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Accumen brings transformational change to Healthcare Laboratories and Imaging Departments

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CEOCFO: ***Mr. Osborne, according to the Accumen website, you are a healthcare transformation company. How so?***
Mr. Osborne: We are a purpose-built company designed to partner with hospitals and health systems to drive transformation improvements in ancillary services, particularly in the laboratory and imaging departments. Healthcare needs help and Accumen's job is to make the health systems we work with more efficient while delivering the best patient care. With our inside-out transformational approach we basically bring a performance department into the healthcare system to give them both the capability and capacity to drive transformational change as it relates to cost, quality, patient care, and service. We provide these services in a risk-based, gain share model that allows us to ensure we are driving pragmatic savings that our partners can touch and feel.

CEOCFO: ***What goes into an assessment? What are you looking at to figure out what should be done?***
Mr. Osborne: We do a diagnostic, which is our assessment to determine how much opportunity there is for improvement. It is a lot like a physical with a physician. We come in and look at the data, visit their sites, look at change readiness, review labor efficiencies by comparing them to productivity benchmarks of similar systems that we have gathered from our work with hospitals across the country. We look at their blood management practices to see how well they are transfusing against the latest clinical evidence-based data on transfusion practices. We look at their service levels and quality framework, how fast they are turning around specific tests to physicians from the laboratory to ensure they can make their morning rounds. We look at the quality of results in terms of things like corrected reports or mislabeled specimens. We look at a full end-to-end view of their laboratory and imaging departments. Our assessment tells us how much opportunity we feel we can capture to improve the cost, quality, and service against the benchmarks we have gathered from over a thousand hospitals worth of data.

CEOCFO: ***How do you define change readiness?***
Mr. Osborne: We define change readiness after an assessment of lab or imaging leadership. We focus on how much change is going on within the organization, are they surrounded by a lot of initiatives that have worn the organization down, is the leadership energized for change, are they ready for change or are they tired? We find these answers through an interview process in our diagnostic, as well as observe attitudes and behaviors, to determine whether they have a vision for what lab or imaging excellence looks like. This is a critical point because if we are going to partner, we need to make sure that that partner is serious about excellence because it is not easy to get there.

There is so much change involved with what we do. We cannot come into a health system and bring great practices from across the country for things like productivity, supply chain improvement, and cost reduction if we are not sure that the culture and leadership of that organization are ready for the improvement. As you know, you can only take someone as

far as their leaders are, so we need to make sure their leaders are ready to go, from the executive sponsor to the lab and imaging leaders on the ground.

CEOCFO: ***When you are talking to team members, how do you get around some of the resentments about an outsider coming in and looking over their shoulders?***
Mr. Osborne: That is a great question. Initially there is often a wall that goes up. The thought is, "We do not need help from the outside." There is a lot of do-it-yourself mentality in healthcare, meaning "we do not need a consultant to come in and tell us what we need to do differently." Part of what we do in the early phases of this diagnostic process is make it clear that our objective is to make *them* the hero and not us. Our job is to make the imaging or lab leadership very successful. Once they understand that we are not there to make ourselves look great, you see an evident drop in those walls and boundaries because they understand we have a passionate mission to profoundly impact healthcare.

Healthcare needs help. The healthcare delivery system is not performing where it should be, not even close. Part of our mission is to go in and ask how we can make their delivery system the very best it can be so they can provide great service to their patients. Once they understand the mission, and they understand our objective to make them the hero and us to just be the guide, it changes a lot of their demeanor and those walls of resistance that may have been put up. Once we are on the ground, working together, we really become important to them. Some of these areas in the ancillary healthcare system just have not received a lot of attention from the C-Suite because they are not their top priority frankly.

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We provide resources in technology, Lean Six Sigma, supply chain, operations, nursing, and a team of performance leaders that really help the health system become successful. We call this transformation from the inside-out. We have to become part of their world. We live with them, we cohabitate with them. For example, if we have a partnership in St. Louis, we put a team on the ground that lives in St. Louis and will bring other resources in as needed. We establish a team that lives with them, eats in the cafeteria with them and is a part of their world. That is how we transform from the inside-out. All of this helps reduce that resistance to change.

CEOCFO: ***Would it typically be a lab or imaging or do the two go hand-in-hand when you are working with an organization?***
Mr. Osborne: For the first six years of our company, we were focused on lab and patient blood management and those two things go hand-in-hand quite nicely. Patient blood management is led by physicians and nurses while the lab is focused around the laboratorians. Because the blood is stored in the laboratory, tested in the laboratory, and blood banks are managed there, there is a natural connection. About two years ago, our clients began asking if there was an Accumen out there for imaging, because "what you have done to transform our labs we desperately need in imaging". We began to research the market and about fifteen months ago, signed our first contract to do imaging excellence with a health system in the Midwest. Now we are seeing a lot of our lab clients asking us the same question, to come in and introduce the imaging offering there as well. Typically, we start with one or the other. Historically, we started with lab and then we would bring the other offerings in once we were established and began to be a trusted partner. What is extremely important about what we do is becoming that trusted partner in healthcare. There is no way for us to come in unless they trust us with the very things that matter most to them. That trusted partnership allows us the opportunity to bring other offerings and other value to them once we have established that foundation.

CEOCFO: ***What is PBM Select?***
Mr. Osborne: PBM (Patient Blood Management) is our blood utilization offering, which allows us to come in and help physicians and nurses with their transfusion practices. About fifteen years ago research came out indicating blood transfusions can have several adverse effects on patients. So, rather than just giving them the transfusion in each case, efforts have been made to educate physicians around more thoughtful and selective practices when making this decision. Transfusions have become recognized as more of a liquid transplant as a foreign object coming into your body that can cause infection and adverse effects.
We come in with data, change, educational programs, and analytics to show them how to change utilization behaviors. At the end of last year, we launched an unbundled version of our comprehensive program. Rather than only offering to run the entire PBM program, we broke it into three key components that allow the clients to select what they need - called

PBM Select™. They can select our Performance component where we provide clinical guidance and all the tools and techniques around building a program. Or our Analytics component, which allows them to incorporate their data into our blood management technology platform to generate customized physician scorecards alongside a full suite of other analytics capabilities. Or they can buy our Knowledge component, offering an immense library of templates, educational presentations, and trending topic reviews. This new approach has become an a la carte offering for systems that might already have a program but could use resources to accelerate their activities, purchasing only what they need. Not everyone needs the full Microsoft Suite. Some only need Excel or Word or PowerPoint. We can meet any PBM program need with the PBM Select™ approach.

CEOCFO: ***Would you give us an example of change you have created?***
Mr. Osborne: Starting with lab, a simple example would be work we've done in the emergency department. For example, we work to reduce the turnaround time necessary for a Troponin test. If somebody is concerned that they might be having a heart attack, that must be done within fifteen minutes. We have used our Lean Six Sigma team to come in and modify the process of how that works in the emergency department to ensure a 97% turnaround time within the required time limit of that Troponin test. It could be something as simple as leaning out a process like that. Something much more grandiose or bigger picture would be building out a core lab. They might be a health system with seven hospitals and all seven of those hospitals are doing microbiology at every location. We will come in and do a micro-consolidation into one center of excellence or create a core laboratory that allows them to bring all that work in to be much more efficient, reduce the equipment needs, and maintain the turnaround times required. There are a lot of complexities when you do that because it requires IT systems, couriers, and capital. That is a much bigger play that we get asked to do often. Another simple example would be our work navigating pricing negotiations with supply chain vendors. For lab, we will go in and help them negotiate a fifteen or twenty percent reduction in cost from their vendors. I note it as simple, but it has significant impact.

Imaging on the other hand is much more focused on schedule excellence, and how to make sure that those big capital investments in equipment are fully utilized. We will come in and do a full-schedule excellence transformation program to make sure we are optimizing all capacity. Oftentimes there is thirty to fifty percent unused capacity in this area. Something bigger in imaging would be our consolidation initiatives. Many hospitals have the imaging department in their acute hospital, but then they might have eight or twelve out-patient clinics running the same services. Often these are under-utilized, so we put together a program that centers around optimizing their capital and resources while maintaining the patient experience. Consolidation programs in imaging are a much bigger play. It impacts management, their teams and the radiologists. Our number one focus in bringing these opportunities to fruition is the patient as we believe they must be at the center of the plan, continuing to receive the best experience possible.

CEOCFO: ***For the most part do organizations implement the changes you recommend?***
Mr. Osborne: What is unique about our offering is that we come in and do it with the health system. We do not just give a recommendation. We build what is called an "Annual Transformation Plan" with the health system stakeholders and executives of their imaging or lab department. Once we agree on the initiatives we are going to run that year, they build that into their budget and we bake the savings in with them, then begin the process of delivering on those commitments. We only get paid if we deliver the savings as we use an at-risk gain share model that allows us to put our money where our mouth is. We come alongside the health system and deliver the transformation with them. We put the team on the ground, we run the programs, we implement the savings, and we go back and measure it against their financials. We baseline with their financials from the beginning and regularly measure progress together.

CEOCFO: ***Was there some hesitancy in the beginning, and how did you know that this was going to work?***
Mr. Osborne: Systems have been running their labs the same way for twenty plus years, so there is a lot of resistance there. We refer to the change blocker as the eel. We have to find who the eel is in the room, the person that just is not going to support this and will do whatever they can to make it unsuccessful so they can get back to life the way it was. Change is uncomfortable, but the great news about what we do is that we start every partnership with an executive sponsor who shares our case for action internally.

Accumen has delivered over $200 million of savings. We will move the cost needle significantly with our offerings. We do not do reductions in force as a normal part of what we do. We get at labor savings through productivity, attrition management, reductions in overtime, and per diem. We are very careful because we are often dealing with nonprofit healthcare systems and ministries. Those ministries look at these personnel not as head-count but as collaborative members of their ministry or nonprofit work. We do not go in and slice and dice, so it is very important that the executive sponsor kicks-off the partnership by standing in front of the organization and saying, "This is my initiative, I own it and I

have asked Accumen to come in and help me get there." We really help walk them through this step to make sure we get that buy-in at the beginning so when those eels or non-supporters come out, we can quickly address them and make sure there is an abundance of support coming through.

CEOCFO: ***Did you expect to enjoy it so much when you joined Accumen?***
Mr. Osborne: I do not think I did. I was the Chief Performance Officer at Accenture. When I got the phone call to ask if I would be willing to try and take this experience and move it into healthcare, I was intrigued. I was also scared and uncertain. I was sure I was not going to like it as much as I liked working with all the folks across the globe at Accenture. What I found out however, was that when I got in, the need was much greater than I thought. It was not just about saving people money, it was about making an impact on healthcare that I thought was now a part of my mission and purpose and why we all now wake up every day and come to work. I did not know how bad it was until I looked under the hood. That is what drove the passion. We then began to build-out a team across the country. We are in 29 states now and there is tremendous talent there. Most importantly, we have created our own culture. We just won a national award last year for the highest engagement score nationally of 91%. The culture we have built, what we call "The Accumen Way", has made this all worthwhile because now we get a chance to not only have a tremendous impact in driving value for our healthcare clients but we get a chance to do it right, with a culture that we are proud to be a part of. We are proud to be there, and we are proud of what we accomplish together. It has been so rewarding and much harder that what I thought. Sometimes I wish I had chosen a simpler path because it is hard to make this kind of change happen in healthcare, but the size of the need makes it all worth the effort.