

News Release



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McKesson Reinvents Revenue Management for Health Systems

New category of [enterprise revenue management](#) dramatically improves the economics of care

ATLANTA, June 17, 2008 – When it comes to finances, most healthcare organizations are operating under “code red,” with an average of 80% of payments uncollected at any given time. In addition to struggling with complex reimbursement models and ever-shrinking margins, hospitals often manage their revenue stream with fragmented processes, old patient accounting systems that are bolted together, and paper-based transactions that are inefficient at best. Left unchanged, aggregate hospital margins are expected to approach “zero” by the year 2013.

Taking square aim at these financial challenges, McKesson Corporation (NYSE:MCK) is reinventing revenue management for health systems. Today, McKesson is announcing a breakthrough solution designed to create a new category of [financial management](#) – [enterprise revenue management](#) – that can dramatically improve the economics of care.

Horizon Enterprise Revenue Management™ will combine new, innovative rules-based software, connectivity services and the best practices of more than 30 years collaborating with hospitals and health systems, physicians, payors and financial institutions. The goal – to provide a new, open solution that enables health systems to streamline patient access to services, connect with key business partners such as payors and banks, and determine financial responsibility for all constituents before and during care.

Throughout the care process, clinical integration helps to support decision making and enables continuous medical necessity checking, coordinated care planning and case management. The solution will also better enable financial managers to predict cash flow and net revenue by understanding the payment history by payors and anticipated patient throughput. To date, nine organizations have contracted for the new solution, with initial studies estimating an average of up to \$7.4 million in potential annual benefits per organization once the solution is fully deployed.

“Horizon Enterprise Revenue Management extends far beyond the latest hospital information systems, which have failed to deliver incremental workflow efficiencies and financial improvement,” said Pamela Pure, president, McKesson Technology Solutions. “This new solution will reinvent the entire financial process, integrating with the customer’s existing clinical system and helping the organization

proactively manage the economic implications of delivering care. Simply stated, McKesson wants to deliver a solution that enables a dramatic positive impact on the customer's bottom line. That can't be accomplished by 'bolting on' niche products to mature hospital information systems."

Open, connected and comprehensive

McKesson has built its solution to be "open," working seamlessly with both McKesson and non-McKesson clinical solutions and facilitating real-time connections with patients, payors, banks and suppliers. Horizon Enterprise Revenue Management draws on the power of McKesson's extensive portfolio, featuring new provider-based software, RelayHealth® connectivity services, and access to the InterQual® gold-standard clinical decision support criteria used by payors and providers across the United States.

Horizon Enterprise Revenue Management addresses the consumer, healthcare access and business management needs that are common to all healthcare organizations. "With this system, we're reinventing the way a consumer interacts with the health system, and we're moving many of the administrative tasks currently performed after care is received to the front of the care process," said Duncan James, group president, Health Systems Solutions, McKesson Provider Technologies. "By doing so, we estimate that we can help reduce the days to submit a clean claim by 50% from the time of discharge. Our ultimate goals are to enable automated, real-time adjudication upon patient discharge, streamline the patient's interaction with the health system and provide more online capabilities."

Gwinnett Health System in Lawrenceville, Ga., will soon go live with Horizon Access Management™, a part of Horizon Enterprise Revenue Management, using it as a catalyst to re-engineer scheduling, registration and other patient processes. "One benefit of this new solution will be to enhance workflow and automation management. For example, information we currently have to search for *after* a patient is gone will be captured electronically at the point of service," said Cathy Dougherty, assistant vice president, Revenue Management, Gwinnett Health System. "Our goal is to significantly improve productivity and, ultimately, the level of service we will be able to provide to our patients."

Added Tommy McBride, executive vice president and chief financial officer, Gwinnett Health System: "With the Horizon Enterprise Revenue Management platform, we have the opportunity to completely reinvent our organization, our processes and even our relationships with payors and other constituencies so we will be better equipped to address future revenue management challenges. This is just one of the many ways that we are transforming the delivery of healthcare in Gwinnett through Project PATH, our strategic vision."

McKesson provides several options to help healthcare organizations manage their journey to improving the economics of care. The company brings a range of Managed Services to ease the transition, including extensive implementation expertise and resources as well as services to accelerate deployment. For organizations that wish to avoid the upfront capital costs and ongoing maintenance of large-scale systems, McKesson provides remote hosting and revenue cycle outsourcing services for a predictable monthly fee. As a result, healthcare organizations are poised to quickly turn their financial results in the right direction, realizing benefits such as improved productivity, increased revenues, enhanced billing efficiency and lower cost of ownership.

“With the enterprise revenue management category, we are not just advocating change,” Pure said. “We are making it happen by giving organizations the vision, a powerful solution and the support to reinvent their financial world so they can achieve the success needed to deliver the high-quality care and customer service that patients deserve.”

With more than 1,200 facilities using revenue cycle solutions from McKesson – some for more than 30 years – the company is a highly respected leader in the industry. Customers range from community hospitals and health systems to some of the largest and most renowned academic medical centers in the country.

McKesson will debut its new category with the Horizon Enterprise Revenue Management™ solution at the 2008 Healthcare Financial Management Association’s (HFMA) Annual National Institute conference, June 23-25 in Las Vegas.

About McKesson

McKesson Corporation, currently ranked 18th on the FORTUNE 500, is a healthcare services and healthcare information technology company dedicated to helping its customers deliver high-quality healthcare by reducing costs, streamlining processes, and improving the quality and safety of patient care. McKesson is the longest-operating company in healthcare today, marking its 175th anniversary this year. Over the course of its history, McKesson has grown by providing pharmaceutical and medical-surgical supply management across the spectrum of care; healthcare information technology for hospitals, physicians, homecare and payors; hospital and retail pharmacy automation; and services for manufacturers and payors designed to improve outcomes for patients. For more information, visit <http://www.mckesson.com>.

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