

Revenue Cycle Optimization: Creating High Performance Work Teams

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Agenda

- Objective – Building a world class revenue cycle at CHRISTUS Health
- Overview
- TPS Lean in CHRISTUS Health revenue cycle
- Organizational Structure – Design for success in today's environment
- Establishing high performance work teams
- Managing high performance work Ttams
 - Metrics
 - Audits
 - Management by Fact
 - Performance Reviews
 - Daily and Monthly Metrics
- Pay for Performance Plans
- Culture change and Outcomes



Implementation Approach

- Objective – Solve industry wide problem of cost, quality, and delivery issues in all revenue cycle operations by redesigning the entire revenue cycle using Toyota Production Systems principles and design methods (TPS Lean).
- Must be transferable to all revenue cycle operations system wide.
- ‘Lab’ site identified and sponsorship obtained from regional CEO and CFO.
- Apply method to large scale problem rather than a general education / tool / small project focused implementation.
- External support provided by an organization with large scale project implementation experience using TPS Lean.

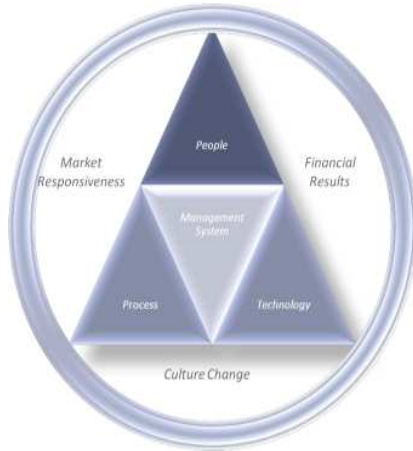


Developing the Teams

- Entire team educated to Toyota Production Systems
- All departments involved and represented in the teams:
 - ❖ Admitting
 - ❖ Medical Records/HIM
 - ❖ Business Office
 - ❖ Finance
 - ❖ Reimbursement
 - ❖ Cash Posting
 - ❖ Cash Management
- All directors and managers participated in a 5 phase workshop series in TPS principles with immediate tool application.
- Regional leadership oriented in TPS and performance management systems.



Overview



2004 - CHRISTUS Health launches comprehensive effort to design and build world class revenue cycle model.

2004 - 'Lab' site selected and core team established, assessment completed, project plan determined.

2006 - Initial model build completed and implemented at lab site. Financial results confirmed, culture change established.

2006 - Model taken to scalable level for organizational rollout, establishment of multi-regional CBO, model refinement, supplemental technology development.

2010 - Rollout to one of largest regions, full implementation timeline compressed to 9 months.



The Toyota Production System (TPS)

- A manufacturing methodology developed over a 50 year period by Toyota of Japan.
- Activities are divided into either adding value from a customer perspective or creating waste. The goal of TPS is to maximize value by eliminating waste.
- TPS is not a static system, rather it demands continued change and improvement.



Benefits of TPS

- Identify and enhance customer perceived value.
- Decrease waste and cost in processes.
- Improve product quality and on-time service.
- Develop a world class operation.



Management Principles of Toyota Production System

- **Long term philosophy**
 - Base your management decisions on a long-term philosophy, even at the expense of short term financial gains.
- **The right process will produce the right results**
 - Create continuous process flow to bring problems to the surface.
 - Use “pull” systems to avoid overproduction.
 - Level the workload.
 - Build a culture of stopping to fix problems, to get quality right the first time (eliminate errors) – *“Don’t Take Errors, Don’t Make Errors, Don’t Pass Errors”*.
 - Standardized tasks are the foundation for continuous improvement and employee empowerment.
 - Use visual control so that no problems are hidden.
 - Use only reliable and thoroughly tested technology that services your people & processes.



Management Principles of Toyota Production System

- **Add value to the organization by developing your people and your partners**
 - ❖ Grow leaders who thoroughly understand the work, live the philosophy, and teach it to others.
 - ❖ Develop exceptional people and teams who follow your company's philosophy.
 - ❖ Respect your extended network of partners and suppliers by challenging them and helping them to improve.
- **Continuously solving root problems drives organizational learning**
 - ❖ Go and see for yourself to thoroughly understand the situation
 - ❖ Make decisions by thoroughly considering all options, implement decision rapidly.
 - ❖ Become a learning organization through relentless reflection and continuous improvement.



TPS IN CHRISTUS

- Established organization design
- Re-Designed job descriptions
- Developed high level performance metrics
- Developed team level performance metrics
- Kaizen events (process re-design)
 - ✓ Train and develop metrics
 - ✓ Observation, process mapping and data analysis
 - ✓ Redesign and implement the new process
 - ✓ Observe the new process and refine
 - ✓ Run process, present results and celebrate



TPS IN CHRISTUS (Cont)

- Associates work in HPWT's
- Established a single piece flow process wherever possible.
- Design & implement work management methods.
- Use of CollectLogix™ for account prioritization.
- Established visual work place including work management, metrics, and IPOs.
- Implemented dual monitors (reduction of motion and rejects).
- Creating a culture of: I'm responsible, It's my job, how can I prevent the problem, how can I make it better?
- Daily team shift briefings.



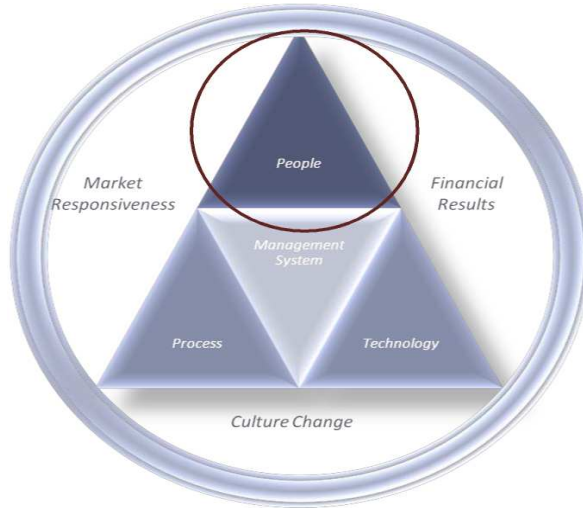
Organizational Structure

- Flow work un-interrupted for as long as possible (make value flow – Lean principle)
- Cross as few organizational boundaries as necessary
 - ✓ Prevent errors in inter-organizational hand-offs
 - ✓ Enable intra-organizational error feedback and resolution with minimum bureaucracy
 - ✓ Enable organic cross training
- Create clear operational metrics that measure fulfillment of the process purpose
- Clearly define success and failure
- Establish a common philosophy of doing business
- Establish pay for performance
- Utilize continuous and cohesive management system throughout all layers of the organizational structure
- Establish management and leadership levels
- Engage HR support

Group associates, management, and leadership in such a way that the organizational purpose can be achieved efficiently and effectively.



Establishing High Performance Work teams



High Performance Work Teams

High performance work teams have been used in manufacturing operations for years. They go by several names:

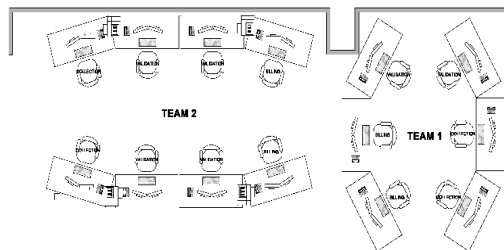
- ❖ Self Directed Work Teams
- ❖ High Performance Work Groups

The core of these teams is that they:

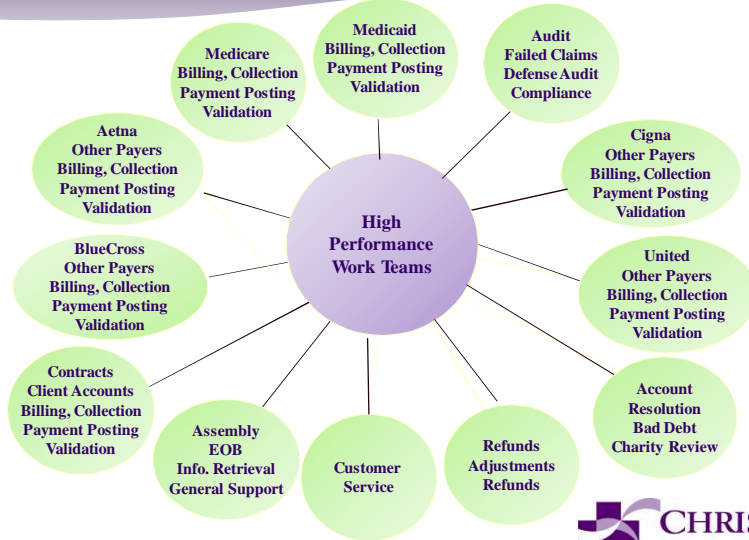
- ❖ Are usually cross functional
- ❖ Are physically co-located
- ❖ Share metrics
- ❖ Share Processes
- ❖ Share management

Keys to Success

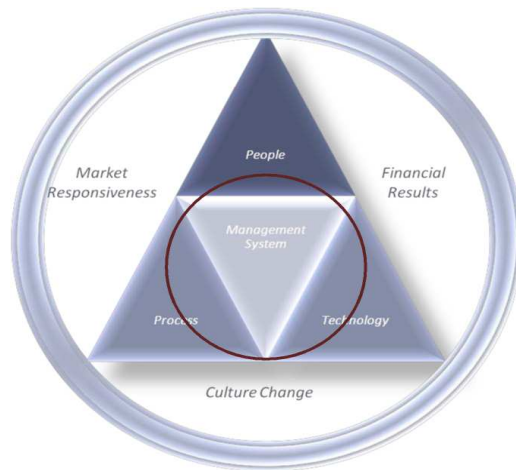
- ❖ Understanding how to create teams
- ❖ Understanding where they are appropriate
- ❖ Long term development
- ❖ Progressive productivity platform
- ❖ Metrics tracking



PFS High Performance Work Team Design



Management of High Performance Work Teams



Net to Cash Metric (NTC)

Process

- 'Anchor' the account at the time of discharge date and create time buckets based on discharge date.
- Aggregate from transaction detail and account detail (no summaries used)
- Utilize the recorded net at each time interval as the source of comparison
- Limit this metric to a particular payer type code (insured / uninsured / retro)
- Metrics can be created for multiple time frames

Advantage:

- Eliminates all accounting impact
- Provides clear path to improvement
- Supports an operational viewpoint of performance
- Addresses mismatch of numerator and denominator issue
- Eliminates the 'what net?' issue
- Ensures the metric can be used for inter facility / inter provider comparison
- Establishes predictive cash capability

Precise, de-constructible metric that allows action at the team level



PFS Performance Metric Examples

- Net To Cash 120/120 Without Self Pay (NTC realization)
 - ❖ Cash realized by day 120 as a percent of net balance at day 120. Cash collected after day 120 is considered a "defect" in the process.
 - ❖ Excludes self pay because the Business Offices has almost no impact on cash realization. This is primarily an upfront opportunity.
- Net To Cash 30/30; 60/60; 90/90
 - ❖ Represents the "pipe-line" of what we can expect to happen by day 120 and provides an early opportunity for analysis and corrective action.
- Adjustments 30-120 Days Over Adjustments 120 Days
 - ❖ A metric that is reviewed to insure that net is not being adjusted by discounts after 30 days for the same period of NTC realization. Assumes that adjustments are submitted and correct by day 30.



Management System Details

Prioritized Audit Lists

The image shows a screenshot of a spreadsheet titled "Prioritized Audit Lists" with columns for ID, Date, Description, Status, and Assignee. A blue arrow labeled "MBF" points from the spreadsheet to a dashboard. The dashboard contains several charts and graphs, including a bar chart, a pie chart, and a line graph, along with text boxes providing context for the data.

Daily HPWT Briefing & Performance Management Review

1. Review of daily metrics
2. Discussion and status of issues, problems and opportunities (type, details, responsible party, Completion Percentage)
1. Training needs
2. General Information
3. Checklists

Performance Review

- Review of historic performance
- Trend Analysis
- Prediction of future performance

Action Plan

- Future action plan review of intra and inter-department actions
- Efficacy review of historic action
- Inter-departmental barrier removal



Revenue Cycle Scorecard

Metrics by Region

Region	Overall Index	NTC Total 120/120	Cash Shortfall to Benchmark	Net to Cash Insured					Late Adjx 30-120 / 120	Insured TOSC						Denials		
				120/120	90/90	60/60	30/30	\$		% of Potential	ED \$	ED as % of Potential	IP \$	IP as % of Potential	OP \$	OP as % of Potential	\$	% of Net Rev 120
ALT	31	84.15%	1.4 M	88.19%	85.01%	79.88%	55.39%	3.48%	96 K	11.21%	18 K	5.67%	13 K	3.76%	65 K	23.00%	73,451	0.12%
CLA	62	89.15%	0.7 M	91.41%	89.75%	83.58%	61.83%	4.30%	135 K	13.72%	11 K	4.37%	34 K	9.64%	89 K	24.42%	73,872	0.32%
GC	57	88.29%	0.5 M	92.68%	90.63%	84.12%	68.31%	1.57%	448 K	40.07%	63 K	17.00%	92 K	28.92%	293 K	74.18%	133,211	0.42%
NLA	65	92.31%	0.2 M	94.68%	91.36%	84.36%	58.11%	2.26%	296 K	38.58%	31 K	15.94%	74 K	25.54%	191 K	59.88%	121,700	0.08%
SETX	60	85.84%	1.5 M	90.18%	88.82%	83.33%	60.09%	2.41%	623 K	26.47%	85 K	14.66%	113 K	13.77%	425 K	46.23%	144,224	0.87%
SRW	42	84.90%	2.9 M	89.30%	87.17%	77.10%	55.27%	3.78%	333 K	11.98%	58 K	5.90%	118 K	9.57%	156 K	23.78%	558,051	0.86%
SWLA	48	89.61%	0.4 M	92.14%	89.68%	83.86%	57.82%	4.83%	116 K	25.33%	8 K	3.42%	27 K	13.50%	81 K	45.02%	26,410	0.10%

NTC Insured 120 /120 Benchmark: 95.95 %

Total Cash Variance: 7,613,960.44



Pay for Performance

- Overall first, team second
 - ❖ Play for good of the overall business first, your team second
 - ❖ Clearly define success & failure
 - ❖ Make the reward worthwhile
 - ❖ Celebrate the victories
- 3 levels of goals for primary metric encompassing the entire revenue cycle
 - ❖ Level 1 (\$xx)
 - ❖ Level 2 (\$xx)
 - ❖ Level 3 (\$xx)
- Team Level Goal (\$xx)
- Goals are paid monthly
- Goals are reset annually (increased)



Culture Change

- Associates more engaged in the business.
- Associate satisfaction dramatically improved.
- Increase in associate skill and interest in;
 - Problem Identification
 - Problem solving
 - Fact based decision making at all levels of the Organization.
- Improvements in;
 - Account data integrity
 - Collections (time of service and back end)
 - Cleaner accounts handed off to agencies (fewer assignments and higher return on accounts that do get assigned).
- Agile Culture
 - Enabling rapid change (e.g. system, volume, payer, moving, reform, etc.) more readily.



Achieving a “Lean” Organization.....

- Lean is a journey (or lifestyle), not a silver bullet solution.
- Lean is a monumental cultural change that requires leadership commitment and involvement.
- The cultural change must be started before people are trained on creative thinking .
- You can not buy ‘being lean’, you must achieve it through disciplined organic efforts.
- Must educate and develop leaders to manage to the basic principles without distraction for short term goals that do not contribute to long term value.



Awards



HFMA MAP Award

**High Performance in Revenue Cycle
CHRISTUS Schumpert and CHRISTUS
St. Catherine**



**2009 HFMA
Patient Friendly Billing Project
CHRISTUS St. John's**



**2007 North American Six Sigma Excellence Awards
CHRISTUS Schumpert**



Best Lean Six Sigma Implementation



*Best Lean Six Financial
Services Project*

**2006 Global Six Sigma Awards
CHRISTUS Schumpert**

**Winning
Organization**

**The Global
Six Sigma
Awards**

Celebrating Outstanding
Organizational Achievement

Best Innovation



Questions

