

Curiosity can pay

Right questions can help find new revenue sources

A key trait of effective executives is to ask the right questions of your team. I have a recent example related to revenue cycle where taking a “deeper dive” into the operations proved beneficial.

I knew that my facility, 260-bed St. Elizabeth’s Hospital in Belleville, Ill., needed a revenue-cycle initiative to improve margin, and the finance team informed me that there was a plan in place. Revenue cycle is a broad category, so asking more specific questions to identify exactly what we were doing proved beneficial.

We were doing a good job with coding, as evidenced by a recent 10% increase in case-mix index as our coders learned more comprehensive methods to accurately document the work that had been performed. We were also doing a good job reviewing the accuracy of how our payments from commercial payers matched our contractual agreements. This was being accomplished via a contract management software program that could make those assessments faster and more accurately than through manual analysis.

However, there were other key elements of a comprehensive program that we were not pursuing, so we were leaving money on the table. One of those was a transfer DRG analysis. When it is identified that a patient is being transferred from an acute-care hospital to another facility, such as a nursing home or extended-care facility, the total DRG payment is reduced. There are programs available to retrospectively verify that transfers occurred. This allows many hospitals to recoup revenue for transfers that did not occur. Not only is there an opportunity to ensure that DRG payments are not erroneously reduced moving forward, but you can do a retrospective analysis and rebill those accounts that should have been paid at the full DRG rate.

At St. Elizabeth’s, this opportunity was nearly \$100,000. That gain led to a decision to implement a systemwide analysis across all 13 hospitals operated by Hospital Sisters Health System, Springfield, Ill.

A second opportunity related to using technology again to “scrub” the databases was used to identify Medicaid patients. If there is not an

exact match between the hospital entry and what is in the state database, it appears that certain patients are not eligible for Medicaid when in fact they are already qualified. This can result in a loss of revenue as people are channeled into the self-pay or charity-care categories.

Even though our team thought we had this covered, using dedicated software to conduct a retrospective “payer search” resulted in an additional \$30,000 of new revenue for our facility. This supported a second systemwide initiative, resulting in additional revenue for our health-care system.

Even if you have a revenue-cycle program in place, don’t assume that every opportunity is being addressed. Ask your team specific questions about code pairing, transfer DRGs, payer search, cash acceleration programs and point-of-care

testing. Also, make sure that your team has the appropriate education available to them to do their job well. Changes in revenue-cycle concepts occur frequently, which makes a continuous educational process essential. A successful program also puts the right technology in the hands of your people to support their activities. Software programs specifically designed to assist well-trained employees in managing revenue cycle is a powerful combination.

It should be noted that having an effective revenue-cycle program is not contradictory to having a “compliance-focused culture” in your organization. To the contrary, having systems in place that ensure the accuracy of documentation, billing and collection procedures supports an organizationwide philosophy of compliance.

Healthcare reform will continue to place significant challenges on the ability of hospitals to achieve a sustainable margin. Programs to enhance your revenue cycle are key elements of margin development. Successful CEOs ask the right questions and hold their team accountable for the answers. <<

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