



## Creating efficiency and reducing expense through acquisitions, dispositions, and change

### The Situation

Kindred Healthcare is the largest diversified provider of post-acute care services in the United States. Acquisitions are a key part of their growth strategy, as well as the disposing of locations and entities that do not fit well into Kindred's vision. These deals bring complexity and variables that require attentive change management across the organization.

How does the company manage change, and quickly and effectively unify general ledger coding allocations, combine disparate carrier networks and contracts into a cohesively operating infrastructure while reducing expenses in the process?

### The Solution

Kindred partners with Tellenium, an experienced communications technology management firm to surface the details, crosswalk the coding allocations, make recommendations and follow changes through to fruition for billing accuracy. This process includes the following basic steps:

- Create a living detailed database of the existing services, circuits, allocations, and charges.
- Identify contractual commitments; what items are in use, where and for what purpose,
- Determine billing accuracy
- Recommend next steps for moving forward
- Implement and track changes as approved

According to Kindred SVP Technology and CIO Charles Wardrip, with both large and small acquisitions, Tellenium is included early in the integration process. "It does a couple things for us: It gives us the ability to have visibility into what the acquired company truly has ... in our experience, very few companies have very good control over telecom expenses, especially being acquired. It gives us the ability to quickly get to that, then identify and help develop a road map that will get us to a more cost-effective model."



"When Kindred wants to know what the next opportunities are, Tellenium is already working on them."

– John Vorreiter, Senior Director-IT Infrastructure for Kindred Healthcare





To begin the process, it is absolutely critical to take an inventory of every service, circuit, feature, device, and charge currently in place; as well as the associated contractual commitments. This includes identifying the purpose for each and their usage activity. Lines for fire alarms, elevators, and security connections are also especially critical.

Removing unused services once contractual arrangements are understood and resolving inaccurate billing are two of the most significant savings items in the process. For Kindred, and all of their acquisitions, this amounts to over \$1 million dollars per year in savings.

All organizations are paying for services they don't use and being overcharged for some they do. "For example," notes Cheryl Vick, manager, accounts payable, "in one instance, through Tellennium, we got back \$100,000 (from one carrier). They weren't charging us our contracted rates."

A living database of billing, services inventory, and contract information supplies the foundation for an effective enterprise communications technology billing compliance program moving forward. With Tellennium's Integrated Management System (TIMS) software, all invoice images, coding/allocation, and associated charges are electronically sent into Kindred's SAP system, which Vick says saves accounting staff time in a variety of ways. The invoicing consistency, for example, eliminates variations that previously occurred with manual processing. With an average of over 2,200 invoices per month, and 5,800 coding allocations, the time savings is significant - not only for facility staff that no longer must process their own invoices, but also for the centralized shared services' accounting.

"Facilities enjoy improved service uptime as well, since service cancellations and late charges, once common, have been eliminated," says Vick. "Refunds from telecom vendors are routed and deposited much more quickly, and even questions about telecom-related topics are handled quickly and efficiently by Tellennium." This frees up Kindred's accounting staff for more high-level tasks.

## The Result

Kindred's total cost savings has exceeded \$12 million to date from utilizing Tellennium's expertise, telecom expense management processes, and system. Senior Director-IT Infrastructure, John Vorreiter, credits an attention to detail in acquisitions management and change management within Tellennium.

Effective consolidation of contracts requires an in-depth knowledge of multiple vendors' billing practices, regional differences in services, and benchmarking against other organizations' costs. And in an acquisition environment where the acquired company's contracts may have been neglected for a period of time before a deal was finalized, rectification of those oversights in Kindred's favor occurs much more quickly.

Tellennium has taken those tasks off the shoulders of Vorreiter's Engineering Group, freeing up thousands of man-hours for more strategic projects; particularly important as the health care sector continually faces a shortage of qualified IT professionals.

Finance departments similarly benefit as "the number of people that would be required to review all of these bills and adjudicate back through the contracts to make sure we are paying the right amounts or being billed the right amount would just be insurmountable," says Vorreiter.

Finally, Tellennium's deep knowledge of the telecom industry and marketplace means Kindred can also benefit from more strategic thinking for the enterprise. "It's not always about the dollars," says Vorreiter, "there is a service component in there too, and choosing the right vendor that will give us the best service is important, as well." And when Kindred wants to know what the next opportunities are, "Tellennium is already working on them."

### Kindred Facts

**Revenue:** \$7.2 billion<sup>1</sup>

**Number of employees:** 102,2001

**Locations:** 2,7231

**Savings:** Over \$12 million (2010-2015)<sup>2</sup>

Source: 1 Kindred corporate profile, online IR, 2/2016; 2 TIMS report, 4/2016

