

Using Margin Management to Enhance Profitability

Achieving High Performance
in Health Care

The Accenture logo features a white chevron symbol above the word "accenture" in a lowercase, sans-serif font.

High performance. Delivered.

Although health providers face increasing costs and declining reimbursement, most providers still address both expenses and revenues independently. Many are finding, however, that these efforts no longer generate significant returns.

Accenture has created an innovative and integrated approach to margin management that helps clients on their journey to high performance by addressing cost and revenue issues within the same context. By leveraging broad experience with both revenue cycle and supply chain issues in health organizations, we help you improve charge capture, revenue management, product management and logistics across your entire institution.

• Consulting • Technology • Outsourcing

Our key service offerings

Accenture helps improve your margin by focusing on strategic areas such as vendor management, compliance management, cash management and information flow management. We promote knowledge capture and sharing throughout your organization, especially in new product evaluation, product standardization, denial management and cash acceleration. We balance decentralized management and decision-making with common processes, tools and infrastructure.

Our research suggests that sustainable improvements are more likely to occur in the presence of ongoing process improvement. To help this happen, we collaborate with clients and leverage our extensive clinical staff and experience to focus on physician engagement and adoption. Our approach is flexible and uses either an enterprise-wide technology platform or an "overlay" atop existing legacy systems.

Specific margin management opportunities include:

- **Item master/charge description master integration:** Margin management synchronizes the item master (IM) and the charge description master (CDM) by linking data files in the supply chain and financial/patient accounting systems. We help to integrate content, cost and one-to-one or one-to-many relationships between data. Accenture works with the client team to cleanse the data in the current IM and CDM. The IM/CDM content is then linked, enabling reporting and analysis of P&L impact, charge capture and improved rate negotiation.
- **Charge capture enhancement:** Margin management incorporates charge capture and reconciliation policies and procedures with auditing to monitor revenue. We develop tools and templates and transition them to client staff to continue the work effort. Accenture works collaboratively with client IT staff to develop system

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reports that allow for the reconciliation of charges by department. We also develop department-specific training materials for clinical departments.

- **Strategic managed care contracting:** Accenture helps providers improve their business performance by incorporating their successes in measuring product usage, improving charge capture and reducing receivables into managed care contracting. For example, managed care contract terms should be structured so that the costs of high dollar supplies are fully reimbursed by managed care contracts. In addition, managed care contracts should be written to allow flexibility to substitute products and vendors and still be made whole by the payment terms. We assist clients in addressing these managed care related issues.

Accenture enables you on your journey to high performance by addressing both your expense and revenue drivers of net margin.

About Accenture's Health & Life Sciences Group

Accenture's Health & Life Sciences professionals deliver innovation and insight to both the private and public sectors of the marketplace, which includes integrated health care providers, health insurers, managed care organizations, public health organizations and pharmaceutical, biotechnology and medical products companies. With more than 5,000 professionals dedicated to serving the global Health & Life Sciences industry, Accenture is committed to working with clients across the industry to help them achieve and sustain high performance.

We have worked with companies of all sizes, including 21 of 24 health care and pharmaceutical companies in the FORTUNE® Global 500.

About Accenture

Accenture is a global management consulting, technology services and outsourcing company. Committed to delivering innovation, Accenture collaborates with its clients to help them become high-performance businesses and governments. With deep industry and business process expertise, broad global resources and a proven track record, Accenture can mobilize the right people, skills and technologies to help clients improve their performance. With more than 110,000 people in 48 countries, the company generated net revenues of US\$13.67 billion for the fiscal year ended August 31, 2004. Its home page is www.accenture.com.

For more information on achieving high performance, contact Health & Life Sciences:

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