



**2017 North American Revenue Cycle
Management for Diagnostic Laboratories
Company of the Year Award**

FROST & SULLIVAN

2017 BEST PRACTICES
AWARD

NORTH AMERICAN REVENUE CYCLE
MANAGEMENT FOR DIAGNOSTIC LABORATORIES
COMPANY OF THE YEAR AWARD

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Background and Company Performance

Industry Challenges

The demand for and cost of healthcare increases every year, and this burden is compounded by the fact that over 70% of all clinical decisions are governed by medical laboratory tests.

This burden has created a need for the adoption of digital technologies that can meet these healthcare costs. Ensuring a connected environment between the stakeholders involved in a patient's health ensures communication and collaboration, thereby improving the future sustainability of the healthcare environment.

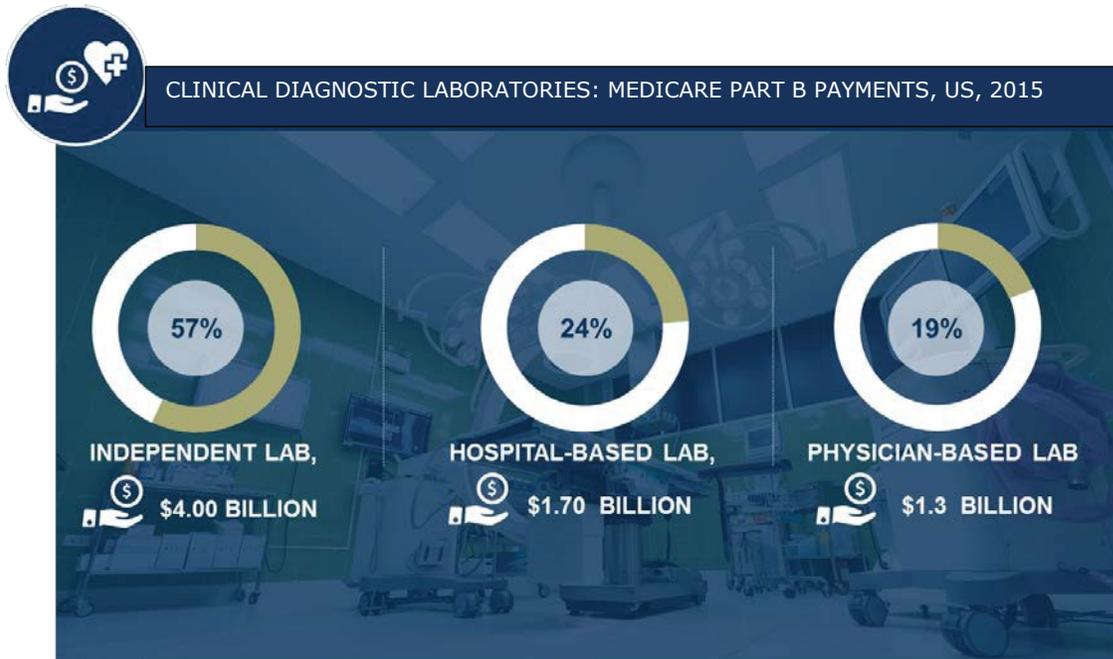
In brief, the challenges associated with healthcare can be summarized as:

- i) The rising costs of advanced care and budget constraints
- ii) The complexity of the testing environment and the cost of delivering care to the aged population
- iii) A shortage of healthcare workers, such as physicians, requires the better utilization of healthcare delivery

Importance of Clinical Laboratory Testing

Clinical laboratory testing is a small component of healthcare expenditure (about 3%) and governs 70% to 80% of diagnostic decisions. Diagnostic lab testing has an important role in delivering low-cost and high-quality healthcare, and healthcare delivery is slowly transitioning towards value-based healthcare from a fee-for-service (FFS) model in order to strengthen precision medicine. The US clinical laboratory market is also heavily impacted by reimbursement cuts imposed on physician lab fee schedule (PLFS) and clinical lab fee schedule (CLFS). This will eventually reduce traditional laboratory testing demand at traditional high-volume centers, such as hospitals and health centers. With a focus on outcome-based testing, providers will have very little control over the costs of tests and are therefore vulnerable to fee schedule cuts and reimbursement policy changes for certain types of tests.

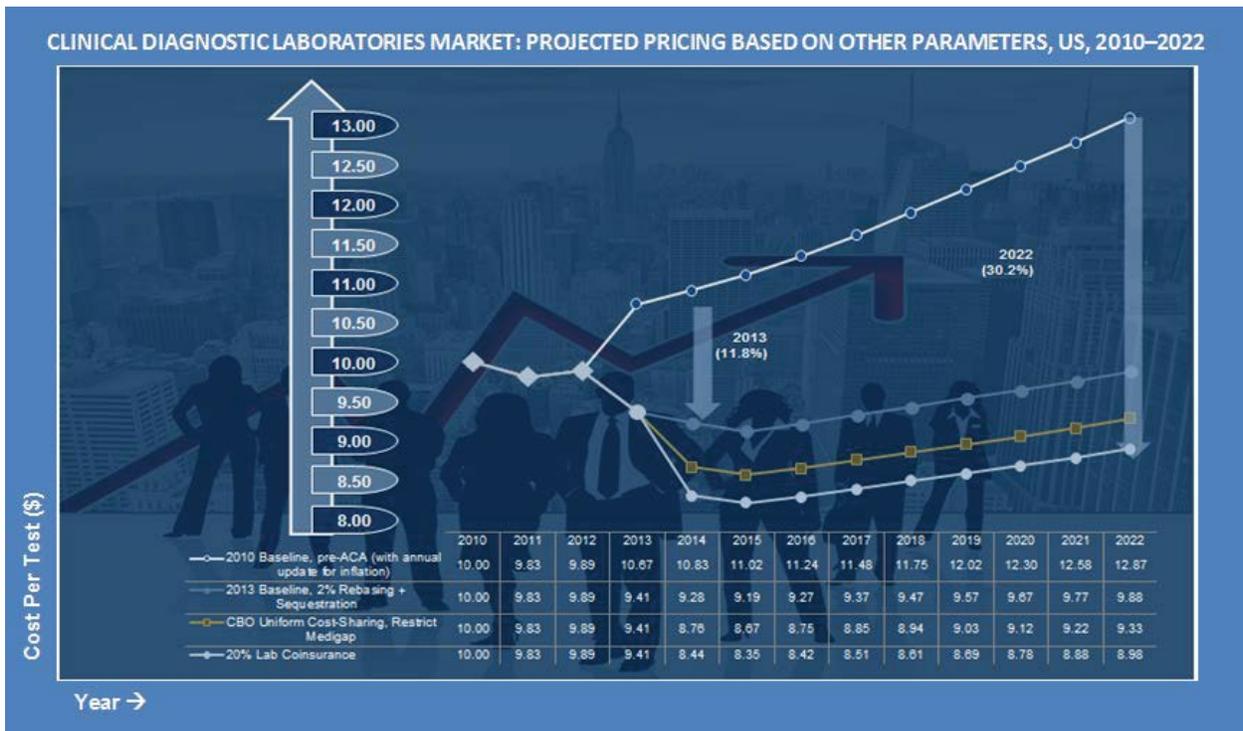
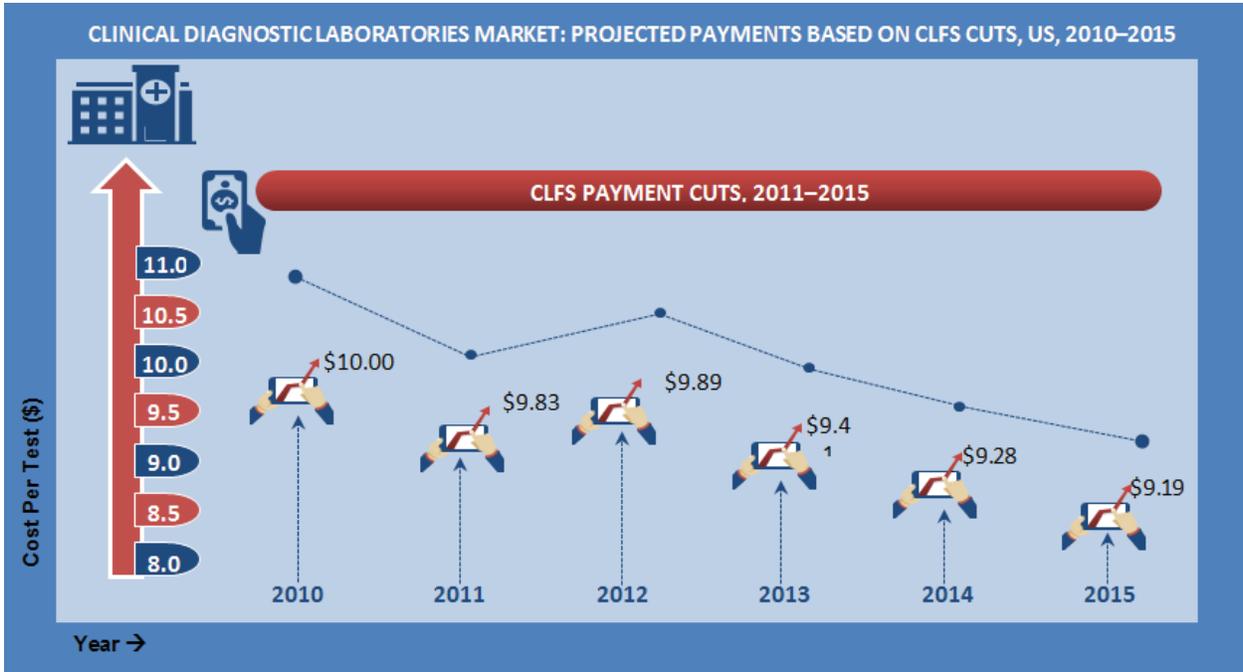
Healthcare expenditure was estimated at \$3.2 trillion in 2015—almost a 6% increase from the previous year. At this time, laboratory test expenditure was almost \$7.0 billion and amounted to about 3% of all the Medicare Part B payments. Independent laboratories received over half of these payments, making them one of the most important stakeholders in the diagnostic care continuum.



Analyzing the last 5 years and the market conditions beyond 2017, Frost & Sullivan forecasts that the clinical laboratories may experience a financial crisis as a result of reimbursement cuts because they will be operating with thin margins.

By subjecting a \$10 test to 4 different hypothetical scenarios, Frost & Sullivan independent research analysis expects clinical lab fee schedule (CLFS) reductions of 30% by 2022. With the advent of value-based pricing, clinical laboratories will have very little governance over the pricing of tests. Because a majority of the pricing decisions are being made based on the data reported to the Centers for Medicare and Medicaid (CMS) by the private payers, the data being collected could be subjected to errors and omissions. The use of CMS rates as a starting point for private payer discounts could place additional pricing pressure on labs if private clients seek additional discounts over what is already having a reduced pricing impact.

Furthermore, the transition to market-based pricing will demand additional documentation on fee schedule cuts and reimbursement policy changes for certain test types. Below (Figure 1 and Figure 2) is an analysis that shows the impact of reductions due to historically imposed cuts and their long-term effect. Because of these challenges, laboratories will need to learn to embrace and thrive under a cost-constrained environment.



The implementation of the Protecting Access to Medicare Act (PAMA) by 2018 could have a massive impact on clinical labs because it aims to revise the current payment for tests based on market-based pricing or data reported by private payers. The CMS aims to save over \$3.9 billion by 2025 through the implementation of PAMA.

Given that the current procedural terminology (CPT) coding system introduces a number of billing and coding errors, especially for genetic tests that include multiple stacked codes and added modifiers, several high-complexity laboratories that perform highly complex genetic tests can be adversely affected with the PAMA regulation.

Under this new climate condition, laboratories will need to maximize revenue opportunities, reimbursements, and eradicate operational inefficiencies. As a result, investing in data sharing tools will enable laboratories to build strong relationships with clients (i.e., physicians and payers).

Visionary Innovation & Performance and Customer Impact

Blue Ocean Strategy

XIFIN is a software as a service (SaaS)-based revenue cycle management (RCM) company headquartered in San Diego and is a provider of revenue management tools to medical diagnostic service providers. The company is dedicated to the business of empowering diagnostic billing processes for service providers. The solutions offered by XIFIN are powered through its core technology Health Economic Optimization (HEO) platform, which aims to link healthcare stakeholders in the delivery and reimbursement of care. The HEO platform powers all XIFIN's offerings, such as the XIFIN RPM, XIFIN LIS Anywhere, XIFIN ProNet, and XIFIN Business Intelligence.

In today's complex healthcare environment, providers are relying on XIFIN's deep market expertise to provide smarter billing systems, clinical and financial workflow, and business intelligence solutions to deliver visibility across the care continuum.

XIFIN is one of the first companies to develop a Web-based cloud laboratory revenue management system. Because laboratories do not interact with patients or have visibility into patient coverage, a platform like that offered by XIFIN helps laboratories provide oversight across the entire care continuum from provider to payer. XIFIN's core roots originated from understanding the financial system of healthcare, which is crucial to understanding the complexities of medical diagnostic billing and reimbursement. By combining both clinical and financial diagnostic data, XIFIN has extended from being solely an RCM provider to being a provider that enables a connected health system where there is more collaboration and information exchange between healthcare stakeholders. While the company offers other solutions that enable information exchange and physician collaboration, like the LIS Anywhere and ProNet solutions, XIFIN RPM is the main flagship product that forms the bulk of the company's revenue stream.

XIFIN's RCM solution can be used across a wide range of provider settings and specialties, such as radiology, pathology, molecular diagnostic laboratories, therapeutic pain management clinics, and hospital outreach programs. Additionally, XIFIN RPM is a comprehensive automated revenue cycle management solution that can maximize efficiency, improve cash collection, and increase financial accuracy for any diagnostic lab.

XIFIN LIS Anywhere is the advanced laboratory information system that enables the secure exchange of information via the cloud and connects all lab operational components, such as test ordering, lab workflow management, reporting, billing, and financial management.

XIFIN ProNet is a Web-based solution that enables seamless physician collaboration across multiple care settings by eliminating network silos. This solution enables consolidated storage, sharing, and use of clinical and financial images and information through a Web-based, enterprise-class data repository and integrated workflow.

Of the three solutions described above, this award specifically recognizes XIFIN for its RCM solution, XIFIN RPM, which forms its core revenue and has a wide range of endorsements from the diagnostic service provider community.

Based on the features described above; XIFIN RPM helps laboratories combat issues regarding reimbursement from private and public payers. Without replicating resources, in-house labs will be able to utilize rules-based engines to improve efficiencies in reimbursement, reporting, and revenue cycle management.

Implementation of Best Practices

XIFIN's solutions are cloud-based platforms, but also include access to its warehouse and business intelligence capabilities. As a result, there is no upfront investment in local IT hardware and software infrastructure or in in-house servers (which would need to be maintained or upgraded). Most billing systems currently available in the market do not include a proper data warehouse, leaving laboratories frustrated and in the dark as to their actual financial performance. XIFIN's data warehouse is crafted carefully to ensure optimal data availability with no drain on billing system performance.

The six key differentiators for XIFIN that have enabled the company to establish industry best practices in the RCM industry are:

- **Automated Optimized Workflow:** XIFIN RPM employs highly configurable automated workflows that ensure upfront, clean, and trackable claim submissions in the shortest possible time.
- **Strong Technological Foundation:** XIFIN's RCM solution is cloud-based and well suited to the changing environment of connected health. It does not require lengthy integrations that fail to adapt to systemic changes. The solution is specifically designed for interoperability in a hyperconnected universe.
- **Financial Underpinnings:** Unlike the other billing systems available in the market, XIFIN RPM was built by financial experts, has referential integrity, and will balance out every client to the penny every month. CEOs and CFOs enjoy the ability to see a summarized view of a laboratory's performance, and RPM's dashboards are designed with this capability while being powered with the business intelligence to provide complete financial accounting oversight if necessary. This provides the management

team with accurate GAAP and Sarbanes-Oxley compliant data with which it can manage lab operations with confidence.

- **Connectivity:** The RCM solution was built with open flexibility in a HIPAA-compliant environment, and this enables a two-way data exchange and communication in real time. Further, the solution is built around the theme of interoperability and connectivity. XIFIN portals and web services securely extend functionality to key stakeholders such as physicians and patients, as well as to internal and external systems. Another distinguishing feature is the availability of a mobile app version (Apple and Android compliant) of the RPM analytics and dashboards for a small additional fee, and this helps senior executives keep an eye on lab performance while on the move.
- **Business Intelligence:** XIFIN's RCM solution provides enterprise-grade business intelligence to labs so that they have the information required to enable personnel to make the best financial and clinical decisions possible. One of its value-adding features is complete insight into operational performance, which helps track key performance indicators and provides peer-to-peer benchmarking against industry standards. The costs of this capability is built into the RCM offering so that XIFIN's customers can enjoy the power of business intelligence when making crucial decisions at the senior/board level.
- **XIFIN's Expertise and Managed Services:** XIFIN's solution handles a number of payer edits, regulatory adjustments, and modifications so that the lab can focus on simply optimizing the billing. These edits and changes are reflected in real time so that the revenue due to the lab gets collected as quickly as possible. No other RCM solution provides a service with this level of accuracy. Additionally, the company processes over 200 million claims annually and enables interoperability with 90% of the top electronic medical record providers.

Frost & Sullivan believes that XIFIN's RCM solution is extremely compelling because it enables laboratories to operate in a much more sustainable manner under the uncertain and ever-changing regulatory conditions in the United States. Because it also helps with PAMA reporting, it will save laboratories from major audits from 2018 onwards.

After concluding its independent evaluation, Frost & Sullivan is convinced that XIFIN's RCM solution is unrivaled in the market. Its innovative software platform is necessary for laboratories that wish to operate efficiently in this cost-constrained environment. Because of its ability to significantly improve the ROI of a laboratory and provide it with the visibility (e.g., intuitive reporting, expected sales versus billed sales overview) and tools necessary to keep the diagnostic service providers connected and agile, Frost & Sullivan recognizes XIFIN for its ability to address some of the most significant challenges in the clinical laboratory industry.

Customer Ownership Experience

Frost & Sullivan's recent analysis confirms that XIFIN has demonstrated excellence in implementing strategies that proactively create value for its customers, with a focus on improving the ROI that customers make in its laboratory services. The award recognizes the company's intense focus on enhancing the value that its customers receive beyond simply providing good customer service, leading to improved customer retention and ultimately customer base expansion.

Customers that have invested in XIFIN have highly praised its solutions for demonstrating a solid increase in cash collections, productivity, and efficiency. Below are some of its client testimonials endorsing the value of XIFIN and its technology to the clinical laboratory community. Today, XIFIN is the RCM provider for almost 60% of the pure-play molecular diagnostic laboratories in the United States.

Specialty: Anatomic Pathology Lab

"There was definitely a return on cash and that was return on all the old stuff that just sat there, unbilled, because of missing information; because I couldn't find it." Controller, NICL Laboratories

Specialty: Anatomic Pathology and Hematopathology

"The process gave us the personal assurance that we were getting good data in and out of the system with correct bills, codes, and a definitive trust in the net revenue number." – Former CEO, US Labs (LabCorp)

The integrated oncology unit of LabCorp was also able to improve its collections and reduce billing-related expenses by over 90%.

Specialty: Molecular Diagnostic Testing Services

"We went live with XIFIN in 2007 and we are continuously getting more efficient in our billing processes and our stats continue to get better." Vice President, Myriad Genetics

XIFIN's customers have been able to save and collect a total of \$3 billion in incremental cash after converting to XIFIN RPM. Because XIFIN's solutions are tailored to suit both high-volume and low-volume laboratories, its customers include many of the nation's largest independent and hospital laboratories such as Health Network Labs, Sonora Quest, Opko/BioReference Labs, and Mt Sinai. Regarding laboratories that focus on high complexity testing, particularly molecular testing, a few of its customers include Myriad, Sequenom (a LabCorp company), Natera, Baylor Miraca Genetics Laboratories, Cancer Genetics, and Exact Sciences. iRhythm, a medical device manufacturer, is also a customer. This large and varied customer base is a testament to XIFIN's revenue cycle management solutions.

XIFIN is uniquely positioned in the competitive market and it is set to address the

reimbursement challenges that many clinical laboratories (both high and low volume and complexity) are grappling with. Within the first year of switching over or investing in XIFIN's RCM solution, laboratories were able to see a 10% to 20% increase in their reimbursement collections. The solution eliminates the billing problems that can pave way for greater denials with Medicare and private insurance providers. In a cost-contained environment and with the implementation of PAMA by 2018, laboratories will now need to have to lean engineering practices in order to remain sustainable in the long run. Because this regulation can introduce errors in coding formats, it will lead to more claim denials. When operating under a market-based pricing system, proper reimbursement for every test matters. With over 3,000 payers in the ecosystem, a provider (hospital or a laboratory) cannot keep up with the changes in the CPT coding system. XIFIN's payer relations team monitors coding changes and updates the system so that the user is aware if new rates and coding changes are made.

By offering the power of business intelligence, XIFIN RPM enables laboratories to make more actionable decisions and maximize reimbursement.

Conclusion

XIFIN's cloud-based solutions provide an integrated connected environment across different care sites, such as nursing homes, surgical centers, long-term acute cares centers, hospitals, and physician offices, giving its clients a holistic view of the payment process.

With the help of XIFIN's solutions, laboratories will be able to report test pricing data accurately and without puzzles embedded in the claims. Overall, the company has established an environment where diagnostic providers can extract the maximum advantage from available information and establish connectivity with other stakeholders to maximize reimbursement on accession codes, thereby helping labs manage their finances more efficiently and effectively.

With its strong overall performance, XIFIN has earned Frost & Sullivan's 2017 Company of the Year Award.

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 & Performance to enhance Customer 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

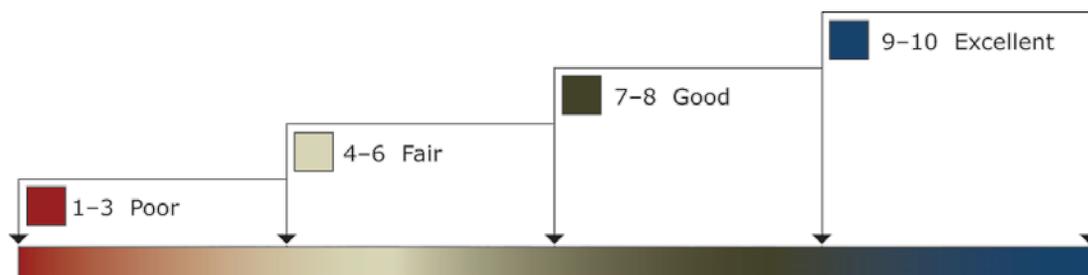
- Criterion 1: Price/Performance Value
- Criterion 2: Customer Purchase Experience
- Criterion 3: Customer Ownership Experience
- Criterion 4: Customer Service Experience
- Criterion 5: Brand Equity

Best Practices Award Analysis for XIFIN

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., these are the overarching categories for all 10 benchmarking criteria; the definitions for each criterion 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.

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 opportunity solutions

Criterion 3: 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 4: Blue Ocean Strategy

Requirement: Strategic focus on 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 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.

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

Frost & Sullivan analysts 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 of 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 able to 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

