

BEHAVIORAL HEALTH ORGANIZATION TRANSFORMS BACK-END REVENUE CYCLE

Learn how a behavioral health services organization improved their back-end revenue cycle performance through process change and KPIs.

Our client

Located in a major metropolitan area, this client provides behavioral health services to more than 72,000 families and individuals with 81 percent being part of the working poor or lower-middle class.

Business concern

The behavioral health services organization since inception has always been dependent on grants and donations for a majority of funding; however, year-after-year reductions have placed a greater importance on third-party insurance collections. Because of their dependence on grants and donation money, leadership was inexperienced with revenue cycle operations and had limited understanding of key performance indicators (KPIs). Their lack of industry knowledge as it related to revenue cycle management was unfavorably affecting their financial performance. Additionally, the patient accounting system was very antiquated, which made it difficult to pull reliable information.

Our approach

RSM health care industry professionals initially provided a cash acceleration initiative that focused on underpayments and identified approximately \$400,000 in additional payments. While onsite during Phase 1, RSM identified several other process and system gaps that indicated that the organization could benefit from a full revenue cycle assessment focused on front, middle and back-end areas. During the assessment, RSM determined that the back-end functions and reporting required a complete overhaul. During the four-month implementation, RSM established new processes and procedures related to billing, follow-up, cash posting and denials management. Additionally, RSM devoted a significant amount of time to enhancing and

creating dashboard and overall reporting. This focus on reporting has allowed the client to have total transparency into their KPIs, which has enabled them to manage their business. Finally, RSM focused a large amount of their energies toward mentoring and teaching the client how to manage their revenue cycle. This emphasis of education and transferring knowledge has empowered the client to continue to build upon the gains already achieved during this successful journey.

Services delivered included:

- Cash acceleration (unbilled reduction and underpayments)
- Revenue cycle assessment (technology and operations)
- Back-end revenue cycle operations transformation
 - Billing optimization
 - Follow-up workflow optimization
 - Cash posting optimization
 - Denials management
 - Revenue cycle dashboards and reporting

Outcomes

- Reduction in accounts receivable days by approximately 30 days
- Increase in cash collections as a percentage of net revenue (three-month average 122.8 percent vs. 82.4 percent identified during assessment)
- Unbilled reduction of 11.3 days

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