



Community Hospital
Financial Turnaround & Medical Staff Restructure
A Summary of the Work Performed by Revenue Maximization Group
March 2018

Overview

Denials Recovery Group, Inc., known as Revenue Maximization Group (RMG) was contacted by the CEO of a regional health care organization to initially perform an assessment of its clinic operations. The facility is 79 beds with 30 providers located in 6 clinics. The clinics were losing approximately \$200,000 per month over the last 2 years. The Assessment was performed in May 2017 and contained over 20 recommendations that included clinic operations, Information Technology, Revenue Cycle Management and the Medical staff/mid-level organization. In August of 2017 RMG executed a contract with the Board of Directors and CEO to “turnaround” the clinic operations, finances, medical staff and culture. On site work commenced September 2017.

Action Plan

RMG placed a senior executive in the clinic and commenced implementing their previous recommendations although when on site additional changes were necessary. A thorough top to bottom diligence was performed using RMG proprietary methodologies. These methodologies include Information Technology review, Clinic workflows, RCM workflows and policies, review of provider contracts and organization, staffing, metric review, budget accountability, accounting policies and interviews with providers and staff. Following the completion of this analysis a work plan was developed, prioritized and provided to the CEO for approval.

Major Actions Taken

A very early step that was taken was to establish Key Performance Indicators (KPIs) for the Central Business Office and all the clinics. A central mantra for RMG is “You can’t manage what you can’t measure”. For the Business Office operation RMG established 8 KPIs and for the clinics 17 new KPIs were required (these do not include the usual metrics of budget performance). By measuring this data on a regular basis, a spotlight is on these measures, and no longer looked at sporadically or when asked. Manager performance reviews are now tied to these KPIs for the Business Office Director and clinic managers.

A thorough analysis was undertaken of the Information Technology system. The same “Named” system is used for the EMR as well as RCM. What was discovered was that training was inadequate which led to different workflows in the clinics, applications were purchased and never implemented; the cost of the system zoomed to 3 times what it should be costing, a lack of accountability, the Business Office hadn’t updated its system for 9 years, and paper (faxing) was the preferred method for records transfers, referrals and other data exchange

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necessities. Due to the lack of accountability customer service was also problematic. RMG tackled this problem early on and established a training program for all staff and providers, a new employee orientation program where they must learn the system before being in the clinics, and accountability for the system was established. The RCM software was upgraded to the latest version (with the necessary training) so for example instead of being approximately 70% electronic claim transmission, it is now approaching 99%.

The clinics grew through acquisition as opposed to organic growth, and without strong leadership the clinics continued to run almost autonomously (i.e. as if the physicians still owned the practice). Additionally, former competitors still viewed their new colleagues as such. Coupled with that the majority of the physicians were over 60, and there was no succession plan in place. This culture also was not helpful to the Business Office since the majority of physicians were on salary guarantee so they had no skin in the game as far as collections of A/R is concerned.

Results

RMG is 6 months into the assignment. The results to date have been excellent by utilization of its proven methodologies, experienced and seasoned team of professionals coupled with excellent communication with all stakeholders and holding all parties accountable for results.

Selected highlights for RCM KPIs:

<u>Key Performance Indicator</u>	<u>September 2017</u>	<u>February 2018</u>
Days in A/R	156	87
% of Claims > than 60 days	76%	56%
Claims Submitted	6,015	10,213
Cash Collected	\$404,000	\$501,000

Clinic operations have also shown significant improvement. The commitment RMG made to the organization was to achieve break even in the 4th quarter of the fiscal year on a consolidated basis for the clinic organization. Recapped below are the results through the first 5 months of the fiscal year

	<u>Current Month</u>	<u>Prior Year Current Month</u>	<u>Current Year to Date</u>	<u>Prior Year Year to Date</u>
Gross Revenue	\$ 773,000	\$ 768,000	\$ 3,918,000	\$ 3,470,000
Deductions	<u>\$ 190,000</u>	<u>\$ 356,000</u>	<u>\$ 1,418,000</u>	<u>\$ 1,723,000</u>
Net Revenue	\$ 583,000	\$ 412,000	\$ 2,500,000	\$ 1,747,000
Expenses	<u>\$ 545,000</u>	<u>\$ 529,000</u>	<u>\$ 2,932,000</u>	<u>\$ 2,786,000</u>
Net Income (Loss)	<u>\$ 38,000</u>	<u>\$ (117,000)</u>	<u>\$ (432,000)</u>	<u>\$ (1,039,000)</u>



RMG has just commenced the addition of new revenue programs (TCM, CCM, AWV and ACP) which will provide additional revenues and bottom line to the organization of over \$400,000 after the first twelve (12 months). Not only do these programs add significant net income they also enhance patient care, patient loyalty and provide many of the data elements needed for MIPS reporting.

The Medical Staff is being reorganized into a new medical group and the existing standalone silos will be eliminated. Additionally, the medical group will have skin in the game by being paid as a percentage of collections, as well as be eligible for a bonus by meeting agreed upon metrics in patient satisfaction, reduction in wait times, quality (HEDIS + MIPS), and utilization of the EMR. A succession plan has been implemented to retire out the older physicians over the next year and bring in four (4) new physicians who will be indoctrinated into a new culture of group think rather than individual. The organization is also investing significant dollars in a series of retreats on Leadership training and changing cultures.



To find out more about how RMG can help your organization please contact us via email smiller@rmaxg.com or 1800-830-2997

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