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Evaluating Revenue Cycle Technology Upgrades

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While a major uptick in revenue cycle technology investment has not yet occurred across hospitals and health systems, many revenue cycle leaders have taken the plunge to replace dated revenue cycle systems to improve performance and patient experience.

While many hospitals and health systems are caught between the need to make revenue cycle technology improvements and addressing other organizational priorities, several hospitals have achieved success by following an eight-step process to overcome obstacles and implement technology upgrades.

The following steps and examples from several hospital and health system revenue cycle departments may help revenue cycle leaders who are still on the fence about how or when to make a technology change.

Determining Technology Needs

To ensure proper implementation of each of the following steps, ensure a clear line of communication between senior executives and revenue cycle staff.

Identify revenue cycle process and outcome dependencies. Develop a list of business requirements and must-have functions that relate to operations performance, patient experience, accountable care and population health, and clinical integration.

For example, one health system located in the Southwest identified seamless patient access as a critical component of any technology upgrade. After the health system acquired four hospitals, the assumption was that they would all convert to a legacy platform. However, after evaluating that decision, the health system recognized that converting the four acquired hospitals to the legacy platform would make it more difficult to recognize patients using services at both the four acquired facilities and other hospitals in the system. The result would be complications with patient access functions, including registration accuracy, enterprise master patient index maintenance, medical record duplication, and billing and collections efforts.

The acquisition of the four facilities was the tipping point that made revenue cycle leaders realize that a new solution was required.

Assess current revenue cycle operations, the technology environment, and planned initiatives. Management teams should take an honest and detailed look at the committed and expected initiatives planned over the next three to five years that will draw on revenue cycle resources. The focus should be on the two- to three-year timeframe that will coincide

Why Some Revenue Cycle Leaders Aren't Upgrading Technology

Six reasons why revenue cycle technology upgrades have been put on the back burner

Multiple reports published within the last several years predicted a surge in revenue cycle technology investments (Fabozzi, N., *U.S. Hospital Revenue Cycle Management*, Frost & Sullivan, April, 2013; Miliard, M., "Revenue Cycle Poised for Big Rethinking," *Healthcare IT News*, June 12, 2014.) Revenue cycle leaders know all too well that many dated systems still in operation are not equipped to support changing expectations for the patient, clinician, and end-user experience that are associated with self-service, patient recognition, mobile device access, and/or patient information integration.

Yet, it seems the predictions have yet to materialize. Why? The following factors are the likely culprits:

Organizational capacity. Big bang clinical and revenue cycle transformation requires substantial financial and resource capacity. So instead of tackling numerous projects, many revenue cycle leaders take a phased approach. Revenue cycle technology upgrades are commonly delayed because of the perception that limiting process and technology changes will protect cash flow and allow for strategic transformation in care delivery. However, in many hospitals, major revenue cycle technology upgrades offer more value than just making incremental changes.

Emphasis on meaningful use. With the majority of meaningful use incentives rewarding clinical integration, investment in clinical systems has been accelerated, often leading organizations to deprioritize revenue cycle system investments.

Capital allocation. A major revenue cycle technology overhaul is expensive. The demand for capital is further complicated by shrinking reimbursement rates. As a result, the revenue cycle phase is often delayed to protect the cash flow that will continue to fund the capital. budget, allowing for critical clinical needs to be addressed first.

ICD-10 delays. The risks of managing an 18-24 month revenue cycle system implementation when coupled with the uncertainty around ICD-10 caused many health systems to delay planned revenue cycle system implementations.

Merger and acquisition activity. Across the nation, hospitals and physicians have been merging at a rapid pace. The process of integration impacts multiple aspects of change, including system integration. System selection and implementation are often deferred to address larger strategic deliberation about operations and governance integration.

Tough technology choices. In hospitals and health systems that have achieved a high-performing revenue cycle with current state-of-the-art technology, including bolt-on investments (e.g., a charge capture analysis tool that monitors activity in the core revenue cycle system), revenue leaders may be concerned that functionality may take a step backward if changes are made. Organizations are making tough choices about the trade-offs between the benefits of a single platform, a potential dip in revenue cycle performance, and the promise of future vendor functionality.

Many healthcare organizations are stuck between the need to make revenue cycle management technology improvements and other organizational priorities that prevent them from moving forward.

with a revenue cycle technology upgrade. Planned maintenance to existing technology platforms should be included in this analysis.

For example, over the past several years, ICD-10 has been an obvious initiative that draws on revenue cycle and IT resources. Another example includes service expansion and the opening of new facilities. While these initiatives are not primarily led by revenue cycle, they have critical and time-consuming components that can impact the front, middle, and back-end of the revenue cycle.

Health systems are best served by taking the following steps:

> Assessing the resource requirements for the total portfolio
> Determining initiatives that match the strengths of the existing team
> Determining initiatives that warrant the addition of full-time staff
> Determining initiatives that warrant the addition of temporary/consultative staff.

Educate the executive team. Senior executives outside of the revenue cycle and finance area may not be as familiar with available strategies. In one example, a health system with separate acute care and ambulatory governance and leadership teams came together to pursue a joint revenue cycle technology investment. To educate all team members, they invited senior leaders to meet with technology vendors that offered a wide array of solutions so senior leaders could get a broad overview of potential improvements.Structured debriefing sessions enabled multidisciplinary dialogue that might have been otherwise polarizing.

For example, a discussion about managing patient demographic updates across multiple facilities led to the full support of a new centralized enterprise master patient index team. Both groups agreed to give up some autonomy, and a medical staff committee was assigned governance responsibilities for the new model.

Define guiding principles. Review overall vendor strategies, the enterprise/departmental focus of processes and solutions, risk-return profiles, funding perspectives and approaches, value realization and sponsorship approaches, and the degree of IT and operations centralization. The southwestern health system mentioned earlier realized that its acquisition strategy would continue to place a burden on revenue cycle operations and technology platforms. Therefore, the primary guiding principle was to pursue a technology solution that would support centralized revenue cycle operations. Another guiding principle was to invest in a technology that could incorporate future acquisitions rapidly and at a specified cost.

Explore redesign needs. This process should be handled by staff below the executive level and research should include the opinions of a cross section of end users. This assessment team should use the following set of questions that drill down to the current state of the system and how it can be improved.

- What is the current state of workflow by role?
- What is working well?
- What is not working well?
- How will the new technology impact this workflow?
- What roles will change and what actions need to take place to support the role change?
- What automation opportunities exist?
- What measurements are established specific to this workflow?
- How are these measurements monitored?
- How should they be monitored?
- What other measurements are needed?

Determine a revenue cycle strategy and governance model—or improve on an existing model. There is no one-size-fits-all solution for a revenue cycle strategy and governance model, but there are key elements that should be addressed. One organization established a cross-functional revenue cycle steering committee to oversee current performance and planned initiatives. Standing committees were established, based around the revenue cycle organizational chart, to monitor defined metrics and report regularly to the steering committee. The standing committees would charter ad hoc groups to formally manage complicated initiatives with an expectation that regular, standardized communications were made all the way up to the steering committee. Escalation criteria were established to define the autonomy for decision-making at the lowest level and resolution path to resolve critical issues if need be.

Develop a three- to five-year tactical plan. This plan should be developed during the assessment of current revenue cycle technology and planned initiatives. It should include operations and IT initiatives and supporting operating and capital funding requirements. Once all improvement initiatives are identified, the next steps are to identify critical path dependencies between and across the initiatives and develop the resource plan and budget, including any expected ROI that should be reasonably projected across the three-to-five year plan. This step will support the formal budget process and assign a strategic value to each initiative.

For example, one health system used this process to justify both capital and operating expenses totaling $3.2 million with the commitment of driving an incremental $34 million to the bottom line by year three. These assumptions were baked into the health system's strategic operating plan, which ensured a smoother approval process for each annual budget.

Establish a project prioritization mechanism and ongoing monitoring process. The three- to five-year plan should be a living document managed by the revenue cycle steering committee. The guiding principles mentioned above can serve as a starting point for the project prioritization mechanism. Organizations are best served with a structured evaluation process every three to six months to ensure the right initiatives are queued up in the right sequence.

For example, when the ICD-10 date was moved from 2014 to 2015, one hospital was able to reference its plan and accelerate investment in a patient access improvement technology to assist with automated eligibility checking and patient responsibility estimation. The organization established a nine-month window based on the delay, and the patient access initiative was predicted to take eight months from initiation to stabilization. The decision process was made more nimble as a result of the structure that was put in place.

Reaping the Rewards

Using these steps to facilitate consensus and ownership among executive management, revenue cycle leaders can implement technology solutions that reflect their hospitals' strategies and guiding principles, governance and decision making, organizational and management processes, and applications, technology, and management initiatives.

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