Fixing Disconnects in Patient Accounting Systems Can Increase Hospital Revenue

A common problem for hospitals and healthcare systems is lost revenue and aged accounts receivable (A/R). Depending upon the organization, this financial hardship has a variety of potential causes, including inefficient patient accounting systems. Disjointed or fragmented systems can inhibit the flow of work queues by creating a redundancy of work that can lead to increased candidate for billing (CFB) and unbillable charges while decreasing overall productivity. To combat this problem, some organizations are turning to outside vendors to help transform their fragmented system into one cohesive unit.

The Challenge

For many years, this 450-bed regional medical center*, serving 10 counties over a 150-mile radius, enjoyed the benefits of financial security. However, more recently a drop in patient population, correlated with surfacing financial challenges, drew attention to issues that had previously gone unaddressed, namely inefficiencies in the revenue cycle.

The regional medical center has used Epic as their patient accounting system since 2008. The Director of the Revenue Cycle recognized that many challenges stemmed from the ineffective way their Epic system was pieced together in areas affecting the revenue cycle.

“We were not managing the receivables in the way we needed to due to disconnects in our Epic system,” says the Director. “Our team did not have the Epic experience to fix the issue, so we decided to partner with a group who could help us gain more control.”

The Solution

The regional medical center brought on a team of 11 consultants from Sagacious to work onsite for seven months.

Sagacious developed and executed a comprehensive strategy to reduce A/R days, increase cash, reduce denials, establish productivity and quality guidelines, and improve the efficiency and effectiveness of follow-up and billing functions in both the hospital billing and physician billing systems.

The Results

The organization’s rank in revenue cycle performance compared to other Epic users rose from the 25th percentile to the 75th percentile.

Eligibility-related denials decreased by month four.

CFB was reduced by 50% and total A/R days improved by six days from Q4 2013 to Q4 2014.

* We are respecting the confidentiality of the client. References are available upon request.
resolve nearly 200 open tickets. From this work, Sagacious was able to identify and resolve several additional issues that negatively impacted the regional medical center’s productivity, revenue, and staffing.

The regional medical center began seeing the benefits while Sagacious was onsite: denial reduction was a significant portion of the project and resulted in a large decrease in open denials, including a decrease in eligibility-related denials by month four. However, the regional medical center let their Blue Cross contract expire in late 2013, causing a temporary spike in their metrics between December 2013 and February 2014. This in part delayed the breadth of Sagacious’ impact until about one year later when the regional medical center’s CFB metric decreased by approximately 50% and total A/R days dropped by six. These metrics helped improve the regional medical center’s ranking in Epic’s graph package, placing them in the 75th percentile.

One of the Director’s main concerns that was addressed during the seven-month process focused on improving efficiency and productivity. “Sagacious’ team came into a chaotic scene since everyone prioritized jobs differently, frequently working the most current tasks first while the number of aged A/R steadily grew,” explains the Director.

To help leadership gain more control, Sagacious helped each leader in the revenue cycle build and customize their own Epic dashboards since several leaders did not previously have one. This allowed staff to monitor the productivity of their respective areas and delegate high-priority tasks. Sagacious also reduced CFB by three days by showing staff leaders in the health information management department how to read medical record reports better so they could more effectively prioritize claims. In addition, Sagacious modified security constraints that controlled what information the regional medical center’s staff can view in other service areas. This helped reduce problems with crossover workflows since the various service areas must submit claims to different billing offices.

“Asgacious was also very focused on revenue protection,” says the Director. “We had a high volume of aged receivables that were overflowing into uncollectible status and hitting timely thresholds. Sagacious identified the pipeline that was overflowing and helped our staff prioritize those tasks by creating denial work queues.” These work queues allowed users to sort by denial code and more efficiently work denials.

Sagacious also used productivity monitors to assess staffing levels and individual performance. This in conjunction with automating several revenue cycle processes allowed the regional medical center to redeploy some of their full-time employees. This included three full-time employees whose job responsibilities were alleviated after automating redundant work tasks related to physician billing.

Additional benefits from partnering with Sagacious include fixing several deficient system processes. For example, they rebuilt the benefits engine, which delineates between insurance balances and patient responsibility at the front-end. This allows patient access staff to identify out-of-pocket expenses early in the revenue cycle, which reduces confusion and additional work in downstream collections processes. Sagacious also helped get CRD files in the hospital billing system out of claim scrubbing so that staff could receive the status inquiries while waiting for payer reconciliation. Prior to this fix, this information would enter the billing system but would not appear in Epic; Sagacious built connections in the system that bridged this communication gap.

“The Sagacious-led team meshed very well with the regional medical center, yielding substantial results at a high level with operations but also in a granular level within the Epic system,” says the Director. “Since the project has come to an end, we continue realizing their value with positive trending metrics, particularly the overall decrease in CFB, denials, and A/R. The project established a solid platform for our team to launch off of as we continue to improve denials, CFB, days in A/R, and cash factor.”

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