

Company of the Year Award

Ambulatory Revenue Cycle Management

USA



Contents

Background and Company Performance	3
<i>Industry Challenges</i>	3
<i>Visionary Innovation & Performance and Customer Impact</i>	3
Significance of Company of the Year	8
Understanding Company of the Year	8
<i>Key Benchmarking Criteria</i>	9
Best Practice Award Analysis for Allscripts	9
<i>Decision Support Scorecard</i>	9
<i>Visionary Innovation & Performance</i>	10
<i>Customer Impact</i>	10
<i>Decision Support Matrix</i>	11
The Intersection between 360-Degree Research and Best Practices Awards.....	12
<i>Research Methodology</i>	12
Best Practices Recognition: 10 Steps to Researching, Identifying, and Recognizing Best Practices	13
About Frost & Sullivan	14

Background and Company Performance

Industry Challenges

Despite widespread adoption of basic revenue cycle management (RCM) solutions, most US physician practices still grapple with low operating margins, resulting from poor accounts receivable (A/R) performance and high average denial volumes. Many attribute this inefficiency to their suboptimal knowledge and implementation of value-based RCM pathways that require heavy investments in RCM IT for efficient claims processing, as well as mandate deployment of experienced RCM staff for optimizing collection of risk-based revenue and for improving patients' payment experience.

Most hospital-owned large practices that embrace alternate payment models also acknowledge the need to deploy next-generation RCM solutions capable of digitizing the entire billing ecosystem. This view results from the growing adoption of payer contracts with specific provisions for efficient claims management, in addition to the need for integrating new capabilities that will meet the increasing financial responsibility of patients with coinsurance and large deductibles.

Due to such complexities associated with payment reform, the US ambulatory RCM market is poised to embark upon comprehensive RCM outsourcing. Today, many ambulatory providers are showing a keen interest in a range of outsourced RCM services as they prepare to attribute more net patient revenue to care quality or outcomes.

These providers are likely to prioritize procurement of RCM solutions from external vendors based on implementation evidence and cost/benefit benchmarks. Hence, going forward, physician practices are expected to rely on RCM vendors that provide proven expertise in optimizing financial performance through error-free clinical documentation, successful ICD-10 transition, automated payment preauthorization, and robust RCM analytics. Vendors' key value propositions that best complement providers' incumbent value-based payment arrangements and RCM ecosystems are expected to thrive in this market.

Visionary Innovation & Performance and Customer Impact

Addressing Unmet Needs

Frost & Sullivan's recent research on the US RCM market finds that physician practices are in dire need of a range of progressive RCM solutions that can improve their financial performance. Practices attributing more net patient revenue to care quality or outcomes are struggling to maintain margins as they realize increasing gaps between total claims and gross collection due to poor management of their reimbursement cycles. Fee-for-service-based practices are also looking to optimize their RCM performance through optimal usage of integrated tools and services that automate financial pre-adjudication processes, improve operational productivity, and streamline the cost of manual intervention. Overall, the top unmet needs driving adoption of next-generation RCM solutions among physician practices include:

- Development of value-based revenue pathways

- Improvement of financial performance
- Mitigation of comprehensive regulatory compliance and corporate risk
- Elimination of preventable operational expenses
- Prioritization of aligning RCM staff for better collection
- Automation of financial pre-adjudication for reducing A/R duration
- Optimization of patients' payment experience

As a result, new growth opportunities involving external RCM solutions have gained precedence among many ambulatory physician practices. Most of them are willing to invest in advanced RCM capabilities that can streamline performance of all RCM departments (front end and back end).

Allscripts Healthcare Solutions (Allscripts) is well positioned to leverage these growth opportunities as an end-to-end vendor in RCM and has proven expertise in addressing the unmet needs of providers as part of their journey from volume to value. Allscripts' flagship financial management portfolio which comprises of multiple advanced RCM IT and service solutions, including, Allscripts Revenue Cycle Management Services, Allscripts Practice Performance, Allscripts Practice Management and Allscripts Payerpath, enables a wide variety of physician and community practices to report better profitability as they benefit from this vendors' advanced capabilities in the areas of

- Value-based budgeting and revenue planning
- Practice management
- Claims and remittance management
- Administrative and financial management services

Implementation Best Practices

Frost & Sullivan acknowledges that Allscripts enables optimal revenue capture for its clients. The company's diverse technology solutions coupled with tailored service capabilities allow practices to improve performance of the three most important RCM functionalities.

- **Patient Access**

Patient access is an important aspect of RCM that deserves strategic attention from practice executives. Industry best practices suggest that implementation of integrated technology tools which digitize and automate the process of patient access prior to check-in help practices elevate operational efficiency and improve patient loyalty. Allscripts helps ambulatory practices prepare patients prior to check-in through a range of IT and service solutions. As a result, practice staff are able to virtually control patient appointments through automated reminders (tele/SMS reminders) and also check patients' insurance eligibility status in real time. Both actions are carried out simultaneously before patients visit the physician. The digitized RCM workflow allows physicians to save substantial operational expenses and pave the way for incremental

revenue in the form of repeat business as staff is freed to concentrate more on patients' payment experience, and patients, on the other hand, become more prone to refer friends and family as they feel empowered with full knowledge of their clinical (appointments, preventive screening) and financial (insurance eligibility status, cost project for episode of care, payment authorization prior to check-in) responsibilities.

- **Registration and Charge Capture**

The financial performance of any value-based ambulatory practice largely depends on the quality of claims it produces. Error-free and timely claims tend to draw maximum reimbursements from payers and attract additional incentives for achieving higher regulatory compliance. Allscripts is widely known to generate near 100% accurate claims through a range of approaches such as multi-level claims audits, online claims adjustments (in accordance with payers and trading partners' remittances), and adoption of latest coding rules (through embedment of a coding search engine capable of highlighting the latest guidelines and policy information).

- **Billing and Collection**

Allscripts Practice Management's user-friendly IT interface enables physicians to digitize their entire revenue cycle workflow and helps them manage and monitor every aspect of a financial transaction centrally at a department level. This also includes the ability to streamline the process of governing payment history and reimbursement cycle for every patient. Practice staff clients highly appreciate the opportunity to automate self-pay collection as it enables them to prioritize other strategic collection processes which include interfacing with payers, third-party collection agencies and clearinghouses. Overall, patient-specific account management becomes easier and remotely manageable which result in better collection for practices in US.

Blue Ocean Strategy

Frost & Sullivan's latest research on the US RCM market reveals that more than half of US-based providers are using RCM platforms from vendors that have been proposing healthcare IT solutions since the 1960s. The top 4 RCM vendors, selling healthcare IT solutions for more than 4 decades, have established financial relationships with over 60% of US-based providers. The correlation between market longevity and provider footprint clearly indicates the prevalence of legacy RCM platforms among US provider sites. The results of over emphasis on legacy RCM modules have been catastrophic for most practices whose financial performance is currently marred by

- Poor A/R performance
- High denial volume
- Increasing staffing cost
- Poor value-based care performance
- Low operating margins

The impending market challenges have created the need for a suite of technology and service solutions that can be tailored to address each practice's unique reimbursement ecosystem. Allscripts has enabled practice customers to meet this need through integrated technology infrastructure that optimizes collection of payments through real-time monitoring, measurement, and adjustment of

- Insurance eligibility
- Claims accuracy
- Coding efficiency
- Patient experience

Allscripts provides a result oriented solution portfolio.. The financial value the company renders to practice customers is significant. As more providers in the United States adopt value-based reimbursement models such as bundled payment or shared savings programs, growth opportunities around RCM optimization capabilities are likely to remain strong. Allscripts is well positioned in Frost & Sullivan's view to stay ahead of the evolving market needs and cater to the needs of different tiers of physician practices as a major RCM solution provider.

Financial Performance

Allscripts made \$1.54 billion in 2016, close to 12% higher than in 2015. Gross profit of the company also progressed by 15.5% during the same period. Its strong financial performance is primarily fueled by high cumulative earnings from sales of clinical and financial solutions, which captured 72.5% of corporate revenue in 2016. Its revenue from population health management solutions grew faster (7% during 2015–2016) than any other segment. The gross margin (73.1%) also remains highest in this segment.

Allscripts dedicates significant investment (12% of 2016 revenue) towards research and development to ensure that its products are offering the latest technology features and the company is innovating in the marketplace. The company also deploys the industry's top talent to cater to its two major sources of revenue—client services, which contributes 35% of revenue, and support and maintenance, which provides 32% of revenue. The concentrated effort towards rendering world-class products and services has enabled Allscripts to sustain its favorable reputation in the North American healthcare IT market.

Customer Purchase Experience

Allscripts' 67% of yearly revenue is contributed towards professional services (advisory and managed care services). This clearly indicates that the company emphasizes the importance of ensuring a superior purchase experience for its customers.

The Allscripts Revenue Cycle Management Services team ensures that each practice can govern its revenue cycle centrally without recruiting additional IT FTEs (full-time and in-house employees) or deploying third-party IT servers for that purpose. Additionally,

Allscripts' RCM technology solutions aid essential financial services that help practices mitigate challenges pertaining to adoption of value-based reimbursements, ICD 10 transitions, A/R management, and staff repurposing.

Customer Service Experience

In the RCM provider market, it is critical to prioritize allocation of financial responsibilities among practice staff so that all claims are processed accurately and quickly, at a reduced operational expense. Allscripts' Revenue Cycle Management Services unit provides crucial financial services that help practices

- Reduce total cost of ownership
- Enhance operational efficiency
- Improve margin/cash flows
- Comply with regulatory objectives

Physician practices thereby meet an important customer priority in the market. For example, all practices that currently use Allscripts' Professional electronic health record (EHR) platform and generate more than \$3 million in yearly revenue are eligible to opt for its end-to-end revenue cycle services, which allow practices to strategically deploy in-house billing staff and help them achieve crucial cost advantages in the market. Practices relatively more reluctant to transition towards 100% RCM service outsourcing may co-source services from Allscripts. The unique service arrangement, in that way, caters to different RCM needs of large physician practices in the United States.

Conclusion

Allscripts is able to successfully digitize financial and operational workflows for more than 100,000 physicians in the United States. Its superior ability to improve practice profitability through optimized staff efficiency positions the company to continue unprecedented success through 2020.

With its strong overall performance, Allscripts has earned Frost & Sullivan's 2017 Company of the Year Award in the revenue cycle management industry for US physician practices.

Significance of Company of the Year

To win the Company of the Year award (i.e., to be recognized as a leader not only in your industry, but among your non-industry peers as well) requires a company to demonstrate excellence in growth, innovation, and leadership. This kind of excellence typically translates into superior performance in three key areas: demand generation, brand development, and competitive positioning. These areas serve as the foundation of a company's future success and prepare it to deliver on the two criteria that define the Company of the Year Award (Visionary Innovation & Performance and Customer Impact).



Understanding Company of the Year

As discussed above, driving demand, brand strength, and competitive differentiation all play a critical role in delivering unique value to customers. This three-fold focus, however, must ideally be complemented by an equally rigorous focus on visionary innovation to enhance customer value and impact.

Key Benchmarking Criteria

For the Company of the Year Award, Frost & Sullivan analysts independently evaluated two key factors—Visionary Innovation & Performance and Customer Impact—according to the criteria identified below.

Visionary Innovation & Performance

- Criterion 1: Addressing Unmet Needs
- Criterion 2: Visionary Scenarios Through Mega Trends
- Criterion 3: Implementation Best Practices
- Criterion 4: Blue Ocean Strategy
- Criterion 5: Financial Performance

Customer Impact

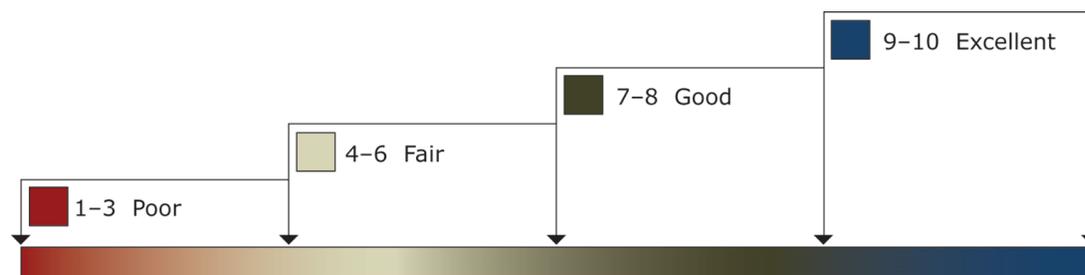
- Criterion 1: Price/Performance Value
- Criterion 2: Customer Purchase Experience
- Criterion 3: Customer Ownership Experience
- Criterion 4: Customer Service Experience
- Criterion 5: Brand Equity

Best Practice Award Analysis for Allscripts

Decision Support Scorecard

To support its evaluation of best practices across multiple business performance categories, Frost & Sullivan employs a customized Decision Support Scorecard. This tool allows our research and consulting teams to objectively analyze performance, according to the key benchmarking criteria listed in the previous section, and to assign ratings on that basis. The tool follows a 10-point scale that allows for nuances in performance evaluation; ratings guidelines are illustrated below.

RATINGS GUIDELINES



The Decision Support Scorecard is organized by Visionary Innovation & Performance and Customer Impact (i.e., the overarching categories for all 10 benchmarking criteria; the definitions for each criteria are provided beneath the scorecard). The research team confirms the veracity of this weighted scorecard through sensitivity analysis, which confirms that small changes to the ratings for a specific criterion do not lead to a significant change in the overall relative rankings of the companies.

The results of this analysis are shown below. To remain unbiased and to protect the interests of all organizations reviewed, we have chosen to refer to the other key players as Competitor 2 and Competitor 3.

DECISION SUPPORT SCORECARD FOR COMPANY OF THE YEAR AWARD

<i>Measurement of 1-10 (1 = poor; 10 = excellent)</i>			
Company of the Year	Visionary Innovation & Performance	Customer Impact	Average Rating
Allscripts	9.5	9.5	9.5
Competitor 2	8	8	8.0
Competitor 3	8	7.5	7.8

Visionary Innovation & Performance

Criterion 1: Addressing Unmet Needs

Requirement: Implementing a robust process to continuously unearth customers’ unmet or under-served needs, and creating the products or solutions to address them effectively

Criterion 2: Visionary Scenarios Through Mega Trends

Requirement: Incorporating long-range, macro-level scenarios into the innovation strategy, thereby enabling “first to market” growth opportunities solutions

Criterion 4: Implementation of Best Practices

Requirement: Best-in-class strategy implementation characterized by processes, tools, or activities that generate a consistent and repeatable level of success.

Criterion 3: Blue Ocean Strategy

Requirement: Strategic focus in creating a leadership position in a potentially “uncontested” market space, manifested by stiff barriers to entry for competitors

Criterion 5: Financial Performance

Requirement: Strong overall business performance in terms of revenues, revenue growth, operating margin and other key financial metrics

Customer Impact

Criterion 1: Price/Performance Value

Requirement: Products or services offer the best value for the price, compared to similar offerings in the market

Criterion 2: Customer Purchase Experience

Requirement: Customers feel like they are buying the most optimal solution that addresses both their unique needs and their unique constraints

Criterion 3: Customer Ownership Experience

Requirement: Customers are proud to own the company’s product or service, and have a positive experience throughout the life of the product or service

Criterion 4: Customer Service Experience

Requirement: Customer service is accessible, fast, stress-free, and of high quality

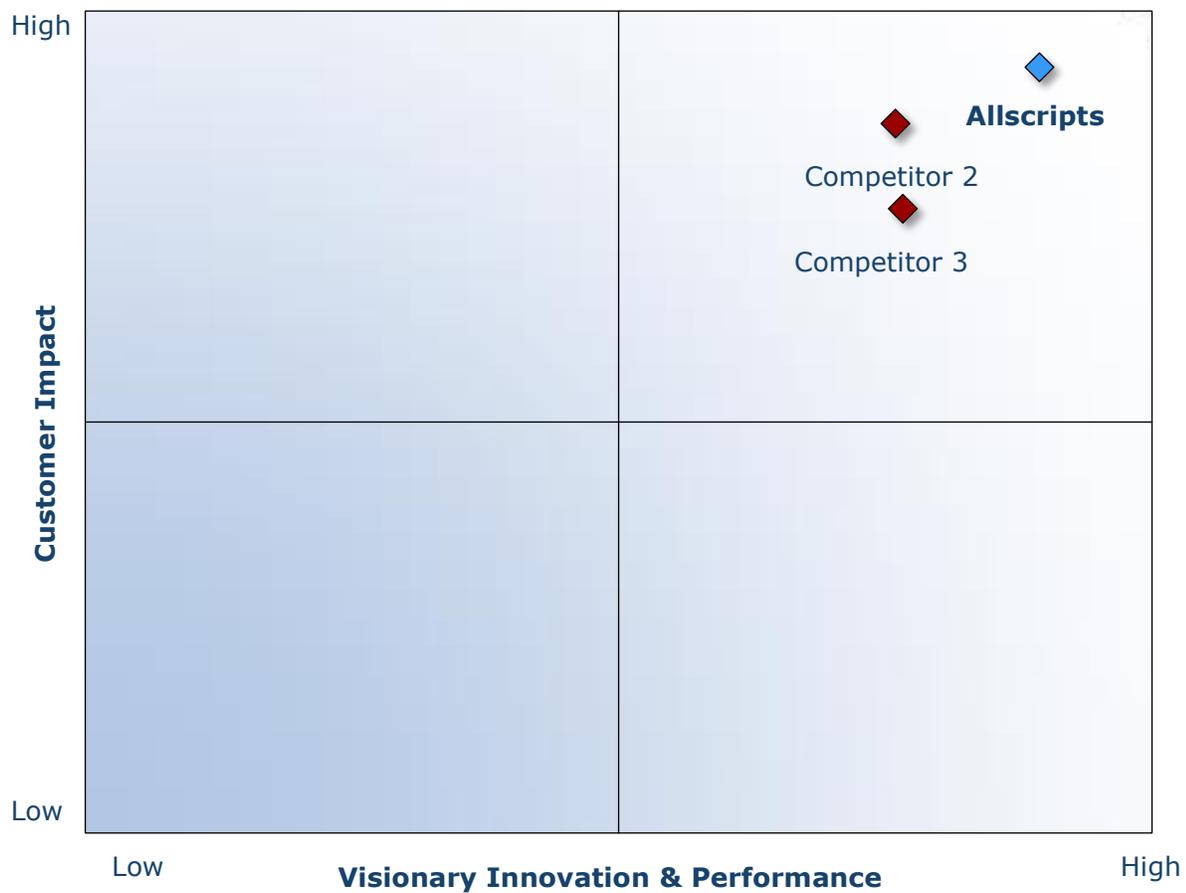
Criterion 5: Brand Equity

Requirement: Customers have a positive view of the brand and exhibit high brand loyalty

Decision Support Matrix

Once all companies have been evaluated according to the Decision Support Scorecard, analysts can then position the candidates on the matrix shown below, enabling them to visualize which companies are truly breakthrough and which ones are not yet operating at best-in-class levels.

DECISION SUPPORT MATRIX FOR COMPANY OF THE YEAR AWARD



The Intersection between 360-Degree Research and Best Practices Awards

Research Methodology

Frost & Sullivan's 360-degree research methodology represents the analytical rigor of our research process. It offers a 360-degree-view of industry challenges, trends, and issues by integrating all 7 of Frost & Sullivan's research methodologies. Too often, companies make important growth decisions based on a narrow understanding of their environment, leading to errors of both omission and commission. Successful growth strategies are founded on a thorough understanding of market, technical, economic, financial, customer, best practices, and demographic analyses. The integration of these research disciplines into the 360-degree research methodology provides an evaluation platform for benchmarking industry players and for identifying those performing at best-in-class levels.

360-DEGREE RESEARCH: SEEING ORDER IN THE CHAOS



Best Practices Recognition: 10 Steps to Researching, Identifying, and Recognizing Best Practices

Frost & Sullivan Awards follow a 10-step process to evaluate award candidates and assess their fit with select best practice criteria. The reputation and integrity of the Awards are based on close adherence to this process.

STEP	OBJECTIVE	KEY ACTIVITIES	OUTPUT
1 Monitor, target, and screen	Identify award recipient candidates from around the globe	<ul style="list-style-type: none"> • Conduct in-depth industry research • Identify emerging sectors • Scan multiple geographies 	Pipeline of candidates who potentially meet all best-practice criteria
2 Perform 360-degree research	Perform comprehensive, 360-degree research on all candidates in the pipeline	<ul style="list-style-type: none"> • Interview thought leaders and industry practitioners • Assess candidates' fit with best-practice criteria • Rank all candidates 	Matrix positioning all candidates' performance relative to one another
3 Invite thought leadership in best practices	Perform in-depth examination of all candidates	<ul style="list-style-type: none"> • Confirm best-practice criteria • Examine eligibility of all candidates • Identify any information gaps 	Detailed profiles of all ranked candidates
4 Initiate research director review	Conduct an unbiased evaluation of all candidate profiles	<ul style="list-style-type: none"> • Brainstorm ranking options • Invite multiple perspectives on candidates' performance • Update candidate profiles 	Final prioritization of all eligible candidates and companion best-practice positioning paper
5 Assemble panel of industry experts	Present findings to an expert panel of industry thought leaders	<ul style="list-style-type: none"> • Share findings • Strengthen cases for candidate eligibility • Prioritize candidates 	Refined list of prioritized award candidates
6 Conduct global industry review	Build consensus on award candidates' eligibility	<ul style="list-style-type: none"> • Hold global team meeting to review all candidates • Pressure-test fit with criteria • Confirm inclusion of all eligible candidates 	Final list of eligible award candidates, representing success stories worldwide
7 Perform quality check	Develop official award consideration materials	<ul style="list-style-type: none"> • Perform final performance benchmarking activities • Write nominations • Perform quality review 	High-quality, accurate, and creative presentation of nominees' successes
8 Reconnect with panel of industry experts	Finalize the selection of the best-practice award recipient	<ul style="list-style-type: none"> • Review analysis with panel • Build consensus • Select winner 	Decision on which company performs best against all best-practice criteria
9 Communicate recognition	Inform award recipient of award recognition	<ul style="list-style-type: none"> • Present award to the CEO • Inspire the organization for continued success • Celebrate the recipient's performance 	Announcement of award and plan for how recipient can use the award to enhance the brand
10 Take strategic action	Upon licensing, company may share award news with stakeholders and customers	<ul style="list-style-type: none"> • Coordinate media outreach • Design a marketing plan • Assess award's role in future strategic planning 	Widespread awareness of recipient's award status among investors, media personnel, and employees

About Frost & Sullivan

Frost & Sullivan, the Growth Partnership Company, enables clients to accelerate growth and achieve best in class positions in growth, innovation and leadership. The company's Growth Partnership Service provides the CEO and the CEO's Growth Team with disciplined research and best practice models to drive the generation, evaluation and implementation of powerful growth strategies. Frost & Sullivan leverages almost 50 years of experience in partnering with Global 1000 companies, emerging businesses and the investment community from 31 offices on six continents. To join our Growth Partnership, please visit <http://www.frost.com>.