

A Fast-Growing Multi-Specialty Group Practice Turns Around Its Billing Operations

A large multi-specialty group practice comprised of 200 physicians was hemorrhaging cash. While the organization enjoyed significant growth through expansion and practice acquisitions, revenue cycle performance was not generating the cash flow necessary to support the increased infrastructure. Through a unique and effective “Assess-Implement” arrangement, the organization engaged Culbert Healthcare Solutions (CHS) to undertake two initiatives:

1. Conduct a *comprehensive revenue cycle assessment* to determine the effectiveness of their current operation and identify and quantify opportunities for improvement; and
2. *Oversee the day-to-day operations* of the fee-for-service billing operations and begin implementing the recommendations from the assessment.

By engaging one firm to identify improvement opportunities and immediately begin implementing them, the client was able to reduce unnecessary hand-offs, eliminate any delays in turning around their operations and more quickly return to positive cash flow.

The Approach

To complete the initial assessment, the multi-disciplinary team leveraged CHS’ comprehensive revenue cycle assessment methodology. This approach and the associated tools incorporate industry best practices and standards and are tailored to match each client’s unique situation and goals. High-level tasks included:

1. *Met with the CEO, CFO and other key stakeholders* to confirm the project goals and objectives.
2. *Collected Key Performance Indicators* (see sidebar, next page) to determine a baseline measurement of revenue cycle performance. These metrics were benchmarked against industry best practices to identify areas that were under-performing.
3. *Conducted one-on-one interviews* with key stakeholders from all revenue cycle areas to gather data on the current-state structure, performance of each revenue cycle function, and the policies and procedures in place.
4. *Observed and reviewed current workflows and processes* including charge capture, coding, charge reconciliation, charge

A Profile of the Client

- A fully integrated, 200-physician multi-specialty group and an independent practice association (IPA)
- Strategic objective: To significantly grow the organization to become the pre-eminent physician group in their market
- Currently caring for a broad range of patients, including HMO , PPO, EPO, Medicare, MediCal and other types of insurance
- Reorganized the central billing office (CBO) to coincide with the consolidation of several practices a year-and-a-half ago, taking the organization from a 17-physician operation with 85 percent of its revenue from a managed care population to a 130-physician practice with almost 50 percent of its revenue from fee-for-service business
- The pressures of growth and change have taken their toll on the performance of the billing operation, leading the client to undertake a detailed revenue cycle assessment coupled with interim fee-for-service billing management to dramatically improve the performance of the billing operation and become a top-performer when compared to industry standards

Key Industry Benchmarks

CHS leverages industry-standard revenue cycle benchmarks to assess its clients' performance, including:

- Eligibility Verification Rate;
- Copayment Collection Rate;
- Percentage of Claims Rejections;
- Days in Accounts Receivable (A/R);
- Percentage of A/R Greater Than 90 and 120 Days; and
- Net Collection Ratio.

CHS also employed a *30-Point Audit Tool* to capture other key indicators of the organization's operational performance, including:

- Review of patients' outstanding balance prior to appointment;
- Payer contract awareness and compliance;
- Patient-friendly statements;
- Cash controls;
- Denial management ;
- Staff performance expectations, management and accountabilities;
- Policies and procedures;
- Executive dashboards and management reporting; and
- Patient satisfaction.

entry, payment posting, denial management, A/R follow-up, payer variance management and reporting. A key area of concern for this client was the level of variance between processes and controls throughout the practice sites.

CHS Revenue Cycle Assessment Tools

5. Analyzed staffing competency and productivity by reviewing the size and structure of the revenue cycle areas against industry benchmarks to understand how resources were assigned to the revenue cycle functions. The team also investigated areas in which the client could obtain efficiencies through increased automation.
6. Analyzed findings, developed written report, and presented findings and recommendations. CHS analyzed the information collected through the interview process to identify areas for improvement, and based upon the findings developed a recommended action plan including resource requirements.



The client required skilled resources familiar with the full range of revenue cycle operations and applications, including patient access and registration workflows; back-office billing operations; effective set-up and use of practice management systems (in this case, GE Centricity Business); staff competencies and productivity, and key performance metrics that would be benchmarked against industry best practices.

The Findings and Recommendations

CHS' findings encompassed both front and back office systems, operational workflow and staffing. Highlights included:

- Shortcomings in the configuration of GE Centricity Business resulting in the inability to capture and report essential metrics (including claims denials);
- Undefined processes and accountabilities for credentialing and on-board new physicians, causing immediate claims denials;
- Lack of electronic workflow capabilities, leading to inefficiencies in work distribution and management;
- Inadequate staffing levels, competencies, performance objectives and training (detailed in a *Staff Competency Report*) contributing to claims backlogs and lost revenue;
- Split and unclearly defined responsibilities and accountabilities for coding, payment posting, credentialing and billing inquiries resulting in inefficient processes; and
- Lack of analytical tools and reports to effectively manage financial performance and outcomes.

Based on these findings (articulated in detail in the final report), CHS developed a set of "Immediate-and-Critical" recommendations that the client should address. (See sidebar at right.) The final report also included options for an improved organizational structure, sample job descriptions and executive dashboard report formats. In total, CHS' recommendations helped the client achieve near-term success as well as positioned them for future growth.

The Results

Even before the assessment was completed, the interim fee-for-service director that CHS installed at the client began addressing key findings and implementing the recommendations. Through her leadership and the commitment of the CBO and IT staff, CHS over the course of four months:

Setting Priorities: Identifying the "Immediate-and-Critical" Tasks

A number of recommendations warranted immediate attention.

Increase upfront cash collections:

Implement electronic eligibility verification, and develop and implement policies, procedures and customer service scripts for outstanding patient balances – and train staff in their use

Improve charge capture:

Purchase and install electronic interface between PatientKeeper and GE Centricity Business, and expand PatientKeeper's use to more physicians

Reduce lost charges:

Implement batch tracking mechanisms and reporting metrics

Improve collections:

Implement electronic workflow system and accompanying monitoring tools

Reduce and manage claims denials:

Fix denials dictionary, improve payment posting practices, develop policies and procedures, and manage staff accountabilities

Improve patient service and reduce

incoming phone calls: Redesign patient statements

Monitor overall performance:

Develop and implement executive revenue cycle dashboard

- Redesigned the process for generating patient statements as well as the statement itself;
- Created a new batch tracking system and reporting mechanisms;
- Completed installation and training for GE's Paperless Collection System (PCS);
- Developed new policies and procedures to support the improved workflow;
- Created new job descriptions for CBO staff and set measurable performance targets; and
- Created task lists for production as well as daily, weekly and monthly tasks.

As a result, the client has experienced immediate improvements in its cash flow and income:

- Reduced A/R Days greater-than-90 by 18%;
- Reduced A/R Days greater-than-120 by 19%; and
- Increased the amount billed out to patients each month by more than 30% (to more than \$1M).

Ultimately it was the client's President/CEO who said it all: "Culbert's expertise and recommendations have allowed us to make great headway in the effective turnaround of our billing and collection operation. Your team's professionalism and assistance has provided us with valuable industry knowledge and tools resulting in an effective and newly restructured billing and collections department."

About Culbert Healthcare Solutions

Culbert Healthcare Solutions (CHS) is a trusted advisor to academic medical Centers, hospitals and group practices, helping them leverage technology and best practice to improve patient care and financial performance. Our consultants blend their deep knowledge and hands-on experience with industry best practices to optimize clients' investments in technology and concurrently guide them through the human, operational and technical aspects of change management.

Each member of our Revenue Cycle Consulting team averages over 15 years of experience specializing in areas including revenue cycle management, patient access and registration workflow optimization, central billing office (CBO) development and management, and coding and compliance. The team also possesses detailed knowledge of the capabilities of leading practice management systems, including Allscripts, eClinicalWorks, GE Centricity Business, GE Centricity Practice and Epic.

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