

# Sagacious Consultants

## Transforming the Revenue Cycle through EHR and Operational Improvements

### **Carilion Clinic | ROANOKE, VIRGINIA**

Carilion Clinic is a premier, 1,000-bed healthcare institution headquartered in Roanoke, VA. Founded in 1899, Carilion Clinic is one of the largest healthcare institutions in the state of Virginia, treating nearly one million patients on an annual basis through six hospitals, including outpatient and physician practices.

Ten years ago, Carilion Clinic successfully undertook a major IT initiative to replace its electronic health record (EHR) and improve patient outcomes, customer satisfaction, and financial performance. In the years following the implementation, new functionality was released and best practice recommendations for EHR systems emerged. However, Carilion's systems did not always keep pace. The dated system and supporting processes made it difficult to manage patient accounts, especially because hospital revenue cycle processes had increased in complexity. Leadership recognized the need to restructure both Revenue Cycle operations and the IT support relationship in order to increase financial performance and patient satisfaction.

Last year, Carilion Clinic engaged Sagacious Consultants to perform a comprehensive revenue cycle assessment, including a review of organizational leadership, Patient Access, Revenue Integrity (Charging), Coding, Hospital Billing, Professional Billing, Collections, IT support, HR processes, and Training programs. Sagacious was a natural fit to assess Carilion Clinic's revenue cycle due to its extensive experience with EHR optimizations, revenue cycle best practices, and clinical expertise.

### **PROBLEM**

Carilion Clinic's ability to drive strong revenue cycle performance was impeded by the creation of system-specific processes during the initial EHR implementation, the need for stronger accountability, and limited reporting capabilities. Carilion's most persistent issues stemmed from the following root causes:

- Limited focus on account stratification and prioritization of highest value accounts
- Incorrectly recorded information for insurance plans, COB, and eligibility
- Inconsistent management training on EHR reporting capabilities
- Limited resources in the IT department dedicated to revenue cycle optimizations
- Lack of operational rigor and productivity standards for staff

### **SOLUTION**

Carilion Clinic partnered with Sagacious to transform its revenue cycle based on the following goals:

- Refine workflows and system tools to better utilize EHR system functionality and increase efficiency
- Cultivate an organizational structure that fosters growth, training, accountability, and change management
- Decrease AR and reduce net revenue leakage in order to increase cash collections
- Increase accuracy of patient financial clearance and Point of Service (POS) collection processes
- Accelerate revenue cycle processing times by reducing Candidate for Bill (CFB) backlogs, charge/billing lag days, and days to final payment
- Increase timeliness and accuracy of charge generation and coding

# PROCESS

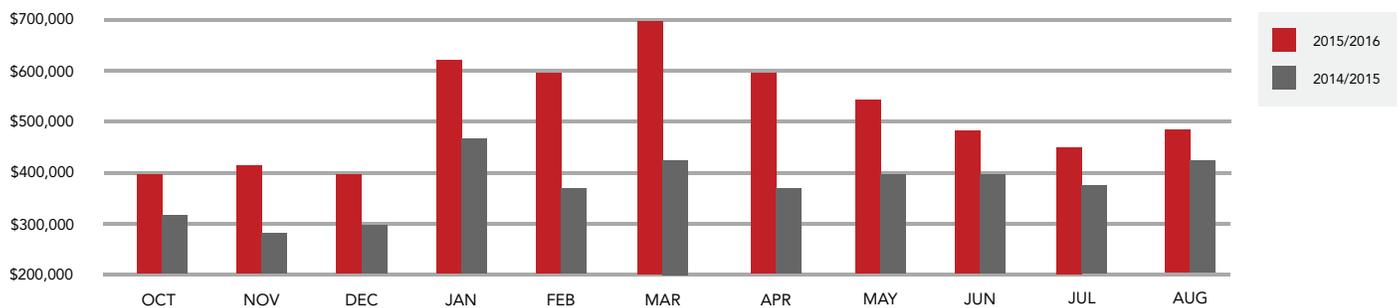
Sagacious completed a comprehensive assessment of Carilion Clinic, which included pre-assessment information gathering, detailed account reviews, and over 100 hours of on-site interviews. Sagacious leadership reviewed the assessment results with Carilion Clinic's leadership team, and Carilion engaged Sagacious to partner in the transformation of the Revenue Cycle department.

The Sagacious team began the transformation project by creating and prioritizing a list of initiatives that could not only be implemented quickly, but would also yield the greatest financial benefit. These initiatives spanned both the revenue cycle and the IT departments. Sagacious drew on its consultants' diverse technical knowledge to prepare a prioritized list of system optimizations and interactive reports. A primary focus was to maximize automation, and use existing functionality to replace manual processes. Sagacious partnered with the Revenue Cycle Operations and IT departments to strategically prioritize key initiatives for overall improved workflows and system processes.

Next, the team moved quickly to implement accountability structures across areas that posed the greatest risk to financial performance. This framework included new task forces dedicated to reviewing aged high-dollar claims, denials, CFB, and workqueue management, respectively. These task forces received reports that allowed area managers to present claim trends and research findings to their colleagues, enabling cross-departmental collaboration, the ability for managers to establish data-driven goals, provide actionable training opportunities to staff, and improve accountability for each unit's metrics.

Sagacious is currently leveraging its extensive revenue cycle management experience to help Carilion achieve both industry and management best practices. Industry best practices include refinement of pre and point-of-service collections activities, expansion of price estimator tools, creation of a Denials Specialist role, and the development of requirements needed to centralize pre-registration and authorization activities for ambulatory clinics. Due to the large scale, importance and complexity of these activities, the preparation and implementation phases are expected to span several months. Despite the long duration of these activities, Carilion has already realized several benefits. For example, total point-of-service collections have increased by roughly 40% in the eleven months ending August 2016 versus 2015. Management best practices include development of communication plans, shadowing and constructive feedback sessions to directors and managers led by Sagacious, and creation of a workshop series on departmental management, including effective communication, goal setting, and Key Performance Indicators (KPIs).

### Point of Service Collections

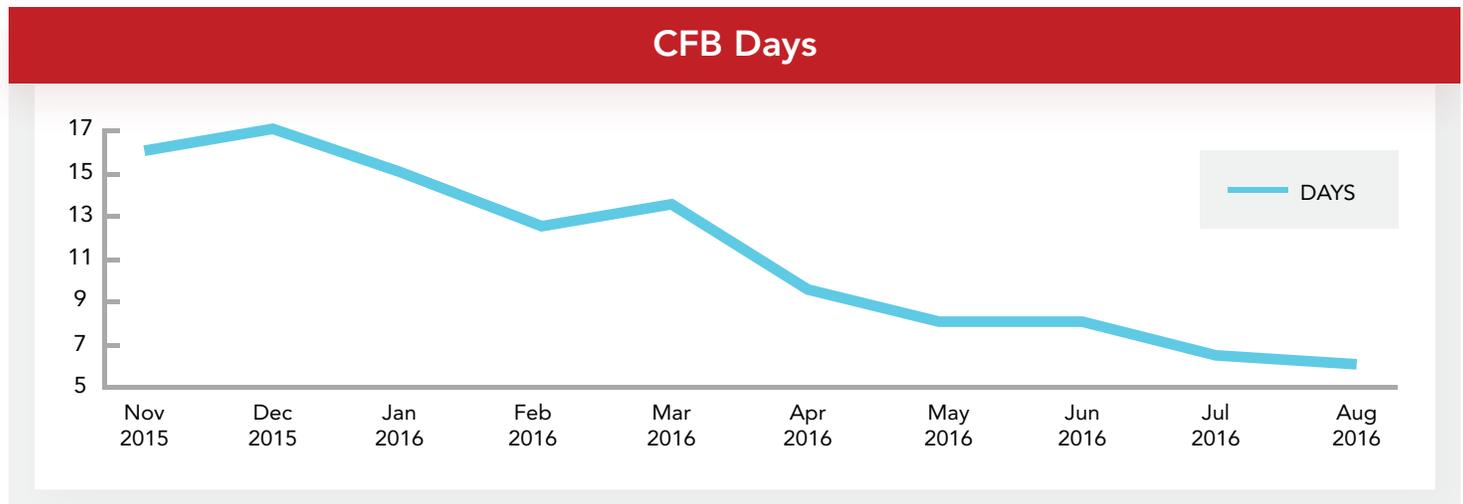


# CHALLENGES

Challenges must be expected with large-scale organizational change, and this engagement is no exception. In this case, Carilion Clinic’s partnership with Sagacious is helping to circumnavigate the obstacles.

The largest challenge surrounded the dated EHR system setup following the initial implementation in 2007. At the beginning of the Sagacious engagement, the current use of the financial applications within the EHR resulted in manual work being completed by staff. The process of optimizing the system through automated capabilities then caused strain on the Carilion Clinic IT department due to the high volume of system change requests. To help the IT department work through the significant request log, Sagacious leveraged its EHR expertise to work alongside IT and translate the functional changes into technical specifications.

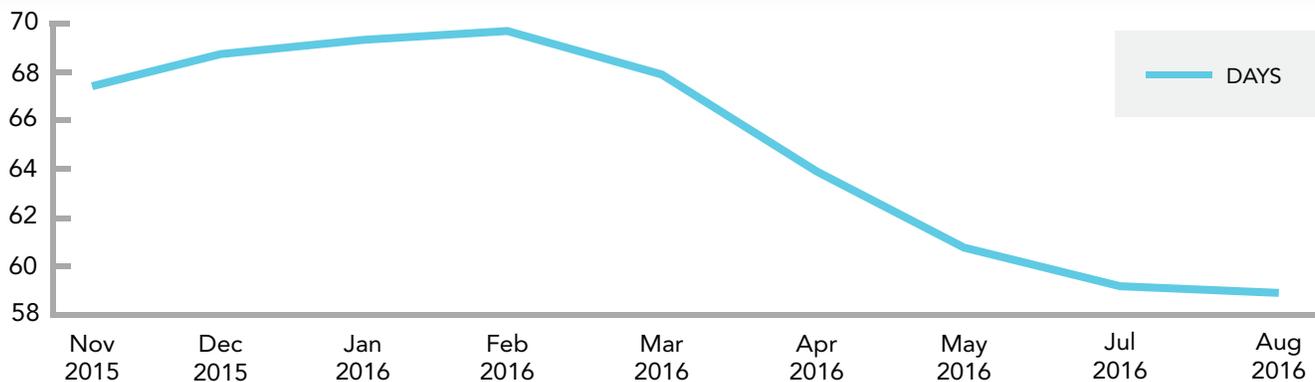
The Coding department also faced significant challenges during the project. ICD-10 regulatory requirements were scheduled to go into effect only weeks prior to the beginning of the engagement. The existing stresses on the department were exacerbated by staffing vacancies. These issues appeared in the CFB metric, as roughly 90% of the total CFB population was with the Coding department at the project’s start. Focused efforts on high-dollar account escalations, workqueue consolidations and the usage of external coding resources helped reduce backlogs by roughly 85%. CFB days are also at their lowest level in five years. Next steps include eliminating manual processes within the system and establishing higher accountability for productivity.



# RESULTS

As of this writing, at the project’s midpoint, the Carilion Clinic and Sagacious teams have created significant organizational benefits by implementing new reporting capabilities, EHR system optimizations, and industry best practices. These initiatives have allowed Carilion Clinic to surpass its project-to-date cash target by over \$47M. AR days are at their lowest since December 2014, and CFB days have been reduced by over 50%. Sagacious has worked with the Carilion Clinic Business Office to improve insurance follow-up processes to enhance overall payor reimbursement and expedite remittance turnaround times. “We’re encouraged by the results over the last several months,” said Carolyn Chrisman, Senior Vice President for the revenue cycle at Carilion Clinic. “For us, this is just the beginning of our transformation, and we’re looking forward to seeing continued positive results.”

# AR DAYS



## OUTLOOK

Building on the success that has already been realized in the Carilion Clinic transformation project, many more initiatives are scheduled to be completed through next year. Some of the expected short-term revenue cycle initiatives include the following:

- Development of payment variance monitoring mechanisms to proactively identify underpayment trends
- Implementation of a real-time eligibility tool to reduce denials and bad debt write-offs
- Automation of Coding functions
- Adoption of quality and productivity standards to foster a culture that rewards strong performance

Several clinically focused initiatives will also be pursued, including enhanced collaboration between the Utilization Review and Revenue Cycle departments, increased emphasis on physician documentation quality and completion, and stronger collaboration with clinical departments to improve charge capture. This blend of clinical and revenue-focused efforts is expected to help drive sustainable patient-focused and financial results for Carilion Clinic.

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