

Reimagining Revenue Cycle Management Change Story

Together, we provided a vital pathway to independence for more than 250,000 people in 2022. After 30 years of being in business, our mission and demand for our services remains strong, but the environment we operate in today is very different. In the last three years we have experienced a world pandemic, an unreliable supply chain, instability with our labor market and continued steady inflation.

We, like many companies in the United States, have faced cost increases for almost everything needed to operate, including; labor, operating expenses and cost of goods sold. At the same time, payer reimbursement rates for our services have not kept pace with these steady cost increases. We are actively re-negotiating our payer contracts, but they take time due to the fact that we are contracted with more than 1,000 payers.

These market dynamics led us to start reimagining our business to look for new and different ways to advance our operations and better serve our clients. Last year, we began reviewing all areas of our business, including people, processes and technology to find ways to be more efficient and improve the client experience. As we identify opportunities, we review and prioritize those that will bring the most value to NSM and our clients now and in the future.

An area where we discovered significant opportunity is in our revenue cycle management operations, which is supported by our Funding and Billing & Collections departments. These departments ensure that the necessary documentation, authorizations and coding are completed to then process, invoice and collect fees for client orders. Although we have always handled these activities in-house, we discovered there are companies whose sole expertise is revenue cycle management for healthcare providers. These companies offer a variety of services and solutions with specialized staff, highly efficient processes and advanced technologies that far exceed our current in-house capabilities.

After an extensive evaluation, we determined that a partnership with one of these companies will improve our quality and cycle times and will also reduce costs associated with our revenue cycle activities. We narrowed our search down to a few top providers and ultimately selected AGS Health (AGS) as the best fit for NSM. They are best-in-class, have an excellent reputation and can meet our needs, but most importantly their core values along with their people-first culture most closely align with ours.

AGS has over a decade of industry-leading experience helping more than 100 healthcare providers nationwide improve the performance of their revenue cycle. Their clients include many of the same healthcare providers we work with, such as Vanderbilt, Cleveland Clinic and Baylor. With more than 10,000 employees based out of offices in the U.S. and India, AGS has an extensive pool of resources to ensure we will have the support needed to run at peak efficiency and performance at all times.

Effective immediately, we will transition to a new process where AGS will assume responsibility for most of the administrative tasks related to funding, billing and collections. In this new process, NSM will continue to oversee and strategically guide our revenue cycle operations and handle all customer interactions with our clients and referral sources.

This is the right decision for our business, however, it was a very difficult one to make because this transition means that we will be eliminating 300 positions in our Funding and Billing & Collections departments. These eliminations will occur in a phased approach over the next several months as we transition these responsibilities to AGS.

This change is in no way a reflection of any individual or team's performance, but an acknowledgment that we must make significant shifts in the way we operate in today's environment. We appreciate and thank each departing team member for their contributions to our business and to our clients.

Each departing team member has been informed and will receive a severance package including compensation and continuing company benefits. Our Human Resources team will provide support and resources to help our departing team members during this transition. We have partnered with a professional outplacement and staffing company that will provide career counseling, resume writing workshops, and interview skills training. There are planned job fairs and scheduled interviews with prospective employers that have been identified with similar remote work positions. Some of the employers include Blue Cross Blue Shield, Unum Insurance and Centene Corporation. We are committed to supporting these team members through this transition while treating them with the dignity and respect they deserve.

In addition, we have already met with our top 100 leaders to provide them with the information and resources needed to properly support you during this transition. Starting immediately and in the coming weeks we will be setting up meetings and training sessions for team members that are directly impacted by these changes to ensure we have a successful transition. At any time, if you have questions or concerns, please

reach out to your leader or email us at feedback@nsm-seating.com and we will be happy to help.

Making changes like these are difficult, but they are necessary to ensure we are stronger and better positioned to pursue our mission for many years to come. Your support is critical as we continue to evolve as a company.

Thank you for all you do for our clients and our business.