nonpersonnel Support Costs are trending up 2%, Provider Wages & Benefits are trending up 1%, Total Facility Costs are trending up 1%. Your resultant monthly net loss over this 6 month period is trending down at the rate of 6% (annualized).

►► **Financial Performance Action Plan** (Based on September 2018 data and as discussed on 10/15/2018): Dr. Lee is struggling with lower than expected revenue generation vs higher than expected personnel support costs. Recommend review of staffing plan as well as determining opportunities to increase revenues.

● **OPERATIONS PERFORMANCE:**

Your YTD Operations Performance grades out as a **B+**. The results of 4 KPIs has impacted this evaluation. Of these, the most influential KPIs which have impacted your Operations Performance scores included wRVUs (30% weight), Encounters per day (30% weight), Collections per encounter (20% weight), Clinical support staff FTE's (20% weight). Results for all scored KPIs were as follows:

► **wRVUs** of 4,421.13 versus a goal of 3,996.75 (favorable by 10.6% and graded out as a **A+**). Excellent performance in YTD wRVU productivity can result from a number of factors, including extremely high patient volumes / encounters per day, increased days worked, very high encounter value (wRVUs per encounter) and procedure oriented service mix.

Management Comment: Great Job! Congratulations on being one of our top performers in this area. Keep up the good work.

▶ **Encounters per day** of 22.34 versus a goal of 20.57 (favorable by 8.6% and graded out as a **A**). Extremely high encounters per day can result from highly efficient appointment scheduling templates and office operations, very high patient demand and efficient patient flow.

Management Comment: Awesome work. High encounters per day will help you to drive revenues and profitability.

▶ **Collections per encounter** of 139.56 versus a goal of 167.52 (unfavorable by 16.7% and graded out as a **C**).

▶ **Clinical support staff FTE's** of 1.50 versus a goal of 1.58 (favorable by 4.8% and graded out as a **B+**).

Note that over the 6 months ending 9/30/2018, on an annualized basis, your Encounters per day are trending up 5%, your wRVUs are trending up 5%, your Clinical support staff FTE's are trending up 4%, your Collections per encounter are trending down 3%.

▶▶ Operations Performance Action Plan (Based on September 2018 data and as discussed on 10/15/2018): Although grading strong in this area, further opportunities to improve encounter value and boost collections per encounter remain. Additional effort will be made to identify corrective actions in this area.

POPULATION HEALTH PERFORMANCE:

Your YTD Population Health Performance grades out as a **B**. The results of 4 KPIs has impacted this evaluation. Of these, the most influential KPIs which have impacted your Population Health Performance scores included Patient Satisfaction Internal Rating (25% weight), Patient Satisfaction External Percentile Rank (25% weight), Panel Size (25% weight), Encounters per day (25% weight). Results for all scored KPIs were as follows:

▶ **Patient Satisfaction Internal Rating** of 84.97 versus a goal of 89.25 (unfavorable by 4.8% and graded out as a **B**). High Patient Satisfaction can result in decreased referral leakage and high patient retention. In addition, to the Provider, this can point to the quality and training of support staff.

Management Comment: Achieving targeted performance in this area is a sign of a strong practice delivering very good patient care. Keep up the good work!

▶ **Patient Satisfaction External Percentile Rank** of 0.93 versus a goal of 0.96 (unfavorable by 2.9% and graded out as a **B**). Good Patient Satisfaction suggest that the Provider and practice are liked by their patients and delivering very good care. This impacts many areas of performance including panel size, referral retention, productivity, etc.

▶ **Panel Size** of 1,461.92 versus a goal of 1,575.00 (unfavorable by 7.2% and graded out as a **B-**). Large Panel Size suggests strong patient demand and efficient scheduling templates. Both can favorably influence panel size and patient retention.

Management Comment: Good job achieving our target. Practices normally thrive when they benefit from larger panel sizes.

► **Encounters per day** of 22.34 versus a goal of 20.57 (favorable by 8.6% and graded out as a **A**). Extremely high encounters per day can result from highly efficient appointment scheduling templates and office operations, very high patient demand and efficient patient flow.

Management Comment: Awesome work. High encounters per day will help you to drive revenues and profitability.

Note that over the 6 months ending 9/30/2018, on an annualized basis, your Encounters per day are trending up 5%, your Patient Satisfaction Internal Rating are trending up 5%, your Panel Size are trending flat, your Patient Satisfaction External Percentile Rank are trending flat.

►► Population Health Performance Action Plan (Based on September 2018 data and as discussed on 10/15/2018): Although Dr. Lee's Population Health performance is at or near expectations, there remains an opportunity to improve Patient satisfaction. This can lead to increases in patient retention levels and can favorably impact daily volume shortfalls.

✕ REVENUE CYCLE PERFORMANCE:

Your YTD Revenue Cycle Performance grades out as a **F**. The results of 3 KPIs has impacted this evaluation. Of these, the most influential KPIs which have impacted your Revenue Cycle Performance scores included Days Charge Lag (60% weight), Collections per wRVU (20% weight), Self pay accounts (\$ over x days) (20% weight). Results for all scored KPIs were as follows:

► **Collections per wRVU** of 89.93 versus a goal of 109.95 (unfavorable by 18.2% and graded out as a **C**). Low collections per wRVU can suggest adequate revenue cycle performance improvement, average payor mix, payor rate and service mix opportunities.

► **Days Charge Lag** of 3.00 versus a goal of 2.00 (unfavorable by 49.9% and graded out as a **F**). Very high days charge lag results from long delays in completion of documentation and closing of encounters by the Provider as required for claims submission for reimbursement on a timely basis. This also unfavorably impacts cash flow.

Management Comment: Failure to submit documentation is driving very poor charge lag and impacts cash collections and revenue cycle. Lets work together to identify and remove barriers and or adjust work flow such that your documentation can be completed on a more timely basi

► **Self pay accounts (\$ over x days)** of 2,491.24 versus a goal of 1,000.00 (unfavorable by 149.1% and graded out as a **F**). Self pay account balances significantly over expected levels indicates a highly ineffective cash collection process and very poor revenue cycle. This can also be a result of highly unfavorable payer mix.

Note that over the 6 months ending 9/30/2018, on an annualized basis, your Days Charge Lag are trending up 5%, your Self pay accounts (\$ over x days) are trending flat, your Collections per wRVU are trending down 3%.

►► Revenue Cycle Performance Action Plan (Based on September 2018 data and as discussed on 10/15/2018): Dr. Lee is near expectation for Charge lag and will continue his focus on prompt submission of documentation.

● SPECIALTY PERFORMANCE:

Your YTD Specialty Performance grades out as a **B-**. The results of 2 KPIs has impacted this evaluation. Of these, the most influential KPIs which have impacted your Specialty Performance scores included % of Revenues Value Based (60% weight), % of patients having annual physical exam (40% weight). Results for all scored KPIs were as follows:

► **% of Revenues Value Based** of 0.19 versus a goal of 0.20 (unfavorable by 3.9% and graded out as a **B**). High % Value Based Revenue is dependent upon specific specialty and payor reimbursement models. In addition, high % Value Based Revenue is often tied directly to good Quality performance and lower costs of service.

Management Comment: Congratulations on good performance and achievement of our target. Good job!

► **% of patients having annual physical exam** of 0.82 versus a goal of 0.84 (unfavorable by 2.0% and graded out as a **B**). % of patients with annual physician exams is a key metric for Primary Care Specialties. Strong performance in this area can favorably impact quality measures and improve reimbursements.

Management Comment: Good job! Performance is generally meeting our expectations. Please continue to keep working to become a top performer in the organization.

Note that over the 6 months ending 9/30/2018, on an annualized basis, your % of patients having annual physical exam are trending up 3%, your % of Revenues Value Based are trending flat.

● OTHER MANAGEMENT COMMENTS:

(Based on September 2018 data and as discussed on 10/15/2018): Dr. Lee and his Practice Manager have agreed to meet in a biweekly basis in order to maintain momentum in the areas of improvement already noted. Thanks, Dr. Lee. Keep of the great effort!

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