

Anderson Regional Cuts A/R Days by 50% Using MEDITECH's 6.1 Revenue Cycle Solution



Located in Meridian, Mississippi, Anderson Regional Health System is the most comprehensive health system in the East Mississippi/West Alabama area, with two hospitals, a regional cancer center, and a network of clinics. The health system, which serves rural communities with Medicare/Medicaid representing 65% of their patient population, is ranked in the top 2% of the nation for patient safety and experience by Healthgrades, a leading independent healthcare ratings organization.¹

Executive Summary

Anderson Regional Health System is reaping the benefits of a renewed focus on their revenue cycle process with improved revenue and cash flow, process efficiencies, and increased productivity.

An important component of Anderson's success was their migration from MEDITECH's MAGIC platform to the 6.1 solution, which includes advanced revenue cycle functionality and a more intuitive user workflow. By using real-time financial data to actively monitor key performance indicators, Anderson is identifying and reacting quickly to reverse negative trends.

The right data, for the right people, at the right time has brought a new level of transparency, accountability, and efficiency to Anderson's revenue cycle processes.

Results include:



Cut A/R days from 95 **down to 47**
(including self pay insured)



\$14 million improvement
from Fiscal Year 2015 to Fiscal Year 2016



Reduced lost revenue by **90 percent**



Improved staff morale
by creating a culture of accountability

These outcomes are all the more impressive considering they were accomplished in the midst of mandatory 18% support and 15% clinical staffing cuts.

¹ Healthgrades: <https://www.healthgrades.com/hospital-directory/mississippi-ms/anderson-regional-medical-center-hqstba872386250104>

Opportunity Identified

In 2013 Anderson shifted strategies under a new revenue cycle leadership team. During this transition, the hospital analyzed their revenue cycle processes and identified areas for improvement. They started by taking a look at key financial metrics. The calculated A/R days were **in excess of 95 days**. There was also **\$7 million in credit balances across more than 7,000 patient accounts**.

Inefficiencies were significantly hampering their revenue cycle processes. At the time, Anderson was outsourcing several revenue cycle functions, using flash drives to communicate with bad debt vendors, and limiting electronic claims to only the major payers. Manual processes were tedious and drastically slowed reimbursement accuracy and turnaround.

Leaders recognized that an absence of standard workflow processes — and a lack of policies in general — made it difficult to monitor staff effectiveness, efficiency, and skill set. Management struggled with the ability to hold staff accountable and make sure tasks and account checks were resolved. These contributed to poor employee morale within the Revenue Cycle department.

The hospital also recognized that they were not using their revenue cycle system as designed, resulting in inefficient workflows and an overreliance on paper. For example, the hospital was still using paper-based charging, despite having the electronic capability. This resulted in late charges, as well as charges lost from procedure and keying errors. Printing and distributing of paper reports or spreadsheets also limited tracking and confirmation of whether they were reviewed or acted upon.

Anderson's refocusing effort came at an opportune time, as the organization was in the midst of planning for their migration from MEDITECH's MAGIC platform to the 6.1 solution. They were determined to maximize their use of all the tools their 6.1 Revenue Cycle solution had to offer and ensure staff was adept at navigating the system.

Design and Implementation

With their analysis complete, Anderson set out to revamp processes and address identified issues. Over the course of 2014, the new leadership team used the LEAN methodology to review all financial processes and workflows. This effort paralleled their 6.1 implementation, which required retooling of dictionaries. It was truly a time of rebuilding. Anderson went LIVE with 6.1 in April 2015.

Revenue Cycle Team

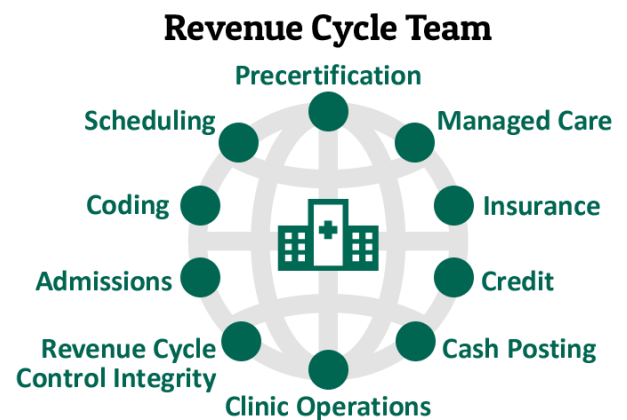
A pivotal step the hospital took was forming a Revenue Cycle Team comprised of stakeholders from across the revenue process, including admissions, precertification, scheduling, insurance, credit, managed care, coding, revenue cycle control integrity, cash posting, and clinic operations.

The team meets twice a month for 1.5 to 2 hours to discuss goals, review action plans, and monitor activity around each KPI. If the team identifies an unfavorable trend, they develop an action plan to correct the issue and assign accountability to a team member. Each department provides an update on their progress meeting assigned goals, including identifying barriers that other team members may be able to address. Senior leadership requires the Revenue Cycle Team to address any barriers, with the optimal outcome being to move through or go around the barrier.

From monitoring key performance indicators, to keeping each department on track toward meeting goals, Anderson's Revenue Cycle Team is an important engine of change. They led the organization through a period of transformation that included new executive level personnel and migrating to a new EHR.

Improving Staff Morale and Education

Anderson recognized this transitional period as an opportunity to engage and motivate staff. Structuring goals around current events such as the Olympics and college football tournaments proved effective motivation and created a healthy competitive environment that encouraged staff to pursue those stretch goals. Anderson also adopted a standardized approach to educate staff on 6.1 routines and tools to help them complete tasks and manage their workload more efficiently.



The Power of the 6.1 Financial Status Desktop

Anderson's Revenue Cycle Team uses the Financial Status Desktop to continuously monitor their organization's financial health. This interactive tool provides access to high-level graphical or tabular views of receivables, revenue, cash flow, claims, monitored worklists, billing tasks, and account checks. Having this information immediately available and actionable helps the hospital make more informed decisions relative to overall performance, as well as accurately monitor progress on productivity goals. The ability to compare current financial statistics against established organizational goals helps leadership keep an eye on the big picture.

From Reactive to Proactive

Revenue cycle managers have come to see the Financial Status Desktop as a financial EKG providing critical information on Anderson's fiscal health at any point in time. Although it's one thing to have the data, it's another to act on it; the ability to easily view key pieces of data has allowed Anderson to address issues at the first sign of trouble. This has been instrumental in helping the organization to make the seismic shift from a reactive environment to a proactive one.

For example, the CFO previews revenue daily while the controller looks at projections relative to all service lines and confirms the hospital is meeting revenue and productivity goals. Individual service line leaders who fall short meet with the CEO and VP of Finance to review the numbers and present a workplan to address the problem.

Transparency

Being able to visualize financial changes occurring in Patient Accounting is particularly helpful with recognizing potential issues and taking immediate action. Prior to the implementation of the Financial Status Desktop, changes would go unnoticed until the end of the month or until a weekly report was run. The flexibility of the desktop helps managers identify and react more quickly to those trends that can negatively impact A/R days — such as insurance denials.

Key Performance Indicators

Anderson uses a variety of graphs and filters on the Financial Status Desktop to display their data in the most meaningful form so they can take action on cost-saving opportunities, core measure monitoring, and areas for improvement. Several of the metrics Anderson is tracking include:

- Total collections relative to budget
- Medicare billing by dollars
- Daily A/R: dollars and volume of accounts
- Clean claims
- Account (claim) checks
- Tasks
- Aging of payers (Aged A/R) greater than 120 days.

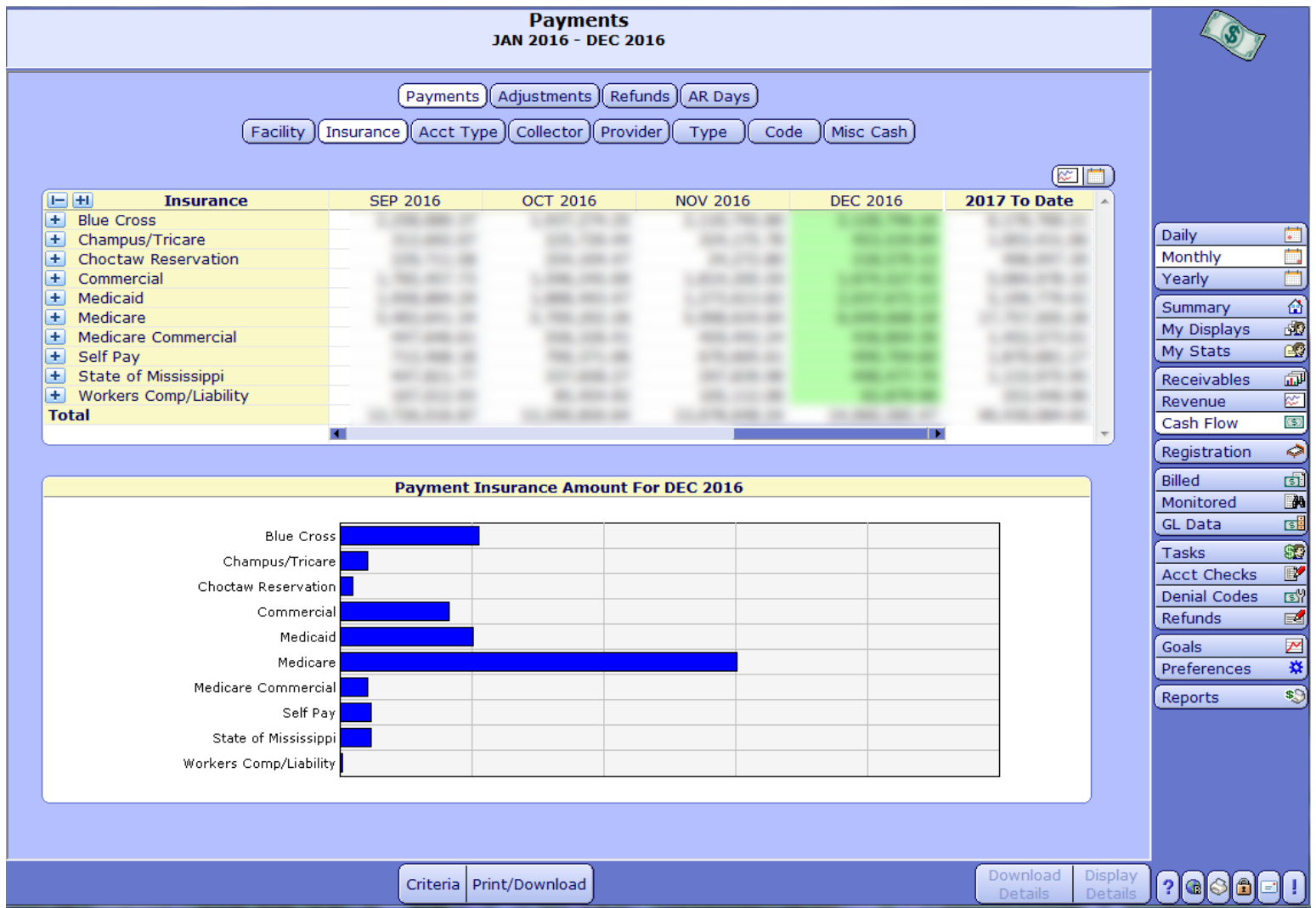
Quick Intervention Reverses CT Denial Trend

Using the Financial Status Desktop, Anderson's Revenue Cycle Team identified a significant number of CTs were being denied by Blue Cross. The Emergency Department (ED) realized the denials were a result of ED physicians not documenting the appropriate medical necessity.

They reached out to the group managing the physicians — ED physicians are outsourced — along with the coding and billing departments to determine what was being missed. The team identified the specific physicians and provided additional education and support around requirements for medical necessity documentation.

The hospital made significant strides in reversing this negative trend in a matter of a few weeks versus two to three months using their former process.

The Financial Status Desktop displays total payments by payer, per month. This allows Anderson to report and trend the payments received throughout the fiscal year, including year to date.

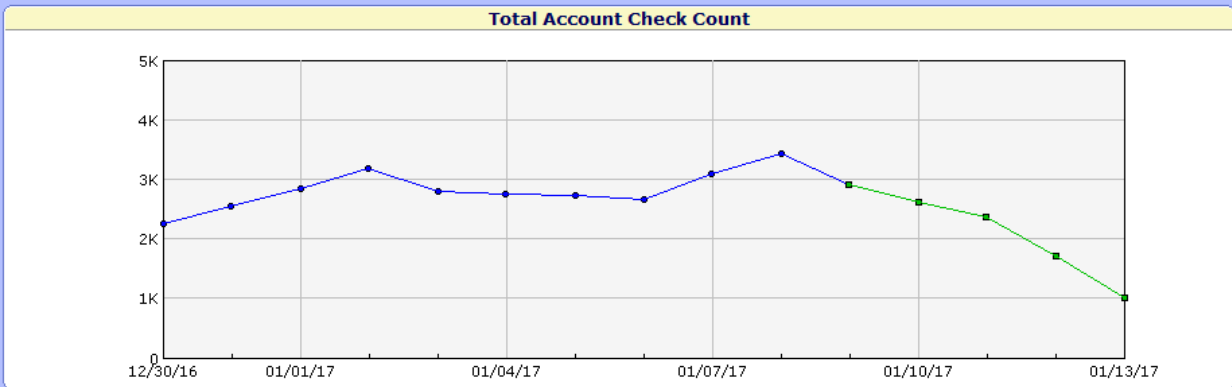


**Note: this screen shot does not contain sensitive patient or provider data; the financial numbers have been blurred intentionally.*

One of the many ways Anderson uses the Financial Status Desktop is to track and trend unresolved account check failures. Display of account check failures is based on associated claim amount or account check count on a per day basis. Revenue cycle managers are then able to determine the department (source) of the missing or incorrect information preventing the claim from generating.

Account Checks
12/30/16 - 01/13/17

Acct Check	01/09/17	01/10/17	01/11/17	01/12/17	01/13/17
BAR Account Hold	29	28	25	25	20
CMG Codes	2	14	14	2	2
Combined Accounts	4	6	2	2	1
Diagnosis/Coding Stat Set	2,784	2,435	2,199	1,621	911
Discharge Disposition HOSPICE	18	39	64	8	8
Dx Occ Check	11	19	19	4	10
Hospice Ins	7	7	4	4	3
Insurance Subscriber	1	5	6	18	23
Late Charge Review	46	52	25	13	20
Litho	0	0	1	0	0
Provider NPI	2	0	0	0	3
Registration and Demographic	0	2	0	12	16
Total	2,916	2,609	2,360	1,709	1,017

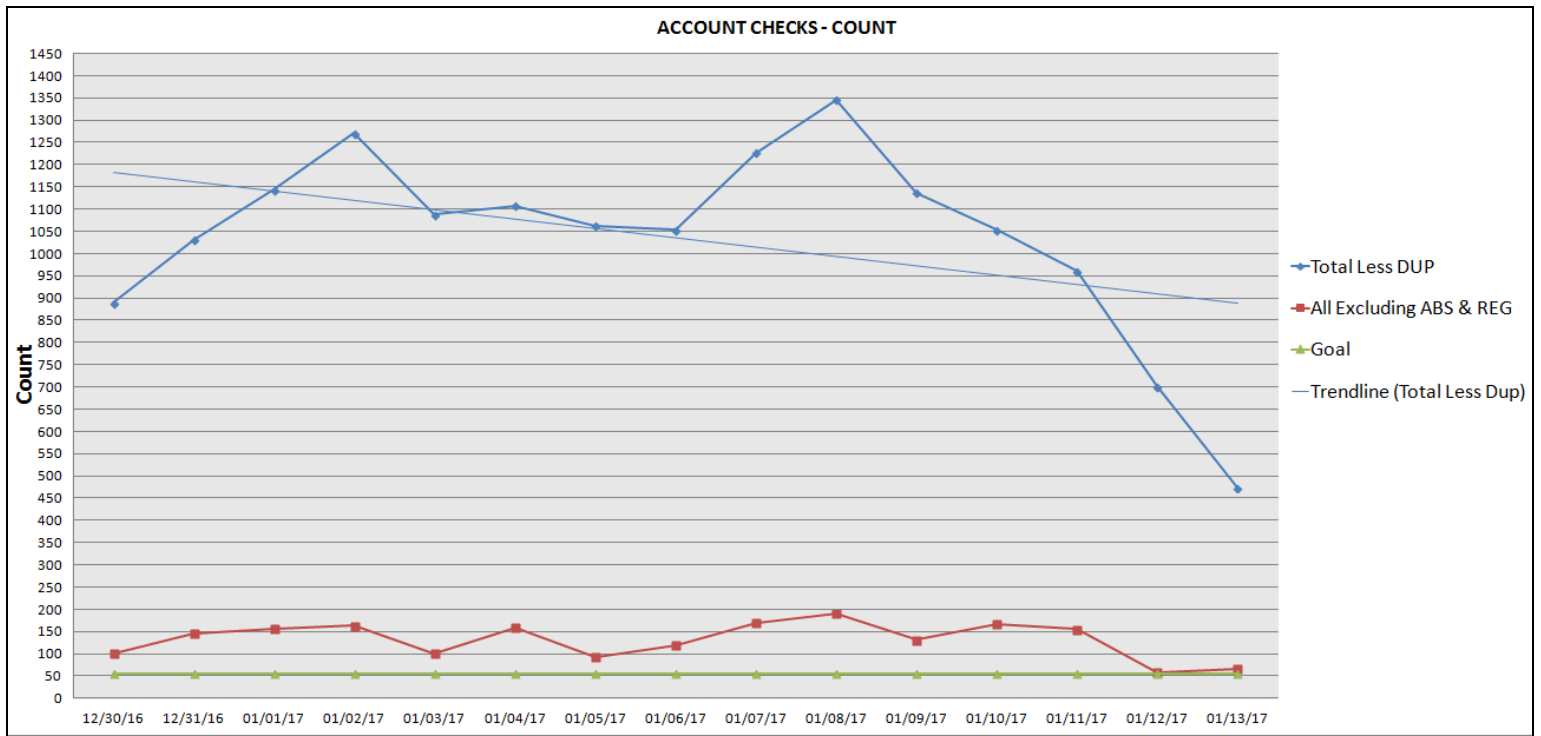


- Daily
- Monthly
- Yearly
- Summary
- My Displays
- My Stats
- Receivables
- Revenue
- Cash Flow
- Registration
- Billed
- Monitored
- GL Data
- Tasks
- Acct Checks
- Denial Codes
- Refunds
- Goals
- Preferences
- Reports

**Note: this screen shot does not contain sensitive patient or provider data.*

Anderson routinely downloads reporting data from the Financial Status Desktop in a tab-delimited text file format for easy uploading into Microsoft Excel® and other spreadsheet products. From here, they can modify and present the data in a variety of ways, including graphical representation beyond what is standardly available within the Financial Status Desktop.

Anderson uses this functionality to display the total number of outstanding account check failures in a line graph form to trend the account check failure totals per day. This data can be presented by count (number of check failures) or by the claim dollar amount associated to these check failures. Anderson removed duplicates from the data displayed in this linear graph so that if a claim/bill has multiple account check failures, it is only represented once as opposed to multiple times. The graph also includes a trendline:



This graphing capability allows the hospital to filter and sort the data to arrive at the optimal display. The red line in this graph represents **only** those checks the business office is responsible for managing. By removing the coding and registration check failures, management is able to trend only those failures their billing staff is responsible for working down.

Benchmarks are also reflected in the graph, with the green line displaying the billing staff's goal, which is 50 or fewer check failures.

Efficiencies

Anderson eliminated paper inefficiencies by taking advantage of the inherent integration between MEDITECH's clinical and financial solutions. This was a key factor in Anderson reducing lost revenue by 90%. As nurses and ancillary staff document patient assessments, charges are generated in the background and seamlessly flow to the Revenue Cycle solution.

Rejected charges are batched and processed on a daily basis via a worklist. The hospital's daily goal is a 90% resolution of total rejections. A key component of their success is that clinical leaders recognize the importance of quick turnaround and embrace same day resolution. It is no longer acceptable to have outstanding rejections.

All of the problems attributed to paper-based charging — late charges, lost charges for procedures, and keying errors — have been eliminated by employing direct Patient Care System charging.

Accountability

At the start of each day, Anderson's revenue cycle managers check the Financial Status Desktop to determine priorities for the day and respond to items that are impacting A/R. The desktop provides a snapshot of staff members' performance, including overdue tasks, tasks on hold, and individual progress in meeting their daily/weekly thresholds. Managers are able to drill down further by running reports based on data coming out of the Financial Status Desktop that show each staff member's productivity in relation to attendance.

Accurate monitoring of staff's productivity allows management to hold staff accountable for their weekly goals, which helps keep A/R days at a favorable level.

"Having the right tools, for the right people, at the right time means we can clearly set our performance standards for each team. MEDITECH's Revenue Cycle solution has made a huge difference for us in that regard."

Kevin Adams, CRCR, CMRP
 Revenue Cycle Director
 Anderson Regional Medical Center
 Meridian, MS

Staff Productivity

While Anderson expected the 6.1 Financial Status Desktop to have a positive impact on staff productivity and efficiency, they were surprised by just how much the staff has embraced it.

Understanding the transparency of data for tasks, account checks, and active A/R has led employees within Patient Accounting to take ownership of their workload by resolving their own tasks, and navigating to the “My Stats” routine to dissect the data. Here, staff can drill down into the data themselves, rather than having managers prepare the data.

The system’s intuitive design and flexible routines allow staff to see where they rank in comparison to their peers, the organization, and nationally relative to Best in KLAS™. Being able to see this information drives home the important role each staff member plays in the revenue cycle, and motivates them to reach those Best in KLAS benchmarks.

Fiscal Fitness Leads to Results

A/R Days Cut by 50%

A/R days at Anderson dropped from 95 to 47 days; that is with 10-11 days unbilled. This timeframe includes self-pay, which the health system houses until a payment plan is implemented or the account ages past 120 days, at which time it is placed at one of their contracted bad debt agencies. These statistics are competitive, considering numerous organizations outsource their self-pay A/R at day 1, resulting in a lower calculated A/R days value.

Reduced Lost Revenue by 90%

The 6.1 implementation empowered Anderson to incorporate charging directly into clinicians’ workflow. This seamless integration between the clinicals and the financials played a significant role in reducing lost revenue by 90%.

Reduced Credit Balances by 1,200%

Anderson has also seen significant improvement to their credit balance accounts. In 2014, they had over \$7 million in credit balances, representing over 7,000 accounts. Today, their credit balances are down to just \$578,000 across 725 accounts. This provides a more accurate picture of receivables (outstanding A/R and total payments/adjustments), which reflects the fiscal health of the hospital.

Improved Financial Health by \$14M

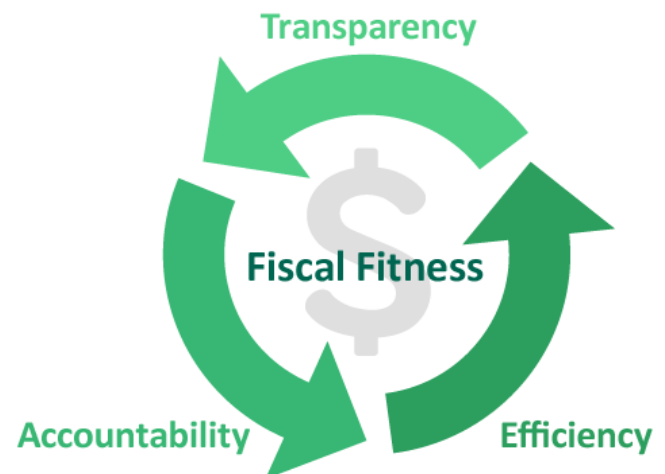
From 2013 to 2015, Anderson went through a significant period of change as they transitioned to a new executive team and EHR, while also grappling with staff reductions. But instead of just treading water during this time, they seized the opportunity to transform their revenue cycle process and are now seeing the fruits of their labor.

With new workflows and processes in place, Anderson saw a \$14 million improvement from FY 2015 to FY 2016.

Efficiencies gained from the 6.1 Revenue Cycle solution also helped Anderson increase total collections for December 2016. Anderson exceeded their collection goal by over \$200,000.

Creating a Culture of Accountability

By maximizing their use of the 6.1 Financial Status Desktop, Anderson has created a culture of accountability at every level — from the CEO and VP of Finance, to the service line managers, to billing and collection staff. Employees own their individual roles and recognize the financial impact each of them has on the organization.



Looking Forward

Anderson Regional Health System's use of the Financial Status Desktop and other tools that comprise MEDITECH's 6.1 Revenue Cycle solution has driven the hospital to new levels of productivity, accountability, and fiscal responsibility.

With a strong foundation in place, Anderson is well positioned to close Fiscal Year 2017 with a positive margin. The hospital looks to build on their success by continuing to collaborate with MEDITECH to become even more proactive in their fiscal management. This includes assisting MEDITECH in the evaluation of additional industry standard KPIs for inclusion into the product.