



IBM Watson Health™

Mountain States Health Alliance

Empowering staff to drive sustainable and measurable change across the revenue cycle

Overview

The need

Mountain States Health Alliance wanted to create efficiencies, reduce expenses and improve cash flow across the revenue cycle

The solution

Lean transformation to drive process improvements across all steps within the revenue cycle from patient access to patient encounters to patient billing

The benefit

With improved communication, transparency among departments and a solid methodology for process improvement, MSHA experienced significant transformation within its revenue cycle, resulting in measurable benefits that included:

- 75 percent reduction in denial write-offs
- 15 percent reduction in accounts receivable days

Simpler® Consulting was acquired by Truven Health Analytics®, part of the IBM Watson Health™ business in 2014. Truven Health Analytics was acquired by IBM in 2016 to help form a new business, Watson Health.

Based in Johnson City, Tennessee, Mountain States Health Alliance (MSHA) is a nonprofit healthcare organization that operates 13 hospitals serving 29 counties in Tennessee, Virginia, Kentucky and North Carolina. The organization employs 8,900 team members—including more than 400 physicians and 690 revenue cycle staff—across more than 23 medical specialties.

Financial challenges in a complex environment

Like many healthcare organizations, MSHA faced looming financial challenges, driven by federal regulations and coupled with emerging reimbursement models and industry consolidation. In this complex and constantly changing healthcare environment, leadership recognized that continuous process improvement in the flow of money from payers to providers was likely critical for success.

Instead of undertaking a project-by-project method of process improvement, MSHA sought a methodology that would support lasting system-wide improvements and position the organization to withstand financial pitfalls for the long term. In 2012, MSHA started working with Simpler® Consulting, part of the IBM Watson Health™ business, to roll out a Value Optimization System (VOS) that is designed to leverage Lean principals and techniques. Working with Simpler, the team identified potential areas for process improvement and honed in on revenue cycle management (RCM) as an opportunity to reduce expenses and help improve cash flow.

An efficient revenue cycle can be important to the success of a healthcare organization. When a patient first enters the system to the day the final bill is paid, a broad range of staff and departments, using various systems and tasks, are responsible for recording and sharing information. With many touchpoints, RCM is often rife with waste and inefficiency, which can at times impact patient care if incorrect or incomplete information is entered into the system.

Streamlining and collaborating for improvement

At the outset of the project, MSHA and Simpler realized that its revenue cycle needed to be streamlined and that team members needed to be involved and on board. Since RCM touches every patient and every department, commitment to the adoption of Lean techniques and participation in the process across the system—from the C-suite to billing specialists to ER nurses—was necessary for success.

“Not only has Lean made our organization stronger, I feel it has helped me become a better leader.”

– Nancy Cochran, Revenue Cycle Senior Manager, MSHA

Solution components

Software

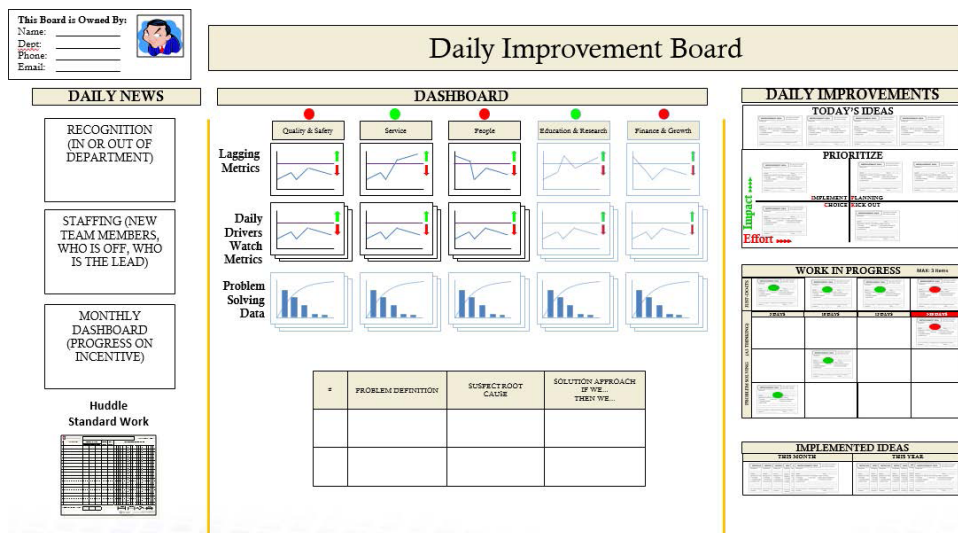
Simpler Business System® Revenue Cycle Management

Working side-by-side with Simpler, the MSHA team conducted a quantitative and qualitative analysis of its RCM, identified challenges and developed a targeted strategy designed to help improve performance in the department’s three functional areas:

- The front end, which encompasses pre-service and patient access, scheduling, pre-visit coordination, registration and financial counseling
- The middle, which includes medical records, coding, charge integrity and billing
- The back end, which covers claim drop, insurance follow up, liability, accounts receivables and account close

According to Shana Tate, AVP, Revenue Cycle at MSHA, “Before Lean, we didn’t really understand the daily process of our team. We had no standard of work. Each team member figured out what worked best for them and made it work, which resulted in variations. We had vastly different management styles, so each team was managed in a silo. As such, we could never seem to make progress with our metrics beyond short wins. We had to develop a consistent system of work in order to see lasting change.”

To implement consistent processes across the department, teams implemented daily huddles during which team members discuss key metrics related to their job function, assess goals and progress, share success stories, visualize solutions and identify barriers. The progress and status of these metrics are tracked on daily improvement boards (DIBs).



Example of DIB content

Rapid Improvement Events (RIEs) helped staff members get a handle on the interconnectedness of their work, which in turn helped to identify redundancies, reduce variation and waste, and implement standards of work that have led to efficiencies and improvements across the board.

“In the past, leadership had visibility into our metrics and how we were doing against those metrics. However, because we had a very traditional, directive leadership style, much of that data wasn’t passed on to team members and there was little communication between departments,” said Rebecca Trout, Senior Manager, Pre-Visit Coordination. “Today, there is true transparency and collaboration across units. Our staff members understand the expectations, can see exactly where we are and where we want to be, and are personally accountable for helping move the organization as a whole toward its goals.”

According to Leaine Light, Senior Revenue Cycle Manager: “When we started, there wasn’t any structure around the process for working an account on the back end; we were just putting out one fire after another, day after day. RIEs helped us to identify key metrics and areas of concern—including aging, accounts greater than 90 days and accounts greater than 30 days with no follow up—to streamline our process by eliminating unnecessary steps, and to roll out a standard of work that has led to significant improvements in our inventory and staffing utilization.”

Other units have experienced similar improvements:

- In Patient Access, an RIE in collaboration with team members in Registration and the hospital’s lab partner found issues with entry of incorrect information into the system, which led to a large number of insurance denials. Together, they identified the solutions—streamlining the software application and re-education of physician offices—and reduced the number of denials.
- In Billing, the team was averaging 966 rebills each day. Incorrect claims meant the billing process had to start over. An RIE process was designed to help develop solutions that increased the validation rate, so fewer people had to touch each claim, and decreased the number of defects coming back. Today, the team’s rebill rate averages about 219 per day.

In addition to operational and financial benefits, Simpler has helped MSHA make progress in honing an internal capacity to develop and implement solutions continuously, making the organization more agile and receptive to change. In addition, staff members have reported that the Lean implementation produced a growth opportunity, as individual staff now take ownership and demonstrate personal accountability for identifying and solving issues within their own departments.

Nancy Cochran, Revenue Cycle Senior Manager: “I started my Lean journey as a skeptic, but I’ve become one of MSHA’s biggest Lean champions. Not only has Lean made our organization stronger, I feel it has helped me become a better leader. In the past, decision making was top-down—staff would come to managers with an issue and we would give them the solution. Now, I spend more time listening and empowering my staff to work together, ask the right questions, use the tools and analyze the data in order to find solutions on their own. As a result, problem solving today is bottom up and our staff has a voice and a stake in making the organization better.”

Lasting change

With improved communication, transparency among departments and a solid methodology for process improvement, MSHA’s revenue cycle is thriving. In the five years since launching the project, MSHA has realized widespread results, including:

- 75 percent reduction in denial write-offs
- 15 percent reduction in accounts receivable days
- 30 percent decrease in the number of days from a patient’s discharge-to-bill date
- 30 percent fewer steps required to code patient visits
- 55 percent reduction in net revenue awaiting capture after 30 days
- 45 percent reduction in employee turnover

Larry Armstrong, Executive Director, Revenue Cycle Management and the leader of the MSHA project for Simpler, sums up the project and the future at MSHA: “Lean transformation is about true organizational change that respects an institution and its people. The Lean process is part of a journey, and in our eyes the journey never ends.”

Get connected

Send us an email at info@simpler.com or visit simpler.com

About Simpler Consulting, part of the IBM Watson Health business

Simpler® Consulting, part of the IBM Watson Health™ business, is a leading management consulting firm that helps organizations around the globe to improve performance through Lean transformations. Since 1996, Simpler has worked closely with clients to foster an organizational culture that continuously seeks out opportunities to make improvements, and to help stimulate business-impacting results. With its proprietary Simpler Business System®, Simpler has helped clients to implement Lean transformations across a wide range of industries.

Simpler Consulting was acquired by Truven Health Analytics® in 2014. Truven Health Analytics was acquired by IBM in 2016 to help form a new business, Watson Health. Watson Health aspires to improve lives and give hope by delivering innovation to address the world’s most pressing health challenges.

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P.O. Box 36
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Produced in the United States of America
June 2017

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HPC03046-USEN-00