

# CASE STUDY

## REVENUE CYCLE SUCCESS IN A MENTAL HEALTH HOSPITAL

Impact Advisors helps Oregon State Hospital implement a “best practice” Revenue Cycle.



*Location: Salem, OR*  
*Employees: 2,000+ Associates*  
*Serves: 1,400+ Patients per Year*

### BUSINESS CHALLENGE:

Oregon State Hospital (OSH) is a freestanding, inpatient psychiatric hospital and the state provider of inpatient behavioral healthcare.

OSH engaged Impact Advisors to assist in the process of implementing new policies, procedures, protocols, and processes to enable the organization to perform at or above “best practice” Revenue Cycle benchmarks. Specifically, the organization needed a strong project plan and the resources and expertise of Impact Advisors to help guide them toward the achievement of its long-term financial and operational goals. Having recently undergone an EHR conversion, OSH was also struggling to fully utilize or understand its new system.

To begin, Impact Advisors conducted an opportunity assessment to gain a complete picture of OSH’s Revenue Cycle functionality and, more importantly, identify the gaps to be addressed to realize OSH’s objective of best in class Revenue Cycle.

### Business Challenge:

Develop and implement policies, procedures, protocols and processes to achieve “best in class” Revenue Cycle performance in a new EHR environment

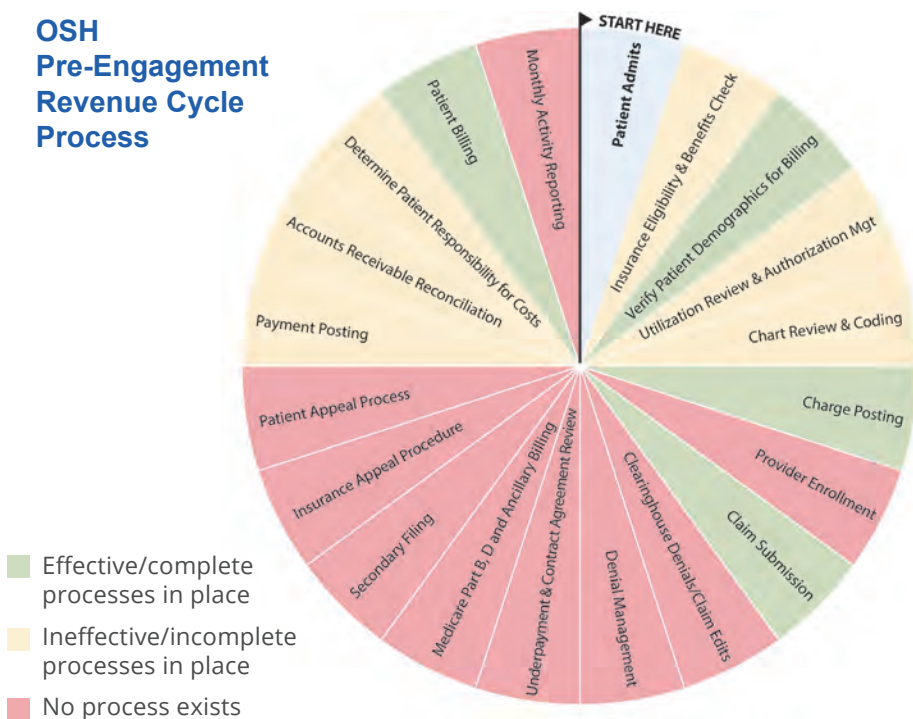
### Solution:

Impact Advisors’ Revenue Cycle Optimization & Implementation Services

### Business Results:

- Increased average monthly cash collections 477% (as compared to 6-month pre-project period)
- Discovered \$6.65M in unposted cash – the result of posting backlogs and EHR system limitations
- Created a hospital-wide Denials Taskforce that meets monthly to review and resolve root-cause denial issues
- Created and implemented quality and productivity standards
- Created training manuals tailored to each job title within the Business Office
- Updated patient statements to increase legibility and patient satisfaction

### OSH Pre-Engagement Revenue Cycle Process

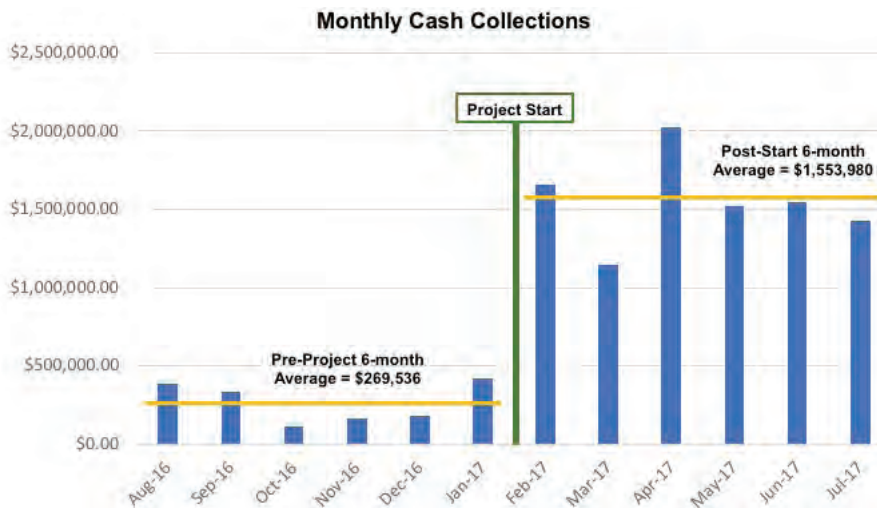


## SOLUTION & RESULTS:

With a clear understanding of areas needing improvement, OSH engaged Impact Advisors as a strategic partner to assist with implementing change. Based on needs, this Revenue Cycle engagement focused on three distinct areas: 1) Cash Acceleration, 2) Denials Management, and 3) Process Development and Improvement.

### CASH ACCELERATION

OSH was eager to see immediate results, as billing, collecting, and cash posting functions had yet to return to pre-conversion levels. Although all three of these areas needed improvements, Impact Advisors immediately began targeted account sampling to identify low effort/high yield areas in which to focus. By first identifying account populations independently, then working with key stakeholders directly, both sides were better able to understand underlying issues resulting in low cash flow. Together, they were able to immediately improve the overall collection rate and the cash posting process. The results of the targeted efforts were visible in the first month of the engagement.



By independently selecting and targeting specific account populations, OSH was able to see an immediate lift in cash metrics. In addition, Impact Advisors was able to work with front-line staff to understand the unique barriers preventing these accounts from reaching final resolution; the team uncovered issues throughout the Revenue Cycle. The increased clarity into root cause issues helped the teams identify focus areas and next steps.

The initial efforts to immediately lift cash flow did not stop after the first review. The changes were lasting and continued to have a positive impact throughout the duration of the 17-month project. Upon completion, the average monthly cash collection figure equaled \$1,239,427.

### DENIALS MANAGEMENT

Historically, OSH had no process or dedicated resources for managing its population of denied claims. Through targeted account sampling, Impact Advisors was able to assess the current state denials management process. Impact Advisors worked with OSH to develop a plan to appeal and resolve current denials and address root cause process issues.

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*Simply put, Impact Advisors has the ability to listen. Past experience with other consultants resulted in power struggles, disagreements, and ultimately the inability to reach conclusions. From their first meeting with us, Impact took the time to understand our unique issues and listen to each voice in the room. By first listening, they were able to provide valuable insight when called upon. This has resulted in a powerful partnership that's led to meaningful change for us.*

**Eric Price**  
Oregon State Hospital

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### PROCESS IMPROVEMENT

The team's process improvement efforts focused on several key areas.

- **Quality and Productivity Standards** - Prior to the engagement, OSH was not tracking staff quality or productivity metrics. Impact Advisors worked with OSH to develop standards specific to the unique mental health environment. The standards were designed to help leadership gain a better understanding of departmental capacity, address quality concerns, and incentivize high-performing staff.
- **Redesign of EHR System** - A deep dive into specific revenue and CPT codes uncovered rate disparity between OSH and its local and national peers. This allowed OSH to increase some prices, further increasing revenue, while still staying in line with competitor organizations. Additionally, the team recommended new processes and functionality within the EHR to optimize account flow and expedite billing timelines, including: reviewing and revising claim edits, creating specific workflows for DNFB accounts, and creating communication channels to manage accounts needing attention from other departments.
- **Billing and Follow-Up Process Redesign** - The team rolled out new processes related to effective and efficient billing and collecting on all accounts. Working with the EHR vendor, the team compiled training materials for all billing functions. They also fully developed Follow-Up protocols, to better collect on accounts, and processes outlining appropriate action steps for accounts facing resistance to full resolution.
- **Staff Manuals** - All new department-wide procedure, policy, and protocol documentation helped create a foundation for the newly developed Revenue Cycle team at OSH. This included 30+ individual documents and the creation of a 300-page manual for each staff member, tailored to individual job functionalities.
- **Management Training** - Impact Advisors was responsible for conducting targeted leadership training with managers and directors within the PFS department. As many of these managers had been newly promoted to their leadership positions, Impact Advisors worked closely with each one to create a targeted training program. Relevant topics included defining key metrics and how those metrics can be improved. Example metrics include: A/R Days, A/R

The team's approach included mapping RARC and CARC codes to larger denial categories and assigning each category to a Revenue Cycle team. For example, Impact Advisors uncovered a large volume of CO-31 (patient cannot be identified as our insured) denials. In these cases, either patient demographic information was collected/entered incorrectly or perhaps the patient gave incorrect insurance information. These claims were categorized among eligibility-related denials, and the Patient Access team was assigned ownership, as staff could correct both issues by verifying patient information.

The initial review of denials (1,300 accounts; \$5.5M in denied claims) showed the majority of denials stemmed from Financial Counseling, Registration, and Admitting. To reduce future denials, additional staff training was conducted for these teams. Focus areas included obtaining patient demographics and insurance information, confirming eligibility and authorization, and formalizing patient discharge planning.

In order to create lasting change, OSH tasked Impact Advisors with developing a robust denials management program, including: creating a new position within the organization responsible for the overall denials program, establishing a cross-functional denials taskforce, implementing a comprehensive training program to educate all key stakeholders, and defining and tracking denial metrics with custom reporting.

Through process mapping, effective planning and program management, development of comprehensive reporting and the combined implementation efforts of OSH and Impact Advisors, OSH transformed from a Revenue Cycle operation with significant opportunity to a well-performing organization well on its way to best practice performance.

## SOLUTION & RESULTS:

over 365 days from discharge, Average Daily Revenue, Cash, Unposted Cash, Adjustments, Cash Factor, Cash to Adjustments Ratio, DNFB, DNFB Days, Credits, POS Collections, Agings, Average Length of Stay, Average Daily Census, Percentage of Occupancy, and Percentage of Revenue Collected Per Day. Impact Advisors also discussed Patient Access roles and responsibilities, the benefits of a dedicated Follow-Up team, Revenue Cycle compliance highlights (Office of the Inspector General's 7 Elements of a Compliance Plan), typical management responsibilities, and separation of duties.

- **Payment Posting Review** - Impact Advisors reviewed payment posting efforts to find over \$6.65M in unposted cash. To accomplish this, the team individually reviewed Medicare and other payer portals for 275 accounts for which the EHR did not identify as having payment information. This information was not included in the EHR system due to posting backlogs and EHR system limitations.
- **Provider Enrollment Policy** - A detailed review of accounts led Impact Advisors to identify two physicians not enrolled with Medicare for billing. After digging deeper, the team discovered there was no formal hospital-wide policy regarding enrollment. Impact Advisors made recommendations regarding physician onboarding and contracting to avoid unbillable episodes.
- **Real Time Eligibility (RTE)** - Based on denials received, a review of front-end workflows led the team to uncover issues with both RTE processes and tool functionality. Impact Advisors worked with OSH to implement expanded functionality and optimized workflows.
- **Patient Statement Updates** - Impact Advisors' review found that a majority of the Customer Service team's time was spent answering calls from patients who were confused about the expected liability information on their statements. The Impact Advisors team worked with OSH to update these patient-facing statements to increase legibility and improve patient satisfaction.

## CONCLUSION: POWERFUL PARTNERSHIP

The success of this Revenue Cycle optimization project reinforced the established "trusted advisor" relationship Impact Advisors has developed with OSH over several years and engagements. This powerful partnership and the positive completion of Revenue Cycle enhancements has left OSH with two things: a partner they can return to in the future, and one they don't hesitate to recommend to others seeking Revenue Cycle services.

## ABOUT IMPACT ADVISORS:

Impact Advisors works with leading healthcare organizations across the country, providing objective expertise to improve the value and effectiveness of revenue cycle services, including operational workflow and system enhancement. We have deep healthcare revenue cycle application management knowledge and understand the importance of accurate, timely data for cash flow management, performance reporting and analytics.

For more information about Impact Advisors or our Revenue Cycle Optimization services, visit [www.impact-advisors.com](http://www.impact-advisors.com).