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Corporate Participants

Crissy Buchanan Carlisle – Chief Investor Relations Officer, Encompass Health Corp.
Rusty Yeager – Senior Vice President, Chief Information Officer and Head of Design and Construction, Encompass Health Corp.

MANAGEMENT DISCUSSION SECTION

Crissy Buchanan Carlisle, Chief Investor Relations Officer, Encompass Health Corp.

Good morning and thank you for joining us to learn more about how we are using technology to improve patient outcomes and reduce the overall cost of care. I'm Crissy Carlisle, Chief Investor Relations Officer of Encompass Health. And I'm pleased to have Rusty Yeager, Chief Information Officer with me today.

After our fireside chat, we will transition to a Q&A session. For optimal viewing viewers can maximize the video player to full screen. To exit press the escape button on your keyboard. Lastly to submit a question please use the, Ask a Question box on your event console. With that let's get started.

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QUESTION AND ANSWER SECTION

<A – Crissy Carlisle – Encompass Health Corp.>: In March many of you heard from Barb Jacobsmeyer on how we're using predictive analytics. Today, we're going to back up a bit and talk about how we were able to get to where we are now. Rusty Yeager has been within Encompass Health for over 20 years and played a key role in developing our technology strategy. Rusty tell us what makes Encompass Health different when it comes to our technology? And how we're using it to improve processes and patient outcomes.

<A – Rusty Yeager – Encompass Health Corp.>: Thanks Crissy. When we talk about our technology strategy at Encompass Health we are primarily talking about two platforms our electronic medical record and workflow system. We refer to as ACE-IT which stands for Advancing Clinical Excellence through Information Technology and BEACON, our internally developed business and clinical intelligence systems. These both rolled out around the same time in 2011, but the initial step on our digital journey was our data warehouse.

<A – Crissy Carlisle – Encompass Health Corp.>: Okay. Tell me a little bit more about the data warehouse and how it works with these platforms?

<A – Rusty Yeager – Encompass Health Corp.>: Unlike most of the industries healthcare organizations collect an enormous amount of information for both patient care and billing in thousands of different places from the bedside to the enterprise. In 2004, we began bringing all that data together in a data warehouse. Fast forward a few years and the addition of many systems and we have become a completely digitized healthcare company. We have this goldmine of information. We use it to help improve processes and patient care every day. We develop BEACON as a visualization of that data stored in the data warehouse that allows leadership to see the right data, in the right place, in near real-time so they can drive productivity and quality. They can improve processes and develop best practices. And as Barb discussed in the webcast in March, our vast amount of electronic medical records specific to inpatient rehabilitation are now allowing us to develop predictive algorithms to improve outcomes and reduce the overall costs of care. We now have over 2 million medical records in our data warehouse that are helping us improve quality and outcomes.

<A – Crissy Carlisle – Encompass Health Corp.>: Rusty, let's talk about ACE-IT. What makes it unique?

<A – Rusty Yeager – Encompass Health Corp.>: Crissy, I think there's a few things here. First, the development of ACE-IT actually goes back more than a decade. At that time, acute-care providers were being incentivized to adopt an EMR through the HITECH Act. Post-acute providers were receiving no such incentive. However, our leadership had the foresight to make a $200 million-plus investment to deploy our own EMR and inpatient rehabilitation facility specific workflow system. We did this in partnership with Cerner.

<A – Crissy Carlisle – Encompass Health Corp.>: Tell us about how that partnership began?

<A – Rusty Yeager – Encompass Health Corp.>: Sure. We had a competitive RFP process in 2009 and decided on Cerner because of their overall healthcare technology knowledge and tools. As many of you likely know Cerner is a leader in health information technology solution. It's EMR, Cerner Millennium is used by many of the acute hospitals we work with.

However, Millennium was developed for acute providers and inpatient rehabilitation and acute care are different. We needed our EMR to reflect that. We took Millennium and worked with Cerner to adapt it to meet the workflow and documentation needs of the inpatient rehabilitation setting to be best-in-class for both clinical and business workflow processes in post-acute care.

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<A – Crissy Carlisle – Encompass Health Corp.>: So, how do you implement this new system across our entire portfolio?

<A – Rusty Yeager – Encompass Health Corp.>: Yeah. The rollout of ACE-IT began in 2011 after pilot projects and three hospitals for almost two years. The extremely large and complex rollout involved a six-year implementation schedule that was completed on time and on budget. It was arguably by far the largest and most successful EMR deployment in the post-acute care industry. The project truly transformed our hospitals from a completely paper-based system to a completely electronic system with a standard database across all hospitals.

<A – Crissy Carlisle – Encompass Health Corp.>: Okay. Now that you've laid the groundwork for ACE-IT, tell me about BEACON. How is it unique to us?

<A – Rusty Yeager – Encompass Health Corp.>: Well it's a 100% unique to us, because we designed and built it in-house. As I mentioned earlier, BEACON is really the visualization of all the data being collected from different sources. Within the data warehouse, we created data mart or certain sets of data specific to a discipline or business need. BEACON, the visualization of the data allows us to build dashboards from these different data sources allowing us to make data-driven decisions in the day-to-day operation of our business and the clinical care of our patients. We have a dashboard for each of our key clinical disciplines and functions, for example physician, therapy, nursing, sales and marketing, et cetera. All of these dashboards are set up to monitor key metrics to the region and ultimately companywide.

<A – Crissy Carlisle – Encompass Health Corp.>: Can you give us a couple of examples of the dashboards and how they are used?

<A – Rusty Yeager – Encompass Health Corp.>: Sure. Going back to Barb's presentation on predictive analytics, you learned about ReACT, which predicts the risk of a patient transfer to the acute hospital while they're at one of our hospitals. The ReACT dashboard shows real-time patient ReACT risks to clinicians. It shows patient trends over time and provides meaningful data to drive clinical interventions, that's one example.

Another is a therapy dashboard. It shows the effectiveness of therapy companywide or down to the diagnosis level and even down to the individual therapists. Leadership can look at anything from case mix, to patient satisfaction scores and functional improvements. We can drilldown on any one of those to see what hospital is best at what. Then we can look at those high performers and develop best practices to share enterprise-wide.

<A – Crissy Carlisle – Encompass Health Corp.>: Rusty, what's the criteria to create one of these dashboards and how many do we have now?

<A – Rusty Yeager – Encompass Health Corp.>: We can build a dashboard for anything. But the key is a business or clinical requirement. We started with one dashboard labor productivity. Now we have more than 45. We've actually gotten quite good at developing and deploying new ones. Someone gives us a business goal or clinical need and we build it. COVID-19 is a really good example of that.

<A – Crissy Carlisle – Encompass Health Corp.>: Tell us a little more about that and what role technology played during the pandemic?

<A – Rusty Yeager – Encompass Health Corp.>: COVID-19 is a really good example of how we can adapt to change. And we can use technology to help us do so. Our digital platforms were the foundation of our resiliency and our ability to rapidly respond to all hospitals in the home office. Within ACE-IT, we rapidly developed and deployed new documentation for COVID-related care.

This was developed and then deployed to all hospitals with a few keystrokes putting us well ahead of other providers. An example is the order set for physician ordering a COVID test. Another example is centralized electronic reporting for CDC and HHS COVID-19 requirements, which we submit it for all hospitals daily. This would have been onerous if every hospital had to do these themselves. This was also very challenging because it was ever changing. Within BEACON, we developed personal protective equipment monitoring. We monitored inventory, quantity on hand, burn rate and proximity of inventory on a regional basis, so that it could help us move equipment around if we needed to. We also developed COVID-19 testing, monitoring.

<A – Crissy Carlisle – Encompass Health Corp.>: Rusty, it was so amazing to see how your team worked to keep patients and their loved ones connected during visitor restrictions at our hospitals.

<A – Rusty Yeager – Encompass Health Corp.>: Absolutely. It was great. In addition to what we were able to do at ACE-IT and BEACON, we also established standard telemedicine and video communication platforms to support telemedicine and video visit capabilities for patients and their loved ones.

<A – Crissy Carlisle – Encompass Health Corp.>: So now that everyone hopefully has a better understanding of our technology and what makes Encompass Health different, walk us through the patient journey from a digital standpoint.

<A – Rusty Yeager – Encompass Health Corp.>: Sure. First, we're fully digital throughout the patient journey process. From patient referral to patient discharge, all the systems are built to be inpatient rehabilitation specific and to meet our standard business processes. The process begins with our business development teams that manage our referrals. We manage our business development teams with a customer relationship management product that enables us to measure sales and marketing performance as well as dispatch our clinical liaisons to meet with the patient, patient family members, acute care managers and referring physician.

Once a clinical liaison is with the patient, we use a proprietary preadmission patient assessment tool that we developed. Using an iPad, the team uses quick entry tools to facilitate the process. Then the preadmission data is digitally forwarded to the physician for review. We also use tools to capture pertinent prescreened patient information that is also forwarded to the hospital and physician for review. Upon the review the physician can digitally sign an approval, ask for more information or decline the admission. With an approved admission, our prescreened acquired data is interfaced to our patient revenue system and ACE-IT to facilitate a smooth admission to our hospital. Upon admission all patient documentation is completed electronically and standardized by all caregivers in the enterprise database across all hospitals. While all of this is going on our healthcare and business pertinent systems are depositing their data in our data warehouse.

<A – Crissy Carlisle – Encompass Health Corp.>: Well Rusty that kind of takes us back to the beginning and how we're able to do some of the things we are doing now. So what's in store for the future?

<A – Rusty Yeager – Encompass Health Corp.>: We are currently piloting three super cool technologies. Number one, the MyEncompass Health Caregiver App available on Apple, Android and the web. The MyEHC records patient portal and Cerner's virtual Patient Observer. The My Encompass Health Caregiver App that I say available on Apple, Android and the web, this app is designed for loved ones and caregivers to connect with their family members in our hospitals at any time and in any place. It shows a patient's near real time progress towards their goals and an overview of their care plan.

Number two MyEHC records patient portal provides patient access to their EHC rehabilitation record. The portal will also offer the option for patients to link their record to the Apple's Health app

to allow patients to better manage their overall health. Both the My Encompass Healthcare Giver App and MyEHC records patient portal provide increased patient and caregiver engagement with the anticipation of rolling out companywide by the end of the year.

Lastly, the virtual Patient Observer is a remote patient monitoring system platform provided by Cerner that allows a trained technician to monitor multiple patient rooms from a central monitoring station. We believe it could potentially improve patient safety by reducing patient falls and potentially reduce costs by reducing adverse events.

<A – Crissy Carlisle – Encompass Health Corp.>: Well that's certainly exciting Rusty. Thank you for joining us today. With that we'll open the line for questions. As a reminder, if you have a question please type it into the, Ask a Question box, please include your name and company. Rusty while we wait for everyone to enter their questions, can you tell us more about how these investments in technology pay off in the day-to-day operations of our company?

<A – Rusty Yeager – Encompass Health Corp.>: Sure Crissy. But first of all let me thank everyone for spending time with us today and checking on our IT initiatives. We've got some great teams down here doing great things for our caregivers, their patients and ultimately our referral hospitals. So I think the first thing you think about what's IT doing? Well one thing I think about where would I want my loved one to go, a hospital that's fully digitized or hospital that's still using paper? For example, say a nurse is seeing a patient deteriorate under their care. They call the doctor and the doctor doesn't have access to it. With a fully electronic medical record and the tools that would go along with that, the doctor is able to look into the record, potentially prescribe medications or do other interventions.

It also helps us be an employer of choice. When people come to us they see the tools that are available to them and they love them. The physicians love them. And leadership in the hospital when they see BEACON they can't imagine that they ever did without these kind of tools. But ultimately, it's not about the IT. It's about the business and clinical discipline that we get from using these tools. So specifically, we standardize the business or clinical process upfront. Then we automate that business or clinical process and that helps it keep it in control across all of our hospitals. So everything – everybody is doing the same thing and we're getting the same data consistently out of that.

Then we have enterprise scalability, so we can roll it out routinely. We also get data scale after adding to those 2 million records that we have. Once we have that, we can use our clinical and business knowledge to improve those processes. And the one thing that we have which is super compelling, once we do that, we work with Cerner and we build it back into the workflow so the process stays in control. So for example, when we have a regulation change, we find a best practice or process improvement. We can automate it, monitor it and impact change in near real-time.

<A – Crissy Carlisle – Encompass Health Corp.>: Rusty, what's the latest with the post-acute innovation center?

<A – Rusty Yeager – Encompass Health Corp.>: So let's roll back to 2020 and kind of follow up with Barb's previous WebEx. We rolled out pre-admission model to all of our hospitals and you may recall that model was built on [ph] 400,000-plus IRF (00:15:15) and home health patients and it's currently monitoring 40 clinical features. It's a great program for our patients and our referring hospital partners. The best thing we can do for our patients is to get them back home where they can continue with their rehabilitation. But the next thing, we're working on is a falls prediction model. Falls is something that we don't want and nobody wants to have. And our previous fall-risk assessment was acute-care based. It really didn't fit the profile of our patients who are getting up, moving around, doing therapy in the hospital.

So with Cerner's help, we built a model that was inpatient rehabilitation patient specific. And we're now piloting that at 11 hospitals and we're planning on a full rollout in Q4 2020 or Q1 of 2021. We're really excited about this. Predicting and preventing falls is a very great thing for our patients and ultimately for the company. We're also taking a look at our therapy technology and its utilization and impact on patient outcomes. So we can build evidence-based protocols for the use of the equipment.

<A – Crissy Carlisle – Encompass Health Corp.>: All right. Remember, if you have a question please type it into the, Ask a Question box. Rusty, what is our capability to interoperate with other healthcare institutions?

<A – Rusty Yeager – Encompass Health Corp.>: So, we're really proud of this. It's really strong and we want to [ph] interoperate – can you say it you can do it (00:16:41) interoperate as much as possible because it makes us much more efficient and ultimately we're more accurate. So that is great for our patients. I believe our capability is the best in the post-acute business right now. We've got an incredible team. They understand the processes and they know how to do it.

For example, we get thousands of e-referrals every year from folks like [ph] CareFor (00:17:09) and naviHealth. We interface those into our CRM system to be routed to our particular business development leaders. We also have [ph] 103 lab interfaces, which are great physician satisfier (00:17:19) and improve overall quality. We're also members of several HIEs. And specifically, we're a member of the [ph] Commonweal (00:17:27) HIE that connects to the Carequality HIE and the claim is that 90% of the acute-care hospitals are on one of these two platforms. We also build custom interfaces. And so several of our JVs have asked for custom interfaces and we've got the team standing by ready to do those and we do those routinely.

<A – Crissy Carlisle – Encompass Health Corp.>: Rusty, here's a question from [indiscernible] (00:17:51) are there any plans to use your digital capability to engage and communicate with Non-Encompass Health providers at the time of discharge from our location?

<A – Rusty Yeager – Encompass Health Corp.>: Yeah. So we're already doing that as part of the interoperability rule with CMS. And we stand by that, if it makes sense we can build those interfaces to our downstream partners as well as our upstream partners. So we're sending ADT information to referring physicians as well as our downstream partners as well and we're open to expanding that more than ADT, if that makes sense for the particular community.

<A – Crissy Carlisle – Encompass Health Corp.>: So Rusty, Encompass Health is growing rapidly. Can the technology scale to meet these growing requirements?

<A – Rusty Yeager – Encompass Health Corp.>: Yes, we can. We've got the best teams in the business and at the height of ACE-IT, we were rolling out 20 hospitals a year and we did that for six years. The ACE-IT team has an average tenure of 12 years. So they've been there, done that. We also have one of the best partners I've ever worked with in my 30-year career and that's Cerner. Their technology and their architecture is scalable and I'm sure that's one of the reasons the DoD and the VA chose Cerner. And interestingly enough, we have most of the same team members from Cerner, so that makes it really easy. It's going to be business as usual.

<A – Crissy Carlisle – Encompass Health Corp.>: We'll give us another second to see if anybody else has any questions. Of course, if you think of questions after this event concludes, you can always reach out to me via e-mail and we'll get in touch – we'll get back in touch with you.

Crissy Buchanan Carlisle, Chief Investor Relations Officer, Encompass Health Corp.

All right. So here, no other questions. We thank you for spending time with us today to learn more about our technology. And we hope you will continue to follow us in the future. Thanks a lot. Bye-bye.

Rusty Yeager, Senior Vice President, Chief Information Officer and Head of Design and Construction, Encompass Health Corp.

Thanks, everyone.

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