



# Kansas Revenue Cycle Assessment Project Executive Summary Presentation

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- Executive Summary
  - Project Summary
  - Findings and Observations
  - Recommendations for Improvement
- Assessment Summary Walkthrough
  - Identified Strengths
  - Identified Weaknesses/Areas for Improvement
  - Quality Improvement
- Implementing Change and the Impact of Change

## Presentation Outline



# Executive Summary

EXECUTIVE SUMMARY



- Original proposal for up to 83 CAH participants
- 47 hospitals signed up
- The project was broken into four segments:

<b>Session 1</b>	April 2 - 16, 2012	4 participants
<b>Session 2</b>	April 16 - 30, 2012	9 participants
<b>Session 3</b>	April 30 - May 14, 2012	16 participants
<b>Session 4</b>	June 28 – July 17, 2012	16 participants*

- 45 of 47 hospitals (96%) completed the questionnaire

*\*Project extended to Prospective Payment System (PPS) hospitals*

# Program Summary



- Areas of Strength
  - Billing and Coding, including Utilization Review
  - Charge Description Master (CDM) and Charge Capture
  - Charity Care and Self-Pay Account Management
- Areas for Improvement
  - Front-End Patient Processes, including Pre-Registration, and Benefits and Eligibility Verification
  - Point of Service Collections and Financial Counseling
  - Third Party Payer Management
  - Quality Assurance/Improvement Activities

## Findings and Observations



- Classification of Opportunity
  - Immediate financial impact/"low hanging fruit"
  - Compliance related issues with financial return
  - Enhancement of revenue cycle processes with potential financial impact
  - Compliance related issues with potential penalty and fine avoidance
  - Quality assurance monitoring and improvement with potential financial impact

## Recommendations for Improvement



- Third Party Reimbursement (23 hospitals in need of improvement)
- Denials Management (23)
- Charge Audit (18)
- Pre-Authorization and Certification (17)

# Immediate Financial Impact



- Advance Beneficiary Notice/ABN (20 hospitals in need of improvement)
- Medicare Bad Debt Reporting (15)
- Admission Criteria/Utilization Review (8)
- CDM Review and Maintenance (4)
- Medicare Secondary Payer/MSP (21)
- Emergency Room Registration (16)
- Information Technology Monitoring (14)

## Compliance Issues with Financial Return and Potential Avoidance of Penalties/Fines



- Point of Service Collections (21 hospitals in need of improvement)
- Benefits and Eligibility Verification (21)
- Scheduling and Pre-Registration (20)
- Financial Counseling (15)
- Charity Care (13)
- Self Pay Management (12)
- Billing Staffing Levels (3)

## Revenue Cycle Process Enhancement with Potential Financial Return



- Third Party Payer Management Quality Assurance (29 hospitals in need of improvement)
- Denials Management Quality Assurance (29)
- Point of Service Collections Quality Assurance (28)
- Revenue Cycle Key Performance Indicator/KPI Quality Assurance (28)
- Facility-Wide Revenue Cycle Quality Assurance (28)
- Registration Accuracy Quality Assurance (27)

Quality Assurance Monitoring and  
Improvement with Potential Financial Return



# Assessment Summary Walkthrough



- Current condition
- Organizational understanding/awareness
- Need for improvement
  - Patient access
  - Charge generation and capture
  - Billing and reimbursement
  - Quality improvement
- Summary

# Assessment Summary



# Implementing Change and the Impact of Change



- Identified need for improvement
  - Individual facility needs
  - Group/statewide needs
- Best practice facilities
  - Complete revenue cycle
  - Individual processes
- Key performance indicators (KPIs) and benchmarking
- Revenue cycle process significance matrix

# Implementing Change



- Potential impact assessment
  - Gross days of revenue in accounts receivable
  - Net revenue as a % of gross patient revenue
  - Bad debt expense
- Post implementation benefit (all of the above plus)
  - Net revenue per patient encounter
  - Denials management (denial %)
- Revenue cycle process impact matrix

## Impact of Change- Outline



- Initiated as objectives of Flex and SHIP Grant programs in April 2004; funding provided by these two grants
- Key measures established and data collection undertaken
- Revenue cycle and charge master committees formed
- Full Revenue Cycle program initiated May 2007 and fully in place March 2009

BEFORE

AFTER

• Net A/R days	80	• Net A/R days	53
• Bad debt %	8.5	• Bad debt %	7.8
• Net revenue per PE \$186.95		• Net revenue per PE \$196.27	

## Impact of Change- Case Study



- A/R Days –

Reduction in A/R days (27) times average daily revenue  
(\$28,000) = \$756,000

- Bad Debt Expense –

Reduction in bad debt percentage (.75%) times gross patient  
revenue (\$16,600,000) = \$124,500

- Net Revenue per Patient Encounter (PE) –

Increase in net revenue per PE (\$9.32) times patient  
encounters (52,000) = \$485,000

- Total impact: \$1,365,500

## Impact of Change- Case Study, cont.



- Small, and rural, hospitals can effectively manage their revenue cycle and Kansas rural hospitals are no exception
- Although it's a major undertaking, resources exist to assist Kansas rural hospitals
- An effective revenue cycle, that is seen as truly important, is a powerful tool that can make the difference between the viability or failure of a hospital already struggling with a thin profit margin

## Conclusion



NRHP

## Contact Information

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