



Hospital  
Profitability  
Solutions

**Table of Contents**

Executive Overview..... 1

Environmental Factors Driving Change .....2

Point of Service Collection Trends.....3

South Nassau Communities Hospital Case Study .....4

Searching for the Best RCM Solution.....5

Next Steps – Adding RCM Functionality.....7

Conclusion .....9

About Revenue360® ..... 10

**Revenue360®**  
**Hospital**  
**Profitability**  
**Solutions**

## Executive Summary

The days when hospitals could be run without regard for the bottom line are over. Revenue Cycle Management (RCM) is a complex undertaking that can drastically reduce revenue loss. This whitepaper shares best practices and critical success factors in the deployment of a highly effective RCM solution. The focus of this paper is the significant ROI that can be realized by accelerating and maximizing collections from Payers and Patients. This paper explores how successful hospitals are managing payer collections while evolving to address the need to collect from patients at the Point of Service (POS).

In hospital environments, the RCM process begins when a patient initiates a request for services. The process includes all of the activities that must occur to collect full payment for services rendered. Throughout the process people and systems must accurately record and share patient demographic, insurance and procedural information to effectively *optimize* revenue. Many different objectives must be balanced and results achieved in a limited resource environment.

Without a unified view of each patient, on one platform, providing a single point of access during the many stages of the revenue cycle process, it's easy to maximize collections at the cost of causing a spike in patient complaints, or minimize AR days at the cost of high bad debt or contractual write-offs.

Revenue Cycle Management plays a key role in addressing shifting industry practices in response to three major trends: **real-time processing, consumer-driven healthcare and changes in regulations and reimbursement structures**. Health information technology is critical to the successful management of the revenue cycle. Today's best practice RCM systems are much more than just registration or billing systems. Comprehensive RCM systems cover pre-service 'financial clearance' through post-service 'financial settlement' functions, including registration, bill estimation, case management, discharge billing and post-service billing reconciliation.

### THIS PAPER WILL:

- Show how hospital administrators are reducing AR days to absolute minimums, streamlining Patient Access processes, and empowering employees.
- Outline how hospitals are realizing 600% increases in POS collections, while increasing patient satisfaction.
- Reveal a path to a financially secure future for your health-care organization.

## Environmental Factors Driving Change

Of all the transformations reshaping American healthcare, none is more profound than the need to demonstrate value. Quality and patient satisfaction (based on required HCAHPS surveys) are being factored into Medicare reimbursement, while private payers are pushing for performance and risk-based payment structures. At the same time, rising healthcare costs are creating more price sensitivity among healthcare purchasers, including government agencies, employers, and patients themselves (who are paying higher premiums and higher copayments with higher deductibles).

### **There are five key trends that are solid, foundational, and indisputable:**

- 1 Financial realities are forcing change.** Intense funding pressure on Medicare and Medicaid, decreasing commercial reimbursement, increasing patient costs, and growing rates of uncompensated care are all squeezing the healthcare industry.
- 2 Employer-based commercial insurance is evolving.** Whether it's via employer mandate or widespread exchanges, businesses are reworking their healthcare benefit plans. Businesses, especially small businesses, are finding it impossible to pay for ever increasing healthcare premiums. As a result, they are shifting more of the burden to employees.
- 3 Consumers are controlling more of their healthcare dollars.** Today, consumers find themselves responsible for a significant amount of their healthcare coverage. To mitigate the expense, they are opting for catastrophic coverage with high deductibles. When they're admitted to a hospital for treatment, they are responsible for the payment of those high deductible amounts. If that money isn't collected at the POS, or if the hospital doesn't arrange for financing, many patients never pay for the care they receive.
- 4 Commercial payers are altering how they do business.** Payers are becoming more collaborative in this emerging new world of healthcare, but they are also paying less. They are increasing the extent of managed care, requiring that more procedures be approved prior to the delivery of services, and putting more of a burden on patients and providers to pre-qualify for care.
- 5 Providers are experiencing financial challenges.** Providers are reacting to increased demand for evidence-driven medicine and greater price transparency. With more and more of the financial and administrative burden shifting from payers to providers and patients, hospitals must collect more from patients, as early as possible in the process. This means an emphasis on front-end administrative requirements (e.g. pre-certifications, authorizations, etc.) to ensure payment.

***“Traditionally, hospitals have focused their financial attention on collecting payment after the patient care cycle has been completed, which can be incredibly time intensive and expensive.”***

**Milton Silva-Craig**  
Executive Vice President  
TransUnion Healthcare

## Point of Service Collection Trends

The Healthcare Financial Management Association conducted a survey<sup>1</sup> focused on the trend toward more patient responsibility for payment and how it is affecting healthcare organizations.

### The results of the survey found that:

- 97% of hospitals surveyed experienced an increase in self-pay accounts receivable compared with the prior fiscal year.
- Receivables are growing faster than patient revenue at almost one-third of respondent hospitals, resulting in an ever larger gap between revenue invoiced and collected.
- Respondents are indicating that difficulty in estimating the cost of services to be received remains the most significant barrier to increased POS patient collections.

According to a recent TransUnion Pulse Poll,<sup>2</sup> **only one in ten healthcare facilities collect 60% or more of billable patient-pay dollars. Five out of every 10 respondents said less than 30% of payments were made.** This includes pure patient-pay, as well as self-pay after insurance benefits. These dollars span the entire revenue cycle from POS to bad debt and eventual write-off of these assets.

It is clear that there is money being left on the table, and the financial impact to healthcare providers is enormous. With self-pay on the rise, healthcare providers must work to align costs with revenues. They must develop the policies and procedures, and deploy enabling technologies, to collect a significantly larger amount of patient-pay dollars, as these grow in relation to total Net Patient Revenue.

The next section of this white paper is a detailed account of how Revenue360® enabled South Nassau Communities Hospital to address these issues and **increase POS patient collection by 590%, while reducing average AR days by 30%.**

## TransUnion Pulse Poll<sup>2</sup>

Of payments that go into back end collections, what is the approximate recover rate at your hospital?

Back end Collections	Recover Rate
0 to 15%	22.76%
15 to 30%	29.17%
30 to 45%	17.31%
45 to 60%	9.29%
60 to 75%	7.05%
75 to 90%	2.24%
Over 90%	0.96%
Not sure	11.22%

<sup>1</sup>HFMA – The Changing Face of Self-Payment in Hospitals, Research Findings, November 2009

<sup>2</sup>TransUnion Pulse Poll of attendees at the HFMA Annual National Institute (ANI) conference, 08/23/2011



## South Nassau Communities Hospital Case Study

South Nassau Communities Hospital (South Nassau) is an award-winning, 472 bed acute-care teaching hospital. Located in Oceanside, New York, South Nassau is one of the region's largest hospitals, and in 2011 was voted the 'Best Hospital on Long Island' by the readers of the Long Island Press.

A few years ago, the Revenue Cycle Management team at South Nassau began to notice an emerging trend. Progressively more of the burden for payment was shifting from those entities traditionally responsible (insurers and government agencies) to the hospital and its patients. Culturally, the hospital was an institution that first and foremost took care of its patients, who are also members of the local community. It was a foreign concept for them to target patients for payment, but they understood that this trend was not going to reverse itself, and as it continued to grow it would affect the hospital's ability to serve its community.

### South Nassau leadership identified the need to implement RCM solutions that will enable the hospital to:

1. Keep it serving their community.
2. Stop the mounting revenue losses due to under-collected payer and patient payments.
3. Improve patient satisfaction and employee morale.

Elizabeth (Liz) Carnevale is the Assistant Vice President of Revenue Cycle at South Nassau.

Liz's job is to maximize revenues throughout the cycle... to make sure that the hospital gets paid for the services it delivers. Liz knew South Nassau had to address this patient payment issue.



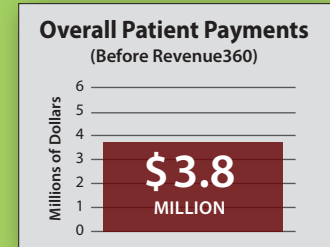
Liz Carnevale

### Revenue issues the hospital was facing:

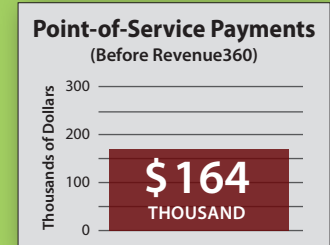
- Patient revenue loss, collections costs, bad debts, high number of patient and payer AR days.
- Huge periods of time for claims processing, uncertainty of payment from the payer, and inability to accurately project eventual payer payments.
- No collections of patient portion (i.e. co-pays, coinsurance) at POS.
- Diluted patient payments which were always collected significantly after POS (60 plus days).
- Patient dissatisfaction due to an inability to communicate out of pocket responsibility.

South Nassau initially tried to address these revenue loss issues on their own. They defined processes and procedures and put them in place, but they had no tools or technology to support them. To verify eligibility, they would call insurers or use payer websites, but these were time consuming, prone to error, and the results were unreliable and difficult to measure. South Nassau instituted a 10% pre-pay discount, but with no simple and reliable way to calculate accurate out of pocket cost estimates, the program was underutilized.

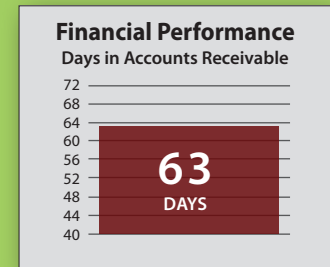
### Before Deploying Revenue360®'s RCM Solution



Total Annual Patient Collections



POS Annual Patient Collections



Average AR Days

## Searching for the Best RCM Solution

In 2005, hospital executives determined that Eligibility Verification was the best initial focus to improve revenue capture. Working with Christine Kassouf, South Nassau's Manager of Financial Information Systems, Liz devised a matrix of the features and functions desired in an Eligibility Verification (EV) solution.

### The matrix included:

1. EV initiated at the earliest point in the registration process.
2. The EV process completed during patient engagement... and within seconds.
3. Compatibility and seamless integration with their existing registration process flow.
4. Ability to configure the user interface to enable staff to follow South Nassau rules and processes.
5. Expandability – a modular solution that they could deploy in segments over time.

Revenue360® was the only RCM platform that met all of South Nassau's criteria.

Christine Kassouf:

*"We selected Revenue360® because of the functionality of their solution, and other factors including:*

- *a single view of the patient, on a single platform, throughout the revenue cycle process,*
- *knowledge of industry processes and regulations,*
- *experience implementing and integrating these applications,*
- *inclination to partner and ability to customize to meet our needs,*
- *significant experience integrating with all of the leading HIS systems,*
- *willingness to advise us regarding how to best integrate and deploy,*
- *and their bundled ongoing service after the sale."*

Christine Kassouf:

*"The value of working with Revenue360® included:*

- *a minimal amount of disruption and downtime,*
- *a knowledge transfer that accelerated our ROI,*
- *a technology platform that allows us to deploy additional functionality over time,*
- *a smooth launch resulting from their deep experience and ability to integrate with our HIS."*



Christine Kassouf



270/271 Eligibility Verification (EV) validates insurance coverage and ensures demographic information is billed correctly while simultaneously enabling the collection of patient copays at the POS.

**In order to reach their targets for AR days and collections, South Nassau identified and implemented the following best practices for EV:**

1. **Select an EV solution that offers seamless integration with Registration, Scheduling and Billing information systems** so data can be updated throughout.
2. **Define and implement a process to verify eligibility and update insurance data at the earliest point possible in the admissions process.**
3. **Automate EV** to ensure all insurances entered are verified against the payer to avoid user error, and to identify and manage exceptions early in the process.
3. **Automate updates to patient insurance information** (e.g. Policy #, Group #) based on payer eligibility response. Ensure that patient demographic data sent on the claim matches the eligibility response. Avoid user error by updating this information automatically from the eligibility response. Leverage the 5010A1 requirement for payers to accept the demographic data they return on an active eligibility response for 837 claim submission.
4. **Provide users with real-time guidance and actionable information** to direct the decision making process when manual insurance changes or discussions with patients are required.
5. **Define goals and measure results:** Assess current AR days by payer and patient, outline areas where improvement is possible, and define the steps to achieve the desired results. Identify and track goals and benchmarks to accelerate collections and minimize AR days.

**Revenue360® Eligibility Verification initiates a real-time eligibility request at the earliest point in the registration process, returning 271 information customized to your business rules... so you see only the 271 data you want to see.**



## Next Steps – Adding RCM Functionality

After virtually eliminating revenue loss resulting from EV issues, South Nassau realized they could continue to optimize revenue by adding functionality to the Revenue360® platform. They decided to focus on Pricing Estimation (PE) as their next best step for maximizing patient payments.

### The reasons behind the choice of Pricing Estimation as the next, best application to deploy included:

- the RCM technology platform was already in place,
- integration was simple and painless,
- there's a seamless logical workflow from Eligibility Verification to Pricing Estimation,
- the increased opportunity for collections from patients at POS across all hospital departments,
- an ability to provide the patient with a defensible out of pocket expense estimation at scheduling and registration, and
- the objective of a significant reduction in patient receivables, collection costs, and bad debt write-offs.

In the past, price estimates were manual, prone to error, were only completed for high cost services, and required experienced financial counselors to perform them with any reliability. Now all registrars can complete a price estimate with minimal additional effort, and can collect many times more than the flat copay amounts that used to be collected at the POS.

Revenue360® Pricing Estimation combines the patient's insurance information and current benefit status with the hospital insurance contract and historical encounter data to provide an estimate of the patient's total out of pocket expense, prior to rendering services. This enables an accurate estimate of the eventual out of pocket expense to the patient. The hospital offers a 10% discount for those who pay prior to service, and a significant number of patients take advantage of this offer. In fact, last year approximately **50% of the \$1.1 million collected from patients at POS was collected through the pre-pay discount program**. Others, who may have difficulty paying a lump sum are offered financing arrangements, and still others who may not be able to pay at all are enrolled for charity care – thus eliminating costs related to trying to collect from someone who is unable to pay.

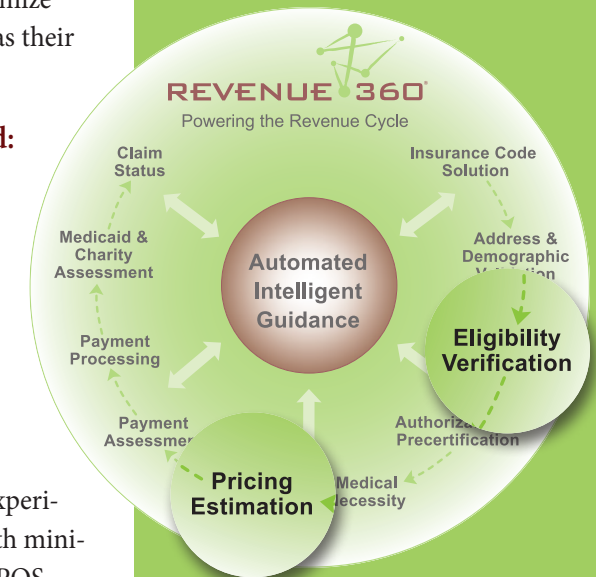
### Carmen Gonzales, South Nassau Patient Access Manager:

*“Before, patients would call us ahead of time and say that they knew they'd be responsible for part of the procedure payment. Then they'd ask us how much they'd owe. We'd have to say we didn't know. They'd call us incompetent and worse.”*

*“Now we can tell our patients up front what their payment responsibility is. The feedback is very positive. They appreciate knowing exactly what's expected of them... and we can also offer them help. Depending on the situation, we can offer them a discount, or if they qualify they can get financial assistance, or we can even arrange a payment plan. Now with Eligibility Verification and Price Estimator, it's a win-win-win situation. It's a win for the patient, a win for the hospital, and a win for my staff.”*



Carmen Gonzalez



***“... it's a win-win-win situation. It's a win for the patient, a win for the hospital, and a win for my staff.”***

**Carmen Gonzalez**  
Patient Access Manager

South Nassau's Patient Access department estimates out of pocket expenses for scheduled procedures and sends a bill with an explanation to patients before they enter the hospital, thus setting expectations, and offering a 10% discount for upfront payment.

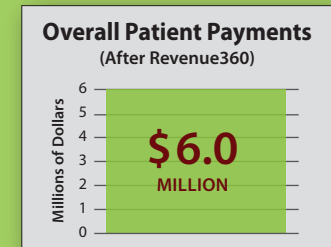
**In order to maximize results, South Nassau identified collection goals and implemented the following best practices for collections and patient estimates:**

1. **Always collect copays** on every visit based on EV response, at or before the POS whenever possible, accounting for EMTALA, precertification and medical necessity requirements.
2. **Select a PE solution that offers seamless integration with Eligibility, Admissions and Billing Information Systems** so data can be updated throughout.
3. **Provide patients complete Out of Pocket expense estimates for all high dollar procedures** at or before POS, regardless of ability to pay. This will increase patient satisfaction and willingness to pay, and also increases likelihood of POS payment for recurring visits.
4. **Offer flexible payment options** and locations (cash, check, credit card, discount programs, etc.), and provide simple and consistent patient invoices.
5. **Publish consistent policies for patient payment**, following the HFMA's Patient Friendly Billing guidelines, including payment options, discount and refund policies.
6. **Offer and promote a prepayment discount program** for pre-service payments.
7. **Create a staff training program** and make internal policies and procedures readily available and easily accessible.
8. **Incent patient access staff to make patient collections.** In addition to including collections in employee reviews, incentives such as financial rewards and team competitions create a positive culture around the collection process.
9. **Provide scripting** to inform staff communications with patients and overcome patient objections, by providing structure for the conversation.
10. **Define goals and measure results.** Define current collections rates and timing. Identify and track goals and benchmarks to maximize potential.

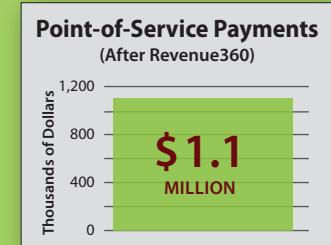
The outcomes from the **patients' perspective** include an increased satisfaction with the entire experience. They are happier knowing what the procedure is going to cost them out of pocket and their expectation is set before they arrive for services. Patients feel more confident that the hospital administration knows what it's doing.

From the **employee perspective**, their day to day experiences interacting with patients are much more pleasant. They feel empowered by the tools and process controls, and confident in the efficacy of the data. They feel that, even while they're collecting much more in payments from patients, they are delivering a level of service that was not possible before the deployment of the Revenue360® platform.

## After Deploying Revenue360®'s RCM Solution



Total Annual Patient Collections



POS Annual Patient Collections



Average AR Days

From the **hospital management perspective**, revenue losses have been greatly decreased and productivity in Patient Access has been significantly increased. Collection costs and bad debt write-offs have been minimized.

Liz Carnevale:

*“The end result is increased collections, decreased claim rejections, decreased expenses, and a significant reduction in the effort needed on the back end to get bills paid. We’re pushing all of our focus on the front end. This way we get clean claims on the front end and collect as much as possible from patients at, or before, point of service. It drastically reduces our collection costs, bad debt write offs, and AR days.”*

*Revenue360®’s solution of Eligibility Verification, Pricing Estimation and its underlying Automated Intelligent Guidance have been so successful at helping South Nassau reach its revenue goals, the hospital is planning on adding other modules in the near future. Specifically they have purchased Demographic and Address Validation, Precertification and Authorization (278), and Claims Status (276/277) and they are reviewing the Payment Assessment, Payment Processing, and Medicaid Charity Assessment modules as future enhancements.*



## Conclusion

Complete, proactive registration and payment reconciliation rely on gathering immediate and accurate patient data, and providing visibility to all necessary personnel and processes. Revenue360® creates one view of the patient, on one platform, providing one point of access during the many stages in the revenue cycle process. Revenue360® retools technology by eliminating the need to maintain disparate applications, ensuring a complete, immediate, accurate, single view of the patient.

South Nassau’s increases in revenue collection, and the ROI of the Revenue360® solution, are typical. To find out how much Revenue360® can improve your profitability, you can ask our team to perform an assessment... free of charge. You can have that information in hand before making a purchase decision.

Please contact us at [info@revenue360.net](mailto:info@revenue360.net), or by phone at (800) 337-5482, option 2 to schedule your free assessment.

## About Revenue 360®



Revenue360® is a highly integrated revenue cycle software solution that verifies patient benefits, validates address and demographic information, calculates out of pocket estimates and propensity to pay, and enables efficient collection of amounts due.

With Revenue360®, hospital staff can accurately identify and collect patient information prior to admission. Revenue360®'s Automated Intelligent Guidance assists staff in determining the amount due from the patient, and enables prompt payment collection or the arrangement of a payment plan.

Revenue360® combines multiple revenue cycle processes on one integrated platform, delivering specific, timely and consistent guidance to all hospital personnel throughout the revenue cycle process. The Revenue360® platform and suite of applications are designed to be deployed in a modular fashion as desired by the hospital. Revenue360® allows you to select the applications that match your current revenue cycle goals, and then add other modules when desired without any interruption to your existing information technology environment. These applications work individually *and* synergistically with each other. Each module delivers a significant amount of value on its own, and even more

value when working with one or more of the other Revenue360® application modules.

### The Revenue360® platform delivers Automated Intelligence Guidance which is integrated with all application modules. Automated Intelligent Guidance:

- Prompts registrars with interactive guidance, based on facility-specific business rules.
- Turns real-time external data into actionable information guiding users step by step through each process.
- Identifies errors and directs users through the resolution process.

By providing Automated Intelligent Guidance, Revenue360® enables healthcare providers to access the patient information needed, and customizes that information to fit the required registration and revenue-related processes. Guiding patient access staff accordingly, eliminating reliance on emails, post-it notes, and rarely up-to-date process manuals, Revenue360® greatly enhances the productivity of your Admittance staff.

Revenue360® empowers healthcare providers with a flexible and customizable platform that intelligently guides staff through the registration process ensuring real-time data validation. Delivering correct and complete information on each patient, Revenue360® enables providers to collect money up-front, reduce bad debt, and improve patient satisfaction.

For more information visit [www.Revenue360.net](http://www.Revenue360.net).

### The Revenue360® platform integrates with any HIS, and includes many options.

- Can operate in both standalone and integrated modes.
- Interface Types supported: Web Services, X12, HL7, FaceSheet, Scripting
- Current production HIS environments include:
  - QuadraMed Affinity
  - NTT Data [Keane] (Optimum, Patcom and Insight)
  - Meditech (Magic and Client/Server)
  - Cerner
  - Epic
  - Eclipsys
  - SMS / MedSeries4
  - GE Centricity
  - CPSI

Revenue360® is a Registered Trademark of **Provider Advantage NW, Inc.**

1915 NW Amberglen Parkway, Suite 260, Beaverton OR 97006 • (800) 337-5482