



Accounts Receivable Process Improvement for Small Hospital

What does a small hospital do to survive when it finds itself in peak crisis with a dangerously high accounts receivable balance?



In late 2017, a rural, 89-bed hospital in Illinois found itself staggering under the weight of a major billing crisis:

A seemingly unmanageable accounts receivable (AR) balance of just under \$97 million and an all-time high of billing software holds at over \$6 million. The cause? A potent combination of high outpatient volume, a botched implementation of Meditech, years of managerial neglect, and staff who were, through no fault of their own, grossly undertrained. A larger hospital may have been able to shoulder this balance, but to this small facility, they were in serious danger. Drastic action was needed.



The Solution

Through out the course of a year, RevSpring's remote AR team was used to:



1. Train and assist existing hospital staff
2. Improve Meditech integration
3. Create new collections processes
4. Reduce AR balance

In November of 2017, the hospital turned over their sparse billing process to RevSpring Consulting with the understand that the team would manage, improve, and oversee the process for a year. RevSpring's remote team consisted of an AR manager and five workers. Each member of the RevSpring team was highly knowledgeable of and very experienced in billing and collections.

Continuous process improvement is critical when it comes to cleaning up inefficiency, poor communication, and wasteful workflows. RevSpring immediately implemented Meditech's Biller Desktop, Collector Desktop, and Denials Management Desktop as the first step in creating an infinitely more robust billing process. Existing processes were then vastly revised and improved. Once the proper software and processes were in place, each remote worker was then paired with existing hospital staff for basic knowledge transfer, training, and assistance.

RevSpring first focused on the low-hanging fruit. They posted contractual adjustments on patient's bills that were not previously taken. They identified and posted a large backlog in Medicaid payments. And they adjusted timely filing accounts that showed no hope of being collected. Patient balances were moved to

bad debt as appropriate. The billing team then appealed insurance denials with supporting documentation — a hugely strategic move as claims denials represent millions of dollars in lost net revenue for hospitals and health systems.

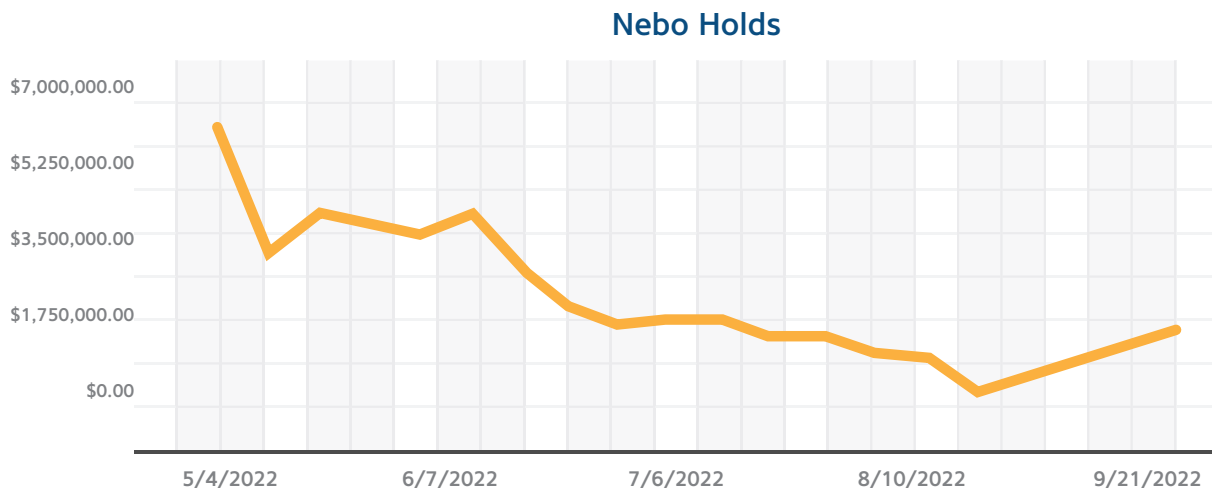
Next, RevSpring focused on increasing the hospitals cash collections. They focused primarily on high-dollar and aged accounts. A large spike in January 2018 was a result of Medicaid payment backlog being posted. Staff was reorganized by payer and the team implemented automated payment reminders for critical events.

As a result, by the end of 2018, cash collections increased by 25%.



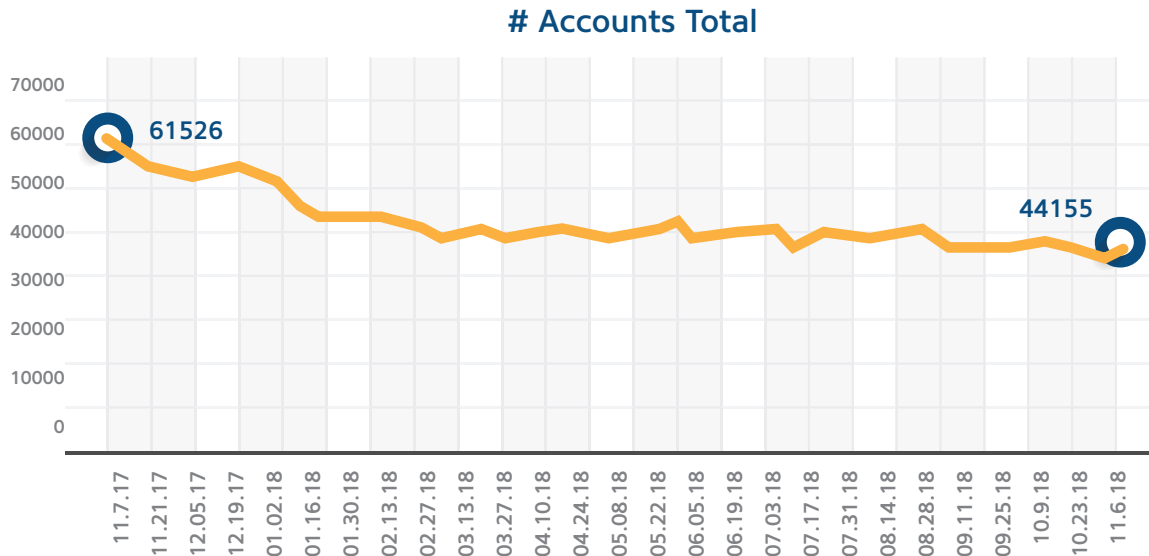
In May of 2018, RevSpring took over billing software holds. Large numbers of duplicates were found, as well as claims that were already billed — the billing team deleted these. RevSpring then focused on hold errors, which they resolved by contacting the specific departments, correcting the errors and then billing the claims.

They were able to decrease bill holds by a whopping 94%: From \$6 million to \$369,668.



Poor data quality has become a critical issue for many hospitals and providers, affecting the way they do business and their bottom lines. Research from Gartner on data quality found that in 2017, poor quality data had an annual average cost of \$15 million. As a result of making improvements to the hospital's existing data set,

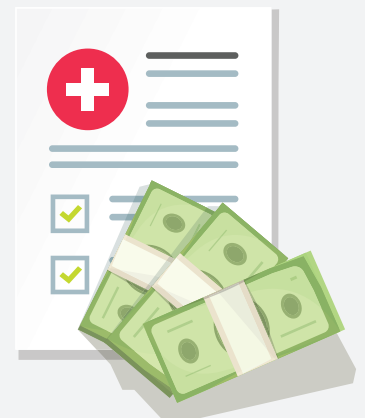
the total number of accounts in AR was reduced by 28%, making the entire AR balance far more manageable.



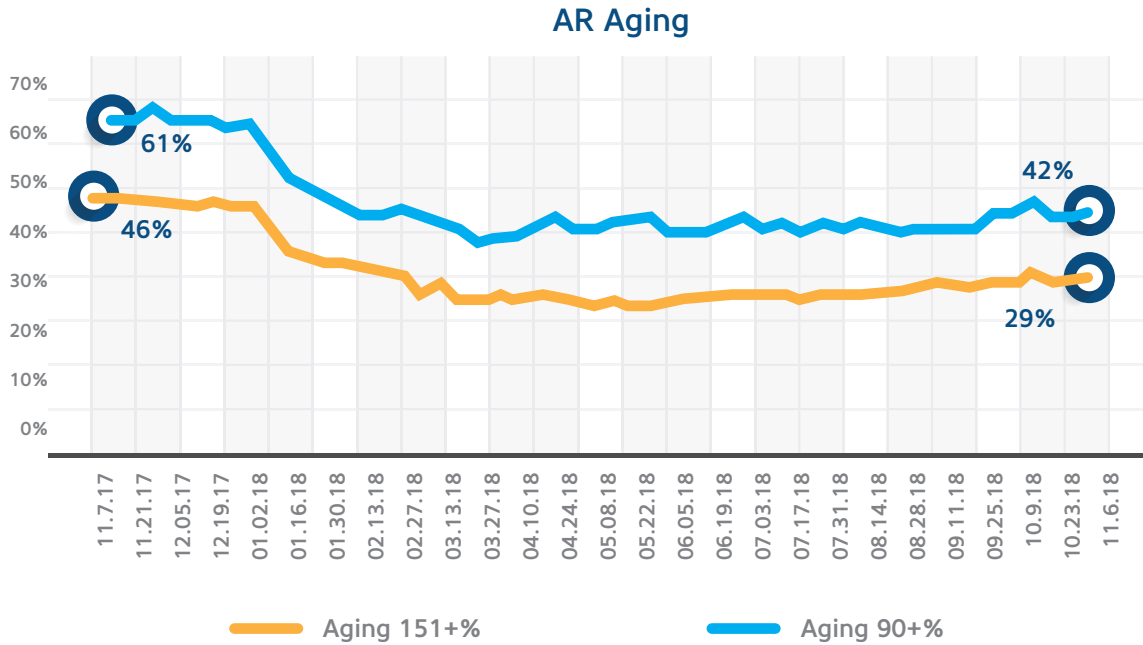
The Results



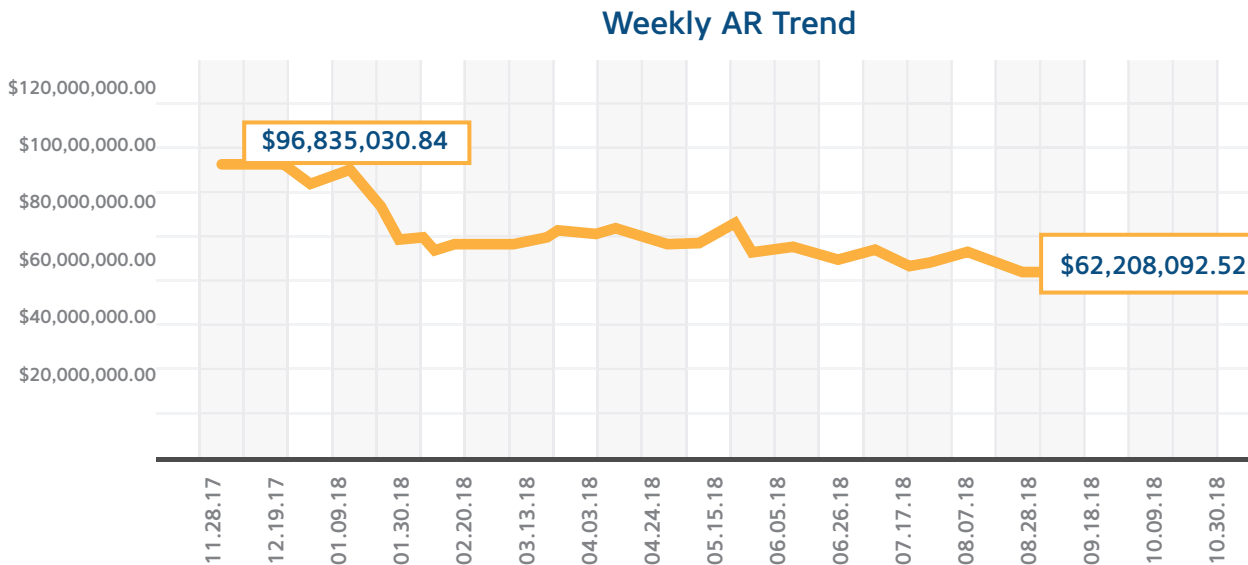
- AR was reduced by 36%
- Aging of accounts improved for both >90 days and >150 days
- Increased cash collections by 25%
- Decreased bill hold by 94%
- Removal of duplicate accounts
- Resolution of hold errors



At the end of 2018, when RevSpring handed the reins back to the hospital staff, aging of accounts was improved by almost 20% for both >90 days and >150 days.



The entire AR balance was reduced by 36%: From almost \$97 million to just over \$62 million.



RevSpring is a leader in patient communication and payment systems that tailor engagement touch points to maximize revenue opportunities in acute and ambulatory settings. Since 1981, RevSpring has built the industry’s most comprehensive and impactful suite of patient engagement, communications and payment pathways backed by behavior analysis, propensity-to-pay scoring, intelligent design and user experience best practices.

RevSpring leverages “Best in KLAS” software and services to deliver over 1 billion smart medical communications each year that drive increased patient engagement and payment rates.