

# Performance Strategies



Accelerate and Improve Revenue Results Now

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## Spartanburg Regional Improves Revenue Results By Optimizing Existing Technology



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### Technology Take 2

At [Spartanburg Regional Healthcare System](#), which covers counties in North Carolina and South Carolina, we believe in continual improvement. We reviewed our revenue management processes about a year ago and suspected we might be able to take our existing technology to the next level.

While we have gained many benefits from our McKesson [patient accounting system](#) since implementing it years ago, we wanted to improve our results for failed claims, unbilled accounts and days in accounts receivable.

**The problem:** From our review, we found we were completing many revenue management processes manually — despite the fact that our system could automate these functions.

**The reason:** For many years, McKesson's patient accounting system was maintained by our information technology department with little input from the business side of the house. Because of this disconnect, the solution did not fully support the workflow or meet the needs of the revenue management professionals in our integrated delivery system. Therefore, it was under-utilized by many of our staff members.

### Operation Optimization

To remedy the situation, Brian Earnest, our business office and revenue cycle optimization manager, along with a team from McKesson, began a revenue cycle optimization initiative. The team started by conducting a gap analysis to compare the capabilities of the solution to what the Spartanburg team was actually using. Our team quickly concluded that there was an opportunity to take better advantage of the technology. We identified eight specific areas for optimization as a result of this analysis.

Many of the tables in the patient accounting system, for instance, were not configured optimally. For example, the insurance master tables were not built to streamline the registration staff's workflow. We reviewed the process for identifying insurance coverage, and we were able to significantly reduce the categories staff had to review — improving ease of use and speeding registration and patient flow.

We also discovered that staff members were manually processing payments for each individual account. To improve this process, McKesson consultants established electronic remittance advice (ERA) functionality for each payor. Now, instead of manually posting an individual payment for each account, the amounts are posted automatically, and our staff members only have to become engaged when there are specific problems that warrant attention.

In addition to helping our staff members make better use of the system, the McKesson consultants provided expert advice related to overall revenue cycle workflow processes. In essence, they helped our staff members identify current inefficiencies and then implement more effective work protocols.

### Real Results

Our optimization of the revenue cycle management system quickly brought significant results. For example, in just six months, days in accounts receivable decreased from 57 to 48, the amount in unbilled accounts dropped from \$40 million to about \$25 million, and the amount in failed claims decreased from \$45 million to just \$6 million.

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## Spartanburg Regional Improves Revenue Results (Cont.)

The optimization initiative, however, is just the beginning of our revenue cycle improvement initiatives. Our next step is to enhance the system's effectiveness by implementing RelayHealth connectivity tools, which will enable us to add [automated financial clearance services](#) to the mix. We'll also implement an electronic business office so we can offer an [online bill payment option](#) to patients. As a result of these additions, we are looking forward to further improvements in our financial health.

*Mark Aycock has 27 years of financial and accounting experience. He joined Spartanburg Regional Health System as senior vice president, CFO in December 2008. Spartanburg Regional Health System is a three-hospital system with a large physician practice plan that serves as a major healthcare provider to the growing upstate area of South Carolina. Mark is a member of the American Institute of Public Accountants (AICPA) and the Healthcare Financial Management Association (HFMA).*

### Spartanburg Regional Healthcare System Accelerates Revenue Results

Performance Indicator	Improvement from March 2009 to September 2009
Days in Accounts Receivable	16% reduction
Unbilled Accounts	33% decrease
Failed Claims	87% reduction

Spartanburg Regional's initiative to optimize its use of technology resulted in acceleration of revenue results by reducing days in Accounts Receivable and significantly reducing the number of unbilled accounts and failed claims.

## Learn More

[hfm magazine: Adapting Customer Service to Consumer-Directed Healthcare](#)

[HFMA: Leveraging Business Intelligence for Revenue Improvement](#)

[HFMA: The Opportunity of Price Transparency](#)