How are You Managing Your Revenue Cycle?

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Tightening margins. Declining reimbursements. Cost pressures. Sound familiar?

The complexity of managing the revenue cycle has never been greater than in today’s healthcare environment. From the economic impact on an organization’s bottom line, to the continued advancement of healthcare reform, the need to stay three steps ahead has never been more important for your organization’s financial health.

**Staying Ahead**

Staying ahead means knowing your strengths and weaknesses. Do you have the right talent? Do you know what the market conditions are doing to your revenue cycle? How do you approach declining reimbursements without impacting quality or strategic initiatives? These are not easy questions to answer.

**Know Your Organization**

Knowing what your organization does well, and what it does not do well, is one way to determine how to best approach your revenue cycle.

Take Business Intelligence (BI) for instance. It’s not just a term for reporting. It applies to the overall approach to your revenue cycle.

BI can help you evaluate areas with the greatest impact to your cash —like denials management and follow-up. As you examine these areas, BI will begin to display a picture with areas of concern.

You may come to realize that outsourcing portions of your revenue cycle might be an option. For example, converting to a new billing system is going to impact A/R and denials no matter how good your organization. You cannot install and manage the old A/R at the same time.

Leaders need to look at what makes good business sense for the organization, especially regarding denials management, and ultimately what’s good for the patient. Can you financially support growth if your cash flow is being impacted?

Cost pressures from staffing and IT costs are all having dramatic effects on the providers, not to mention ICD-10. The implications of ICD-10 on the billing process itself are staggering with regard to workflow, systems, and reimbursement. Documenting the clinical process correctly is critical.
Involving Physicians

Physician alignment is one area that will be crucial in transforming your revenue cycle. Whether inpatient or outpatient, the revenue cycle will impact physician compensation. This means you have to include physicians in any associated initiatives. Bring them into discussions about charge capture. Educate them on the impact on denials and eligibility. Have the physician sit down next to you as you both look at options in managing the revenue cycle.

The management of the physician practice does directly impact all aspects of your revenue cycle, and ultimately your cash flow.

Embracing Technology

The old manual models are a thing of the past. Technology is woven into our daily lives and needs to be integrated into the revenue cycle. This does not mean a minimal touch approach of writing off denials in advance; it means using people and technology to limit the denials ahead of time.

Accountability and Reform

Accountability will force providers and the business office to work side-by-side to maximize reimbursements — especially as reform advances.

Healthcare reform/accountable care organizations — it’s all here and it’s still advancing, whether you’re good, bad or indifferent about it.

Today’s current economic factors are, in some cases, crippling providers. Throw in reform and without question a transformation of the current model is needed. Changing from fee-for-service to accountability is going to impact cash flow.

We believe this transformation is forcing mergers and acquisitions across the spectrum, which will impact both your inpatient and outpatient revenue cycles.

For example, if your hospital adds new physician groups to the mix, great; that will feed the inpatient cycle. But what does that mean to your existing revenue cycle? Does that mean a best-of-breed or an integrated system approach? And how do you scale the operations to support growth? You have to look at different options.

Understanding it All

We’ve all heard the real estate mantra, “location, location, location.” Well, with your revenue cycle it’s all about cash, cash, cash. Without it, buildings don’t get built, physicians don’t get paid, and the patient is left looking for care elsewhere.

In the end, it’s about knowing how to scale the operations to meet the needs of the organization to support financial stability and growth. It’s also about using BI to monitor performance. None of this means your cash has to be impacted; you just have to know and understand your options.

John O’Donnell is the president and chief executive officer for SPI Healthcare. SPI Healthcare is the leading integrated revenue cycle and clinical documentation improvement firm and the partner behind healthcare’s best-performing providers.