



USING EVIDENCE-BASED
STRATEGIES TO IMPROVE
THE REVENUE CYCLE
Wisconsin Office of Rural
Health
August 30th, 2011

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Healthcare Financial Management Association

OVERVIEW

- Revenue cycle challenges
- MAP and Evidence-based improvement
- Successful practices
- Getting started

Challenges to the Revenue Cycle

- Medicare
 - Reduction in reimbursement – long term
- Medicaid
 - Reduction in reimbursement
 - Budget challenges
- Commercial Payers
 - Declining membership
 - Increased regulation
- Patient Volumes
 - Decrease in inpatient admissions
- Uncompensated care
 - Increase in uninsured – higher patient portions
- ICD-10
 - Transition will impact resources
- Different reimbursement methodologies
 - Managing multiple payment methodologies

Source: Moody's Hospital Revenues in Critical Condition: Downgrades May Follow August 10, 2011



BAPTIST HOSPITAL OF MIAMI MIAMI, FLORIDA

Area of Excellence: Transparent Pricing

How They Did It

- Centralized efforts with Corporate Pricing Office
- Adopted automated “out-of-pocket calculator”
- Focused on scripting and customer service training in registration



BAPTIST HOSPITAL OF MIAMI MIAMI, FLORIDA

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
- POS at 53.33%

POS Cash Collections Comparable

34.5%	Mean
54.7%	Top Quartile Performance

Source: HFMA's [mapapp](#) April 2011



CONCORD HOSPITAL COCORD, NEW HAMPSHIRE

Area of Excellence: Controlling Bad Debt

How They Did It

- Revised charity care policy
- Expanded financial counselors at Community Health Center
- Developed Medicaid Advocacy Program
- Posted policy and application online



CONCORD HOSPITAL CONCORD, NEW HAMPSHIRE

Results

- From FY03-FY10
 - Started with \$23.8 million in uncompensated care
 - 77% in bad debt
 - Ended with \$55 million in uncompensated care
 - 41% in bad debt
- In FY10, Medicaid Advocacy Program converted nearly \$10 million in gross charges to Medicaid





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

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

HFMA INITIATIVE



measure



apply



perform

WHAT IS MAP?

MAP is a comprehensive performance improvement strategy

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



MAP KEYS

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

- Clearly defined
- Measurable
- Discerning
- Comparable

mapkeys™



MAP KEYS

MAP Keys focus on key areas of revenue cycle performance

- Patient access
- Revenue integrity
- Claims adjudication
- Management

mapkeys™



PURPOSE | VALUE | CALCULATION

Example

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



COMPARING PERFORMANCE

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



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Customized Peer Groups

- Customized peer groups are necessary for meaningful comparisons

Select Demographic Types

- Teaching
- CAH
- Transplant
- Burn
- Trauma
- Neo Natal ICU
- State
- A/B MAC Jurisdiction
- Bed Size
- Net Patient Revenue
- Disproportion Share Hospital
- Hospital Control
- Number of Facilities
- In System
- Medicare Traditional
- Medicare Advantage
- Medicaid Traditional
- Medicaid Contracted
- Contracted Payers
- Non-Contracted Payers
- Self Pay
- Capitation

Select Demographic Buckets

You have selected 85 of 85 facilities:

Urban vs Rural	Urban																																															
State	AL	AK	AZ	AR	CA	CO	CT	DE	DC	FL	GA	HI	ID	IL	IN	IA	KS	KY	LA	MA	MD	ME	MI	MN	MO	MS	MT	NC	ND	OH	OK	OR	PA	RI	SC	SD	TN	TX	UT	VA	VT	WA	WI	WV	WY			
Bed Size	51-150																151-300																															
Hospital Control	Government																Faith Based																Not For Profit / Other															

Source: HFMA's mapapp



Source: HFMA's

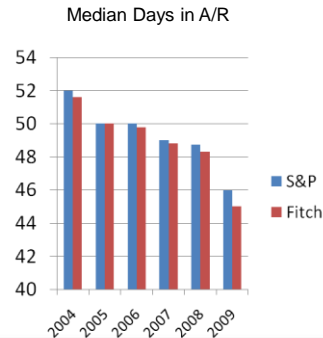


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Timely Data

➤ Timely data is needed to set appropriate performance targets;

- ☐ Organizations need to “raise the bar” as industry performance improves.
- ☐ Median days in A/R dropped from 52 in 2004 to 46 in 2009.
- ☐ Data must be current to establish a relevant benchmark.



Using PEER Data to Calculate Improvement

➤ Using MAP APP data, providers can identify areas of significant variance to peer performance, your target performance, or both



Source: HFMA's  

mapapp
the tool for revenue cycle excellence

ROI Calculator
Logged in as Suzanne Larkin | Settings | Logout

Calculation Set: RWNC | Save Calculation | Load Calculation | Remove Calculation

General Information

Daily Net Patient Services Revenue: \$0 - \$100,000
 Gross Pay Mix - Self Pay: 8%
 MAP App Users: 10
 Percentage of System: 100%

Inputs

Net Monthly A/R: \$ 9,459,000
 Average Daily Net Patient Services Revenue: \$ 219,000
 Monthly POS Payments: \$ 37,000
 Total Monthly Patient Cash Collected: \$ 542,000
 Total Monthly Cash Collected: \$ 100,000
 Average Monthly Net Revenue: \$ 100,000
 Gross Monthly Dollars in AR (Not Final Billed): \$ 3,390,000
 Average Daily Gross Revenue: \$ 439,000

Settings

Peer Group Percentile: 75
 Realization: 50%

Your Opportunity

	Your MAP Keys	Peer Group Benchmark	Peer Variance	Opportunity
Net Days in AR	43.2	34.0	9.2	\$3,012,000
POS Cash Collections	6.8%	41.9%	35.1%	\$100,000
\$ Collected as % NPR	100.0%	100.0%	0.0%	\$0
Days in DNFB	7.7	4.7	3.0	\$1,326,700
This Organization:				\$2,612,000
Entire System:				\$2,612,000
Realized:				\$1,000,000

Educational Opportunity

MAP App Users	Hours of MAP Key Lessons	Value per Hour	Opportunity
15	4	\$50	\$3,000

OPPORTUNITY \$1,009,000

Calculate

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MAP AWARD

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



mapaward™



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INSIGHTS FROM AND ABOUT HIGH PERFORMERS

An understanding of high performers provides benchmarks and successful practices.
Example: POS Cash Collections

➤ POS Cash Collections

- 23% Mean
- 53% Top-10 decile

Source: HFMA's 2011 MAP Award Data

POS Cash Collections Comparable	
- 34.5%	Mean
- 54.7%	Top Quartile Performance

Source: HFMA's mapapp™ April 2011

➤ Research

- % of high performers investing in front-end technology
- % of high performers providing upfront patient estimates

➤ Successful practices

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

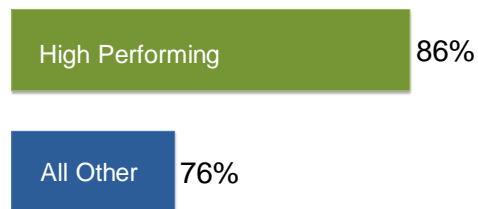


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SUPPORT FOR REVENUE CYCLE

7 = Extremely high to 1 = None at all



BAYLOR MEDICAL CENTER AT IRVING DALLAS, TEXAS

- ↻ Stewardship is one of 5 core values measured on every employee's annual evaluation across BHCS.
- ↻ All departments receive basic education in revenue cycle.
- ↻ Facility leadership carries at least one revenue cycle-related goal.
- ↻ Example collaboration: AWO Task force – Address system wide write-off trends
 - Corporate level VP's
 - Root cause analysis at department level
- ↻ **Outcomes achieved:**
 - **Reduced AWO's as a % of gross revenue by 17% from prior fiscal year**





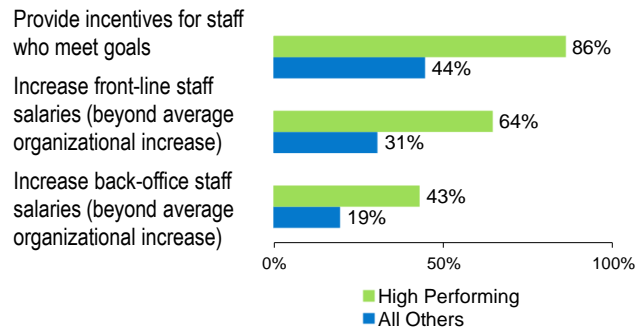
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PEOPLE

DAYS OF INITIAL REVENUE CYCLE TRAINING REQUIRED

	>10 days	5-10 days	3-5 days	2-3 days	1 day or less
High Performers					
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					
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



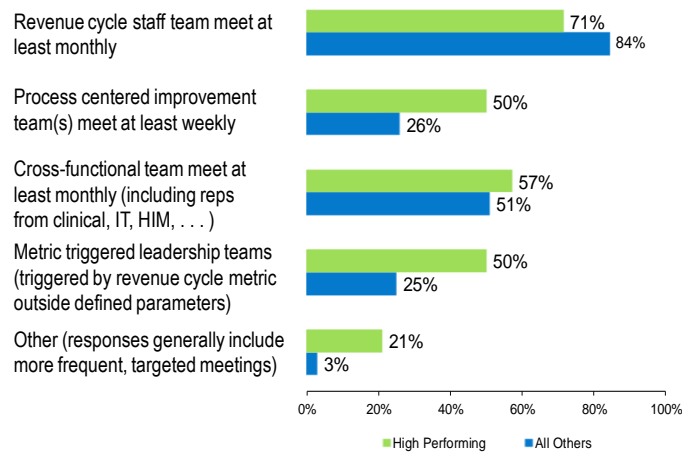
SHARP GROSSMONT HOSPITAL LA MESA, CALIFORNIA

- Aggressive pre-employment competency testing and peer interviews for all levels
- Focus on training:
 - 2 educator positions for each division's operations
 - CRCR offered to all PAS/PFS staff. Completion required w/in 30 days of hire for leaders; passing w/in 60 days.
 - "Management and Leadership Skills" course through Univ of San Diego for all leads, supervisors, managers, and above
 - \$1,000 education fund to all employees annually
- Example: Formation of work teams - Self pay committee
 - Determines initiatives, set priorities, reports progress and reviews deviations
- **Outcomes achieved:**
 - FY 2010 Goal = 3% Increase (\$1,208,132)
 - FY 2010 Actual = 6.9% Increase (\$2,797,915)

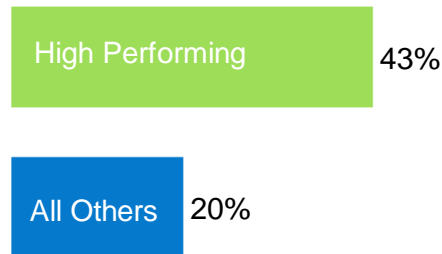




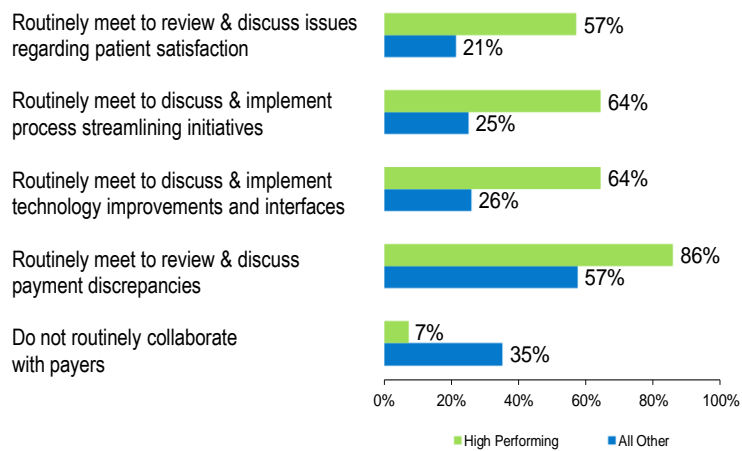
FREQUENCY OF REVENUE CYCLE TEAM MEETINGS



USE OF PATIENT FOCUS GROUPS

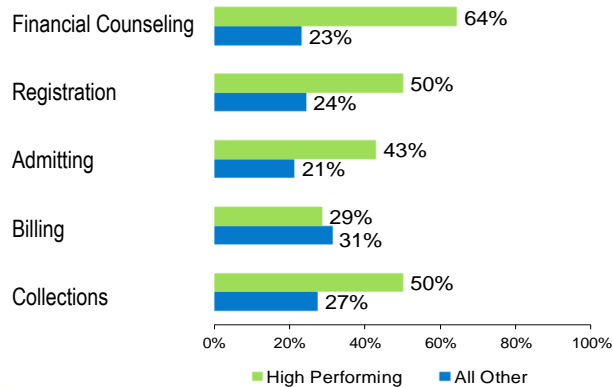


COLLABORATION WITH PAYERS



SIGNIFICANT CHANGES TO THE FOLLOWING AREAS WITHIN THE PAST 3 YEARS

1 = no improvement to 7 = complete overhaul



LYNCHBURG GENERAL HOSPITAL LYNCHBURG, VIRGINIA

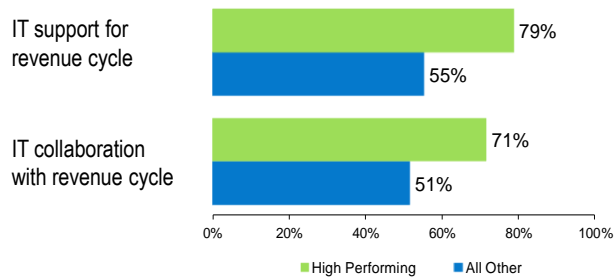
- Frequent, metric-focused revenue cycle meetings
- Six Sigma used for continual process improvement.
- In 1st quarter of 2010, PI strategies used for POS collection plan focusing on:
 - Process redesign
 - Additional staff training
 - Implementation of new technology
 - Reorganization of non-Patient Access reporting areas
 - Revisions to Centura's financial assistance policy
- **Outcomes Achieved:**
 - POS cash collections for CY 2010 increased 45% (\$3 million) over 2009 results.





TECHNOLOGY SUPPORT FOR THE REVENUE CYCLE

7 = Extremely high to 1 = None at all

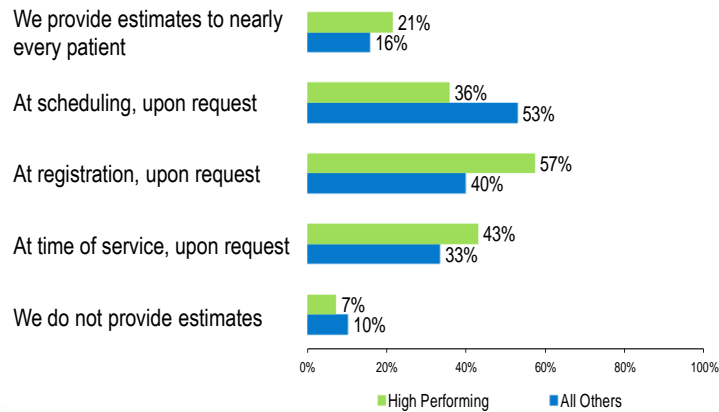


PRINCETON BAPTIST MEDICAL CENTER BIRMINGHAM, ALABAMA

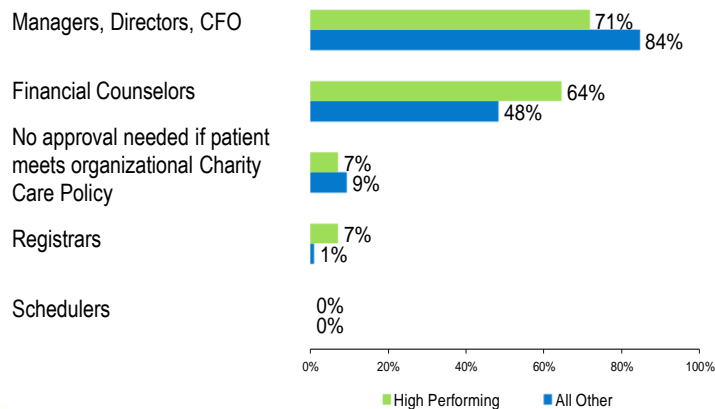
- ↗ Dedicated IT staff for revenue cycle
- ↗ Selectively use IT for revenue cycle process improvement
- ↗ Revenue integrity:
 - Systems electronically display documentation in need of coding, so coders don't have to look at charts and can work remotely for different facilities based on need
 - Clinical coding software supports consistency, timeliness, and accuracy
 - Charge capture auditing product identifies missed or inaccurate charges based on 2000+ rules
- ↗ **Outcomes Achieved:**
 - Coding productivity improved by 20%
 - In 6 mos. saw 1.2% improvement in first-pass clean claim rate
 - DNFB at 4.1 days + FBNS at 1.6 = DNSP at 5.7



AVAILABILITY OF ESTIMATES FOR PATIENT OUT-OF-POCKET LIABILITY



WHO HAS ABILITY TO APPROVE PROVISION OF CHARITY CARE



TEXAS HEALTH PRESBYTERIAN HOSPITAL PLANO

- Improved patient experience through better communication and more consumer engagement
 - Set upfront payment expectations
 - Explain payment process, discounts, financial assistance, and timing of final bill
 - Give patient control of payment experience with phone or online bill pay via e-check, debit card, or credit
 - Emphasize live customer service hours and contact
 - Provide links to sample bill and glossary of terms
- **Outcomes Achieved:**
 - **Year over year cash collections improved \$10.85 million, despite a declining business environment (4 % increase)**



The Excuses

- The Master Excuse List
 - This is too much work
 - The data is too hard to collect
 - No one will look at it anyway
 - Why is this really important
- The Solution
 - One metric at a time



Getting Started

- Calculate the potential improvement value to the organization
- Use KPI's that are standardized and include peer comparison of validated data to provide "best practice"
- Select measurements that are meaningful to your organization
- Use data to change behaviors



**Suzanne K. Lestina, FHFMA, CPC,
Director – Revenue Cycle MAP, HFMA**

Ms. Lestina is Director of Revenue Cycle MAP for the Healthcare Financial Management Association (HFMA). In this role, Suzanne serves as the technical expert and consultant for the MAP product line(s). She works in an advisory capacity regarding the technical aspects of MAP revenue cycle performance improvement, by aligning key topics, strategies, and solutions for MAP users. Ms. Lestina's extensive revenue cycle knowledge enables her to provide technical input to various industry caucus and task group meetings as well as serving on several national committees.



Background and Affiliations

Ms. Lestina received a BA in Organizational Management from Concordia College. Prior to joining HFMA, Suzanne had extensive revenue cycle experience, including ten years with a leading boutique revenue cycle consulting firm. Her consulting experience includes education, revenue cycle operations assessments, work redesign, and compliance audit / reviews. Prior to her consulting work, Ms. Lestina held hospital revenue cycle leadership roles in the Chicago area. She is a past president of the 1st Illinois Chapter of HFMA and speaks frequently to HFMA chapters, healthcare providers, state hospital associations, and other professional associations.

Contact Information

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