Revenue Cycle Transformation During an Implementation
The “6 P’s”

“EMR conversions and upgrades can create operational and financial disruptions.

• 10.1% decline in operating cash flow
• 6.1% reduction in days cash on hand in the install year
• 11.8% increase in Accounts Receivable”

Source: Moody’s, Electronic Medical Record Installations add Financial Risk
Hypothetical Case 1

Multi-hospital Health System, transforming the Revenue Cycle before an EHR Implementation:

What worked:
• Redesigned their Revenue Cycle to drive Financial Improvement ($56M annually)
• Incorporated SOME of the improvements into their new EHR

What didn’t work:
• Separation between IT and Operations
• New system trumped redesigned Revenue Cycle
• Change not Managed; mass confusion at Go-Live
• Legacy Accounts Receivable ignored as EHR issues were triaged and worked
• $80M+ write-off/write-down of Legacy Accounts Receivable
Hypothetical Case 2

Academic Medical Center transforming their Revenue Cycle before an implementation:

What worked:
• Redesigned their Revenue Cycle to drive Financial Improvement ($22 annually)
• Incorporated SOME of the improvements into their new HER
• Believe the new system would solve all of their problems

What didn’t work:
• Separation between IT and Operations
• New system trumped redesigned Revenue Cycle
• Change not Managed; mass confusion at Go-Live
• System not working at Go-Live; 45+ days to submit a claim
• $80M+ write-off/write-down of Legacy Accounts Receivable
A Macro Solution

“Strong risk management can thwart a major financial disruption and limit credit deterioration.

Hospitals are managing EMR and billing system transitions by establishing lines of credit and other liquidity sources while engaging their board through committees to oversee projects. Health systems that experience financial problems, such as receivable write-downs or declines in liquidity, face credit deterioration.”

Source: Moody’s, Electronic Medical Record Installations add Financial Risk
A Micro Solution

Strong risk management, *project planning/execution, collaboration and change management* can thwart a major financial disruption and limit credit deterioration.
My Opinion

A new Revenue Cycle System (or EHR) provides an organization with the unique opportunity to re-think their Revenue Cycle.

“Good to Great”
Transformation during Implementation

Revenue Cycle Transformation

- Identify RC Opportunities
- Design RC of the Future
- Implement RC of the Future
- Transition & Culture Change

System Implementation

Discovery ➔ Validation ➔ Build ➔ Testing ➔ Training ➔ Go Live ➔ Project Closure

Shared resources to ensure consistency
Key Elements of Revenue Cycle Readiness

Equal focus on …

People
Staff are trained on both tools and revised processes

Culture of Accountability
Work queues are appropriately aligned with staff and reporting is in place

Process
Revised processes and new tools are understood

Technology
Configured optimally to ensure automation and streamlined performance

… leads to successful outcomes!
Pillars to Maintaining Financial Performance during an Implementation

- Guiding Principles
- Best Practice Design
- Comprehensive Testing
- Big Picture Training
- Measure to Improve
- Conversion Management

Financial Performance

Organizational Change Management
Organizations that report being highly effective at change management are 117% more likely than less effective organizations to report success with new initiatives.

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Guiding Principles

- Operations lead implementation
- Follow “Foundation”
  - But build best practice into “Foundation”
- Stratification
- Accountability
- Measure to Improve
Rethinking Your Revenue Cycle

- Right People
- Right Processes
- Right Tools/Reports/KPIs
- Right Culture
Identify the Opportunity Areas

Prioritize Opportunity Areas:
- Implement Now
- Implement at Go-Live
- Implement Post Live

Prioritize the Optimization Opportunities based on criteria:
- Financial Impact
- Facilitates Change
- Internal and/or External Influences

OPTIMIZE to Achieve Outcomes

ASSESS People, Process, Technology

ESTABLISH Key Performance Indicators

DEFINE Opportunities

TRANSITION Ownership

SUSTAIN Results

MEASURE Key Performance Indicators
Multi-hospital Health System, transforming the Revenue Cycle during a Revenue Cycle System Implementation:

<table>
<thead>
<tr>
<th>Transformation Initiative</th>
<th>Estimated Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Patient Financial Services</td>
<td>$2M - $4M</td>
</tr>
<tr>
<td>Denials Management and Prevention</td>
<td>$2M - $5M</td>
</tr>
<tr>
<td>Charge Capture Improvement</td>
<td>$1M - $3M</td>
</tr>
<tr>
<td>Vendor Management and Usage Improvement</td>
<td>$1M - $3M</td>
</tr>
<tr>
<td>Point of Service Collections</td>
<td>$2M - $5M</td>
</tr>
<tr>
<td><strong>Estimated Improvements</strong></td>
<td><strong>$8M - $20M</strong></td>
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Organizational Change is needed to implement the above improvements.
Hypothetical Case 3

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Current State Challenges:
- Accounts Receivable backlogs building
- Changing Payer Environment
- Staff Issues
- Not Following Guiding Principles

Future State Design to Mitigate Risk:
Pre-Implementation:
- Accounts Receivable Strategy by Payer
- Coaching Leadership and Staff on Guiding Principles/Best Practices
- Mimic the Future State now

At Implementation:
- Building New System to Match Payer Strategies (work queue structure)
Guiding Principles Example
Work Queue Design

- Follow “Foundation”
- But **build best practice** into “Foundation”
- Measure to Improve
- Stratification
- Accountability

Key to work queue creation and management is knowing who will work what, when....

Follow this:

To avoid this:
Hypothetical Case 3

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**Current State Challenges:**
- Reactive Environment; Lacking Tools and Reporting
- No Prevention Actions Occurring

**Future State Design to Mitigate Risk:**
**Pre-Implementation:**
- Implement Tools
- Develop Processes, Policies and Procedures
- Align Staff as Necessary

**At Implementation:**
- New Processes and Tools will be Integrated into New System; **No Change**
Hypothetical Case 3

### Transformation Initiative

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**Current State Challenges:**

- Clinical Department Execution of Charge Capture and Reconciliation
- Multiple, out of date Charge Description Masters

**Future State Design to Mitigate Risk:**

**Pre-Implementation:**

- Revise Processes, Policies and Procedures
- Educate the Clinical Departments on Revised Processes
- Educate the Clinical Departments on Upcoming Changes

**At Implementation:**

- Updated Processes, Policies and Procedures
- Clean, Single Charge Description Master
Hypothetical Case 3

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<td>Vendor Management and Usage</td>
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**Current State Challenges:**
- No Clear Vendor Strategy
- Need for a Legacy Accounts Receivable Strategy

**Future State Design to Mitigate Risk:**

**Pre-Implementation:**
- Develop and Implement a Vendor Strategy
- Incorporate the Vendor Strategy into the Accounts Receivable Strategy
- Develop and Implement Legacy Accounts Receivable Strategy

**At Implementation:**
- Continue Vendor and Accounts Receivable Strategy
- Continue Legacy Accounts Receivable Strategy
Hypothetical Case 3

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**Current State Challenges:**
- Staff Not Asking for Up-Front Payments
- Executive Leadership Support, BUT Cannot Impact the Patient Experience
- 60+% of Bad Debt Associated with Self Pay After Insurance

**Future State Design to Mitigate Risk:**

**Pre-Implementation:**
- Re-Educate Staff on Scripting and Related Processes
- Implement Monitoring Tools
- Change Culture

**At Implementation:**
- Ensure Reporting Tools and Processes are Replicated
- Change Culture
Additional Transformation Activities

Examples from other “Hypothetical” Clients:

• Organizational restructure within the Revenue Cycle

• Centralization of Activities
  • Pre-Registration
  • Insurance Verification

• Standardization of Processes
  • Virtual Centralization

• Financial Counseling Improvements
Comprehensive Testing

• Levels of Testing
  – Confirm build
  – Confirm modules work
  – Confirm interfaces work
  – Confirm system works

• Charge Testing
• Claims (Parallel) Testing
• Reports Testing
• System Access Testing
• Integrated Testing
• Volume Testing

Additional Considerations:
• Operations Involvement
• Acceptance Criteria
Successful Training

- “Big Picture” training – process and tools, maintaining culture change
- Train with purpose, not to complete a task
- Training planning is just as/more important than training execution – staff/job function matrix
- Operations involvement in training materials and training execution
- Incorporate guiding principles and work queue management
Measure to Improve

✓ Legacy Accounts Receivable Strategy

✓ Ensuring Charge / Revenue Integrity

✓ Effective Reports and Dashboards are necessary to manage the business
Conversion Management

- Detailed, metrics-driven plan by Revenue Cycle Department:
  - Baseline KPIs
  - “Like” reporting from both legacy system and Epic
  - Tools to manage each Revenue Cycle Department and monitor performance
  - Staff allocation (staffing analyses)
  - Contingency plans