



RCM RESOLVES MIGRATION IMPLEMENTATION ISSUES

HEALTHCARE

“Our partnership has brought great value, success, and, yes, enlightenment to UMHS revenue cycle. The knowledge and experience they bring to the table has allowed us to optimize and learn our Epic system and become more efficient with our business processes. Their contribution to our organization has resulted in an improvement of our KPIs and an increase in our net revenue. I would recommend them highly to any revenue cycle operation.”

BENJIE JOHNSON
CHIEF REVENUE OFFICER
UNIVERSITY OF MICHIGAN
HEALTH SYSTEM

McKinnis Consulting Services, LLC, (McKinnis) was acquired by Navigant Consulting, Inc. (Navigant), effective December 31, 2015. The results detailed in this case study were derived through an engagement McKinnis conducted with the University of Michigan Health System prior to its acquisition by Navigant.

THE CHALLENGE

Many healthcare organizations are pursuing next-generation health information systems solutions to expand their ability to cope with meaningful use, reductions in reimbursement rates, and increasing market competition – all while improving the quality of care delivered to patients. In February 2012, University of Michigan Health System (UMHS) completed their migration to Epic; however, UMHS experienced complications with the implementation leading to a post-conversion period of decreasing gross patient revenues, increasing accounts receivable, and diminishing cash flow.

These post-conversion challenges, coupled with the existing organization structure within the revenue cycle, represented critical financial risks to UMHS that needed to be addressed quickly.

THE SOLUTION

McKinnis performed a comprehensive revenue cycle assessment that revealed key revenue cycle components were lacking in structure and performing below industry best-practice metrics at UMHS. The revenue cycle assessment identified areas of risk, such as: self-pay collections, call abandonment rates, revenue integrity/analytics, underpayment recovery, denial management, strategic pricing, and charge capture. Further, in early December of 2012, UMHS’s candidate for bill days (unbilled AR held past the suspense period) had spiked above 20 days.

UMHS leadership engaged McKinnis to manage the large scope of technical and operational issues contributing to the system's post-live performance. The resulting partnership stabilized and optimized targeted areas of UMHS revenue cycle, as well as improved key performance metrics. The key revenue cycle initiatives include:

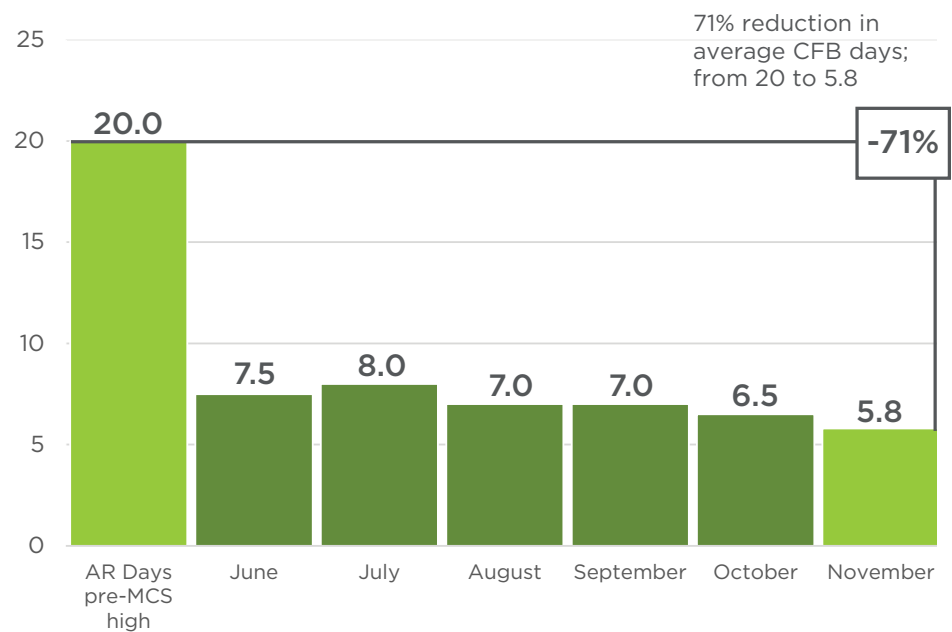
- Revenue Cycle Leadership Organization Structure Review
- Revenue Cycle Operational Improvement
- Candidate for Bill (CFB)
- Revenue Analytics Department Strategy
- Denial Management Strategy
- Payment Validation Strategy
- Charge Integrity Strategy
- Self-Pay Collection Optimization
- Strategic Pricing

THE RESULTS

Candidate for Bill

- CFB AR day metric reduced from 20 days at project inception to 5.8 days.
- Outstanding CFB dollars reduced to \$89 million.

Candidate for Bill - AR Days



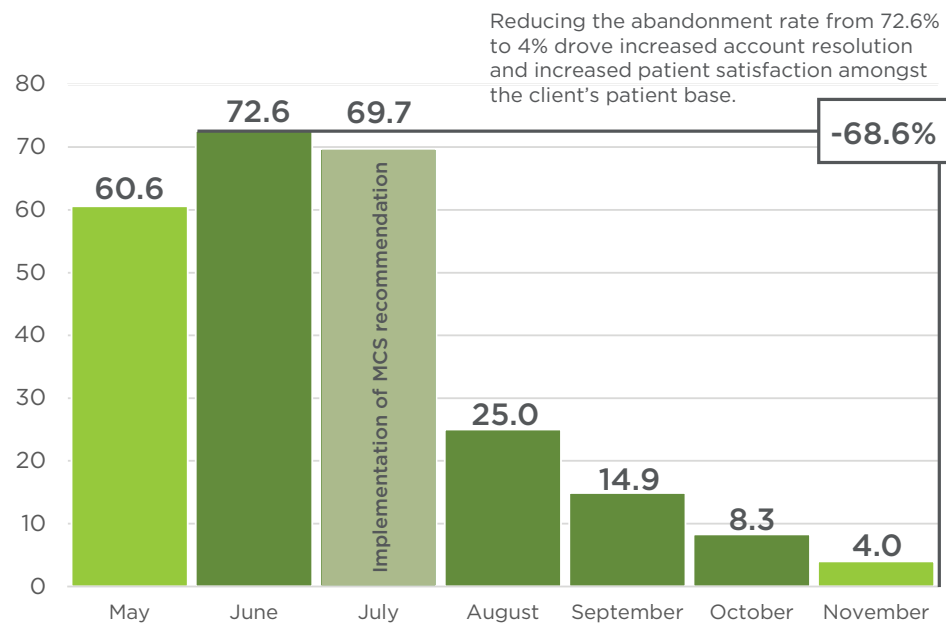
Payment Validation

- Developed customized underpayment workflow within the Epic system.
- Implemented a dedicated internal underpayment team and facilitated implementation of external vendor; projected first-year benefit is \$1.76 million.

Self-Pay Collections Optimization

- Generated net benefit of over \$12.5 million by increasing the global self-pay yield.
- Reduced call abandonment rate from a metric high of 72.6% to a best-practice metric of 4%.
- Reduced patient correspondence backlog from a high of 3,300 to a low of 23.

Call Abandonment Rate - Percent



About UMHS

The University of Michigan Health System (UMHS) is a premier academic medical center and one of the largest hospitals in Michigan. Known for cutting-edge research and superior patient care, UMHS has been named among the best in the nation in a broad range of adult and pediatric specialties, according to US News and World Report. The UMHS vision is to create the future of healthcare through discovery and to become the national leader in healthcare, healthcare reform, biomedical innovation and education.

About Navigant

Navigant Consulting, Inc. (NYSE: NCI) is a specialized, global professional services firm that helps clients take control of their future. Navigant’s professionals apply deep industry knowledge, substantive technical expertise, and an enterprising approach to help clients build, manage and/or protect their business interests. With a focus on markets and clients facing transformational change and significant regulatory or legal pressures, the Firm primarily serves clients in the healthcare, energy and financial services industries. Across a range of advisory, consulting, outsourcing, and technology/analytics services, Navigant’s practitioners bring sharp insight that pinpoints opportunities and delivers powerful results. More information about Navigant can be found at navigant.com.

Strategic Pricing

- University of Michigan Health System increased their net benefit by \$6.5 million using strategic pricing rather than the historic across-the-board price increases.

Strategic vs. Across-the-Board Pricing - Number of Charges; Dollars

