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CASESTUDY

REVENUE CYCLE VISIBILITY BENEFITS PROVIDER & PATIENTS

Providence Memorial Hospital's investment in revenue cycle outsourcing services provides visibility into payment trends that has reduced bad debt while improving patient satisfaction.

By Scott Westcott, Contributing Writer

A few years back, Providence Memorial Hospital faced a problem common to healthcare organizations — how to control costs and maximize efficiency, while also improving patient care. A key component of the hospital's response to that challenge has been developing and executing a strategic approach to enhancing the revenue cycle. An acute care facility in El Paso, TX, Providence Memorial has blended process improvements with new technology to mitigate the continued reductions in government payor reimbursements, while also streamlining the payments and billing process in ways that have ultimately led to better cash flow as well as greater patient satisfaction.

Establishing discipline and best practices around the revenue cycle is increasingly important as the nation's healthcare providers transition from a fee-based model to value-based reimbursements. As a first step toward adapting to that change, Providence Memorial took a hard look at every phase of the existing revenue process — from the time a patient is scheduled for a visit through to the collection of payment.

Providence Memorial partnered with Conifer Health Solutions, a provider of technology-enabled performance improvement services, to help maximize the revenue cycle and expand the focus beyond the billing office — in other words, to take a more holistic view of the process. The result has been greater collaboration between departments leading to improved billing accuracy and speed, more efficient use of resources, and improved cash flow thanks to fewer delinquent payments.



“Before undergoing the process to overhaul cash collections, we had a big problem with bad debt,” says Charles Handley, CFO of Providence Memorial. “We have seen solid improvement in this area. Our technology investments and process changes to date have also resulted in a more coordinated and efficient billing system and improved patient satisfaction. In other words, we’re receiving fewer complaints because patients are more informed and have a better understanding of their overall financial responsibility before they ever receive a bill.”

Analytics Lead To Faster Payments, Better Resource Utilization

Providence Memorial tapped Conifer's integrated back-end system to establish a process for tracking a patient through the full cycle of a visit or stay. The approach focused on improving billing accuracy, ensuring that patients are preapproved for the exact procedures they receive. In addition, improving the speed and accuracy of the initial confirmation of patient information and the logging of procedure/diagnosis codes created more opportunities for prompt payment.

The system also added efficiency to the revenue cycle by prioritizing which delinquent bills to pursue through a process called microsegmentation. Conifer uses a proprietary analytics process to identify accounts most likely to pay based on data such as prior hospital visits and payment history, credit report details, census block data, and more. The result is an optimized list



that separates those patients who are projected to never pay from those who are likely to pay when they first receive a bill.

The approach enables the hospital to better utilize its limited bill-collection resources. According to Conifer, clients typically see increased yields of at least 3 percent using this method combined with their overall process improvements, leading to a significant revenue stream that can be invested back into the business.

Indeed, Handley said a key benefit of microsegmentation has been the more efficient use of human capital, as some employees who were spending a majority of their time chasing bills by calling patients, were reassigned to the front end of the billing process. “We were able to reallocate resources to move people from spending all day making billing-related calls to helping process the bills faster and more accurately,” Handley says.

The changes are yielding positive results. According to Handley, one-third of accounts are now being paid after sending a single letter and accompanying statement. This is a huge improvement over Providence Memorial’s prior process where most patients were contacted via telephone because agents didn’t have good data on who was likely to pay.

“Now we’re able to identify and focus on the patients who need more touch time with an agent, as opposed to spending time calling everybody,” Handley says. “That has definitely been an area of improvement and has led to improved cash collections.”

Collaboration And Communication Are Key To Ongoing Success

Handley emphasizes that the healthcare system needs to be an active and ongoing participant in the process to fully leverage the benefits of an improved revenue cycle. At Providence Memorial, there has been steady collaboration and improved communication among leaders from billing, coding, collections, case management, and other departments.

“I prefer to have a weekly meeting where the key stakeholders come together and talk about each component of the process,” Handley says. “When everyone is in the same room, we can quickly, in real time, share what is happening, address any unique situations, identify trends, and then make adjustments on the front or back end if needed.”

At the meetings, the team reviews key metrics such as percent of registration errors, discharges that do not include final coding, discharges that do not include final billing, errors in charge rate, and overall collections rates. “If we see a trend developing in any of the categories, then we are all there to identify the stage in the process where the problem is occurring and take steps to address it,” Handley explains.

Participants can also share updates regarding pending changes to Medicaid or Medicare, or regulatory or compliance changes that may im-

prove patient billing and revenue flow. “Sometimes Conifer identifies problems or changes and proactively informs us of these issues,” Handley says. “When alerted to these issues on the front end, we can quickly make adjustments to the appropriate back end systems. It helps to have that level of alignment.”

Improved Revenue Stream, A Win-Win For Patients And The Hospital

The improved revenue stream has had a noticeable impact on patient satisfaction, a critical component amid the move from a fee-based to a value-based healthcare system. “Simply put, the smoother-flowing revenue stream in some ways can lead to a smoother-flowing process for patients,” Handley says.

For instance, as part of the revenue cycle enhancement, Providence Memorial increased preprocedure registration for patients. Not only are patients more aware of their likely financial obligation up front, they also have a less stressful experience the day of the medical procedure.



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“We’ve found many of the patients appreciate handling registration and payment issues up front as opposed to the day of the procedure when they are already anxious,” Handley says. “They get green-lighted at registration and can focus on the medical issue at hand.”

Patient feedback on the postprocedure discharge and billing process also has improved. Most patients leave the facility with a solid understanding of what they will likely pay. Final bills with a clear breakdown of what the insurer covered are sent more quickly. With the increase of higher deductible and higher co-pay plans, Providence Memorial now connects with patients earlier in the process, often establishing payment plans prior to the medical procedure occurring.

“We’ve all heard horror stories about a patient getting a surprise bill a year after a procedure,” Handley says. “We experienced our share of those complaints before we improved our revenue cycle processes. We rarely get them anymore. Patients don’t like surprises, and we want to make sure payments are made as quickly and accurately as possible, so it ends up being a win-win for everybody.”

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