

The Foundation for a High-Performing Revenue Cycle: Putting Process First

OVERVIEW

Hospitals can dramatically improve revenue cycle performance by first creating an operating model that:

- *Comprehensively redesigns workflow*
- *Establishes the appropriate accountability structure, identifying the metrics and measures that should be consistently monitored*
- *Uses effective tools and technologies to enable the new operating model*

WHEN REVENUE CYCLE TECHNOLOGIES DRIVE WORK FLOW AND PROCESSES

Hospitals are typically disappointed with results, and oftentimes suffer from unintended consequences, when appropriate planning does not precede implementation of new technology. Typical problems include the automation of sub-optimal business processes, technology that is used only to a fraction of its full capability and the creation of an unfavorable work environment. Each of these issues is explored in more detail below.

Automation of Sub-Optimal Business Processes

When hospitals implement technologies without giving sufficient thought to their impact on organization structure and work processes (both up-stream and downstream), the implications are far reaching. Unresolved, ineffective processes can become further complicated by the addition of technology. While new technology may allow a specific activity within a process to become more efficient, ineffective integration in the end-to-end process can create a patchwork system generating additional steps for staff and ultimately decreasing overall efficiency. Once technology is implemented it can also make further change more difficult, locking in poor processes.

For example, management at one hospital believed they could gain efficiencies by applying technology to automate the process of splitting work by payer for primary and secondary insurances. Once a primary insurance was verified, it was automatically sent to another work queue for verification of secondary insurance, theoretically making the movement of the account between individuals simpler and more efficient. However, because verification and authorization of accounts must be done before a scheduled patient arrives or within one business day, staff were not able to keep up with the number of accounts being transferred and consistently fell behind in verifying accounts. The result was increased financial risk for the organization and diluted accountability for the department. A reorganization of the unit was required, causing further disruption and further investment in reconfiguring the technology. Because the insurance verification unit's structure and underlying process were not ideal, applying technology only amplified the original inefficiencies.

Marginalizing Technology Capabilities

If hospitals do not consider the end-to-end process, inputs to the process, the setup of new technology and the information desired, they will not fully realize the benefits automation can provide. The result is an investment that is not leveraged to its greatest advantage.

A hospital had purchased a premier denials management system and, after spending significant time and effort to implement the system, staff were frustrated because they were not getting the kind of information needed to meet their performance improvement goals. Upon closer review, management learned that the thousands of denials being processed by the system were not mapped appropriately to the reason for the denial. Denials that were “information only” were counted as denials that could be prevented. This led to inaccurate reporting that did not help staff understand root causes of major denial problems. To compound the problem, the hospital did not have team meetings focused on how to prevent denials. The hospital had spent considerable staff time and money, yet was unable to realize the benefits of its new denials tool.

Unfavorable Work Environment

Retrofitting new technology to support old, outmoded work processes can lead to communication breakdowns within and between departments. A counterproductive atmosphere reduces productivity and work quality and stifles collaborative opportunities to achieve a high-performing organization.

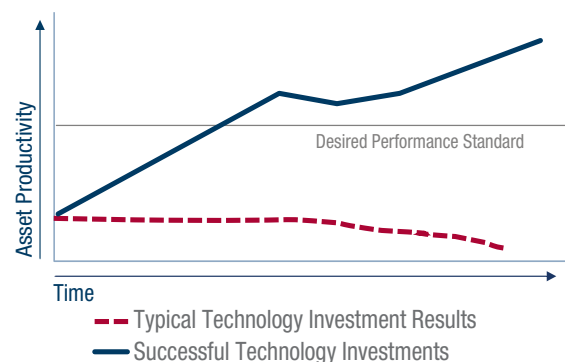
This issue became clear when one hospital’s Health Information Management (HIM) department decided to implement a new technology for coding. Full consideration of how this technology would impact the current communication patterns with external departments was not assessed and no changes were made to the existing process. As a result, HIM staff had to update information in three different systems to keep the external departments informed. The initial improvement led to decreased staff productivity and communication breakdowns with external entities.

Another hospital installed an expensive, clinically complex electronic medical record tool. Information that Patient Financial Services (PFS) representatives needed for claims follow-up was located on several different screens in the new system. Given the complexity of the new tool, the HIM department did not trust PFS staff to determine which screens to print for claims follow-up. Therefore, PFS staff continued to request information from HIM; HIM would then print a copy of the medical record and send it to the PFS office. Instead of maximizing the capability of the system and increasing productivity for both departments, the organization maintained the status quo and the productivity and trust between both departments declined.

WHEN PROPER OPERATING MODELS ARE ENABLED BY BEST-IN-CLASS TOOLS AND TECHNOLOGY

To maximize technology investments and ensure a high-performing organization, hospitals should develop an operating model that establishes a foundation of precise work processes, creates an optimal organization structure and cultivates a work culture focused on performance and accountability (see “Making the Most of Technology Investments” below). Thoughtful selection of technology to enable and support the operating model can then help hospitals optimize their technology investments.

Making the Most of Technology Investments



Establish a foundation of solid work processes

Optimizing outcomes should begin with a comprehensive, end-to-end redesign of work flow that keeps the strengths and limitations of available technology in mind. This approach recognizes the necessary connection between work processes and technology and the importance of achieving a balance that promotes optimal performance outcomes.

The process questions an organization should consider include:

1. What is the optimal process flow within and between departments?
2. What type of information needs to be shared and how should it be transmitted between people and/or systems?
3. Who are the stakeholders affected in the process and how should they participate in designing the optimal workflow?
4. Does the process need to be consistent with other departments or facilities within a system?

For example, hospitals installing new scheduling systems should consider the implications of how information moves from the scheduling system to the main hospital system. Does the scheduling system contain fields that will be valuable in establishing a minimum data set for patient registration? Is there an organization-wide standard for the type of information to be collected? How is this information updated and/or how are changes communicated to different departments? In an ideal world, how would the process work and how could technology support streamlined steps and improved communication?

Create an optimal organization structure

Once a process or workflow is defined, the organization structure and communication channels that best support it should then be put in place.

Questions To Consider:

1. What is the optimal structure to support the process?
2. Does the structure need to support competing priorities or different stakeholders (e.g. internal departments, patients)?
3. If yes, can the structure be designed to address those potentially incongruent issues in a compatible way?
4. What level of skill is required to complete the functions within the process?
5. Who will require access to the system and in what way?

For example, if technology is being installed for denials management, should a small group of individuals focus on denials or should they be spread among all staff working on both follow-up and denials? What type of skill is required given either scenario? Are there others in the organization who need access to the system and if so, how often, for what purpose and when? What forums should be established to review denials, understand the underlying issues and focus on prevention? The most appropriate organization structure will vary, depending on the technology, the process and its intended purpose, and the hospital's environment.

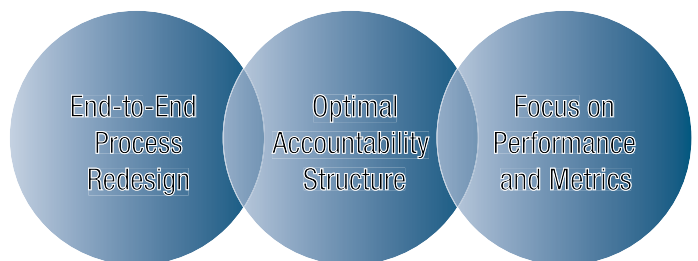
Focus on performance and accountability

Finally, hospitals need to define and agree on their performance goals, decide how goals will be measured and tracked, and determine the parties responsible for meeting goals. These decisions will help hospitals meet their objectives for installing technology and ensure technology achieves measurable results.

Performance and accountability questions include:

1. What metrics should be tracked to ensure ongoing performance?
2. Who is accountable for meeting goals?
3. How will metrics and performance be tracked?
4. What meetings/forums should be established to communicate metrics and resolve ongoing issues?
5. Are metrics and performance tracking consistent across departments or facilities within a system?

Keys to Building a Successful Operating Model



Having common goals and performance measures across hospital departments is important, and often critical to success in systems with multiple hospitals or business offices. One hospital reported that after installing technology to improve billing and follow-up, a common definition for work-in-process measures was established. Once metrics were consistent, and it was clear who was accountable for improving performance, hospital-wide revenue cycle meetings that had been a source of blame and excuses for underperformance were transformed into collaborative sessions focused on resolving billing performance problems.

THE PROCESS-DRIVEN REVENUE CYCLE: BENEFITS AND RESULTS

The major benefits of a process-driven revenue cycle are twofold:

- **Sustained and Improved Performance.** Hospitals tell us that after comprehensively redesigning revenue cycle work processes and implementing the right tools, technology and work culture to support them, they achieved revenue cycle performance and results they had previously believed were unattainable. By refining work processes and organization structure, and holding staff and departments accountable to performance metrics, these hospitals experienced a culture change that allowed them to maintain and improve upon results and maximize their investments in technology.

- **Increased Stakeholder Satisfaction.** When high performance becomes the rule and not the exception, staff see the connection between their efforts and organizational success. Teamwork and communication improve within and across departments and facilities. Staff members are empowered with skills, tools and data to identify and solve problems, creating a greater sense of competence and control over their work. Satisfaction also improves for patients and physicians. Patients value providers that deliver service in a timely, consistent and efficient manner. Easy scheduling and registration processes, less waiting time, and prompt resolution of claims translates into a better patient experience. Physicians working in hospitals that provide an efficient care and service environment also see their time being used more effectively and are more likely to refer their patients to these hospitals.

CONCLUSION

By establishing both an operating model built on precise work processes and an optimal organization structure focused on performance and accountability, hospitals can reap unparalleled benefits as they install new technology.

ABOUT STOCKAMP

Stockamp, a Huron Consulting Group Practice, is a leading national provider of performance improvement solutions for hospitals and health systems. Since 1990, Stockamp has helped high-performing hospitals reach the pinnacle of financial and operational excellence, and generate billions of dollars of benefits as well as significant patient service and employee satisfaction improvements.

For more information on Stockamp's Revenue Cycle Solution visit our website at www.stockamp.com, or contact Ken Saitow, ksaitow@huronconsultinggroup.com, or Mitzi Piva-Raaf, mpiva@huronconsultinggroup.com.