Healthcare

Martin Luther King, Jr. Community Hospital Resolves Revenue Cycle Challenges with Help from Guidehouse

The Challenge
When Martin Luther King, Jr. Community Hospital (MLKCH) opened in 2015, a partnership with Guidehouse (formerly Navigant)* was already in place to support hospital executives. Guidehouse’s history with MLKCH began in 2013 when administrators established revenue-cycle operations for the new facility.

The safety net hospital serves South Los Angeles, a community that faces significant socioeconomic and health challenges. The facility required comprehensive revenue-cycle management (patient access, health information management, and billing and collections) and collaboration in aligning revenue-cycle goals, expectations, and performance.

The Solution
Electronic health record implementation was among the initial needs at the new hospital. Guidehouse was brought in to support the project with customized policies and procedures, workflows, and vendor/technology applications. Guidehouse and the MLKCH leadership team agreed to establish startup key performance indicators (KPIs) in patient access, and patient financial services.

Start-up KPIs
- Cash Collections as a Percentage of Adjusted Net Patient Services Revenue at or above 100% rolling 3-Month Average
- Final Billed Not Submitted to Payer not to exceed one Gross Day of AR
- Aged Accounts Receivable (AR) >90 Days as a percentage of Billed AR (AR >90) not to exceed 15%
- Registration Complete at or above 95%
- Net Days in AR at or below 80

About MKLCH
Martin Luther King, Jr. Community Hospital (MLKCH) is a private, nonprofit, safety-net hospital serving 1.3 million residents in South Los Angeles. The 131-bed hospital opened in 2015 through a unique public/private partnership with the County of Los Angeles, the University of California, and other healthcare providers. The Board of Directors of Martin Luther King, Jr., Los Angeles Healthcare Corporation, which governs and operates the hospital, is committed to establishing an innovative model focused on patient-centered, coordinated-care delivery, both inside and beyond the hospital walls.

* Business process management services described herein are provided by Guidehouse Managed Services
The Impact
As a new hospital, MKLCH revenue cycle system was built from the ground up. Initial startup processes were established and improved, as needed. Once the facility was open and the kinks worked out, Guidehouse identified areas that needed additional focus and improvement.

- **Patient Access**
  - Improved
  - Insurance verification and authorization
  - Accuracy of registration data
  - Patient screening for Medi-Cal and charity programs
  - Timely submission of Treatment Authorization Requests
  - Medical eligibility efforts are yielding 400 accepted Medi-Cal applications per month

- **Expanded Services**
  - Bed Placement
  - Timely payer notification
  - Reduced denials for Medical Necessity and no authorizations
  - Increased payer notification in a timely matter, 100%
  - Monitored that all patients admitted met Medical Necessity requirements

- **Patient Financial Service**
  - Improved
  - Bill hold days down from 48 days to 10 days
  - Denial identification process by implementation of electronic tool
  - Cash Collections – Currently at 108% of cash goal ($114M vs. $106M KPI target)
  - Noncontracted Commercial – Successful process for flagging and negotiating noncontracted payments in excess of 70% of charges

- **HIM - Coding/CDI**
  - Improved
  - Enhanced efficiency/accuracy
  - Incorporated clinical documentation improvement and concurrent coding at bedside
  - Automated paper scanning process for physicians group
  - Physician query YTD response rate: 99%

- **Revenue Integrity**
  - Improved
  - Standardized quarterly charge audits
  - Developed daily charge reconciliation process
  - Improved Emergency Department-level charging process
  - Reduced suspended charges and late charges
  - Secured higher clean claim rate, fewer payer rejections

About Guidehouse
Guidehouse is a leading global provider of consulting services to the public and commercial markets with broad capabilities in management, technology, and risk consulting. We help clients address their toughest challenges with a focus on markets and clients facing transformational change, technology-driven innovation, and significant regulatory pressure. Across a range of advisory, consulting, outsourcing, and technology/analytics services, we help clients create scalable, innovative solutions that prepare them for future growth and success. Headquartered in McLean, VA, the company has more than 8,000 professionals in more than 50 locations. Guidehouse is a Veritas Capital portfolio company, led by seasoned professionals with proven and diverse expertise in traditional and emerging technologies, markets, and agenda-setting issues driving national and global economies. For more information, please visit: www.guidehouse.com.

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