

KPMG CONSULTING TEAM REENERGIZES REVENUE CYCLE, RESULTING IN SIGNIFICANT IMPROVEMENTS

In the increasingly competitive practice management services arena—where margins are tightening and efficient revenue flow is essential—success can hinge on the quality of patient financial services. Billing, collections, and customer service can deliver decisive advantages—or create critical handicaps.

For one of our clients, a leading practice management company operating an array of health care clinics and independent practices, such challenges were significantly impacting the effectiveness of its central billing function. With a large—and growing—accounts receivable backlog exceeding 90 days net revenue, the organization needed to evaluate and streamline its internal processes to improve efficiency and revenue flow—fast.

THE REVENUE CYCLE CHALLENGE

One of the largest practice management organizations in the United States, the company faced significant operational, organizational, and technological challenges throughout its business function.

“As a result of acquiring many organizations, each with its own business processes and technologies, the client’s financial operations were disconnected—technically and organizationally,” says Jim Gallas, who heads KPMG Consulting’s Revenue Cycle Redesign team. “The main challenges were getting a handle on the use of existing systems, determining and implementing improvements in technology and business processes, and addressing a myriad of personnel issues—and then creating a streamlined central business office (CBO) capability.”

UNCOVERING BUSINESS INEFFICIENCIES

The KPMG Consulting team’s exhaustive review of the company’s billing process uncovered an array of critical gaps and inefficiencies.

Its legacy billing process comprised ten manual steps—each requiring manual data entry and use of a range of

insurer codes and service pricing—to secure payment for the clinic and/or physician. And incorrect data entry resulted in the rejection of—or major delays in receiving—payments to all parties, including patients.

In addition, the KPMG Consulting assessment found the client was significantly hampered by high turnover of personnel, inefficient business processes, an overall lack of coordination, and an insufficient technology infrastructure. The result: A growing backlog of accounts receivable was critically impacting its revenue stream, cash flow, and bottom-line profitability.

A BLUEPRINT FOR EFFICIENCY

Our team responded by developing a detailed blueprint for efficiency, which focused on two key areas for redesign and reorganization: the client’s front-end financial operations and its central billing office.

For the front-end redesign, we identified areas for improvement in training, processes, and guidelines through a comprehensive series of one-on-one interviews and workshops with client staff and executives. Also, policies and procedures were developed to improve the front-end elements of the revenue cycle. Customized training was provided for performance management-related job aids and support tools.

In reorganizing the company’s CBO, the team established a new structure to support best-practice operational functions and retrained client staff to deliver newly developed, standardized policies and procedures for billing, collection, and customer service.

In addition, operational “pods” were created within the CBO for each major financial class of insurer; within each pod, separate functions were created for billing, secondary billing, and large- and small-balance account follow-up.

Our team also installed additional system memory and an advanced electronic-claims billing and editing system to improve the use of technology within the revenue cycle. Increased systems memory focused on eliminating down-time, while software enhancements addressed the client's ability to design billing edits tailored to meet the precise requirements of each clinic's insurance agreements.

DRAMATIC PERFORMANCE IMPROVEMENTS

As a result of the project, the client realized significant improvements in employee morale, cash flow, and error elimination throughout the revenue cycle. Specific improvements included:

- Gross days in receivables reduced by 15 days
- Cash collections as a percentage of gross revenue increased from 56.5 percent to 61.8 percent, improving cash flow by \$2.5 million
- Denial rate reduced from more than 50 percent to less than 10 percent through improved claims content accuracy
- Improved customer service
- Reduced hold-times and caller-abandon rates
- More than 90 percent of incoming calls resolved by customer service representatives
- Reduction of annual timely filing/authorization write-offs by over \$1 million
- Self-pay cash collections \$1 million over goal
- Increased physician confidence in the client
- Reduced computer downtime

UNDERSTANDING THE CLIENT'S BUSINESS

"Many of our clients have similar business challenges with regard to their revenue and billing efficiency, but every organization is different," explains Gallas. "The key to identifying specific problem areas—and implementing the right solutions—is having a clear understanding of the client's business."

The KPMG Consulting team worked closely with the client's CBO team to develop a comprehensive view of the organization's business processes, goals and objectives, and culture. "By achieving a thorough understanding of our client's business—its people, technology, and work flows—we were able to recommend enhancements that were directly aligned with its business objectives," says Gallas.

FOCUSED REVENUE CYCLE SOLUTIONS

KPMG Consulting offers a full spectrum of solutions to help practice management services and providers of other health care services retool their revenue operations for enhanced business results and profitability, including:

- **Revenue cycle assessment** – A comprehensive review of your revenue cycle policies, procedures, staffing, use of technology, and work flows; development of an improvement plan – a blueprint for change
- **Access care management** – Understanding that this area is the engine that drives successful receivable management, we review new operational processes and technologies to improve collection, minimize third party denials, reduce bad debt levels, and improve customer satisfaction
- **Revenue cycle redesign** – The implementation of revenue cycle improvements, including reorganization, training, policies and procedures development and documentation, technology integration, and outsourcing
- **Cash acceleration** – Assistance with collections and rebilling activities on backlogged accounts
- **Centralized business office** – Integration of two or more business units into a central business office for improved efficiency and coordination
- **Interim management assistance** – Professional management assistance – including patient account directors, supervisors, billers, and collectors – during periods of management transition and/or special projects

CONTACT US

To learn more about how KPMG Consulting's Revenue Cycle Redesign team can help you improve your revenue operations efficiency and results, please contact us at 1-866-FOR-KCIN (1-866-367-5246), or visit our website at www.kpmgconsulting.com.



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