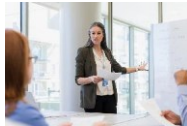


The Revenue Cycle Headwinds of 2025

A look at Payor Behavior Trends Across Kodiak's Benchmarking Community and their impact on revenue cycle performance in the state of Illinois.



**UNITY AMID
UNCERTAINTY**
2025 IHA LEADERSHIP SUMMIT

Overview of Kodiak Benchmark Data

Update on Facilities and Metrics



**UNITY AMID
UNCERTAINTY**
2025 IHA LEADERSHIP SUMMIT

Today's Agenda

Increased denials, longer turnaround times, and greater administrative burden are impacting revenue cycle leaders across the country joining us for a deep dive into current performance revenue cycle payor behavior data trends, the challenges they create for revenue cycle leaders, and strategies utilized to adapt to a changing environment.

1. Identify the core revenue cycle metrics that impact the financial performance of health systems
2. Understand the current performance trends of the acute healthcare market
3. Discuss how organizations have evolved or are actively evolving to meet new challenges



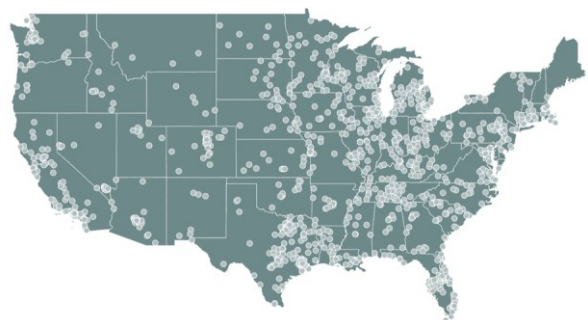
**UNITY AMID
UNCERTAINTY**
2025 IHA LEADERSHIP SUMMIT

3

4

Kodiak's Benchmarking Database

Normalized Key Performance Indicators
National and Regional lens of performance
Sourced through RCA data that reconciles to the client's G/L



Kodiak's Benchmarking Peer Population

\$262B
Open
AR

\$1.94T
Annual Gross
Revenue



Payor Market Intelligence Overview

**UNITY AMID
UNCERTAINTY**
2025 IHA LEADERSHIP SUMMIT

4

State of the Revenue Cycle Market

View of Market Benchmarks



**UNITY AMID
UNCERTAINTY**
2025 IHA LEADERSHIP SUMMIT

5

National Market Scorecard YoY Results

6

National Market			
Metric	2024	2025 (YTD)	YOY % Change
Bad Debt (% of GPSR)	1.42%	1.47%	3.52%
DNFB Days	9.50	9.06	-4.63%
Final Denial W/O's (% of NPSR)	2.93%	3.22%	9.90%
Initial Denial Rate	11.49%	12.11%	5.40%
Initial Denial Rate - Auth/Precert	1.45%	1.56%	7.59%
Initial Denial Rate - Medical Necessity	0.93%	1.07%	15.05%
Initial Denial Rate - RFI	3.43%	3.82%	11.37%
Initial Denial Rate - Timely Filing	0.24%	0.25%	4.17%
POS Cash Collections (% of Total Pt Pymts)	19.29%	21.36%	10.73%
SPAI Bad Debt % of Total Bad Debt	54.58%	56.90%	4.25%
SPAI Collection Rate	34.96%	32.19%	-7.92%
Six-Month Lagged Cash to Net Revenue	94.72%	95.02%	0.32%
True AR Aged > 90 Days	35.86%	35.70%	-0.45%
True AR Days	56.59	53.35	-5.73%

Time Period: Jan23 - Jun25



**UNITY AMID
UNCERTAINTY**
2025 IHA LEADERSHIP SUMMIT

6

Illinois Market Scorecard YoY Results


Illinois Market			
Metric	2024	2025 (YTD)	YOY % Change
Bad Debt (% of GPSR)	0.70%	0.84%	20.00%
DNFB Days	12.30	11.04	-10.24%
Final Denial W/O's (% of NPSR)	2.55%	2.97%	16.47%
Initial Denial Rate	12.40%	12.93%	4.27%
Initial Denial Rate - Auth/Precert	1.61%	1.82%	13.04%
Initial Denial Rate - Medical Necessity	0.52%	0.63%	21.15%
Initial Denial Rate - RFI	4.30%	4.61%	7.21%
Initial Denial Rate - Timely Filing	0.25%	0.25%	0.00%
POS Cash Collections (% of Total Pt Pymts)	14.91%	16.52%	10.80%
SPAI Bad Debt % of Total Bad Debt	72.53%	74.26%	2.39%
SPAI Collection Rate	34.49%	31.31%	-9.22%
Six-Month Lagged Cash to Net Revenue	100.99%	102.17%	1.17%
True AR Aged > 90 Days	38.45%	38.33%	-0.31%
True AR Days	57.16	54.09	-5.37%

Time Period: Jan23 - Jun25



**UNITY AMID
UNCERTAINTY**
2025 IHA LEADERSHIP SUMMIT

National: Understanding Performance at the Payor Level



State

All

National Payor Scorecard

Jul 2024 | Jul 2025

Net Revenue Leakage

\$40.54bn

Payor Group	Gross Revenue	Net Revenue Leakage	Bad Debt % of GPSR	Final Denial Write Offs	Initial Denial Rate	Initial Denial Rate - Auth/Precert	Initial Denial Rate - Billing/Claim Issue	Initial Denial Rate - Coordination of Benefits
Medicare - Managed Care	\$433,553,835,809	7.10%	0.4%	4.5%	9.9%	2.3%	0.4%	1.2%
Medicare - Traditional	\$419,947,440,139	3.48%	0.3%	1.9%	4.3%	0.0%	0.1%	0.5%
Comm Mgd Care BCBS	\$268,173,692,443	6.26%	1.6%	1.9%	14.7%	1.4%	0.4%	1.8%
Medicaid - Managed Care	\$239,642,803,476	5.56%	0.2%	4.5%	14.5%	2.7%	0.8%	1.5%
Other	\$83,586,756,821	8.82%	1.3%	4.0%	19.5%	2.2%	0.5%	3.0%
Comm Mgd Care United	\$81,103,793,055	7.57%	1.9%	2.3%	16.0%	1.9%	0.1%	1.1%
Comm Mgd Care Other	\$62,355,351,290	9.27%	1.8%	3.7%	17.8%	2.5%	0.5%	1.7%
Medicaid - Traditional	\$54,976,202,411	8.54%	0.3%	6.5%	39.3%	1.3%	1.6%	0.9%
Comm Mgd Care Aetna	\$47,017,028,898	8.04%	2.1%	2.6%	14.8%	1.2%	0.1%	0.7%
Tricare/VA	\$42,176,556,658	3.41%	0.3%	1.9%	10.1%	0.7%	0.3%	2.0%
Comm Mgd Care Cigna	\$36,473,878,497	6.75%	1.6%	2.9%	13.2%	1.5%	0.3%	1.1%
Comm Mgd Care Centene	\$22,455,749,227	9.41%	1.2%	4.1%	15.0%	3.5%	0.6%	1.4%
Workers Comp	\$11,608,704,638	5.13%	1.1%	2.2%	26.5%	1.5%	0.4%	2.6%
Other Govt	\$8,012,889,585	5.62%	0.6%	2.9%	42.2%	1.9%	0.1%	1.6%
Comm Mgd Care Kaiser	\$7,932,406,455	5.84%	0.8%	3.7%	18.4%	1.6%	0.4%	1.4%
Total	\$1,819,017,089,402	6.34%	0.8%	3.0%	11.8%	1.5%	0.4%	1.2%



**UNITY AMID
UNCERTAINTY**
2025 IHA LEADERSHIP SUMMIT

Illinois: Understanding Performance at the Payor Level

9

KODIAK		State	Illinois Payor Scorecard					Net Revenue Leakage
		IL	Jul 2024	Jul 2025				
								\$1.65bn
Payor Group	Gross Revenue	Net Revenue Leakage	Bad Debt % of GPSR	Final Denial Write Offs	Initial Denial Rate	Initial Denial Rate - Auth/Precert	Initial Denial Rate - Billing/Claim Issue	Initial Denial Rate - Coordination of Benefits
Medicare - Traditional	\$28,922,941,473	3.19%	0.2%	2.0%	4.7%	0.0%	0.4%	0.9%
Comm Mgd Care BCBS	\$23,829,202,931	4.61%	1.1%	1.8%	19.1%	0.7%	0.4%	2.3%
Medicare - Managed Care	\$21,828,002,813	5.90%	0.3%	4.1%	9.8%	2.0%	0.7%	0.9%
Medicaid - Managed Care	\$16,042,673,346	6.54%	0.1%	6.0%	14.5%	4.4%	1.2%	1.0%
Comm Mgd Care United	\$5,115,370,922	7.49%	1.5%	2.7%	17.0%	2.0%	0.1%	1.9%
Comm Mgd Care Aetna	\$4,278,163,403	7.02%	0.9%	3.7%	17.5%	1.4%	0.2%	1.5%
Other	\$3,737,465,231	7.19%	1.2%	3.4%	23.6%	0.9%	0.4%	3.4%
Medicaid - Traditional	\$2,745,699,266	8.67%	0.1%	8.4%	20.6%	6.3%	1.7%	0.4%
Comm Mgd Care Cigna	\$2,447,917,306	8.00%	1.1%	4.9%	12.2%	1.3%	0.5%	0.7%
Comm Mgd Care Other	\$1,426,831,867	8.87%	2.2%	3.8%	25.1%	2.1%	0.5%	1.8%
Tricare/VA	\$1,106,207,478	4.90%	0.2%	3.5%	20.2%	1.0%	7.3%	1.9%
Workers Comp	\$331,963,527	1.92%	0.3%	1.3%	19.3%	0.1%	0.3%	3.4%
Comm Mgd Care Centene	\$282,387,289	10.92%	1.6%	4.0%	21.4%	11.1%	0.4%	0.5%
Other Govt	\$64,225,747	5.07%	0.2%	4.7%	40.3%	0.0%	0.0%	21.5%
Comm Mgd Care Kaiser	\$176,734	5.12%	0.0%	4.8%	14.1%	0.0%	0.0%	13.2%
Total	\$112,159,229,333	5.38%	0.6%	3.0%	12.7%	1.7%	0.6%	1.3%

KODIAK

UNITY AMID
UNCERTAINTY
2025 IHA LEADERSHIP SUMMIT

9

Headwind #1

Growing Initial *and* Final Denials

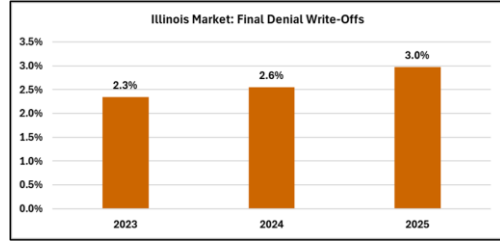
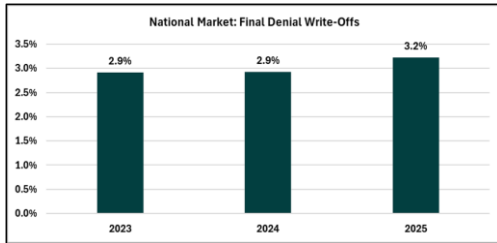
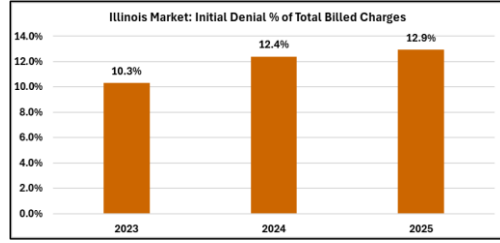
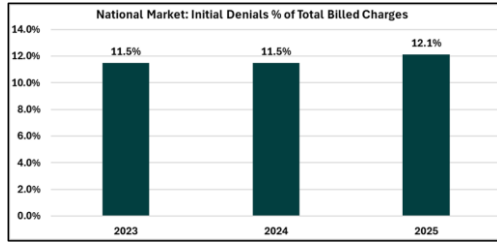


UNITY AMID
UNCERTAINTY
2025 IHA LEADERSHIP SUMMIT

10

National and Illinois Markets: Initial & Final Denials

11



Time Period: Jan23 - Jun25

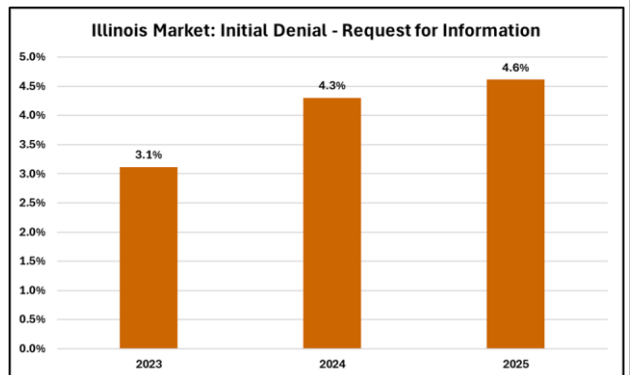
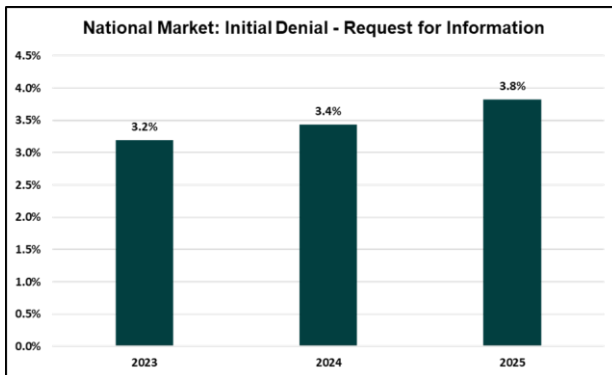


**UNITY AMID
UNCERTAINTY**
2025 IHA LEADERSHIP SUMMIT

11

National and Illinois Markets: Initial Denials – Request for Information

12



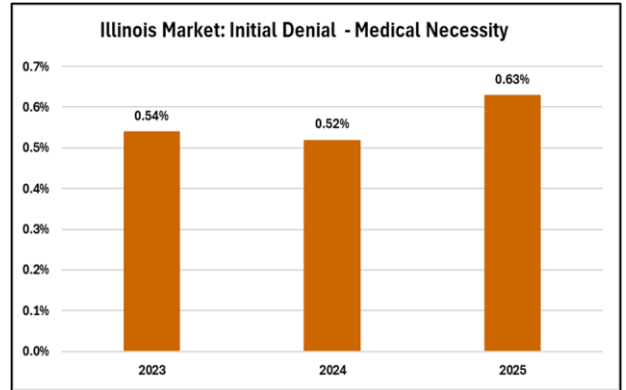
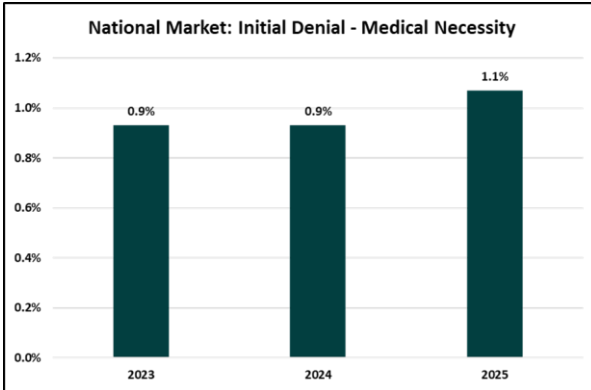
Time Period: Jan23 - Jun25



**UNITY AMID
UNCERTAINTY**
2025 IHA LEADERSHIP SUMMIT

12

National and Illinois Markets: Initial Denials – Medical Necessity



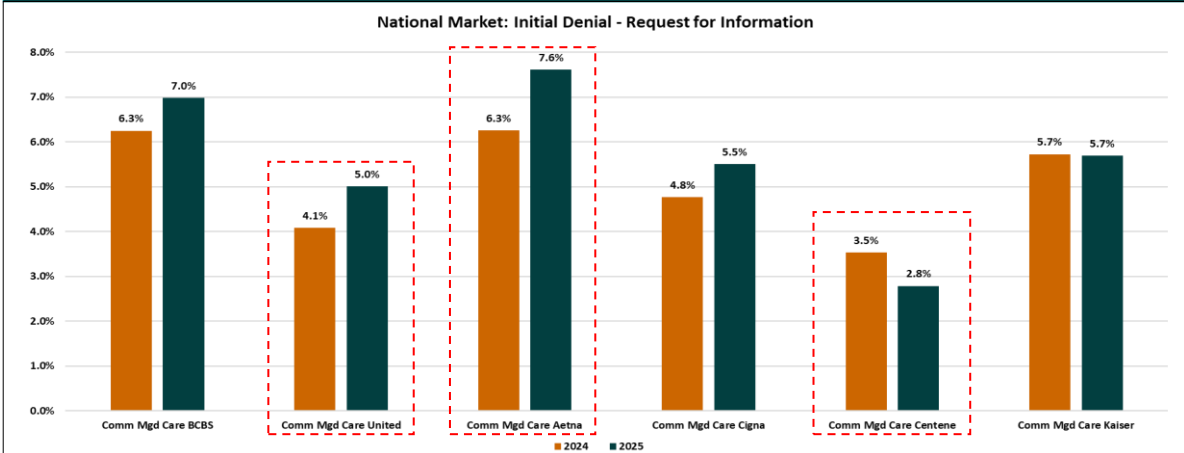
Time Period: Jan23 - Jun25



**UNITY AMID
UNCERTAINTY**
2025 IHA LEADERSHIP SUMMIT

National: Initial Denial Rate for Request for Information by Commercial Payor

- United had the largest jump in RFI denials with a 22% increase
- Aetna's RFI denials are the highest at 7.6% and increased by 21%
- Centene was the only payor to reduce its RFI denials, which decreased by -20%



2024: January – December
2025: January - June

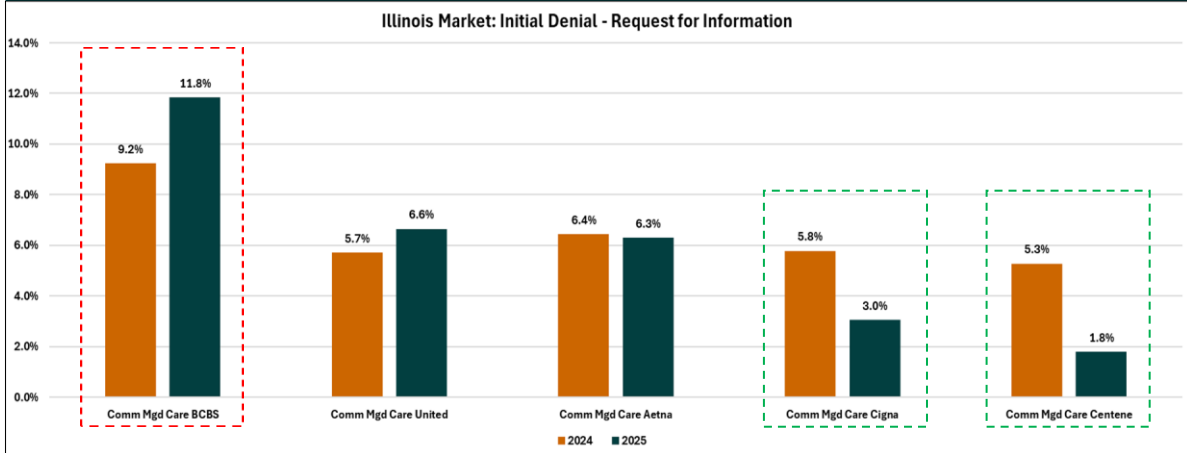


**UNITY AMID
UNCERTAINTY**
2025 IHA LEADERSHIP SUMMIT

Illinois: Initial Denial Rate for Request for Information by Commercial Payor

15

- BCBS's RFI denials are the highest at 11.8% and had the largest jump with a 28% increase
- Cigna's RFI denials decreased by -48% in the IL Market, but increased by 15% in the National Market
- Centene saw a decrease in both the National (-20%) and IL (-66%) Markets



2024: January – December
2025: January - June



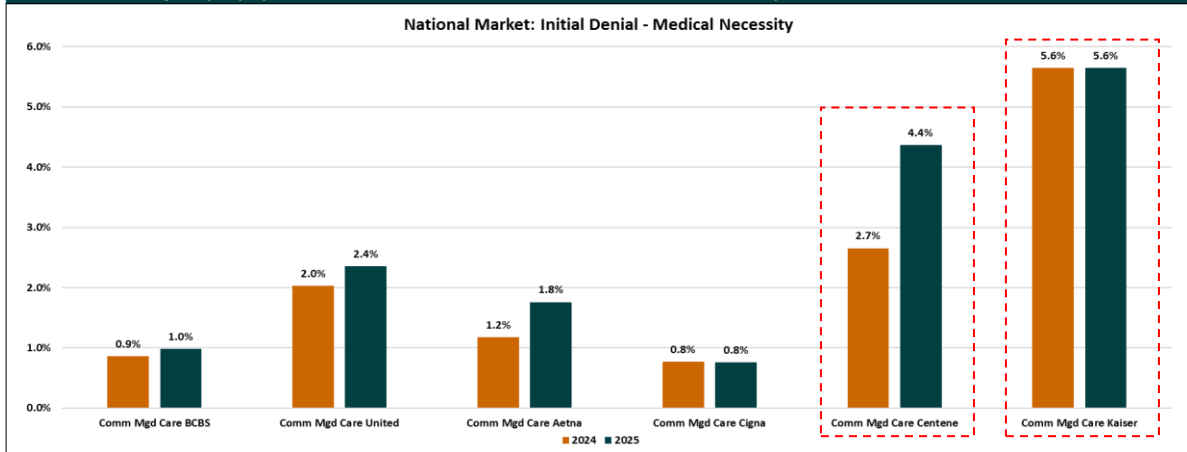
**UNITY AMID
UNCERTAINTY**
2025 IHA LEADERSHIP SUMMIT

15

National: Initial Denial Rate for Medical Necessity by Commercial Payor

16

- Kaiser's Medical Necessity denials did not increase but remain the highest at 5.6%
- Centene had the biggest jump in Medical Necessity denials with a 63% increase
- The remaining major payors in the National Market have low Medical Necessity denial rates with little fluctuation



2024: January – December
2025: January - June



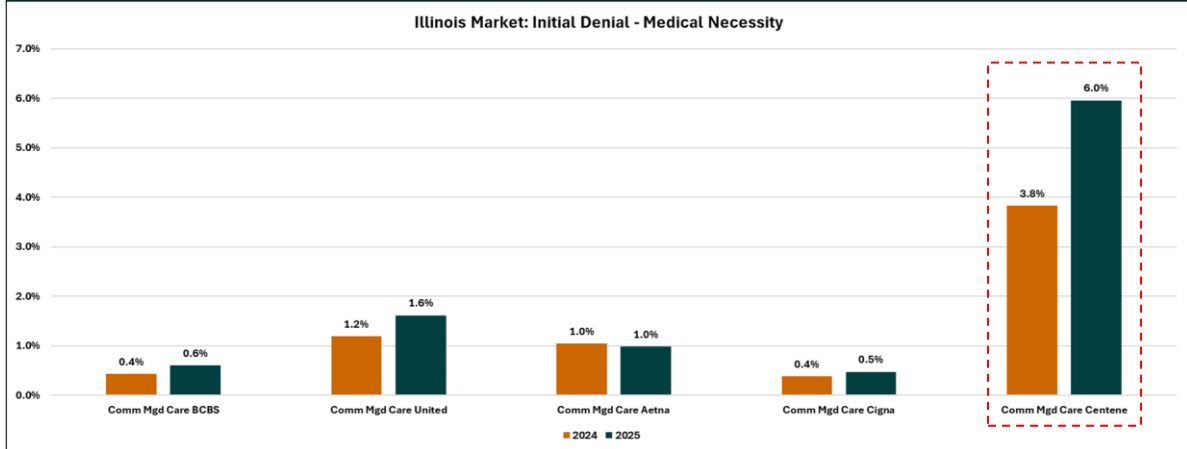
**UNITY AMID
UNCERTAINTY**
2025 IHA LEADERSHIP SUMMIT

16

Illinois: Initial Denial Rate for Medical Necessity by Commercial Payor

17

- Centene has the highest rate of Medical Necessity denials at 6.0% and had the largest increase at 104%
- The two largest commercial payors in the IL Market, BCBS and United, saw a slight increase in Medical Necessity denials
- In both the National and IL Markets, Centene saw a significant increase in Medical Necessity denial rates

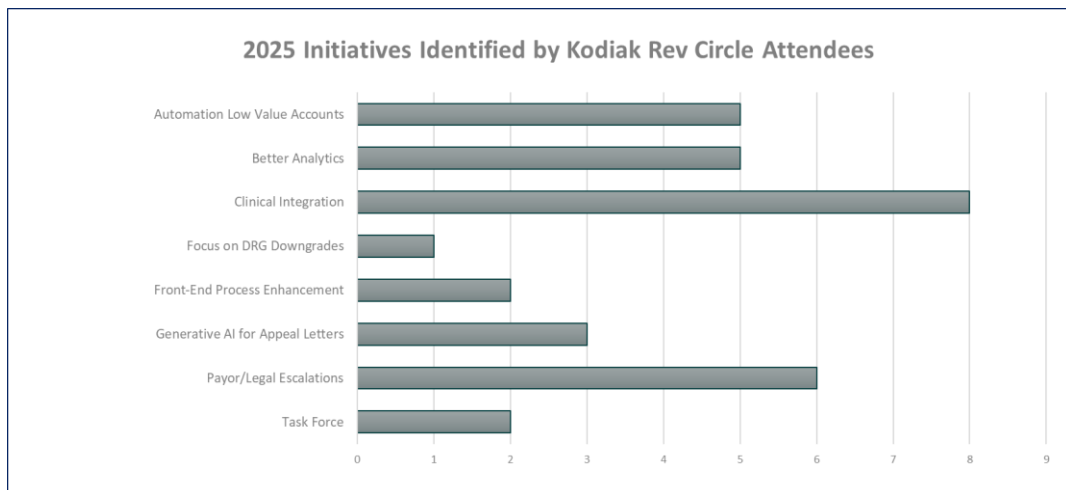


**UNITY AMID
UNCERTAINTY**
2025 IHA LEADERSHIP SUMMIT

17

What Leaders Are Doing About This Headwind?

18



**UNITY AMID
UNCERTAINTY**
2025 IHA LEADERSHIP SUMMIT

18

Headwind #2

Growth in Managed Medicare



**UNITY AMID
UNCERTAINTY**
2025 IHA LEADERSHIP SUMMIT

19

National Market: Payor Mix by Gross Revenue %

20

National Market			
Kodiak Payor Group	2024	2025	YoY % Change
Commercial / All Managed Care	30.11%	30.07%	-0.12%
Medicaid - Managed Care	10.82%	10.76%	-0.59%
Medicaid - Traditional	5.04%	4.75%	-5.73%
Medicare - Managed Care	23.08%	23.60%	2.26%
Medicare - Traditional	20.36%	20.43%	0.35%
Other	6.33%	6.45%	1.89%
Self Pay	4.27%	3.94%	-7.61%

Medicare – Managed Care made up 53.6% of Medicare Payor Mix Across the National Market

On average, providers lose three and a half cents on every dollar that moves from Traditional Medicare to Managed Medicare

2024: January – December
2025: January - June



**UNITY AMID
UNCERTAINTY**
2025 IHA LEADERSHIP SUMMIT

20

Illinois Market: Payor Mix by Gross Revenue %

Illinois Market			
Kodiak Payor Group	2024	2025	YoY % Change
Commercial / All Managed Care	31.18%	31.48%	0.97%
Medicaid - Managed Care	12.56%	12.08%	-3.82%
Medicaid - Traditional	5.10%	4.94%	-3.09%
Medicare - Managed Care	18.75%	19.22%	2.51%
Medicare - Traditional	25.57%	25.62%	0.19%
Other	4.09%	3.81%	-6.84%
Self Pay	2.74%	2.84%	3.43%

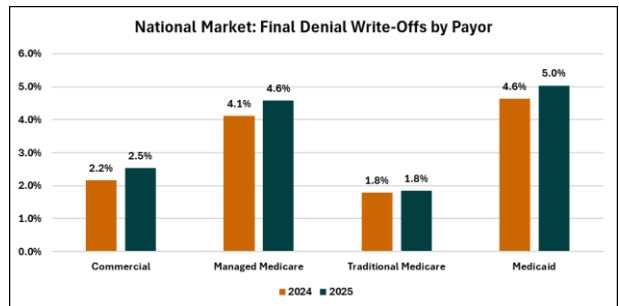
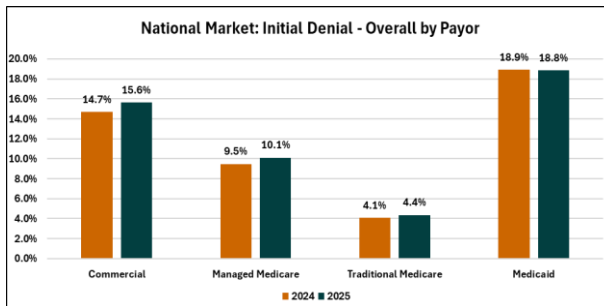
Medicare – Managed Care made up 42.9% of Medicare Payor Mix Across the Illinois Market

2024: January – December
2025: January - June



**UNITY AMID
UNCERTAINTY**
2025 IHA LEADERSHIP SUMMIT

National Market: Final Denial Write-Offs by Payor Group

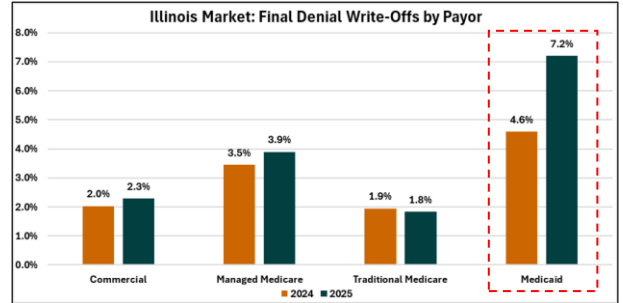
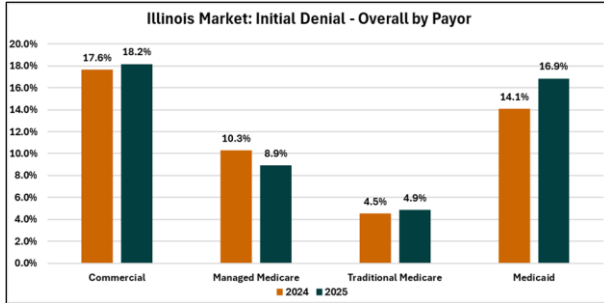


2024: January – December
2025: January - June



**UNITY AMID
UNCERTAINTY**
2025 IHA LEADERSHIP SUMMIT

Illinois Market: Final Denial Write-Offs by Payor Group

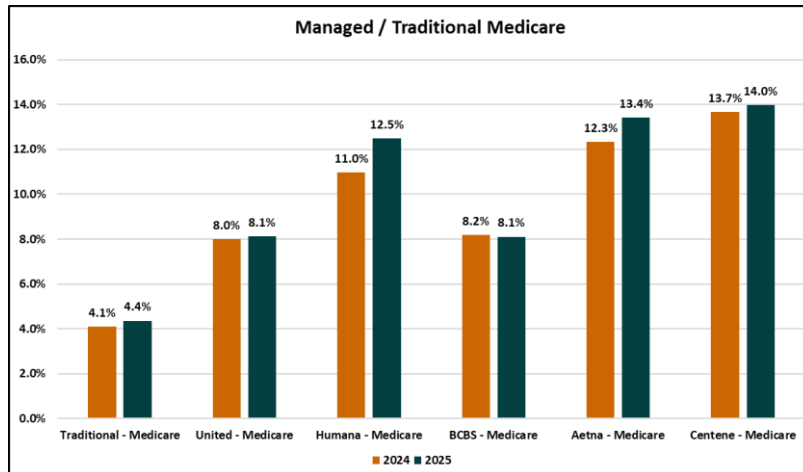


2024: January – December
2025: January - June



**UNITY AMID
UNCERTAINTY**
2025 IHA LEADERSHIP SUMMIT

National: Initial Denial Rate—Managed/Traditional Medicare



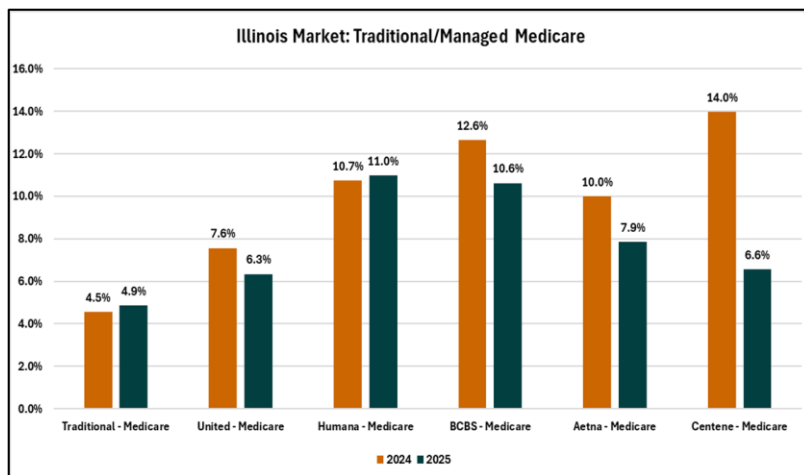
2024: January – December
2025: January - June



**UNITY AMID
UNCERTAINTY**
2025 IHA LEADERSHIP SUMMIT

Illinois: Initial Denial Rate—Managed/Traditional Medicare

25



2024: January – December
2025: January - June



**UNITY AMID
UNCERTAINTY**
2025 IHA LEADERSHIP SUMMIT

25

Headwind #3

The Big Beautiful Bill and Net Revenue Projections



**UNITY AMID
UNCERTAINTY**
2025 IHA LEADERSHIP SUMMIT

26

National: Medicaid Disenrollment Scenarios

27

Potential Impact from OBBA

Base Case, average hospital annual charges and payments

Payor Grouping	Gross Charges	Payments	Yield
Medicaid	\$210,771,939	\$32,521,776	15.4%
Self	\$53,833,959	\$3,286,897	6.1%
Other Funding Sources	\$1,056,101,092	\$242,469,704	23.0%
Total	\$1,320,706,990	\$278,278,377	21.1%

Disenrollment Scenarios, average hospital

Scenario	Est. N/R Impact	% Impact
5% Disenrollment	\$982,642	0.35%
10% Disenrollment	\$1,965,284	0.71%
15% Disenrollment	\$2,947,926	1.06%
20% Disenrollment	\$3,930,568	1.41%

Kodiak's estimated scenarios represent between \$982.6K and \$3.9M annual net revenue loss for average hospital

- KFF¹ estimating a \$911B reduction in Federal spending on Medicaid from 2025 to 2034
- Medicaid disenrollment estimates range from 10% (7.8M)² to 20% (14.9M)³ due to stricter eligibility requirements
- Kodiak analysis assessed data loss to N/R from shifting Medicaid patients to uninsured status



1) KFF is formerly The Kaiser Family Foundation
2) Congressional Budget Office
3) Center on Budget and Policy Priorities

**UNITY AMID
UNCERTAINTY**
2025 IHA LEADERSHIP SUMMIT

27

Next Step: Join us for Kodiak's 2025 Annual Cost to Collect Survey

28



**UNITY AMID
UNCERTAINTY**
2025 IHA LEADERSHIP SUMMIT

28



UNITY AMID UNCERTAINTY

2025 IHA LEADERSHIP SUMMIT



Illinois Health
and Hospital
Association