

Healthcare

UAB Medicine Saves \$68.7 Million Through KPI Net Patient Revenue Enhancements, Cost Reductions

End-to-End RCM Collaboration with Guidehouse Driving Sustainable Cash Acceleration, Self-Pay Collection, Denial Rate, Coding, and Patient Access Improvements

Challenge

In 2016, reimbursement and general market changes had Birmingham, Alabama-based **UAB Medicine** facing multiple revenue cycle management (RCM) challenges at both the hospital and physician level, including the following:

- A lack of communication and integration led to higher-than-desired initial denials and write-offs.
- Hospital leaders were challenged with accurately measuring and tracking revenue cycle performance.
- While revenue cycle key performance indicators (KPIs) were reported, additional analytical views were needed to use the data to improve performance.

Although UAB Medicine had a high-performing revenue cycle, leaders knew continued performance improvement would require a comprehensive focus on RCM enhancement. It would also depend on heightened collaboration between hospital and physician operations within UAB Medicine.

Solution

UAB Medicine **expanded its partnership with Guidehouse Inc.** through a comprehensive RCM initiative to improve hospital and physician revenue cycle operations and performance. The goal of this seven-year collaboration is to streamline all functions related to processing and payment of medical claims and promote greater collaboration, transparency, and consistency.

The initiative went live on Oct. 1, 2016. The initial phase includes UAB Hospital and UAB's faculty practice plan comprising more than 1,000 physicians across the state.

For UAB Medicine, one of the first steps in achieving financial improvements was to break down silos — not only between hospital and physician revenue cycle operations, but also within each segment. To address this, UAB Medicine established a new RCM governance structure composed of:

- An executive committee responsible for setting and reviewing strategy, operations, and any fundamental changes in governance structure.
- A program committee of key stakeholders throughout the system that reviews ongoing operations, with subcommittees focused on specific areas of opportunity.
- A revenue cycle committee responsible for problem awareness, action plans and monitoring, idea sharing and generation, benchmark monitoring, goal setting, and more.

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Our collaboration with Guidehouse is so much more than a traditional outsourcing relationship. It's a true partnership that's driving sustainable financial and operational results that we would not be able to achieve without Guidehouse.”

Sandra Peterson

Executive Director of
Revenue Cycle Management,
UAB Medicine

Meetings among all key revenue cycle stakeholders have created the right cadence for communication and engagement. Three times a week, Guidehouse and UAB Medicine hospital, physician, and finance leaders meet for early morning huddles to focus on strategies to drive improvement. Based on mutually understood goals, this organic approach helps the organizations further align and remove operational barriers across the system.

Success can also be attributed to the formation of an on-ground UAB Medicine/Guidehouse leadership team focused on day-to-day opportunities.

"We've developed a sustainable solution that's customized to our existing local-market resources and employees and augmented by Guidehouse's national and international expertise," said Sandra Peterson, executive director of RCM for UAB Medicine.

"The combination of new and legacy leadership has created a unique partnership that's so much more than a standard outsourcing relationship."

Initiatives that have strengthened hospital and physician revenue cycle performance at UAB Medicine include the following:

Reporting. Early in the initiative, revenue cycle leaders and staff agreed on what to measure and how to provide greater performance transparency to close performance gaps. With

Guidehouse's proprietary tool, Metrix, UAB Medicine expanded digital capabilities and hardwired reporting for morning huddles and day-to-day operations.

Coding. UAB Medicine was in the process of designing concurrent coding, in which coders assign codes during the patient's stay rather than after discharge. Guidehouse provided the structure and support to help the system take its concurrent coding program to another level. Today, 40% of the patient charts are concurrently coded.

Patient access. UAB Medicine brought eligibility services in-house and invested in "work stations on wheels" that enable staff to visit patients in their rooms to review eligibility, estimate out-of-pocket costs, explore opportunities for assistance, and process payments.

"Guidehouse brings a level of professionalism, accountability, and expectation for revenue cycle management that has been critical to breaking down silos and improving revenue integrity and collections at UAB," said Reid Jones, chief operating officer for UAB Medicine. "With each initiative, Guidehouse shares the big picture so our team can come together to achieve the greater good."

"Going forward, both organizations are focused on building on our momentum and continuing to drive performance improvement, with 12 new RCM initiatives identified for 2019," Peterson said.

Impact

UAB Medicine, Guidehouse Collaboration Achieves \$68.7 Million in RCM Improvement

- ✓ Hospital discharged not submitted to payer (DNSP) ↓ 35%; Physician DNSP ↓ 12%
- ✓ Self-pay collections ↑ 25%
- ✓ Cost to collect ↓ 7%
- ✓ Uncompensated care as a percentage of hospital gross revenue ↓ 23%*
- ✓ Hospital initial denials as a percentage of net revenue ↓ 41%*
- ✓ Physician accounts receivable greater than 120 days ↓ 24%*

*At industry best practice levels

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