Founded in 1959, Bethesda Healthcare System is a nonprofit health care organization serving the medical needs of Florida’s South Palm Beach County. The health system includes several ancillary facilities, as well as the 401-bed Bethesda Memorial Hospital, the 39-bed Bethesda Heart Hospital, and the 80-bed Bethesda West Hospital that is being constructed, with completion scheduled for 2013.

**Background**

Facing price erosion and rising costs, Bethesda Healthcare System sought a partner that would provide a comprehensive revenue cycle management program for its hospital and outpatient facilities. Specifically, the health system wanted to implement solutions and processes that would automate workflows, control operational costs, deliver predictable revenue streams, and improve financial performance. Bethesda engaged Optum in 2010 to manage its revenue cycle, and quickly realized substantial results:

- New processes reduced the time it took to schedule patient appointments by 80 percent
- Discharged, not final billed (DNFB) rates decreased 63 percent, dropping to $15 million from $40 million
- Cash receipts increased from $18 million to $23 million — an increase of 28 percent

Although quite satisfied with its initial results, Bethesda still needed to address other challenges as it moved forward with its revenue cycle improvements.

**Challenges**

Following its initial successes, Bethesda worked with Optum to identify other areas within the revenue cycle that were impacting the organization’s financial performance. Key findings focused on the following areas:

- **Denial Management** — Processes to research and follow up with payer claim denials were inefficient, causing backlogs and missed revenue opportunities.
  
  “We needed a way to start looking at denials as areas of responsibility, meaning whether an error occurred in a process that was initiated by health information..."
management, patient access, billing, eligibility, authorizations, etc.,” said Pam Abbott, director of patient financial services for Bethesda.

- **Patient Collections** — Throughout the industry, higher patient co-pays and deductibles are substantially increasing the amount of revenue that provider organizations need to collect from patients. Bethesda faced difficulties knowing how much to collect from patients at the time of care delivery, or how to bill them accurately in a timely manner following their encounter.

- **Stopping Financial Leakage** — Write offs were reaching unacceptable levels for several reasons. The organization had limited resources available to track and ensure that proper insurance payments were received. In addition, write offs resulted when the organization provided services that insurance companies would not cover without an advanced beneficiary notice, or when the organization failed to collect patient-owned balances.

**Solutions**

To find solutions to its challenges, Optum dedicated a team of experts, many of whom work full-time onsite with the Bethesda staff in the following functions:

- Patient Financial Services
- Health Information Management
- Revenue Integrity
- Patient Access
- Technology project director
- Site lead

Optum’s long-term, end-to-end engagement is designed to address a hospital’s comprehensive revenue cycle needs by combining data analytics, commercialized technology, industry-leading consulting and managed services to deliver a complete solution for sustainable results. Optum staff members teach, coach and mentor associates on the front line so they have the authority and accountability to make positive, repeatable improvements — all of which result in a more engaged and proactive team environment.

Optum consultants used Lean Six Sigma processes to identify problem areas and to determine where to implement new solutions or processes. “We mapped out the current state of the situation, identified where there were gaps or overlaps in work, and took a closer look at the areas where tasks simply weren’t getting done,” said Eileen Littel, Optum director of revenue cycle managed services, and site lead at Bethesda. “We compared our findings to Bethesda’s desired state and did a gap analysis to determine how the organization could achieve its desired state.”

Working with the revenue cycle staff, Optum consultants determined that the lack of visibility into claims-related processes was a root cause for many of Bethesda’s challenges. To begin resolving the issues, Bethesda turned to Optum’s eFR® Platform that was installed when the engagement was initiated in 2010.

Optum’s eFR Platform unites information from all applications in the revenue cycle to provide intelligent automated workflows, denial management, and targeted analytics, enabling process improvement by identifying bottlenecks and ineffective procedures. The eFR Platform provides access to a complete view of an account, from inception through resolution, in a single system that compiles electronic data and scanned images. The application records descriptions and dates for every claim-related event that occurs.

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Bethesda Healthcare System

“I love the eFR Platform. It gives you the ability to see so much at a glance. The reporting is great, so you don’t have to run a special ad-hoc report when you need specific information,” Abbott said.
Optum consultants worked with Bethesda's staff to leverage data within the eFR Platform to address multiple issues, such as:

- Stratifying claim denials by payer, service area, denial reason and potential reimbursement value to reduce denials and write-offs
- Tracking cash collections and adjustments per day and by payer (including patient-owed balances) to isolate areas where billing staff could focus their attention in follow-up and collection efforts

Optum tracked these metrics on weekly status reports compiled from data in the eFR Platform. “We started to look at everything on a weekly, rather than a monthly, basis, so we could identify problems quicker and act on them,” Abbott said. “The eFR Platform creates work lists so our payer follow-up staff can focus their efforts on specific batches of claims that are sorted by payer or a specific denial issue. Also, we use the eFR Platform’s functionality to communicate between departments to resolve issues, which is more efficient since it eliminates emails, phone calls or walking to another department.”

In addition, Optum worked with Bethesda to implement new processes and technology that helped to properly identify patient-owed balances at the time of the encounter, as well as after care delivery. Technology-enabled process improvements included training front-office staff to look up accurate information from payers about co-pays, deductibles and out-of-pocket limits during patient check-in and registration. The billing staff also benefited from new technology that allowed them to look up contracted rates by procedure and diagnosis for each payer, enabling them to more accurately predict payments.

Results

The combined efforts of Bethesda and Optum have increased monthly cash collections from both payers and patients by an average of $200,000. This improvement is the result of increased productivity, facilitated by technology that provides greater insight into the revenue cycle process.

The eFR Platform provided increased visibility into claim denials, which immediately impacted the productivity of Bethesda’s insurance follow-up staff. Prior to using the eFR Platform, the staff worked on about 15 to 17 accounts per day. That average is now up to 60 accounts per day.

In the past, a call to payer may have focused on a single denial. Now, the staff focuses on resolving multiple denials with each call, thanks to the eFR Platform’s ability to stratify claims by denial types. By assigning denied claims to specific “buckets,” or work queues, the solution allows follow-up staff to receive, prioritize and work the denials in batches, greatly increasing productivity.

The technology also enables Bethesda to identify denial trends using various reports, so that recurring errors caused by front-end, billing, or coding staff are spotted and corrected quicker.

Bethesda is also experiencing reductions in financial leakage resulting from write-offs in patient-owed balances, payer reimbursement, and failures to properly determine payer coverage before care is delivered.

The organization is collecting more patient-owed balances due to more accurate up-front estimates, and writing off fewer of those dollars. Optum implemented new processes and technology that allow Bethesda to provide patients with accurate estimates of their financial obligations at the time of care delivery. “Administrative write-offs are low, since we now have the processes and tools in place to better monitor patient accounts, get them billed timely, and prioritize collections,” Abbott said.

Contractual adjustments related to payer reimbursement are also decreasing due to technology facilitating more accurate billing transactions. “We now accurately track payer balances by their contracted rates. Accuracy in the system “netting-down” process provides us with a true picture of the actual net accounts receivable. In the

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past, estimates were calculated, resulting in various debit and credit corrections in the patient account. Bethesda's billing is more precise now, and we more accurately budget by predicting cash receipts by payer," Littel said.

Reducing occurrences of providing care not covered by payers is also reducing write offs. “We’re better able to identify problems that happen on the back end of the process and move those issues upstream to resolve them. We do this with increased compliance checking at every point of entry to determine if payers will cover the service that we’re providing, which reduces write offs," Littel explained.

“Our tools allow Bethesda to quickly determine coverage. And in situations where there isn’t coverage, staff can talk with patients in advance so they’re aware of their financial obligations. It takes highly trained individuals to work with patients in this manner, and Optum has worked closely with Bethesda staff to improve their handling of these situations,” said Littel. “The result is fewer write offs and more satisfied patients because we are addressing their financial needs earlier in the process.”

Abbott added, “By collaborating with Optum, we’re addressing our entire revenue cycle, from the front office staff, to HIM, case management, and billing. We’re making great strides in making other departments part of our team, and it really makes a big difference in improving the revenue cycle when you get ‘buy in’ from everyone. We no longer operate in silos. We function as a team.”

Custom reporting developed by Optum allows Bethesda to gain greater visibility into denials area of responsibility and denial type.