

AWD[®] Process Optimization

Optimized Process As An Asset For The Healthcare Enterprise

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Healthcare is a high volume, transaction-oriented environment, especially when it comes to processing claims and reimbursements. Patient financial services, the provider's version of accounts receivable, is possibly one of the most complicated accounting activities in American business. It is comprised of many independent tasks that seem to begin and end at each department's doorway, but actually are a continuum of steps necessary to ensure full payment is received. Often, the various departmental computer systems used in this process are not interoperable and do not support truly collaborative work environments.

The resulting "white space", or physical gap between operational units, reduces productivity, spawns inadvertent errors, increases administrative costs, and acts to dissatisfy patients and staff alike. As a result, most healthcare organizations are more efficient within their departments than they are across the enterprise.

Fixing broken or disparate processes can be challenging, as traditional software vendors generally focus on departmental solutions rather than looking horizontally across the entire revenue cycle. Where individual applications end, "white space" begins.

Healthcare organizations have not embraced "process-centric" solutions to the extent that they have "data-centric" technology. Therefore, creating data is often easier than accessing it. Without appropriate tools and a strategic methodology, process improvement across the enterprise is often too complicated to implement.

As healthcare costs continue to rise, healthcare providers need to increase efficiency and reduce operating costs. However, because people have been used to fill the operational "white space", it is difficult to further reduce FTE's, as they personify much of the revenue management process.

Before provider organizations can eliminate "white space" several things need to be in place. First, the organization must embrace its operating processes as business assets and manage them accordingly. Process will need to take on a strategic focus. Second, the organization will need a process methodology that includes tools specifically designed to support enterprise process improvement. This methodology will need to be continuously applied to synchronize the organization's internal revenue management processes and business model with external market drivers. This methodology should embody the following cycle.

Process Optimization Continuum:



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Inefficient process often exists where there is a difference between how work is actually done and how organizations think it is being accomplished. Therefore, the process continuum should begin with an accurate picture of the “current” state using automated *modeling* tools. Next, the “current” state should be *analyzed*, using qualitative methods like Six Sigma, Lean or Total Quality Management, to identify “white space” and its impact on the work process and access to information.

Next, the organization will need to clearly *simulate* (define) where it needs to go. This is the “future state”. The clearer the future state can be defined, the shorter the implementation cycle, the lower the risk, and fewer resources needed to get there.

Execution includes two components: successfully implementing the new process and then overcoming the natural tendency to move on to other issues within the organization. “Go-live” is not the end, but rather a change in focus. Declaring victory at this point leads to a “gain and wane” syndrome insuring that similar operating inefficiencies will find their way back into organizational processes creating a perception of failure.

The last and most important phase of a continuous process improvement methodology is *monitoring* the new “current” state. It requires agreed-upon benchmarks (key performance indicators) and a dashboard tool for monitoring progress. As the new process state matures, it will yield information through the dashboard and related KPI’s as to whether the organization’s expected outcome has actually come to fruition.

Chances are that the new “current” state will still need adjustments after “go live”. It may be underperforming in a few areas, or the external business environment may have changed during implementation. Without a true monitoring step in the methodology, one that refines and maintains the original implementation, any attained benefits will be short lived. This is the defining moment for continuous improvement and will determine whether the organization really sees its operational processes as a business asset.

By monitoring the new “current” state, and using modeling and simulation tools that are integrated into the organization’s business and clinical processes, incremental changes can be made on short notice and without added upheaval to the operating environment. This granularity promotes the organization’s ability to “evolve” its processes because it is constantly aware of them. It ends the demoralizing effects of “gain and wane” and insures that once processes are fixed and maintained (like any true business asset), the organization can avoid recurring implementations focused on the same old problems.

For those organizations that undertake enterprise process optimization, supported by executives committed to change and modern process tools, the benefits can be significant. For example, one Midwest IDN reduced its medical records backlog by 36%, reduced outpatient coding lag time from 4 days to 24 hours, saved over \$1 million in administrative costs, accelerated access to over \$4 million in receivables, and reduced DNFB (Discharged Not Final Billed) by two days during the first ten months after using the simple process optimization tools and methodologies described here. Regardless of whether process optimization is utilized in the revenue cycle (as in the example above) or in any healthcare activity where processes are broken and “whitespace” is present, the opportunities for improvement across the enterprise exist. Potential benefits include:

- Fewer errors, lower administrative costs, and compressed operational lag time
- Increased associate and workgroup collaboration resulting from improved access to enterprise information
- Efficient, accountable, and seamless information flows across the enterprise that can better achieve best practice goals and expectations
- Revenue optimization through higher productivity

Using enterprise process optimization tools can improve operational efficiency, reduce costs and grow margins by using the resources you already own in a more effective way. By focusing on process as an enterprise asset, and applying modern process technologies, providers can tap into a new tier of operational improvement that can significantly impact the bottom line without adding another database, a new departmental application, or more associates. This approach forces the organization to look at process as a business asset and manage it accordingly, using tools and methods that are up to the task.