The Marriage of Money and Mission

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Revenue cycle consultants for physician practices aligned with hospitals, focus their clients toward improved financial results and enduring profitability. This objective can appear to be completely at odds with a non-profit hospital’s mission. “The Marriage of Money and Mission” explores the complexities of expanding the mission mindset of many to include profitability as a priority.

Summary

- Diminishing the importance of money in a hospital system’s physician practice setting; to become singularly focused on the care side, can be detrimental not only to the business but to the very communities these health care organizations serve.

- Hospital systems that don’t pay adequate attention to the revenue cycle will underperform financially and strain their organizations. When this happens, leadership often attempts to stop the bleeding by pulling the plug on under-performing clinics without first fully assessing why they might not be achieving desired results.

- Conducting an assessment of financial and operational performance will help leadership determine the extent of any underlying issues that may be causing or contributing to the problems in a practice. Objectivity is vital to ensuring the unvarnished truth is revealed and is best accomplished by engaging the fresh eyes of outside consultants. Once an assessment is complete, it’s time to implement a strategy. A comprehensive strategy must include a solid physician alignment strategy built on the firm foundation of revenue cycle management and an establishment of accountability within the organization.
As revenue cycle consultants, we begin each engagement with excitement and anticipation, confident that in even the best run hospital systems, we will be able to offer some recommendations that will help their aligned physician practices improve their collections. It is rewarding to know the solutions we present will better position our client organizations to realize improved financial results and, in an ideal world, enduring profitability. To most of our clients this is the goal. However, to some of our clients this objective at times appears to be completely at odds with their missions.

During an interview with the practice administrators for a non-profit integrated delivery network, the mere mention of the word “profitability” elicited an immediate adverse reaction and somewhat sanctimonious pronouncement that their mission was to provide health care to the community, not to produce profits. The boldness of the statement made it clear they believed their only responsibility to the organization was their unadulterated commitment to its mission.

Sufficiently humbled, we proceeded with our work to assess their current performance, all the while thinking how we might help them to visualize a future state where their organization would be discussing expansion plans versus deciding which clinics would be facing imminent closure. We knew that for this organization and others like it to survive and thrive; there must be a fundamental change in the way non-profit organizations think about profitability.

Expanding the Mission Mindset

Not surprisingly, the profundity of health care has produced some awe-inspiring missions that evoke emotions and actions that cause even the most parsimonious among us to forget about the money. When I entered the health care industry 13 years ago, I was immediately struck by the importance of the work and extraordinary compassion I observed in providers, their staffs and the organizations supporting them. I quickly recognized the added complexities of health care inherently carry with it a myriad of decisions which will affect life, death and the quality of life of each of us at some point in our lives.

The dividends for a health care organization that fulfills its mission are lives saved or at the very least, some degree of improvement in the quality of people’s lives. With that in mind, I could see how easy it would be to diminish the importance of money in a practice setting; to become singularly focused on the care side of the equation to the exclusion of the business side. However, doing so would undoubtedly produce a deleterious effect on the very communities these practices aim to serve. In order to build strong health care organizations, leaders must recognize their commitments to very admirable missions do not preclude good stewardship over the resources and opportunities provided them.

Identifying the Problems

Practices that don’t pay adequate attention to their revenue cycles will underperform financially and strain their organization. When this happens, leadership often attempts to stop the bleeding by pulling the plug on underperforming clinics without first fully assessing why they might not be achieving desired results. Strictly looking at the numbers will only provide an indication that something is broken. Without deeper analysis of related processes, the actual root of the problem cannot be identified. Executives who hastily and blindly shut down clinics may very well be prematurely “killing the goose that lays the golden egg”. Unless clinic, front and back-end operations are properly equipped with all the essential people, processes and technologies, they cannot perform optimally.
As part of their consideration in closing any clinic, executives should ask themselves if they have set the clinic up for success or doomed them to failure. The best way to answer that question is to perform a very thorough, objective assessment.

Conducting an assessment of financial and operational performance will help leadership determine the extent of any underlying issues that may be causing or contributing to the problems in a practice. Objectivity is vital to ensuring the unvarnished truth is revealed and is best accomplished by engaging the fresh eyes of outside consultants. When the assessment is complete, leadership will be armed with the information and recommendations necessary to get its organization back on track.

**Implementing Change**

The first step in creating a change is for leadership to identify everything that is required to deliver on the mission through a strategic planning process.

First, a solid physician alignment strategy must be at the core of any strategic plan and should include all of the management services required to support them. A plan to add physicians must take into consideration the timing and the cost of all of the pieces involved in the on-boarding process, such as credentialing, marketing, IT, office build-outs, etc. While credentialing might seem obvious, all too often practices are up and running with physicians who have not yet been credentialed and begin providing services for which the organization will never be reimbursed.

Next, the revenue cycle should be of primary concern to everyone in the organization since it provides the firm financial foundation and cash flow to support technology purchases such as an Electronic Medical Records (EMR) system, the hiring and retention of specialists and support staff, the expansion of services, etc. As soon as leadership and staff members begin making connections between revenue collections and the availability of funds to support things they care about, they will become increasingly more mindful of the importance of revenue collection and its direct link to accomplishing any provider organization’s mission.

The back-end revenue cycle support is often overlooked as the tendency is to focus on the clinical aspects of providing care. Some organizations prefer to dedicate their time and attention to clinical operations where their expertise tends to lie and outsource all the back-end revenue cycle management functions. These organizations shouldn’t fool themselves into thinking that once they outsource the revenue cycle, it becomes the vendor’s sole responsibility. No revenue cycle vendor can do it alone. Revenue cycle management is a partnership. The revenues that are collected on the back-end are a direct result of the processes, policies, procedures and accuracy of data collected on the front-end. Physician practice organizations should conduct an in-depth review of all their front end processes and establish benchmarks to regularly measure performance to assure they are setting their vendor partner up for success. These efforts won’t go unrewarded as collections will most assuredly increase while the cost of collections will consequently decline.

Other provider organizations may choose to manage these back-end functions themselves. The decision to take on back-end revenue cycle management is a decision that should not be taken lightly as the organization must be fully prepared to make considerable investments in required technologies, staff, training, physical space, equipment, etc. Cost estimates for developing these back-end support functions in-house should be carefully calculated for current and projected volumes based upon projected future growth plans. Consequently, staff calculations should be based on industry standard productivity. Growth in the number of physicians will drive the need for additional staff in the central billing office. The need for ongoing training support is another area that is often underestimated.
Training is frequently conducted on-the-job and poor processes and tacit knowledge are passed from one staff member to another. Staff members don’t know why they perform their jobs in a certain way, as they frequently respond to our queries concerning training with, “I just do it this way because that’s the way it was always done”. There is often little or no awareness of the impact of their actions or what happens downstream in the revenue cycle.

**Establishing Accountability**

Leadership must institute a new level of accountability supported by excellent reporting as well as policies and procedures that assure proper reimbursement for services rendered. Simply put, leadership has to institute the practice of routinely defining and communicating its performance expectations to every member of its staff.

Physicians, management and staff should understand they demonstrate their support of the organization’s mission, in part, by contributing to a healthy revenue cycle.

Providers must begin viewing themselves as integral parts of the revenue cycle, recognizing their influence on overall revenue production based on the number of patients they see each day. They must also recognize reimbursement, as it relates to proper coding and time-to-cash, as a result of timely completion and submission of charge tickets and dictation.

Administration must recognize its role in establishing the fee schedule, negotiating with payers, maintaining proper staffing, training and developing staff, creating internal controls and enforcing policies and procedures, marketing and much more.

Front-desk staff must be willing and able to provide some degree of financial counseling to collect co-pays and past due balances from patients and will have to possess the discernment to recognize those patients who may require charity care and serve them in a way that preserves their dignity. They will also have to understand their roles in overall patient satisfaction and should be judged not only on collections performance, but on the degree to which they delight their customers as they create lasting impressions of the overall practice.

Back-office staff members have to be well-trained to optimize the use of available technology and well-defined, documented processes that enable them to work smart and attain productivity, quality and collections performance objectives.

All of the groups above are dependent on each other to properly perform their functions, so it is essential everyone has a clear understanding of the overall revenue cycle process. Getting the most out of employees and physician staff requires the organization and all staff members work in harmony to achieve the realistic financial objectives established by leadership. The consistent communication of results, opportunities for improvement and areas of excellence will keep everyone aligned and focused on the organization’s shared goals.
Conclusion

The executive leadership of an integrated delivery network has four important challenges in maximizing revenue cycle performance in its aligned physician organizations:

• Explaining to their constituency why revenue cycle management is critical to achieving the mission
• Identifying where problems exist
• Developing a strategy for addressing identified problems
• Establishing and executing a plan to maintain and continually improve performance

After the challenges above are met, leadership will have increased visibility into each clinic’s actual performance and will be equipped with the knowledge to accurately assess its future potential and ability to contribute financially to the organization’s long-term mission. Physicians, administrators and staff will be proud of the revenues they helped to produce in their heartfelt support of their organization’s mission.
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Denise Henderson is a director in MedSynergies’ Consulting Services group where she provides operations assessments, financial analysis, benchmarking and business process optimization services for provider organizations. With more than 13 years experience leading health care organizations and consulting with medical group practices, her expertise gives her unique insight into the needs and challenges facing provider organizations today.

Prior to joining MedSynergies, Ms. Henderson was owner and principal consultant with Equanimity Consulting, where she provided a range of services including growth and development strategies and change management support for provider organizations. She has also served in senior executive roles with ProvidaCare, LLC, as president and chief operating officer, and The Beryl Companies as senior vice president. In both capacities, she was instrumental in providing marketing and clinical support to substantially increase growth and revenue for provider organizations.

Ms. Henderson received her bachelor of science in Marketing from Miami University.

About MedSynergies, Inc.

Now serving 3,500 healthcare providers in 37 states, MedSynergies provides revenue cycle services and integrates leading software programs into the daily operations of healthcare organizations. Founded in 1996, MedSynergies serves physicians in hospitals, specialty medical groups, ambulatory surgical centers, rehabilitation centers, and independent practice associations (IPAs). Based in Irving, Texas, the company has regional offices across the United States. For more information on MedSynergies, please visit www.medsynergies.com.