Avoiding Revenue Cycle Disasters While Implementing Enterprise Integrated Systems

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The past year has been rife with articles in the healthcare provider sector about large enterprise-wide system implementations resulting in substantial revenue cycle performance problems. This issue has gotten so dire in some cases that health systems implementing particular vendors' systems have had bond covenants threatened and have been forced to lay off workers to compensate for revenue losses.

What is contributing to these claims, and how bad are things really? Well, first of all, it only takes one or two problematic implementations to overshadow the many "good" ones and thus create the perception that things have gone awry in the industry or that a particular vendor's systems and implementation methods are flawed. In the vast majority of situations, the software works just fine. Usually, the problem lies somewhere in the implementation approach.

There are many things that can go wrong along the way in these complex and long-term initiatives. Take a software solution that touches nearly every part of a health system, add to it the temporal pressures to get the software live as quickly as possible, and seemingly simple pitfalls and red flags can be missed by competent people. Throw inexperienced people into the mix, and you have a recipe for disaster. This white paper outlines the most common issues and challenges in order to help organizations avoid them.

Revenue Cycle Implementation Areas of Risk and Mitigation

Workflow Changes

One of the challenges in enterprise-wide software replacement initiatives is that there are a number of substantial workflow changes that typically take place. For example, one of the most common is a shift in the way in which charges are captured by clinical users. When a modern, fully integrated system replaces formerly best-of-breed software or paper-based workflows, the process of moving charges from the EHR to the billing system becomes much more automated and dependent on clinical workflows.

Many of these systems create work edits for registration and billing functions that need to be monitored closely in order to correct a number of variables in the revenue cycle, from coding and the capture of diagnoses, to accounting for all relevant demographics and insurance information. Major issues can arise when an organization fails to take note of the four or five major workflow changes and who will own these workflows in operations as a result of a new enterprise-wide system implementation. In addition, organizations must really drive home how these changes will affect the enterprise. Unfortunately, the vendors aren't always as effective at communicating the gravity of such changes to their customers.

Staffing Considerations and Communication

In addition to managing the new workflows, it is equally important to develop a resource strategy to facilitate the process of working down accounts receivable (A/R) levels in your legacy systems. It is important to begin your new revenue cycle systems with a clean slate, thereby not converting legacy A/R. It's important that the appropriate attention is given to the collections process prior to bringing your new system live. Isolating your legacy A/R with a core group of seasoned staff, while transitioning the bulk of your billing team to the new system, will enhance your ability to rapidly move into successful change without compromising the potential for capturing previous reimbursements.

Another area of risk to review closely is the potential for coding backlogs during the initial days and weeks of bringing a new system live. Coding backlogs can contribute considerably to an increase in the number of days in A/R. This generally happens due to employees' limited understanding of new operational responsibilities or gaps in training on the new system, not because the volume of work actually increases. In order to prevent this from occurring, it is prudent to increase the number of coding personnel available for a period before and after go-live in order to work down the backlog of previous records and allow your coding staff the time necessary to adjust to new system processes.

Challenges in communication are often noted as a reason that projects fail. It is important to develop an integrated team approach to communication in which the silos that have historically plagued RCM operations are broken down. For example, creating a team representing the major operational units of the RCM department to gather regularly to review the predominant front-end claim edits that require intervention will aid admitting/registration staff in understanding the impacts to the capture of data and enable them to create plans to improve their process. Cross-functional teams must communicate and learn how to modify tasks in order to achieve the most effective outcomes for the implementation.

Rapid Design, Build, Test and Live Cycles

Another common cause of trouble for organizations undergoing major implementation work is accelerated timing. Software vendors are pushing their clients to implement technologies more rapidly than ever before, and as such, some key system implementation lifecycle processes get shortchanged or missed entirely as a result. In some cases, vendors push a philosophy that seems to be "don't worry about testing, we'll just optimize once we've gone live." It is important to build and execute on a solid testing plan in order to instantiate good testing discipline into the culture for future upgrades and enhancements.

Although optimization is a critical component of any implementation, it should not be the mechanism by which positive system performance is initially achieved. In other words, plan for achieving the optimal level of system performance (i.e., revenue cycle performance) pre-activation through the appropriate implementation methodology, and don't rely solely on post-implementation optimization. It is understood that the predominant reason software vendors are accelerating the pace of implementation is to help health systems get the value out of the investment and, in the past few years, to qualify for Meaningful Use. However, this can backfire quickly when key steps are skipped or shortchanged along the way and A/R shoots through the roof.

Determining Baseline Metrics and Future State Goals

Reviewing baseline revenue cycle metrics prior to implementation, identifying appropriate thresholds during implementation and determining when these statistics should return to baseline post-implementation are required steps for a successful enterprise implementation. However, too often, these simple steps are skipped. Organizations cannot expect to determine revenue cycle status following go-live if they don't know how they were doing before the event.

Not only does the "you can't manage what you can't measure" bromide apply in this case, but understanding pre-live metrics is critical to setting expectations with your staff and leadership. All parties involved should understand that large implementation projects will impact overall operations. Communicating that this is expected and is a normal course of the implementation will reduce any unnecessary concerns during the process.

That said, if metrics fall out of what is considered a normal range during the project, it is also important to openly communicate and redirect the team as needed to right the course of the implementation. Don't just settle for negative outcomes; these projects should be fluid and adjusted to achieve the set-forth objectives. Be open with project sponsors and stakeholders about the fact that when implementations affect a variety of departments and functions and are being executed on accelerated timeframes, it is normal to have problems and issues along the way. If your color-coded status reports are always green, someone isn't telling the truth. You can expect a rapid move to an all-red status without warning when an issue arises.

Building and Implementing a Solid Training Plan

A key reason that revenue cycle projects often fail is the lack of fundamental training. Training should cover two areas: One is the traditional training on how the system enables the processes of scheduling, registration and billing functions; the other often-missed component to training is how to modify operations in order to meet the demands of working edits in the new system.

Not training users on how to manage their work edits and assuming that everything flows as expected and that no edits will occur is just as bad as failing to register a patient. Most vendors don't do an effective job of identifying the operational resources responsible for facilitating the review of edits, and they don't have tailored training to help those resources understand how to mitigate these challenges. The solution is as simple as making sure that all pertinent data is collected during the registration process or as complex as accounting for modifications to insurance contracts, a process that requires constant and clear communication from a variety of stakeholders.

Enterprise-wide clinical, patient management and revenue cycle integrated systems, such as Cerner and Epic, address the overall revenue cycle quite differently than modular systems of the past. Whereas legacy revenue cycle systems were built on the assumption that very little would be "right" on the front end (i.e., registration or admission), today's modern integrated solutions take the opposite tack. Not only do modern systems assume that the quality of front-end data collection is high, the edits and work queues are built to force those users to make that data high-quality. Throw in the system expectations that "dropping charges" is a fluid process integrated with clinical documentation, and a key theme emerges – in the early stages of project planning, it is crucial to communicate to both health system leadership and line management that workflows are going to be different using the new system. Talk about this every chance you get.

Having a Reasonable Testing Strategy

It is important to not underestimate the testing process or to treat it as an afterthought. Testing is paramount to success and can be used not only as a validation of system build, but as an enhancement to training and go-live activities.

Typically, testing should happen across three iterative activities: unit or functional testing in coordination with build/system configuration, application testing, and integrated testing. In addition, the detailed efforts of charge testing and having the appropriate resources responsible for maintaining the Charge Description Master (CDM) in your organization are crucial to the testing process and should be a requirement of any RCM system transition.

Finally, although viewed to be tedious and time-consuming, the process of mapped record testing should not be overlooked. This is truly where the integrated testing efforts come together to fully realize whether your systems are configured correctly and the data flow between systems is working as designed (e.g., results are generated based on orders, which in turn create charges that flow to claims). It is not enough to assume that if any one of these testing activities is completed, the full cycle of testing functions has passed.

To accomplish integrated testing, it is very important to develop a comprehensive list of scenarios for testing and to facilitate testing events with the rigor and project management discipline that should be maintained throughout the program. Although it will be easy to come up with 80 percent of scenarios to be tested, it is the other 20 percent of scenarios that can easily be missed. This can create challenges during activation. For this reason, putting the right attention and resources to the testing effort is critical. Don't let the vendor installation team talk you out of testing – they're working off of a different agenda than yours.

Leadership Involvement

Many of the projects that have received attention over the last year for not achieving their desired results have not had the right balance of project management, technical implementation assistance and operational leadership. When any one of these areas is absent in the project, it is not surprising that problems or even failure is part of the outcome.

For this reason, it is just as important in enterprise-wide system implementations to have financial and RCM leaders owning and facilitating their part of implementation as it is to have clinical leadership involved. One example of a successful enterprise-wide system implementation completed recently included a high level of integration at the leadership level. The Chief Financial Officer and Vice President of Revenue Cycle at this organization spent one or two days per week with the project team during the design, build and test phases. Not surprisingly, the A/R and RCM performance problems we've all read about in the last year did not occur in this health system. This is not a coincidence, and should be considered a best practice for these types of large implementations.

Pulling It All Together

An underlying theme of the areas discussed above is the importance of adhering to an appropriate implementation methodology, and ensuring the use of modern project management techniques. Project management can be interpreted to mean many things; in this case, it is facilitating a project with the diversity of resources necessary to make change successful while having the discipline to hold stakeholders accountable for their component of the program. It is not enough to make sure everyone completes the tasks assigned to them on the project plan timeline. These projects require constant communication, marketing, testing, training, support and an integrated approach throughout the many phases of the program to achieve success.

It may seem like common sense that certain activities need to be completed before moving on to others. However, many organizations do not do what is necessary to create and follow a prescribed plan for moving a system into production.

In addition, it is difficult to set design and configuration standards for a system without some basic level of understanding about how the software works. It can be challenging to rely on vendor resources alone, as they typically do not take into account a health system's current processes or consider their importance. On the other hand, spending significant time reviewing current state processes is not necessarily the best use of time considering that the new system may not be able to achieve workflows in a like manner to the ways of the past (and generally you wouldn't want them to). So, what's the best answer?

It really does depend on your organization's culture, strategy of adoption and timelines. The wrong answer is to ignore these components and assume that everyone is on the same page. For example, if you decide to adopt the base functionality of a new system with little configuration, that isn't necessarily a bad strategy. Just make sure the right stakeholders are part of that decision-making process and understand the full impact of that strategy.

Conclusion

System implementation work in the past five years has changed dramatically in relation to the previous 20 years. The HITECH Act has driven more healthcare providers to move to enterprise-wide integrated solutions spanning the majority of care settings and departments, and including patient management and RCM functions. At the same time, the approach to implementations has changed, characterized by greater project complexity, larger team size and accelerated time frames. Not surprisingly for many organizations, the result has been revenue cycle nightmares.

To avoid this outcome, organizations need to consider vendors' approaches respectfully, but enhance them with common sense and competence. Keeping an eye on the key risk areas outlined above and implementing the mitigation ideas discussed herein will substantially reduce the risks associated with these initiatives.

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Our approach to IT planning is based on years of experience with successful implementations. We believe that proven methods combined with disciplined, rigorous, but pragmatic project management delivers successful results.

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