



EVIDENCE-BASED REVENUE CYCLE IMPROVEMENT

Suzanne Lestina

Director, Revenue Cycle MAP

Healthcare Financial Management Association



REVENUE CYCLE IMPROVEMENT

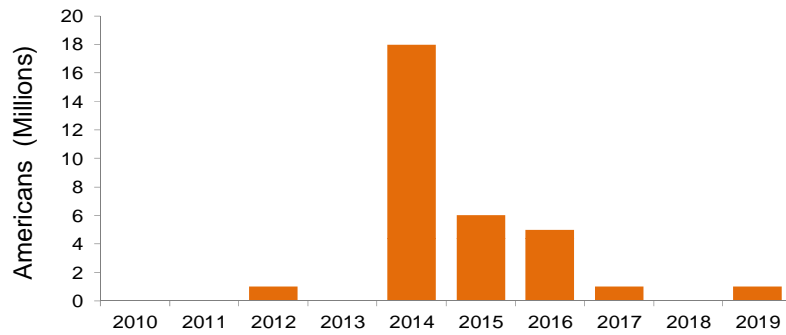
OVERVIEW

- Reform and the revenue cycle
- How hospitals are responding
- Evidence-based improvement
- Successful practices
- Joining our journey



REFORM AND THE REVENUE CYCLE

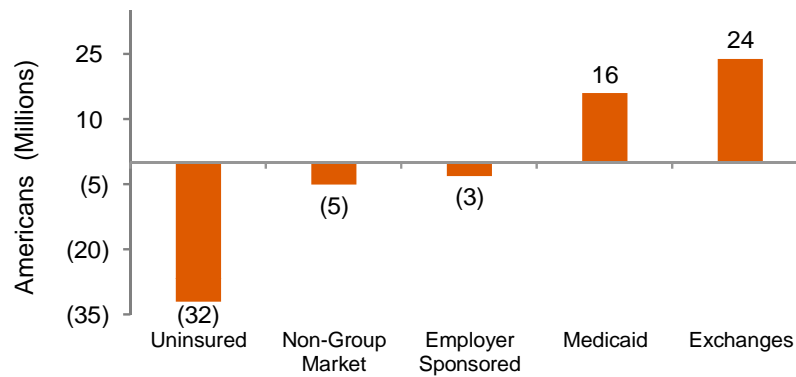
INCREASING INSURANCE COVERAGE



Source: CBO



CHANGING PAYER MIX



Source: CBO letter to House Speaker Nancy Pelosi – March 20, 2010



FINANCIAL IMPACT ON YOUR HOSPITALS

Payment Area	Payment Reduction Over a 10 Year Period (in billions)
New payments for uncompensated care	177.3
Payment reductions:	
Market basket update (MBU)	-112.6
Disproportionate Share Hospital payment cuts (Medicare & Medicaid DSH)	-36.1
Reduced readmissions	-7.1
Hospital-acquired conditions	-1.5
Accountable care organizations	-1.5
Net aggregate financial impact on U.S. hospitals	17.06



Sources: Health Care Facilities Managed Care Analysis: Bank of America Merrill Lynch; March 4, 2010; p. 9
CBO letter to Speaker Nancy Pelosi; March 20, 2010; HFMA estimate



OTHER REFORM CHANGES

HR 3590 Sec 2178.c

“Annually, each hospital shall establish and make public a list of the hospital’s standardized charges for items and services provided by the hospital, including for DRGs.”



OTHER REFORM CHANGE

- New requirements
 - Standardized charge reporting
 - Requirements for tax-exempt hospitals
- New economic incentives
 - Payment linked to quality
 - Accountable care organizations
 - Bundled payment



HOW REFORM IS AFFECTING THE REVENUE CYCLE

	Expanded Coverage	Payment Cuts	New Requirements	New Economic Incentives
Revenue Cycle Imperatives	Improve Performance and Efficiency			
	Eligibility Processes	Denials Prevention	Charity Care Policies/Process	ICD-10
			Rational Pricing	Documentation and Coding
				Physician Integration
				Bundled Payments





HOW HOSPITALS ARE RESPONDING

PRINCETON BAPTIST MEDICAL CENTER BIRMINGHAM, ALABAMA

Area of Excellence: Cash Collection

How They Did It

- Consolidated pre-arrival unit
- Automated insurance verification, including identifying patient financial obligation
- Communicating about and collecting this amount prior to arrival
- Instituting continuous quality improvement process to identify and reduce errors



PRINCETON BAPTIST MEDICAL CENTER BIRMINGHAM, ALABAMA

Results

- Reduce DNFB to 3.7 days
- Increase cash as a % of net revenue to consistently above 100%
- Decrease denials to less than .25% of gross revenue
- Maintain cost to collect at less than 3%

DNFB Comparable Statistics
6.2 Median
5.4 Top Quartile Performance

Source: HFMA's **mapapp** March 2010



TOUCHETTE REGIONAL HOSPITAL CENTREVILLE, ILLINOIS

Area of Excellence: Cash Collection

How They Did It

- Revising charity care policy
- Adopting an automated patient eligibility system
- Incorporating charity care criteria into the system's database



TOUCHETTE REGIONAL HOSPITAL CENTREVILLE, ILLINOIS

Results

- Reduced bad debt charges by 48.6%
- Increased charity care by 15.5%
- Decreased overall uncompensated charges by 16.6%
- Increased cash collections by \$2.5 million over the goal of 102% adjusted net patient services revenue

Cash Collections Comparable Statistics

100.2 Median

102.1 Top Quartile Performance

Source: HFMA's **mapapp** March 2010



BAYLOR HEALTH CARE SYSTEM DALLAS, TEXAS

Area of Excellence: Cash Collection

How They Did It

- Centralize the business office
- Centralize insurance verification and pre-registration
- Centralize denials management



BAYLOR HEALTH CARE SYSTEM DALLAS, TEXAS

Results

- ⚡ Improvements from 2000-2009
 - Achieved consistent net revenue cash collection rate of 100% or better
 - Lowered net accounts receivable days from 67.9 in 2000 to 39.9
 - Decreased 91+ days from discharge aging from 13.0% to 5.8%
 - Reduced cost of collections from 2.5%

Days in A/R Comparable Statistics

44.5	Median
37.9	Top Quartile Performance

Source: HFMA's **mapapp** March 2010



EVIDENCE-BASED IMPROVEMENT

EVIDENCE-BASED IMPROVEMENT

Components

- Measuring Performance
 - What are consensus measures of revenue cycle excellence?
- Comparing Performance
 - How are peers performance and what are performance targets?
- Improving Performance
 - How do high performers succeed?



EVIDENCE-BASED IMPROVEMENT

Benefits

- Identify and manage to trends
- Validate best practices
- Trigger corrective action
- Forecast performance
- Identify opportunities for process improvement
- Compare performance with like organizations
- Use data to change behaviors



HFMA INITIATIVE



WHAT IS MAP?

MAP is a comprehensive performance improvement strategy

- Identify indicators
- Track and improve performance
- Recognize excellence
- Share successful practices





EVIDENCE-BASED IMPROVEMENT: MEASURING PERFORMANCE

MAP KEYS

MAP Keys are industry-developed key indicators for revenue cycle performance

- ↗ Clearly defined
- ↗ Measurable
- ↗ Discerning
- ↗ Comparable



MAP KEYS

MAP Keys focus on key areas of revenue cycle performance

- ↗ Patient access
- ↗ Revenue integrity
- ↗ Claims adjudication
- ↗ Management



PURPOSE | VALUE | CALCULATION

Example

- Indicator → Net days in A/R
- Purpose → Trending indicator of overall A/R performance
- Value → Indicates revenue cycle efficiency
- Calculation →
$$\frac{\text{Net A/R}}{\text{Net patient service revenue}}$$





EVIDENCE BASED IMPROVEMENT: COMPARING PERFORMANCE

COMPARING PERFORMANCE

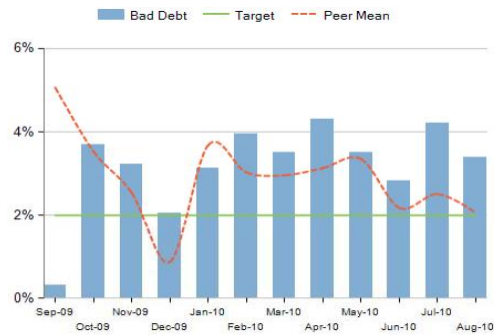
- ↗ Manage trends
- ↗ Identify opportunities
- ↗ Prioritize opportunities
- ↗ Identify successful practices



COMPARING PERFORMANCE

Flexible comparisons are needed for in-depth analysis

- Industry trends
- Performance over multiple time frames
- Pre-selected peer groups
- Customized peer groups



Source: HFMA's **mapapp**



CUSTOMIZED PEER GROUPS

Custom Peer Group
✕

Your organization is part of a peer group of 78 facilities.

Facility Type

Control

Bed Size

Admissions

Teaching

ER

Cedar de Waver	Cedar de Waver	Common Spirit	Riverside	Northwestern	Spauld County	Guthrie
Cedar de Waver	Common Spirit	Riverside	Northwestern	Spauld County	Guthrie	Cedar de Waver
Cedar de Waver	Common Spirit	Riverside	Northwestern	Spauld County	Guthrie	Cedar de Waver
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Cedar de Waver	Common Spirit	Riverside	Northwestern	Spauld County	Guthrie	Cedar de Waver

Medicare

Medicaid

Managed Care

Blue Cross

Self Pay

Other

Peer Group Name:

Source: HFMA's **mapapp**





EVIDENCE BASED IMPROVEMENT: IMPROVING PERFORMANCE

MAP AWARD

HFMA's MAP Award recognizes healthcare organizations that achieve excellence in the revenue cycle and serve as models for the healthcare industry



INSIGHTS FROM AND ABOUT HIGH PERFORMERS

Area for improvement: Cash collection

Point-of-service collections

- Median: 27%
- Top quartile: 43%

Research

- % of high performers citing importance of investing in front-end technology
- % of high performers having estimates available for patients at registration

Successful practices

- Sample scripts
- Use of dedicated trainers for patient access staff

Source: HFMA's **mapapp** March 2010



SUCCESSFUL PRACTICES

- ↗ Culture
- ↗ People
- ↗ Processes
- ↗ Technology
- ↗ Communication



CULTURE

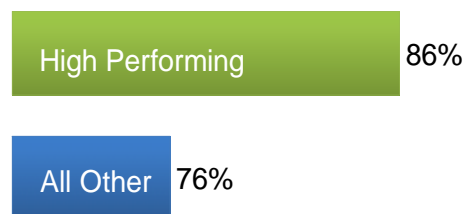
- Culture is made up of the shared attitudes, values and goals that it puts into practice
- How well an organization develops a sense of mission and vision surrounding the revenue cycle can dramatically affect performance

“When you don’t have the right culture, you can only tinker around the edges.”



SUPPORT FOR REVENUE CYCLE

7 = Extremely high to 1 = None at all



THE VALLEY HOSPITAL RIDGEWOOD, NEW JERSEY

- Provide Revenue cycle and finance education to:
 - All revenue cycle employees
 - All departments, staff and directors
 - New managers
- Managers' yearly goals are tied in part to the hospital's financial performance
- **Outcomes achieved:**
 - **Operating margins increased from 2.1% to 3.5% between 2000-2009**



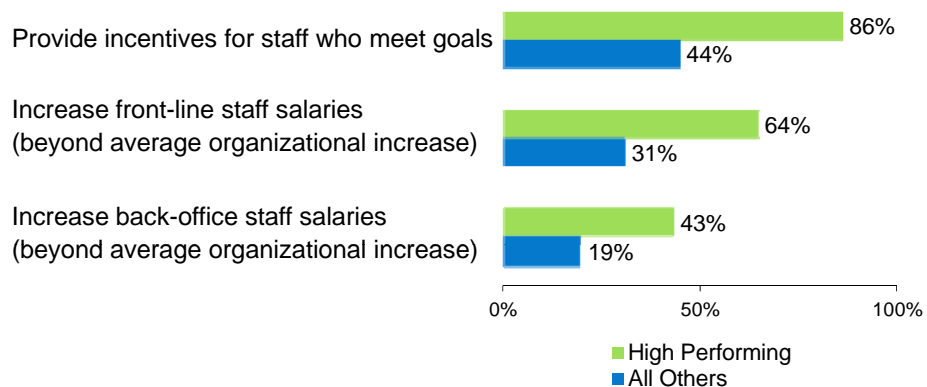
DAYS OF INITIAL REVENUE CYCLE TRAINING REQUIRED

High Performers	>10 days	5-10 days	3-5 days	2-3 days	1 day or less
Registrars	57%	14%	14%	14%	0%
Billers	57%	14%	14%	14%	0%
Collectors	50%	21%	21%	7%	0%
Financial Counselors	64%	14%	14%	7%	0%

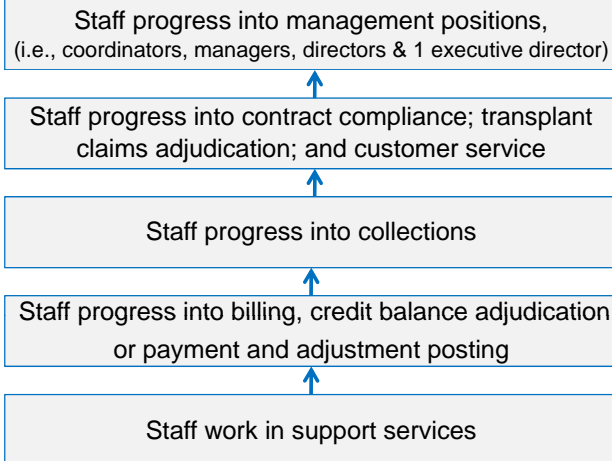
All Others	>10 days	5-10 days	3-5 days	2-3 days	1 day or less
Registrars	42%	25%	15%	11%	7%
Billers	54%	25%	7%	10%	4%
Collectors	47%	30%	10%	9%	5%
Financial Counselors	52%	26%	10%	7%	5%



STRATEGIES TO MOTIVATE, RECRUIT, AND RETAIN STAFF



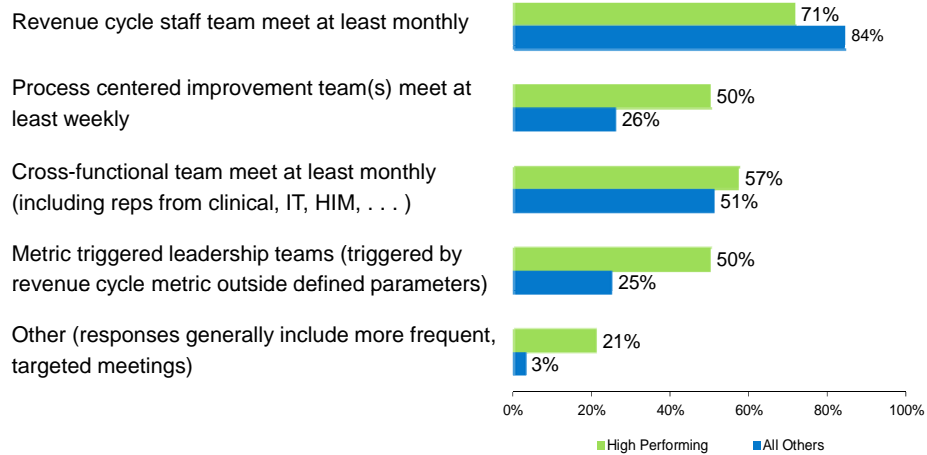
BAYLOR ALL SAINTS MEDICAL CENTER, FORT WORTH, TEXAS



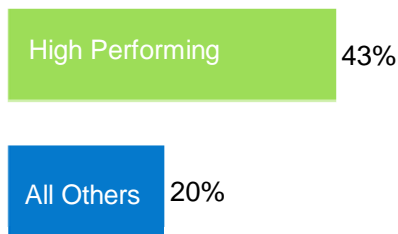
Outcomes Achieved:
Increased employee satisfaction and reduced turnover



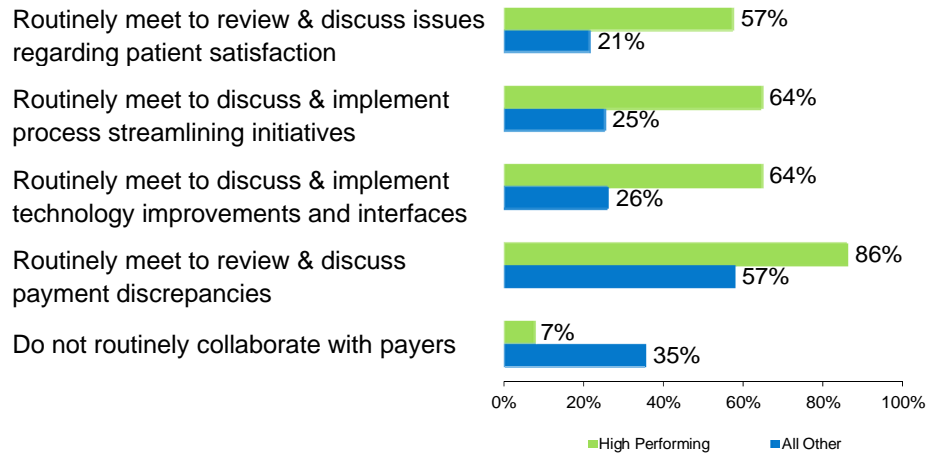
FREQUENCY OF REVENUE CYCLE TEAM MEETINGS



USE OF PATIENT FOCUS GROUPS

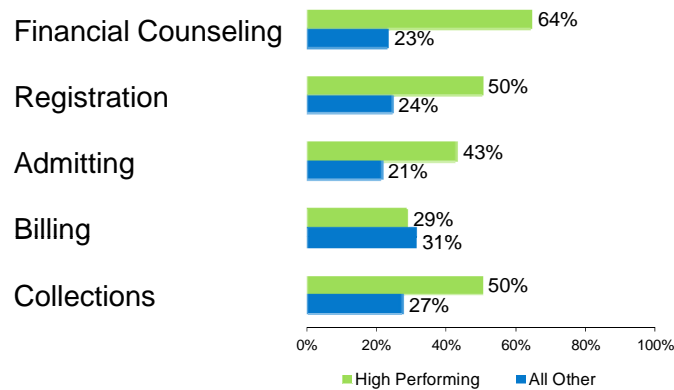


COLLABORATION WITH PAYERS



SIGNIFICANT CHANGES TO THE FOLLOWING AREAS WITHIN THE PAST 3 YEARS

1 = no improvement to 7 = complete overhaul



CHRISTUS HEALTH NORTHERN LOUISIANA

- 🚀 **Coding and Documentation Project:**
 - Identified problematic charges
 - identified opportunities to improve documentation, coding, and charging
 - Monitored batch charge rejections within the three-day bill holding period
- 🚀 **Clinical documentation specialists work with physicians**
 - Concurrently to ensure documentation is clear and concise
 - Post-discharge to clarify documentation from physicians
- 🚀 **Outcomes Achieved:**
 - Held late charges to goal of <2%



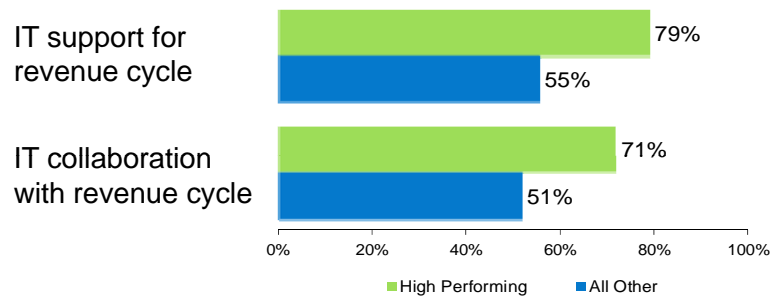
TECHNOLOGY

- High performers are good at realizing the potential and obtaining the greatest value from their investments
- “The specific piece of technology you choose to buy is far less important than if you know how to use it well.”
- It is better to adopt a modest solution very well than to adopt a superior solution only moderately well
- Focus on improving processes prior to applying automation and prioritizing their purchases by market needs



TECHNOLOGY SUPPORT FOR THE REVENUE CYCLE

7 = Extremely high to 1 = None at all

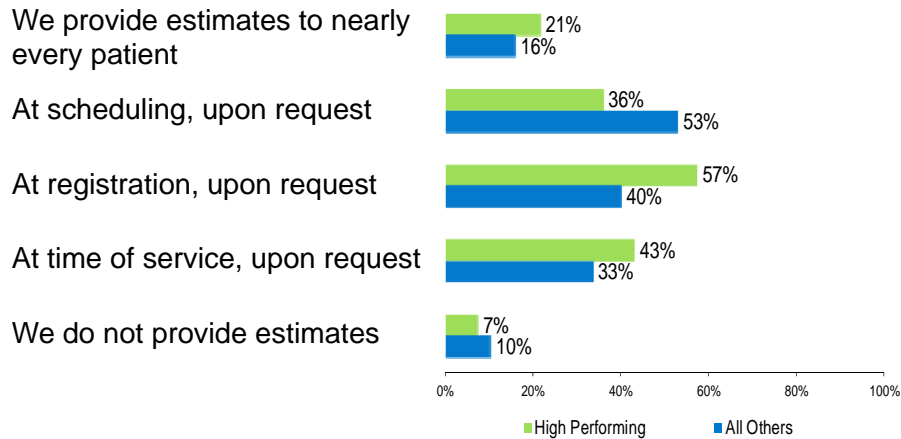


RIVERSIDE METHODIST HOSPITAL COLUMBUS, OHIO

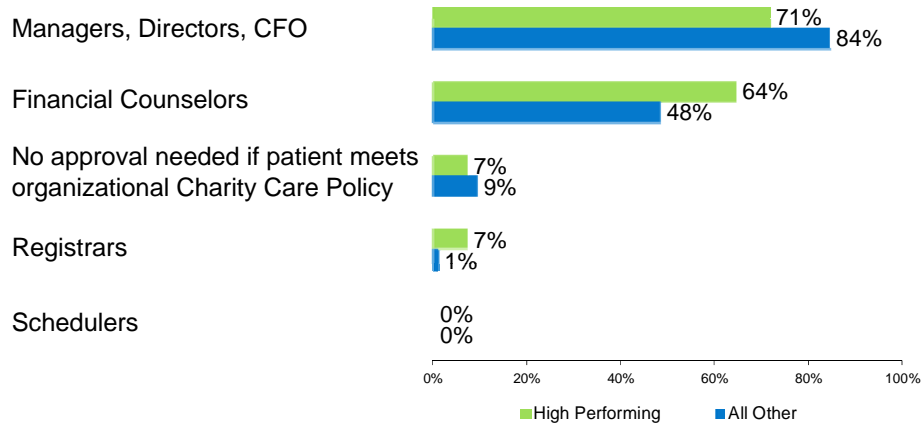
- Dedicated IT staff for revenue cycle
- Health information management under system's VP of revenue cycle
- Selectively use IT for revenue cycle process improvement
 - Implemented quality assurance system for registrars
 - Monitors all registrations
 - Returns errors to registrars to correct
- **Outcomes Achieved:**
 - **Percentage of returned mail dropped from 2 % to 1%**
 - **Increased clean claim rate**



AVAILABILITY OF ESTIMATES FOR PATIENT OUT-OF-POCKET LIABILITY

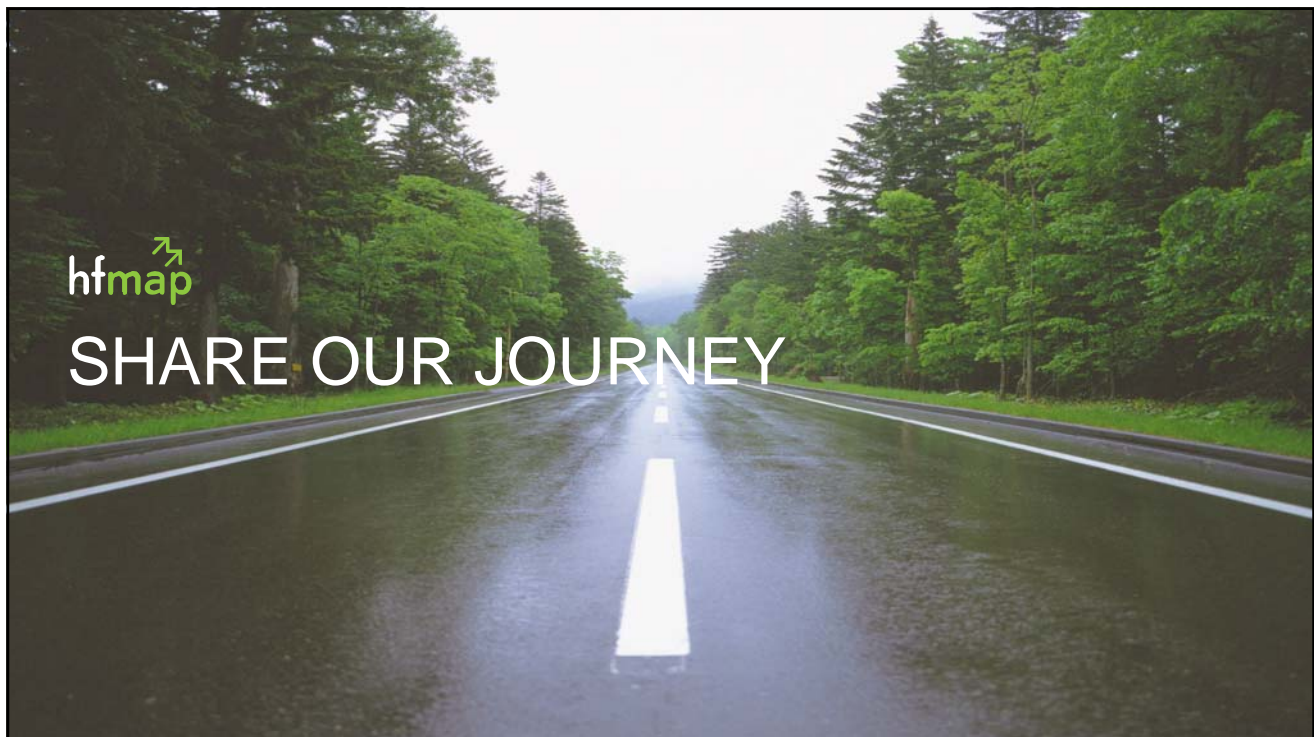


WHO HAS ABILITY TO APPROVE PROVISION OF CHARITY CARE



CAROLINAS HEALTHCARE SYSTEM CHARLOTTE, N.C.

- Extensive training focused on communicating potential financial responsibility prior to service
 - Set payment expectations with patients
 - Create an opportunity to discuss financial needs
 - Obtain complete and accurate patient information pre-service
- **Outcomes Achieved:**
 - **Point-of-service cash collections more than doubled from 2003 to 2009**



NEXT STEPS

How to get ready for reform
and cope with tight economy

- Adopt HFMA's industry-created performance indicators
- Choose metrics that will measure your performance related to key reform provisions and other industry challenges
- Compare performance with peers
- Review and adopt practices of high performers



MAP Keys

MAP Award

MAP App

MAP Event

More information:
www.hfma.org/map