

FEATURE STORY

Richard Silveria
Debra Alliegro
Steven Nudd



healthcare financial management association www.hfma.org

transforming revenue management

A health system shares lessons it learned while planning, designing, and deploying a next-generation patient administrative/revenue management model.

AT A GLANCE

Healthcare organizations that want to undertake a patient administrative/revenue management transformation should:

- > Define the vision with underlying business objectives and key performance measures
- > Strategically partner with key vendors for business process development and technology design
- > Create a program organization and governance infrastructure
- > Develop a corporate design model that defines the standards for operationalizing the vision
- > Execute the vision through technology deployment and corporate design model implementation

Transforming a healthcare organization's patient administrative/revenue management process cannot be accomplished overnight. It requires a long-term strategy encompassing significant changes to the operating model, governance structure, business process, and enabling technology. Such an undertaking requires clear goals, strong leadership, and the commitment of senior management.

Boston-based Partners HealthCare is one organization that is taking steps toward a successful implementation and that expects to realize benefits. Partners anticipates that the changes will significantly improve its operational and financial performance and enhance patient satisfaction. A core capability for enabling Partners' strategy is the emergence of next-generation healthcare-specific technologies built on open standards and native web architecture, which will ultimately enable services that can be shared internally and externally.

Partners enjoys strong patient loyalty with operational and financial performance that exceeds most industry benchmarks. However, sustaining the performance depends on a complex set of technology systems and bolt-on applications with highly trained resources. The complexity and talent dependency impedes Partners' ability to efficiently move patients through the health system and contributes to inconsistent performance and slower-than-desired response to industry and regulatory changes.

After a review of the technology market space, Partners recognized that the next generation of technology could act to catalyze the needed transformation. Partners started to envision using workflow and rules to assist patients through retail-like self-service activities. The possibility of sharing administrative data with the payers while integrating those data into workflow that could guide the staff started to reveal a potentially robust business case, as illustrated in the exhibit on page II.

Read the author's comments about the impact of the current financial crisis and its relationship to transforming revenue management at www.hfma.org/hfm.

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Using financially conservative methods, Partners embarked on developing a more rigorous business case to confirm that investments in the reengineering and technology could be supported. The business case was based on an anticipated 7 percent to 10 percent reduction in operating costs and a 12 percent to 15 percent improvement in financial losses associated with bad debt and denials. Finally, benefits from freeing up cash off the balance sheet, while not substantial, were included in the benefits. With a board-approved business case, Partners launched its multiyear transformation initiative.

One year into the transformation initiative, Partners reflects on early lessons learned.

Establish Clear Goals That Are Integrated with Overall Strategic Objectives

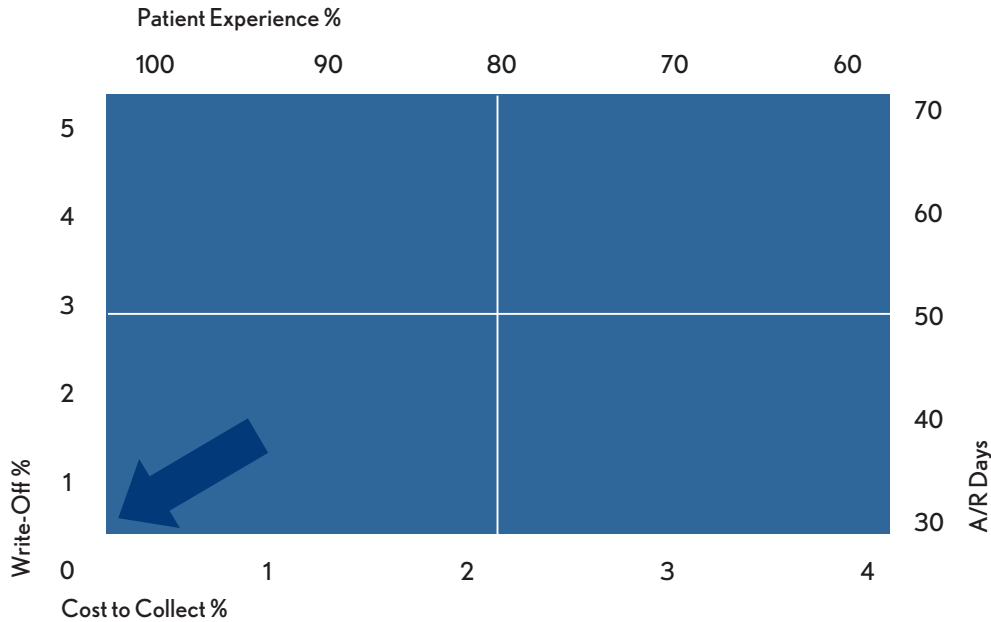
The goals established for the Partners patient administrative/revenue management initiative relate directly to Partners' strategic initiatives. These goals include:

- > Enhance patient loyalty
- > Improve financial performance
- > Increase operational efficiency
- > Improve business analytics
- > Integrate core business processes and standardize where applicable

Improving the patient experience is undoubtedly every healthcare organization's goal. But what do patients actually value? Partners found the

KEY PERFORMANCE INDICATORS DRIVE BUSINESS CASE

Next-generation technology for patient administrative/revenue management offers many potential benefits. Partners Business Case is driven by increased operational efficiency leading to a consistently positive patient experience, including streamlined and accurate data collection, which leads to improved financial metrics and accelerated cash flow via a reduction in denial and bad-debt related write-offs, and a reduction in the overall total cost of operations.



Improved Patient Experience

Self-service—enabled across the enterprise
 Transparency into fiscal responsibility
 Consistency of staff interaction

Improved Financials

Denial avoidance and management
 Bad-debt avoidance
 Net revenue realization

Reduction in Total Cost of Ownership

Reduction in overall IT costs
 Reduction in total cost to collect

Accelerated Cash Flow

Improved days in A/R
 POS collections
 Improved billing cycle time
 Improved clean claims and rebill rate

answers by asking patients. Partners' patients want the "hassle factors" removed so they can easily seek and obtain care at any Partners facility. They want Partners to feel like an integrated health system and their care to be managed across the entire continuum. They want the administrative processes to be minimized and fully leveraged. They want to have multiple options for scheduling appointments and requesting prescription refills (including online and in person) and the ability to ask for help in their preferred language. They want to provide their demographic and insurance information once and to know, when they arrive for their care at any Partners location, that the information is accurate, available to the appropriate people, and kept confidential. They want to know what their co-pay is before they arrive for their visit. If they have questions, they want to have someone who knows their situation responding and advocating for them. They want their schedules to be convenient such that their tests and care can be accomplished in one visit whenever possible. They want

Partners recognized that improving the patient experience would require improving operational efficiency, enhancing technology, and improving employee training.

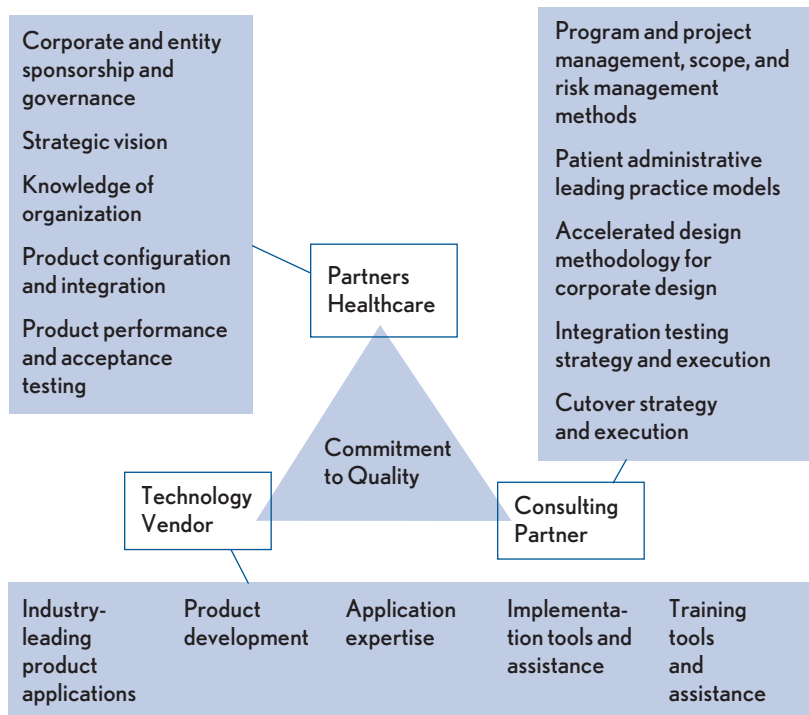
to know how and when they will receive their results. Partners' patients have clear expectations. They want a more "retail-like" experience.

Partners recognized that improving the patient experience would require improving operational efficiency, enhancing technology, and improving employee training.

Improving financial performance is directly related to standardizing business processes, using technology with an intuitive user interface and better integration with the payers. Improvements in workflow using embedded rules and online help reduces errors by guiding the process—ultimately enhancing employee effectiveness and improving patient satisfaction by reducing mistakes that burden patients.

Core to the Partners culture is using data to analyze, predict, and model business trends and to make business decisions based on that information. In the current environment, Partners spends significant energy homogenizing data from disparate sources. A foundation for the future business model is a standard data model consistently applied across all domains. The adoption and use of a standard data schema will drive efficiencies in analytic areas and allow greater insight into the business issues.

PARTNERS HEALTHCARE'S THREE-WAY PARTNERSHIP



The Partners partnership with its technology vendor and consultant is organized like a three-legged stool.

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Ongoing execution of the phased migration plan will also enable Partners to execute on its longer term strategies. For example, a cornerstone of Partners' IT vision is the adoption of a service-oriented architecture (SOA), which enables rapid implementation of advancing technologies. SOA is an infrastructure with open standards operating in a native web-based environment. With SOA, it becomes possible to build a shared environment where providers create claims based on payer rules determined directly from payers via the sharing of business objects over the web, thereby allowing claims to be adjudicated without the need for human intervention. Leveraging this business/technology model will enable both payers and providers to save a significant amount of time and resources in administering the provider payment process and support the needed transformation in the industry.

Embrace Strategic Partnerships

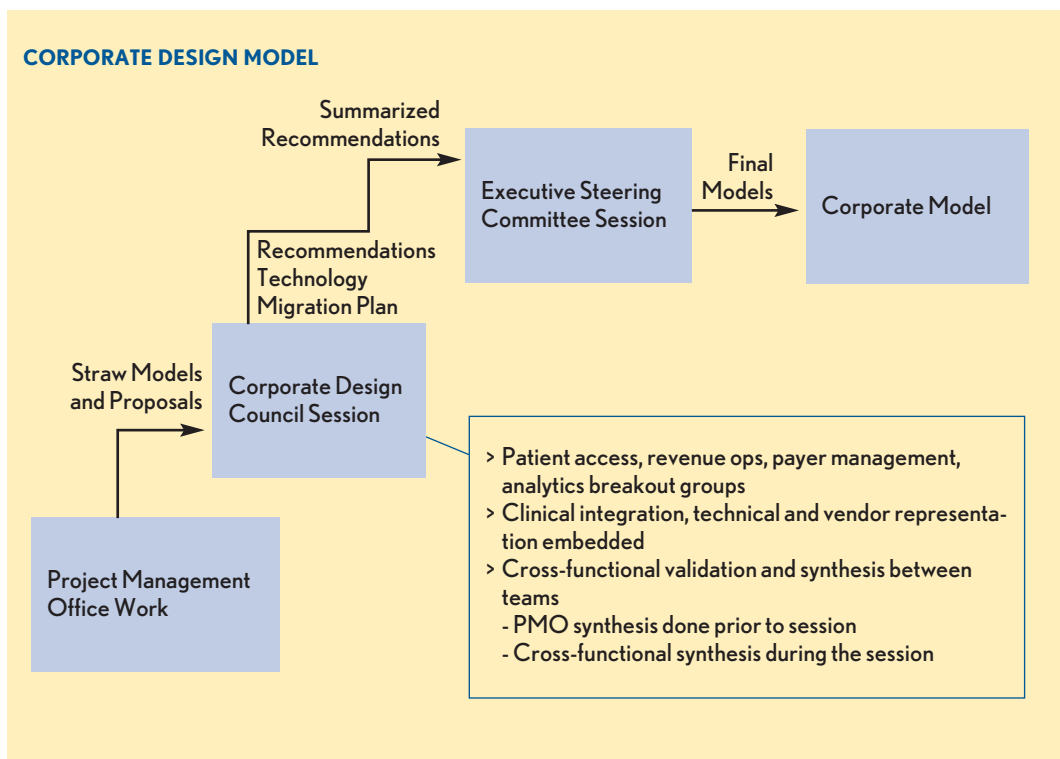
Partners understood that changes to the operating model, business processes, and technology related to core operational and financial areas should be made judiciously. Creating strategic partnerships can enhance effectiveness and minimize risks through teamwork. These relationships should

foster a free exchange of information and ideas and help ensure synergy among all partners, while they are working in concert to provide meaningful feedback on the vision, strategy, and tactics.

For Partners, a three-way partnership with the technology vendor and the consulting organization provided the best solution. One of the powerful effects of a strategic partnership has been to reduce the adversarial nature of the typical vendor-customer relationship and replace it with a committed strategic alliance and partnership.

Organize Strategic Partnerships for Change

The program infrastructure is organized like a three-legged stool (see exhibit on page III). Partners delivers corporate and entity sponsorship and overall governance with executive sponsors (including the system CEO, CFO, and the CIO) and workgroups involving system finance, operations, and physicians who guide the implementation—both system and business process transformation. The consulting firm is responsible for providing guidance and industry leading practices to create a corporate design model, to help in the establishment of the project management office, and for providing project



The Partners Healthcare implemented a multi-tiered corporate design model that defines the standards for operationalizing the organization's vision.

management oversight for the corporate design, migration planning (including gap analysis and requirements definition), and the initial implementation, including testing and cut-over to ensure business continuity.

The technology vendor brings their key applications, along with the associated implementation methodology, consulting/education/support services, and learning management system to the program. The product suite is designed to support standardized, proactive workflow processes across the Partners HealthCare enterprise as articulated in the corporate design. It does this through context-specific workflows, which continually evaluate payer and business rules to efficiently drive work completion, along with an embedded analytical tool to monitor the results.

Develop a Corporate Design Model

The corporate design model is the “blueprint” for transforming the people, processes, and technology. It includes the high-level conceptual design and the detail design. The corporate design model includes design decisions related to human resources, business process models, organizational governance, data models, master files, technical architecture, and other decisions that must be holistically considered to ensure the integrity of the end-to-end solution. The corporate design model will be validated against a spectrum of patient and data scenarios to validate the design before moving forward with the build-out of the system and the processes.

To ensure achievement of its transformational objectives and to ensure organizational acceptance of the corporate design model, Partners created a multidisciplinary Corporate Design Council composed of professionals from various Partners entities representing every functional area within the patient administrative/revenue cycle. The Corporate Design Council meets regularly in a specially created space that resembles a high-tech next-generation innovation center with movable walls and white boards and a casual feel meant to inspire creativity. Participants meet for dedicated blocks of time facilitated by trained resources.

With help from its strategic partners, Partners implemented a multitiered approach for developing its corporate design model (see exhibit on page IV). The first phase is the high-level corporate design. It involves the development of the mega operating process models for the key business areas, including scheduling, patient encountering, charge capture and coding, and patient accounting functions. These operating models define the desired future state by capturing the characteristics of the core business functions and identifying the high-level process flows, expected business metrics, and inventories for policies/procedures and roles. Key business decisions such as the creation of the corporate shared service model, including a common patient service center and the centralized business office structure, are part of the high-level design. Also during this phase, the high-level technical blueprint and migration path are

Partners Healthcare will execute a phased migration plan that allows for ongoing maturation of the corporate design in all of its facilities.

EIGHT-YEAR ROAD MAP									
Calendar Year	2007	2008	2009	2010	2011	2012	2013	2014	2015
Corporate Design									
Newton-Wellesley									
North Shore MC									
MGH, MGPO									
BWH, BWPO, Faulkner									
McLean, Spaulding									
Other organizations									

developed. The technical blueprint serves as the road map for the technical integration needed to support the design. Finally, high-level information system set-up decisions regarding organizational and hierarchical information, payers/plans, entity locations, scheduling preferences, business office structures, and claims data are also included in this phase.

Once the high-level corporate design is complete, Partners will create a detailed corporate design that will involve the creation of data and process standards, planning for the administration and organization for core business functions, and detailed workflow designs for patient access, charge capture, billing, contracts, security, and electronic data management.

Additional dimensions of the corporate design activities, are the technology and integration components. Data from the two-stage design approach will be integrated within the technology architecture and infrastructure design. Key applications from the technology vendor and complementary application strategies, such as chargemaster standardization, enterprise integration, migration, and conversion strategies are set for implementation as part of this work stream.

The design work is being developed, synthesized, and validated through 38 workgroups. These groups are brought together for short periods of time to make detailed design decisions that support the operating model and industry best practices. Each workgroup is defining distinct

business processes that will become the standard for Partners corporate design model of operation. Membership in these workgroups represents the various constituents from Partners HealthCare as well as from the technology and consulting partners. These groups accelerate the design decisions and obtain buy-in across a wide variety of constituencies and ensure an adequate level of subject matter expertise. The accelerated process involves anticipating and sequencing the decisions and creating a structure so decisions can be made quickly by the right people.

Finally, the clinical integration aspect of the corporate design initially focuses heavily on medical records assignment strategies for each provider entity, the corporate EMPI strategy, the corporate provider master standardization strategy, and the patient portal strategy. As the program migrates through the phased implementation process, additional interoperability will be pursued, such as sharing clinical protocols/tests required prior to scheduling clinical services, or sharing payer-specific coverage criteria with clinical ordering systems.

Anticipate and Mitigate the Risks

While Partners is extremely optimistic and excited about the opportunities to transform the system, its executive leaders realistically understand the challenges that lie ahead. They see the cultural changes and the evolving maturity of the technology as the major factors that must be managed to be successful.

Partners is a large integrated system of individual hospitals and physician organizations operating under the corporate umbrella of Partners HealthCare System Inc. Each individual organization has its own unique leadership, identity, and market relevance in the community. The goal of this initiative is to preserve the unique aspects of the individual entities while creating a more efficient and unified patient administrative/revenue management process. Success is highly dependent on integrating the appropriate areas into a shared service structure with shared accountability that leverages the strength of the

about Partners

Founded in 1994 by Brigham and Women's Hospital and Massachusetts General Hospital, Partners HealthCare is a \$7 billion not-for-profit, academic integrated delivery system serving eastern Massachusetts whose mission is clinical care, research, and teaching. Partners is the largest employer in Massachusetts with more than 5,000 employees and 12 hospitals with 2,500 beds and both specialty and subacute facilities. The two large academic medical centers are affiliated with Harvard Medical School. Partners has more than 5,000 physicians affiliated with the system.

Partners Corporation. As with any significant change to the operating model, the process of change needs to be carefully managed and supported at all levels in the organization.

A key success component is the thoughtful and informed migration plan.

Partners has created a multitier leadership structure charged with leading the change. The program is sponsored at the CEO level with the CFO and the CIO leading the initiative. Two advisory boards (physician and general) advise the leaders, and a 30-member Executive Steering Committee creates the governance needed to effectively navigate through the changes. Even with this level of structure around the initiative, the cultural change represents the greatest challenge to the program success.

Another challenge for this program is the paradigm shift created by moving toward a common technology platform based on workflow and rules as opposed to the current environment, which supports multiple highly customized function-rich individual systems and applications at each

organization. Partners made a bold move in entering into a partnership with a major industry vendor with a stable but emerging product. Although the value to Partners is significant in that the technology selected will move Partners into a more agile, open web-based technology platform of the future, it does require significant due diligence and vigilance in working with the vendor to further develop the product to meet the needs of Partners.

A key success component is the thoughtful and informed migration plan. As shown in the exhibit on page V, Partners will execute a phased migration plan that allows for ongoing maturation of the corporate design, including the operating model and the technology that enables it.

Partners will initiate the deployment with its larger community hospitals to gain experience before proceeding to the academic medical centers, physician practice groups, and finally, its remaining specialty and community facilities.

Partners has a rigorous business case, strong leadership, and a carefully planned migration timeline and risks mitigation program. Although there will be many challenges to overcome, the leaders involved understand the risks and rewards and have committed to bring about a successful transformation that will ultimately benefit the entire industry. ●

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About the authors



Richard Silveria

is corporate director of revenue finance, Partners HealthCare, Charlestown, Mass., and a member of HFMA's Massachusetts-Rhode Island Chapter (rsilveria@partners.org).



Debra Alliegro

is a senior executive, Accenture, Boston.



Steven Nudd

is vice president, Siemens Medical Solutions, Malvern, Pa., and a member of HFMA's Massachusetts-Rhode Island Chapter (steven.nudd@siemens.com).