KLAS RESEARCH | Performance Insights

First Look

Healthfuse Revenue Cycle Vendor Management 2023

Effectively Managing Vendor Partnerships to Improve Collections Performance and Reduce Cost

Performance Report | **April 2023**

Healthfuse
Transparency. Relationship. Trust.

Healthfuse Revenue Cycle Vendor Management: Effectively Managing Vendor Partnerships to Improve Collections Performance and Reduce Cost

Why This First Look?

Managing a diverse portfolio of revenue cycle vendors and ensuring performance expectations are being met can be overwhelming for healthcare organizations. The revenue cycle vendor management solution from Healthfuse aims to help healthcare organizations get the most out of their vendor partnerships. This report specifically examines the experience of clients using Healthfuse's full suite, which features a platform of applications and dedicated consultants focused on improving vendor performance.

What Does Healthfuse Do?

(a client explains)

"Healthfuse helps track and maintain vendor partnership accuracy, including the integrity of our contracts. Healthfuse is aware of whether we are being invoiced. They know how compliant a vendor is with what they say they will do and how a vendor compares to similar vendors. When we get invoiced by all our different partners, Healthfuse looks at the potential overlapping work between vendors. They are involved in our budgeting process and revenue cycle strategic planning." —VP/executive

Bottom Line

Healthfuse's services and technology have helped clients experience outcomes that include improved vendor performance and increased cost savings. Clients consider the firm an expert that provides valuable guidance and insights on revenue cycle vendor management. Many respondents appreciate how well Healthfuse representatives partner with their organizations, though there can be some disruption if there are staffing changes. One client noted that their experience could be improved if they had more access to Healthfuse's technology.

Key Competitors (as reported by Healthfuse)

Revenue cycle outsourcing firms, healthcare organizations' internal and dedicated/fractional team members, healthcare organizations' internal managers (fractional model)

Top Reasons Selected

Provides a unique offering that consists of services and technology; the need to drive better vendor performance; the need to select vendor partners; the shared risk model offers confidence in outcomes

Number of Clients Interviewed by KLAS

5 individuals from 5 unique organizations (Healthfuse shared a list of 9 unique organizations using its full suite of offerings; the list represents 100% of the clients that are eligible for inclusion in this study).

Survey Respondents—by Organization Type (n=5)

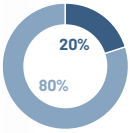
Healthfuse Revenue Cycle Vendor Management

Client Experience: An Initial Look

Overall Client Satisfaction (n=5)

(100-point scale)
- Highly satisfied (90.0+)
- Satisfied (80.0–89.9)
- Dissatisfied (<80.0)

Time to See Outcomes (n=5)



- Immediately
- Within 6 months
- 6–12 months
- Over 12 months
- No outcomes yet

Outcomes Expected by Clients

Achieved | Unexpected outcome | Pending | Not achieved

Improved vendor performance	Achieved
Better contract rates	Achieved
Better processes for invoice reconciliation	Achieved
Increased cost savings	Achieved

Key Performance Indicators (1–9 scale)

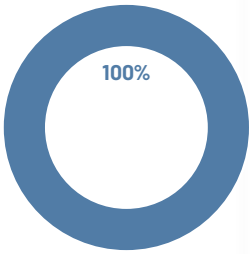
Quality of staff and consultants	Drives tangible outcomes	Strength of partnership	Likely to recommend
A+	A	A+	A+
(n=5)	(n=5)	(n=5)	(n=5)

Services grading scale

A+ = 8.73–9.0	B+ = 7.83–8.09	C+ = 6.93–7.19	D+ = 6.03–6.29	F = <5.40
A = 8.37–8.72	B = 7.47–7.82	C = 6.57–6.92	D = 5.67–6.02	
A- = 8.10–8.36	B- = 7.20–7.46	C- = 6.30–6.56	D- = 5.40–5.66	

Would you buy again? (n=5)

- Yes
- No



Adoption of Key Services—by Organization

Percentage of interviewed organizations using services (n=5)

Account-level auditing: Account-level audit of outsourced accounts to identify gaps and optimize collection performance

Consolidated reporting: Uniform, consolidated, monthly performance reports

Contract management & negotiation: Benchmarks from a database of vendor profiles used to align with best-in-market rates and terms

Inventory reconciliation: Reconciles vendor inventory to ensure accuracy (i.e., confirms outsourcers have received and returned the appropriate accounts)

Invoice certification: Scrubs and certifies vendor invoices to ensure the fees taken by vendors are justified

Strengths

Drives value by helping clients effectively manage vendor performance, contracts, and invoicing

"They keep finding us people who are more competitive and who match our needs. I don't know whether we could ever stop using the firm because they save a healthcare system like ours so much money, not just in contracts and improved outcomes but also in infrastructure. I don't need a lot of people managing the invoices, and I don't have to track a lot of things down. I don't need people creating reports for me because I have a group that does the reports, and then I just pay." —VP/executive

Provides innovative guidance and revenue cycle expertise

"Healthfuse generates thought discussions about areas where they have seen other providers tackle issues. Then, they bring a potential solution to the table that we wouldn't have thought of. The firm is a great sounding board when we are interested in going down certain paths. They push back on our ideas and make us dig into issues." —VP/executive

Partners and integrates well with client organizations

"Healthfuse's account executive is an unbelievable partner for us. They take time to understand not only our organization but also our community, and that is something that sets Healthfuse apart from most firms and makes a very big difference for us. Healthfuse's orientation was very thorough so that they could understand who we are, how we do business, and how our community interacts with us." —VP/executive

Opportunities

Adjusting to new Healthfuse representatives occasionally disrupts flow

"One weakness I have seen is that Healthfuse will sometimes bring on new people to our account. We have a certain flow, and new people don't know our account, so when new people come, we have to restart and reenergize things at a collaborative level again. The new people work so hard, but they don't know our history." —VP/executive

More access to technology components

"Healthfuse produces a lot of reports, and they have a portal that we can access, but the information in the portal is comprised of raw data that we have to download and review. The firm's technology portion isn't dynamic in terms of users having access to it and being able to move around in it." —VP/executive

Points to Ponder

What does a client need to do to be successful with this solution?

Healthfuse explains

- Clearly defined partnership objectives to ensure organizational alignment. A united front between Healthfuse and provider is key to strong vendor relations and achievement of financial goals.
- Effective communication to internal team/stakeholders regarding Healthfuse's role and partnership objectives.
- Understanding of client role to ensure proper implementation, ongoing progress (e.g., data acquisition, meeting cadence, decision-making regarding Healthfuse recommendations), and timelines for each to ensure the partnership achieves timely and optimal financial outcomes.

Clients explain

- **Trust and listen to Healthfuse:** *"People need to drop their walls and egos right off the bat. I would tell a friend that they shouldn't think that the firm is going to do whatever a client wants them to do. Healthfuse listens to clients, but they want to be partners with their clients, and that means they are going to offer suggestions."* —VP/executive
- **Help other vendors partner with Healthfuse:** *"Clients need to support Healthfuse and tell their vendors to cooperate with the firm. Vendors get very nervous about that, and of course, our vendors are our partners, so we don't want them to be unhappy. But we set the expectation that to maintain a good relationship, we need transparency into how our vendors are performing, and for our organization, that includes working with Healthfuse."* —VP/executive
- **Integrate Healthfuse into revenue cycle operations:** *"Customers should treat Healthfuse almost as an extension of the business office and make sure that Healthfuse is treated as such by other departments in the health system so that those departments know they can go to Healthfuse and ask questions."* —VP/executive

What is the long-term viability of the solution?

As the number of revenue cycle vendors and solutions increases, healthcare organizations will continue to look for effective ways to manage their various partnerships and contracts. Healthfuse's revenue cycle vendor management solution is viewed by current clients as a long-term solution to this challenge due to Healthfuse's ability to help improve vendor performance and reduce costs.

"Healthfuse offers a great service and has a well-thought-out plan in place. Vendor management in revenue cycle is ever changing, and the number of vendors out there is growing. The services are expanding, so there are more things being outsourced now than ever, and having an internal team to manage all of that is a challenge. Healthfuse is a viable business that will be around for a while because of the capricious nature of the industry and the fact that things are not getting any easier." —VP/executive

Healthfuse: Company Profile at a Glance

Founders
Nick Fricano

Year founded
2011

Headquarters
Milwaukee, WI

Number of active clients
55 health systems, 250+ hospitals

Target client
Short-term acute care hospitals and health systems with net patient revenue of $100 million and above

Average project scope
Agreements start with an initial term of 36 months and renew based on achievement of pre-established performance goals. Healthfuse fees are a percentage of P&L improvement (cost savings and collections improvement) delivered to a client health system.

Market
National

Number of employees
50

Healthcare Executive Interview

Nick Fricano,
Founder & CEO

Can you share a brief overview of your company?

The revenue cycle landscape continues to grow in complexity, and hospitals are counting on vendors more than ever to get it all done. As vendor reliance increases, conventional approaches to vendor management are no longer enough. Without the proper tools and resources to create better transparency and trust, a gap has emerged between vendor expectations and actual results. Healthfuse was established to bridge this gap and helps hospitals build, operate, and optimize their revenue cycle vendor management office. Using a combination of technology and analytics, deep research, and performance management, Healthfuse guarantees reduced costs and increased collections.

What is Healthfuse's biggest differentiator?

As a true advocate for hospitals, Healthfuse makes recommendations based solely on data. Healthfuse does not compete with any vendors, and compensation is 100% tied to results. If there is no bottom-line impact to a health system in the form of cost savings or collections improvement, Healthfuse does not get paid.

What is Healthfuse's delivery model?

Healthfuse deploys its dedicated implementation team to collect and analyze data from the provider and their vendors, determine the size of the economic opportunity for the provider, and develop an action plan required to achieve the shared goal. The Healthfuse Vendor Management Program includes:

- **Technology & analytics:** Automates the administrative, technical, and data functions associated with vendor management using a suite of HIPAA-compliant applications with interactive dashboards, customizable rules, and actionable analytics with regard to account-level auditing, invoice certification, inventory reconciliation, and monthly vendor reporting.
- **Research:** Database of 3,000+ vendor profiles and 2,000+ hospital benchmarks used in contract management/negotiation, sourcing/implementation, and strategy (e.g., insource vs. outsource, implementation of new or emerging solutions, etc.).
- **Advisory services:** Healthfuse's team of experts optimizes vendor performance by collaborating directly with the provider's RCM team and their vendors to deliver bottom-line improvement through vendor strategy, coaching, and ongoing performance management.

Solution Technical Specifications (provided by Healthfuse)

Cloud environment
Azure

Development platform
HTML, JavaScript, .NET Core, MVC, MSSQL Server, Azure environment, SFTP Server, Tableau

Database environment
SQL

Mobile application environment
Browser based

Security platform
NIST, SOC 2 Type 2

Confidentiality
HIPAA, BAAs

Data encryption
AES-256 at rest and in transit, TLS1.2, RSA

Integration approach
N/A

HITRUST certification
No

AI
No

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Report Information

Healthfuse Performance Overview

All standard services performance indicators

Loyalty		
Likely to recommend (1–9 scale)	(n=5)	A+
Overall satisfaction (1–9 scale)	(n=5)	A+
Would you buy again (percent of respondents who answered yes)	(n=5)	100%

Operations		
Engagement execution (1–9 scale)	(n=5)	A

Relationship		
Executive involvement (1–9 scale)	(n=5)	A+
Strength of partnership (1–9 scale)	(n=5)	A+

Services		
Quality of staff/consultants (1–9 scale)	(n=5)	A+
Strategic expertise (1–9 scale)	(n=5)	A+

Value		
Avoids charging for every little thing (percent of respondents who answered yes)	(n=5)	100%
Drives tangible outcomes (1–9 scale)	(n=5)	A
Exceeds expectations (percent of respondents who answered yes)	(n=5)	100%
Money's worth (1–9 scale)	(n=5)	A+

Services grading scale

A+ = 8.73–9.0	B+ = 7.83–8.09	C+ = 6.93–7.19	D+ = 6.03–6.29	F = <5.40
A = 8.37–8.72	B = 7.47–7.82	C = 6.57–6.92	D = 5.67–6.02	
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KLAS data and reports represent the combined candid opinions of actual people from healthcare, payer, and employer organizations regarding how their vendors, products, and/or services perform against their organization's objectives and expectations. The findings presented are not meant to be conclusive data for an entire client base. Significant variables—including a respondent's role within their organization as well as the organization's type (rural, teaching, specialty, etc.), size, objectives, depth/breadth of software use, software version, and system infrastructure/network—impact opinions and preclude an exact apples-to-apples comparison or a finely tuned statistical analysis.

KLAS makes significant effort to identify all organizations within a vendor's customer base so that KLAS scores are based on a representative random sample. However, since not all vendors share complete customer lists and some customers decline to participate, KLAS cannot claim a random representative sample for each solution. Therefore, while KLAS scores should be interpreted as KLAS' best effort to quantify the customer experience for each solution measured, they may contain both quantifiable and unidentifiable variation.

We encourage our clients, friends, and partners using KLAS research data to take into account these variables as they include KLAS data with their own due diligence. For frequently asked questions about KLAS methodology, please refer to klasresearch.com/faq.

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Note

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