

Financial Integrity

**An Interview with Peter P. Csapo,
Chief Financial Officer and Treasurer, Accretive Health**



Peter P. Csapo

EDITORS' NOTE *Prior to joining Accretive Health, Peter Csapo was Chief Financial Officer and Area Senior Vice President at VHA Inc. Csapo was also the former Chief Financial Officer and Vice President of Customer Operations at McKesson Health Solutions. During his 13-year tenure at McKesson, he advanced through multiple operational and financial leadership roles at both the corporate and division levels. Csapo is a graduate of the University of Wisconsin at Madison and received his Certified Public Accountant certificate from the State of Illinois.*

When you came into this role, what steps did you take to ensure that financial controls are in place to put the company on the path toward managing the growth ahead?

When I arrived, the immediate focus was to complete the restatement, which we finished at the end of 2014. We are still in the process of remediating our control environment.

In our SEC filings, we were extremely transparent in outlining the plan we have in place to enhance our control environment. We have achieved good progress against that plan. We brought in a new team to not only assist with addressing the control issues but to upgrade skills and enhance our capabilities in the accounting, finance, compliance, risk management, and audit organizations.

How critical are your efforts in enrolling your business leaders in the company's strategy?

As a CFO, our number-one priority is the fiduciary responsibility to ensure the integrity of the financial numbers. However, when the right teams, controls, policies, and procedures are put in place, the infrastructure enables one to spend less time with greater confidence that the numbers are accurate.

This allows more time for building and developing our team and communicating with stakeholders.

The ultimate goal is to get to the point of adding value by driving strategic decision-making and building peer relationships across the management team. I expect my teams to be partners with the businesses they support, and gain their confidence over time becoming decision makers in those businesses, not just a support staff function.

How have you worked to ensure that Wall Street and the financial community understand the controls and stability of the numbers?

We have been active in educating investors on our non-GAAP accounting measures and how they tie to our GAAP financials. Due to the complexity of our business and performance-based nature of our customer contracts, we believe the non-GAAP financials provide a better view of our operational and business performance in terms of our cash generation ability.

When we first came out after the restatement, and after having been quiet for a while, we had to educate outside parties on these non-GAAP measures, why we selected them, why we think they are important, and how they should interpret them. We also provided guidance for the upcoming fiscal year.

We are being as transparent as possible to rebuild our credibility with the investor community.

What growth opportunities do you see for the company and how vital is this company in terms of the status of healthcare today?

There are plenty of revenue cycle companies out there, but there are only a few with true scale. We are one of them. Our model is very distinct because of how we tackle the problem. As reimbursement models change in the coming years, there is an enormous opportunity for hospitals to outsource this function. Hospitals do not want to invest a lot into figuring out how they are going to ride out the changes in reimbursements. Why not give it to a revenue cycle vendor that is solely focused on their financial results?

We have a great market opportunity because we have a partnership approach. Also, our technology integrates with the large platforms in hospitals.

The people we hire have outstanding skills for identifying opportunities, defect management, and driving change management. We view the revenue cycle processes in hospitals similar to a manufacturing floor that has defects. In the assembly line, we work those defects out of the process using process redesign, technology, analytics, management oversight, Lean Six Sigma, and focused operational alignment to key metrics.

We also have an internal process that feeds performance improvement and functionality enhancements from our employees at customer sites to our product management experts. They prioritize and deliver technical specifications to our technology experts, who incorporate technology enhancements, or new functionality, that are quickly deployed to the field. It is a constant feedback loop.

Reimbursement will continue changing over the next three to five years. The question is, who do hospitals want handling their revenue cycle challenges? That would be someone who is keenly focused on the problems, with fresh solutions. This is especially important given the uncertainty of how the shift from fee-for-service to value-based reimbursement is going to play out. They should want a trusted partner who has built a model on thinking, solving, and deploying processes and technology to create results. ●

Operational Excellence

**An Interview with Joseph Flanagan,
Chief Operating Officer, Accretive Health**



Joseph Flanagan

EDITORS' NOTE *Joseph Flanagan was appointed as Accretive Health's Chief Operating Officer in June 2013. Previously, he served as Senior Vice President of Worldwide Operations and Supply Chain at Applied Materials Inc. Prior to joining Applied Materials, Flanagan held executive positions in global operations for Nortel Networks Corporation and General Electric. Flanagan holds a Bachelor of Science degree in Mechanical Engineering from the United States Merchant Marine Academy. He also previously served as a Director on the boards for Singapore Economic Development Board and the Human Capital Leadership Institute.*

What excited you about the opportunity to join Accretive Health and how did being a business leader in another industry help you?

For me, this was an opportunity to join an industry that is constantly evolving and expanding. There are vast changes going on in healthcare, which leads to complexity. Value can be created by operational innovations that help manage that complexity.

My functional skill set is ideally suited for this environment. While I continue to learn more about the industry dynamics, the operational skill set I bring lends itself to dealing with the different inflections, and capitalizing on the opportunities and challenges they create. I am able to apply best practices learned in other industries that have not yet reached the healthcare industry.

What attracted me to Accretive Health was the powerful business model, which does not reflect traditional outsourcing. Using a full range of technology products and services, we create value by engaging collaboratively and acting as an extension of our customers' organizations.

Our product is operational excellence, which combines our human capital and our proprietary technology.

What are some of the operational improvements that Accretive Health is able to offer to those in the industry?

The U.S. healthcare market has a unique and extremely complex delivery model. We optimize the end-to-end revenue cycle process so that organizations can operate and excel within those models.

It is vital to deploy accountability and set up operational rigor in areas such as operating rhythm, and driving strong alignment of business objectives and outcome targets.

Many of our operators have extensive experience navigating the healthcare system. When we couple their knowledge with industry best practices, we create better outcomes.

How critical is it to engage employees?

It's highly critical to engage employees, as well as manage talent assessment to ensure you have the right team in place as we drive 60- and 90-day objectives. This has to be a top priority.

This doesn't mean only having superstars; it also means putting in place the right capability, culture, and team dynamics.

It's often easier to drive a transformation when dealing with a crisis. Facing environmental shifts creates the opportunity to mobilize change and accelerate transformation.

How do you define the value that Accretive Health can provide, and is there an education process so the customer understands the value?

Over the past 18 months, we've gone through a thoughtful process to make sure our methods for measuring the value we create are closely aligned with how our customers measure value. One example of this is the fact that we measure our value created directly from our customers' own data and their financial systems.

In general, we separate our outcomes into two broad categories: patient experience and financial performance.

We improve the patient experience, as proven by creating a seamless registration process that reduces wait times. Our team works closely with patients to identify funding solutions, ensures timely authorizations for procedures, and educates patients on their financial responsibility, as well as options prior to their time of service. Our work results in patients spending more face time with their physicians and less time in the waiting room.

The financial value we create is on cost to collect and efficiency. We look at the quality and the timeliness of the collection process. Quality is determined based on the income statement and the balance sheet, as compared with the cost to collect.

On the income statement balance sheet, we have 10 metrics that come right out of the customers' patient accounting systems. They mirror the metrics most hospital CFOs are responsible for generating, and we align our objectives to driving performance in those areas.

This alignment has resulted in improved satisfaction among our customers as we support them today, and position them for the changes happening in the healthcare environment. ●

Defining Strategy

An Interview with David Mason, Chief Strategy Officer, Accretive Health



David Mason

EDITORS' NOTE *David Mason joined Accretive Health in November 2014 as Chief Strategy Officer, bringing more than 30 years of healthcare management and hospital revenue cycle experience to the company. Most recently, he was Senior Vice President and General Manager at RelayHealth. Prior to RelayHealth, Mason was President of Per-Se Technologies' Hospital Solutions division and Chief Executive Director of Quantum Radiology. He also held management and administration positions at Georgetown University Hospital in Washington, D.C., and Northside Hospital in Atlanta. Mason holds a Bachelor of Science degree in Healthcare Administration from Southern Illinois University.*

How do you define your role within Accretive Health?

The role of Chief Strategy Officer at Accretive Health has the responsibility for several departments within the organization, such as

marketing, product management, IT, and strategy. Through this organizational grouping, we can drive singular focus on meeting our clients' needs and aligning our technology and strategy to that common goal.

One of the core objectives is to work with the CEO to help refine the strategy and business initiatives that will position us for the future in a deliberate and insightful way, not just as a reaction to the rapid-fire changes in our industry. Our goal as a company is to provide unmatched value to our customers, not just today but in tomorrow's revenue cycle environment. We are redefining how customers meet their needs and creating solutions that exceed their expectations.

How critical has it been to engage the employees and communicate the strategy throughout the organization?

For any organization to be effective, it needs to work as a team marching toward a common goal, so it's very important that we engage employees at all levels.

The best marketing evangelists should be our employees. Customers and visitors can feel the excitement of an organization when they walk into the building or by observing how employees interact with each other, and the level of commitment they have to satisfying the customer.

I am a firm believer in the power of the team. If each person moves us forward "one inch," it creates an incremental, measurable result. When we add up all the cumulative "inches" from our employee base, we can achieve more than the one individual who is "going the extra mile." More importantly, it is repeatable and fosters continuous, collective improvement versus seemingly overwhelming objectives for an individual.

Does the marketplace have an effective understanding of Accretive Health?

Since we've had some starts and stops, our company has lost some of the market buzz that we once had. But we have remained focused on making meaningful and significant enhancements to our revenue cycle strategies. We focus on four clear, core areas:

1. We offer a unique partnership to assist our customers in improving their revenue cycle.
2. We are flexible in providing services that address specific problems customers are experiencing. This allows us to help customers quickly adapt and create tangible, near-term improvement.
3. We focus on accelerating value-based reimbursement. Healthcare is evolving to new risk models and increasing patient financial accountability. Most hospitals today are not prepared for those changes. We are assisting them in understanding these new objectives and providing the direction that will allow our customers to better manage the change.
4. We look to optimize patient engagement. We are providing tools and technology that improve the patient experience and enhance the interaction with our customer processes. We have a strong appreciation for the value of quality interactions, as each of us are also patients and consumers in the healthcare model.

We are focused on our core attributes, which allows us to exceed our customers' expectations. We are extremely comfortable in our delivery and results, knowing that we are transparent and share the same objectives as our customers.

It is important to recognize that healthcare is experiencing a true revolution in the way care is provided and in how providers are reimbursed. It is vital that we provide our customers with what they will need to meet the challenge of cost escalation, market expansions, and declining reimbursements. We are confident that we have the products and services that will help customers meet their challenges.

Is thought leadership a key component to Accretive Health's success?

Thought leadership is an element of the company's success, but we consider general leadership and execution to be the true determination of a market leader. There aren't a lot of companies being led by a very successful physician who deeply understands the dynamics of healthcare. In addition, the leadership team combines healthcare expertise and knowledge, and broader business acumen from across multiple industries. Each of us has uniquely demonstrated the ability to drive business transformation, results, and client satisfaction. The changing industry environment requires such a team of individuals, with abilities that complement one another and ensure our customers are successful and prepared for today and the future. ●