OPTIMIZING REVENUE CYCLE PERFORMANCE

SHELDON A. PINK, MBA, FHFMA

SR. VICE PRESIDENT OF REVENUE CYCLE MANAGEMENT
OVERVIEW

CHALLENGES

HEALTHCARE TODAY

KEY COMPONENTS

DEVELOPING A PLAN

STEPS

REVENUE CYCLE OPTIMIZATION

TAHFA HFMA: OPTIMIZING REVENUE CYCLE PERFORMANCE
Today's Challenges

- Eligibility
- Patient Estimates
- POS Collections
- Financial Clearance

- Coding volume
- Retention
- Physician Query
- Compliance

- Denials
- Workflow Management
- Technology
- Regulation

- GMLOS
- CMI
- Concurrent Denials
- Physician Education

TAHFA HFMA: Optimizing Revenue Cycle Performance
Revenue Cycle Integration

System Integration

- The passing information between the two systems over a bridge, the systems share the same code and database.
- Changing Technology
- Antiquated Technology
- Managing the change of Technology
FUNDAMENTAL COMPONENTS OF OPTIMIZING REVENUE CYCLE MANAGEMENT

- Investment in appropriate Time & Resources.
- Highly disciplined Pilot Project.
- Commitment to consistent metrics.
- Avoid productivity slow down.
- Creating environment for process improvement.
- Establish common goals, targets and initiatives.
- Understanding of Core Competencies of target areas of improvement.
“The achievements of an organization are the results of a combined effort of each individual” – Vince Lombardi
OPTIMIZATION STEPS

REVENUE CYCLE ENHANCEMENT
DATA ANALYTICS

- Quality
- Comprehensive Reporting
- Decision Making Ability
- React to Facts
- Integration

TAHFA HFMA: OPTIMIZING REVENUE CYCLE PERFORMANCE
MANAGED CARE PERFORMANCE

- Payment Accuracy
  - Underpayments
  - Overpayments
  - Adjudication Time

- Denials
  - Clinical
  - Technical
  - Audits

- TDI Complaints
  - The Texas Department of Insurance helps consumers resolve complaints against insurance companies, health maintenance organizations (HMOs), insurance agents, and adjusters.
Revenue Integrity

Charge Accountability
- Facility Charging
- Daily Charge Reconciliation
- Suspense Report
- Charge Description Master

Contingency Plan
- Hospital Administration
- Facility Departments
- Central Business Office
- Process Re-alignment

Training
- Patient Access
- Facility Departments
- Central Business Office
- Charging Process
ACCOUNTS ARE IN STATE OF NOT FLOWING OR MOVING WHICH PREVENTS LACK OF ACTIVITY GROWTH AND/OR ADJUDICATION.
Human Capital - the skills, knowledge, and experience possessed by an individual or population, viewed in terms of their value or cost to an organization

Employee Retention - refers to the ability of an organization to retain its employees

Professional development - is learning to earn or maintain professional credentials such as academic degrees to formal coursework, conferences and informal learning opportunities situated in practice. It has been described as intensive and collaborative, ideally incorporating an evaluative stage.
Step Two: Developing a Strategic Plan
Organizational Dexterity

- Ability for an organization to make whatever internal changes necessary to respond effectively to the changing environment, as quickly as possible.
PATIENT ENGAGEMENT

Price Transparency

Patient Estimates

Online Bill Pay

Letters & Statements
VENDOR MANAGEMENT

PATIENT RESPONSIBILITY
- Early Out
- Bad Debt
- Balance After Insurance

COMMERCIAL
- A/R
- Denial

INTEGRATION
- Technology

TAHFA HFMA: OPTIMIZING REVENUE CYCLE PERFORMANCE
Cost to collect is one of HFMA’s MAP Keys and is one important indicator of the overall efficiency of a hospital’s collections management process. According to HFMA, expenses associated with functions like eligibility and insurance verification, transcription and coding, and clinical documentation improvement should be included in the calculation of cost to collect. It should exclude certain other factors, though, like software licensing fees and physical space costs.

**PA + PFS + Vendor Costs**
**Cash**
## Measurable Benchmarks

<table>
<thead>
<tr>
<th>Patient Access</th>
<th>HIM</th>
<th>Case Management</th>
<th>Revenue Integrity</th>
<th>Central Business Office</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Insurance Verification Rate</td>
<td>• Outpatient Charts Coded per Day</td>
<td>• Case Mix Index</td>
<td>• Discharged Not Final Billed</td>
<td>• Cash as a Percent of Net Revenue</td>
</tr>
<tr>
<td>• Point of Service Collections</td>
<td>• MPI Duplicates</td>
<td>• Geometric Mean Length of Stay</td>
<td>• Late Charge Hold Period</td>
<td>• Commercial A/R greater than 90 Days</td>
</tr>
<tr>
<td>• Average Registrations per Shift</td>
<td>• Chart Delinquency Greater than 30 Days</td>
<td>• Denied Days</td>
<td>• CDM Duplicate Items</td>
<td>• Bad Debt Write off as a Percent of Gross Revenue</td>
</tr>
</tbody>
</table>

**TAHFA HFMA: Optimizing Revenue Cycle Performance**
GLOBAL LABOR ARBITRAGE

- An economic phenomenon where jobs move to nations where labor and the cost of doing business is inexpensive.

(BOT) Build Operate Transfer
- Set up international facilities
- Co-Manage
- Transfer assets after time

Virtual Captive
- Shared Governance
- Dual Reporting Relationships
- Fixed Costs

Outsource
- Contractually Driven SLA
- Percent of Net
- No Governance
Return on investment (ROI) measures the gain or loss generated on an investment relative to the amount of money invested. ROI is usually expressed as a percentage and is typically used for personal financial decisions, to compare a company's profitability or to compare the efficiency of different investments.
## Net Back/ Return on Investment

<table>
<thead>
<tr>
<th>Vendor</th>
<th>Placements</th>
<th>&quot;Net&quot; Placements worked</th>
<th>% of Original Placements</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Accounts</td>
<td>Dollars</td>
<td>Avg Bal</td>
</tr>
<tr>
<td>Vendor &quot;A&quot;</td>
<td>5,000</td>
<td>$5,000,000</td>
<td>$1,000</td>
</tr>
<tr>
<td>Vendor &quot;B&quot;</td>
<td>5,000</td>
<td>$5,000,000</td>
<td>$1,000</td>
</tr>
<tr>
<td>Vendor &quot;C&quot;</td>
<td>5,000</td>
<td>$5,000,000</td>
<td>$1,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Vendor</th>
<th>Placements</th>
<th>Gross Collections / Placement</th>
<th>Collection % of Net Placement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Accounts</td>
<td>Dollars</td>
<td>Avg Bal</td>
</tr>
<tr>
<td>Vendor &quot;A&quot;</td>
<td>5,000</td>
<td>$5,000,000</td>
<td>$1,000</td>
</tr>
<tr>
<td>Vendor &quot;B&quot;</td>
<td>5,000</td>
<td>$5,000,000</td>
<td>$1,000</td>
</tr>
<tr>
<td>Vendor &quot;C&quot;</td>
<td>5,000</td>
<td>$5,000,000</td>
<td>$1,000</td>
</tr>
</tbody>
</table>
QUESTIONS