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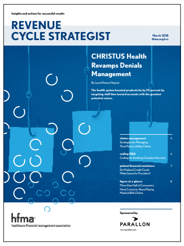

• **denials management** •

CHRISTUS Health Revamps Denials Management

By Laura Ramos Hegwer

Predictive analytics helps teams target accounts that have the greatest impact on the bottom line.

CHRISTUS Health, a large Catholic health system based in Irving, Texas, has developed a denials management strategy that enables revenue cycle staff to work at the top of their game. As a result, leaders have increased productivity by 25 percent while reducing denials backlogs and improving cash flow.

The transformation began more than four years ago after CHRISTUS consolidated five central business offices that had operated as independent revenue cycle units into one centralized office. Maintaining financial performance during consolidation was a challenge.

"When cash starts slowing down and bad debt and denials start going up shortly after a consolidation, it creates an urgency to make changes to improve performance," says Ryan Thompson, vice president, revenue cycle. "Work was slowing down due to the magnitude of the change, which presented an opportunity to look at things differently and take advantage of economies of scale."

Leaders at CHRISTUS recognized that part of the problem was that the organization had lost many of its experienced revenue cycle managers and staff through voluntary and involuntary turnover during the consolidation. To help less experienced team members work smarter and maintain a high level of productivity, Thompson and his colleagues set out to create an exception-based workflow for denials management.

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Focusing Attention Where It Matters

An exception-based workflow is "a complicated algorithm that strives to bring the right account to the right person at the right time," Thompson says. The goal is to avoid having staff touch a claim that is likely to be paid, focusing instead on denials or underpayments where they can maximize their "cash per touch."

The workflow relies on a predictive analytics tool that automatically checks the status of claims. When denials and underpayments occur, the tool automatically prioritizes which accounts staff should work on first, based on factors like balance and collectability.

Once a payer response is received on a claim, the predictive analytics tool assesses the cash value of a follow-up effort. From there, the tool segments and prioritizes accounts based on the expected recovery each day. The tool creates worklists that prioritize the top five accounts for collectors to work each day, ignoring accounts that are likely to be paid without intervention. This means staff worklists are shuffled daily.

This is a departure from CHRISTUS' former workflow, in which payer teams would conduct manual claims-status checks and then follow up on denials and underpayments based on the balance and age of the account. In the past, regionally based revenue cycle staff used strategies like shared Excel logs to route accounts from denials management—a labor-intensive process that failed to take advantage of the health system's economies of scale.

Putting the New Process in Motion

To develop the workflow, CHRISTUS partnered with a vendor that provides denial analytics services. Together, they developed a tool that automatically analyzes 837 and 835 claims reports, demographic and insurance information, and financial transactions to prioritize the most valuable accounts based on factors like dollars and collectability.

During implementation, many experienced staff quickly caught on to the tool's guided workflow, which requires users to answer questions to ensure their work adheres to CHRISTUS' standards. However, some less experienced collectors struggled with the new workflow.

Some staff members did not initially trust the tool and would try to develop workarounds. "They would write down account numbers and do extracts of an aged trial balance to get accounts they thought were a higher priority," he says.

Through education, coaching, and practice, these staff members recognized that the workflow made them more effective. "It took a year to get full buy in and adoption," Thompson says.

Improving Performance

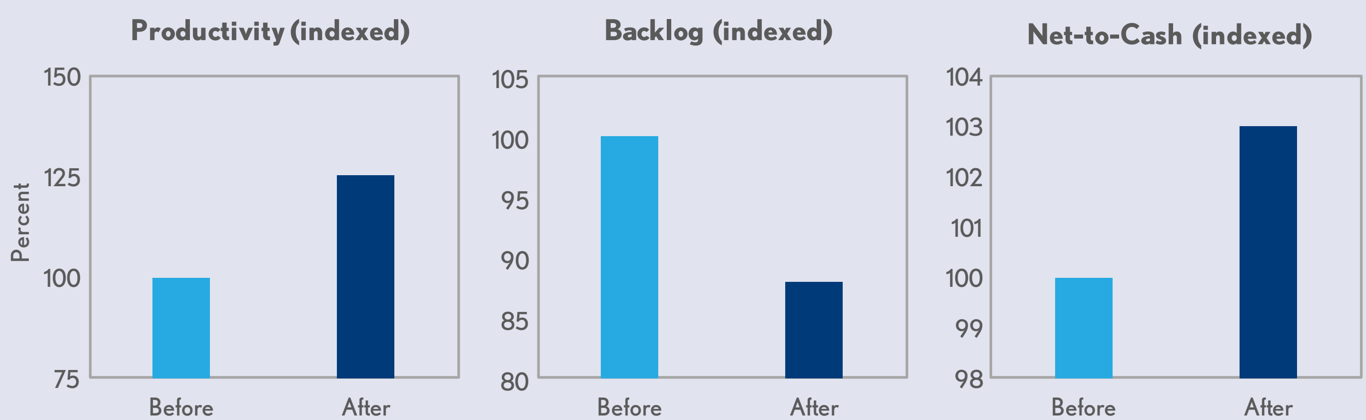
The new workflow that focuses staff time on accounts that need manual intervention—not the accounts that are likely to be paid without staff effort—enabled CHRISTUS' revenue cycle team to improve productivity by 25 percent. The team also reduced the accounts backlog—mostly denials—by 12 percent.

The workflow helps CHRISTUS capitalize on its resources. When staff must rebill claims for reprocessing by a payer or need to complete an audit, leaders are better able to shift resources as needed. Thanks in part to this flexibility, CHRISTUS has maintained collections at 100 percent of its goal (net revenue) during the past two years.

Net-to-cash ratio (the percentage of expected payment in the first 120 days) also has increased by 3 percent. "The tool allows us to collect A/R [accounts receivable] faster, and there is an additional yield [net revenue] from those claims that we would not have collected through a denials management process," Thompson says.

CHRISTUS Health Reduces Denials and Improves Financial Performance

Since rolling out an exception-based workflow, leaders at CHRISTUS Health have realized a significant change in their operational performance.



Source: CHRISTUS Health and Connance. Used with permission.

In addition, claims denied for untimely filing are down 50 percent over the past two years. Technical denials have dropped 20 percent year to year due to the new workflow and standardized revenue cycle processes across the system.

Heeding Lessons Learned

Thompson offers suggestions for implementing an exception-based workflow.

Secure early buy in. "Change is always hard, and we could have done a lot more to gain buy in as we were creating the tool, such as getting leadership more involved and identifying champions," he says. "The more you are able to bring in staff during the early stages of the initiative, when vendors are evaluated, as well as during implementation, the more you can expedite staff buy in."

Recognize the pros and cons of being a beta site. "You get a lot of input and can design things the way you want them, but there also can be benefits from adopting a proven solution and not customizing the heck out of it," he says.

Identify "super-users" on each team. These individuals can ensure everyone understands the tool and workflow.

Host daily huddles. At CHRISTUS, staff work in teams that may be dedicated to a specific payer's denials and underpayments. This allows staff to develop expertise with individual plans. Each team sits together in a "pod" to facilitate communication. They hold daily huddles to discuss performance and payer issues.

Allow flexibility. Since launching the new workflow, CHRISTUS revenue cycle leaders have allowed teams to pick the accounts they work on through ad hoc campaigns. These supervisor-configured projects enable collectors to tackle secondary priorities once their main work lists are complete. For example, they might look for accounts with errors, such as those with balances greater than charges. "This allows individual supervisors to apply their own discretion in how they want to allocate resources," he says.

Review dashboards. Leaders at CHRISTUS track metrics such as team productivity, open A/R, and net to cash. They also review reports that show where claims are in the process and the number of productive actions performed by individuals and teams.

Use root-cause analyses to identify and correct inefficiencies. CHRISTUS has Six Sigma black belts who improve processes across the revenue cycle. One area of focus is accurate routing of denials to the right team. "There are thousands of requests made each month, and ensuring that the account goes to the right party is critical to reducing unnecessary touches and supporting timely resolution of accounts," Thompson says.

Focusing on Continued Improvement

Thompson is optimistic that consolidation will continue to offer his team opportunities to redesign their old processes and leverage technology across. "It's been a great journey from where we were to where we are today," he says. "We've already prioritized the accounts based on dollars, collectability, and other factors. If we work the tool and stay consistent, we will achieve our goals." •

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