

# The Building Blocks for a High Performing Revenue Cycle *People, Process, Technology and Performance Metrics*

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Published on [www.lorman.com](http://www.lorman.com) - April 2018

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# **The Building Blocks for a High Performing Revenue Cycle – People, Process, Technology and Performance Metrics**

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Optimizing your revenue cycle management process is a key component for addressing a multitude of industry trends such as changes in regulations, consumerism and new reimbursement structures.

Today's patient-centric revenue cycle requires the right systems to drive performance; however, employing systems based solely on their robustness does not guarantee success. Optimal financial performance is only achieved with a careful balance of people, processes and technologies (PPT).

## **The Concept of People, Process and Technology**

PPT is a popular way to characterize the balance of attributes required to operate in a business environment. The origin of the term PPT gained popularity in the early 1980s when two competing U.S. business theorists, Richard Nolan, the CEO of Nolan, Norton and Co., and Michael Hammer, a professor at the Massachusetts Institute of Technology, defined how PPT impacted business performance.

### **People**

Far too often revenue cycle improvement efforts concentrate on process improvement strategies and business process reengineering while minimizing the focus on the people aspect of the change initiative. Consequently, performance improvement initiatives do not achieve their desired results. People are important for any process to succeed. The team of people involved in a process must have a clear understanding about who owns the process, who is involved and what are their roles. They must also be committed to improving the process.

### **Process**

In business terms, a process refers to business steps that must be considered to help drive successful changes in a work environment. A process begins with a trigger event that creates a chain of actions that result in the delivery of a product or service. At the highest level, a process must outline the key steps that are important from beginning to end. Once a process is developed and clarified, each function can be applied to ensure consistency in the application of the process and to provide the guidelines to keep the process on track.

### **Technology**

All technologies are designed to enable the business processes to operate efficiently. However, that is not always the case. Technology implementation requires the most capital costs and provides the least return on investment. The use of advanced technology can only succeed when there is administrative buy in for people to be trained to make better data-driven business decisions. Having the right technology is important, but having efficient processes and the people to run them is crucial. To that end, Bill Gates was quoted as saying,

"The first rule of any technology used in business is that automation applied to an efficient operation will magnify the efficiency. The second is that automation applied to an inefficient operation will magnify the inefficiency." In other words, the only thing technology does in the business triangle of people, processes and technology is to speed up a process.

### **Performance Metrics**

Revenue cycle performance in healthcare is particularly challenging due to the complex nature of services to be billed, the large number of employees contributing to the process, the array of systems and tools used, the evolving interactions with patients and their growing payment liabilities due to an increased responsibility for the costs of care.

The revenue cycle can be broken down into two main areas: pre-service, or what is considered financial clearance, and post-service, typically referred to as financial settlement. These functions begin with pre-scheduling, scheduling and registration and end with the collection of outstanding bills.

The two main areas of the revenue cycle process are broken down into three key groups:

#### **Pre-service (financial clearance):**

- Pre-scheduling, scheduling and registration
- Patient access
- Pre-authorization and insurance verification

- Financial counseling

**Service-delivery (financial clearance):**

- Case management
- Charge capture and clinical documentation
- Charge description master maintenance
- Health information management

**Post-service (financial settlement):**

- Billing and claim submission
- Cashiering, refunds and adjustment posting
- Third party and guarantor follow up, processing and payment posting
- Customer service, collections and outsourcing

Revenue cycle performance in these domains is only sustainable with constant efforts to maintain accuracy and measure performance. Identifying and measuring outcomes offers benchmarking information but is not actionable. Adjusting revenue cycle activities for optimal outcomes is required with the specific actions that should be pursued. The foundation for best practice revenue cycle management begins with selecting metrics based on existing best practices. These best practices should present guidelines for the most efficient or prudent course of action and reflect the preferences and financial priorities of the organization.

Revenue cycle metrics can be broken down into two types: operational and strategic. Operational performance metrics require consistent monitoring, must provide ample information to drive operational improvement and quality, and should validate sufficient progress

toward workflow goals. Strategic metrics comprise financial, operational, customer service and quality measures that track trends by month or current fiscal year and give executives a high-level overview.

High-performing healthcare organizations that operate best practice revenue cycles use the revenue cycle to enhance their day-to-day operations and improve patient experiences and financial recoveries. These best practices give organizations looking to make positive changes in revenue cycle management numerous areas in the revenue cycle on which to focus their attention.

## **25 Keys to Patient-Centric Revenue Cycle Performance**

Today's healthcare environment of increased regulations, growing patient payment liability, risk-based pay-for-performance models and diminishing reimbursements necessitates revenue cycle strategies that meet industry standards. From pre-schedule to accounts receivable payment and cash posting, revenue cycle processes must be aligned to secure proper reimbursement from payers and patients. The following are 25 keys to a patient-centric revenue cycle which, when implemented, will drive positive financial results and improve the patient's overall experience.

1. Implement an all-encompassing strategy that measures collection goals, workflow benchmarks, policy adherence and key performance indicator milestone attainment.
2. Post and communicate to patients the hospital's financial assistance, discount and prompt payment policies.

3. Remind patients of their payment obligation and attempt to collect the patient portion when performing appointment scheduling confirmation calls.
4. Educate patients to be prepared to pay for services upon arrival at the hospital or clinic.
5. Utilize integrated scheduling and registration tools to handle patient visits and accurately move patients through the billing process.
6. Use a registration quality and scoring technology to accurately classify self-pay patients at point of service to improve collections.
7. Employ real-time technologies that notify registration staff of Red Flags Rule irregularities and fraud alerts.
8. Help patients understand what they will owe at pre-registration, registration and patient check out with an effective bill estimator.
9. Partner with a vendor who offers a cost-effective, unlimited-use real-time insurance eligibility verifying program to check the eligibility of patient accounts at any point throughout the revenue cycle collection process.
10. Introduce a comprehensive program to help patients apply and qualify for various state and federal financial assistance programs.
11. Install a web-based patient intelligence platform to analyze real-time workflow performance.
12. Leverage call center technology to manage call volumes, improve customer service, improve time efficiencies and increase first call resolutions.

13. Post patient financial services staff in the emergency department to collect co-pays, deductibles and self-pay balances.
14. Collect a pre-determined deposit from emergency room patients during quick registration and reconcile total estimated payment due through a bill pay estimator.
15. Preauthorize credit cards and checks at the time of scheduling, registration or any other collection checkpoint.
16. Apply a self-pay point of service collection strategy for collecting previous and current balances.
17. Use a self-pay collection scoring technology that creates workflows through algorithms that estimate the ability and propensity of payment.
18. Implement a self-pay charity scoring workflow that estimates charity and financial discount write-offs before bad debt placement.
19. Use an integrated scanning technology to maintain accuracy while improving the identification and proper storage of patient records.
20. Implement an advanced technology to collect credit card, debit card and automated clearing house (ACH) payments.
21. Offer a web-based payment portal for patient bill pay.
22. Implement e-cashiering to give patients additional options to pay.
23. Utilize a predictive dialer that blends inbound and outbound calls, closely monitors right-time calling analytics and sends outpatient-friendly statements.

24. Provide ongoing face-to-face and web-based collection and customer service training with the goal of ensuring that all self-pay patients are treated with respect, dignity and professionalism.

25. Offer continuous training programs to educate staff on their responsibilities.

An important part of any well-balanced and productive revenue cycle is ensuring that there is a clear understanding of how to serve the patient and meet their needs so that their healthcare encounters are less stressful and more clinically productive. Closing the revenue cycle loop with patient satisfaction surveys gives healthcare stakeholders the feedback required to build and operate an efficient and patient-friendly revenue cycle.

### **Summary**

To maximize revenue cycle efforts, healthcare organizations need suitable technology, adequate internal work processes, experienced people and appropriate metrics to track performance. Without these pillars, organizations will struggle to operate efficiently. Focusing inward on revenue cycle best practices is crucial for maintaining operational excellence without losing sight of the impact of a positive patient experience on revenue cycle performance.

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