
2008 MANY FACES OF COMMUNITY HEALTH CONFERENCE

Improving Performance: Cutting Without Bleeding/Changing With Minimal Disruption

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PREMISE

A COMMON SCENARIO



PREMISE

- Health Center managers constantly seek/need optimal financial performance even when facing opposing factors that are beyond their control
 - Decreased/insufficient grant funding/reimbursement rates
 - Increasing numbers of un/underinsured patients
 - More intense competition for insured patients
 - Changing service area demographics
- Staff compensation represents approximately 75 percent of most health centers' operating budget



PREMISE

- When improved performance becomes necessary, reducing salaries expense is, in many cases, the first option that managers consider
 - It seems the simplest way to make the greatest impact
 - The results are instantaneous
- There are three ways to reduce salaries expense
 - Staff reductions (lay-offs)
 - Work hour reductions (for hourly workers)
 - Wage cuts (potentially impossible to achieve when employment contracts and unionized staff are realities)



PREMISE

- While seemingly simple, pursuing these options can be painful, difficult, and more damaging to an organization's long term prospects than one might consider at the time
 - Low staff morale
 - Time-consuming, expensive and difficult (even impossible) to replace expertise when the crisis ends
 - Rumors of insolvency/closure
- **THE GOOD NEWS!!!.....THERE ARE OPTIONS**



GOAL

Review options to staffing cuts in order to
improve financial performance



Overview

- Some Options
 - Increased productivity/effectiveness
 - Shared infrastructure
 - Group Purchasing
 - Restructured Fringe Benefits
 - Modified Management Structure/Reporting Relationships
- **REMEMBER:** The goal is to improve performance, meaning more.....





OPTIONS

- There are several ways to improve performance
 - Increase revenue
 - More patients, more billable encounters
 - More insured patients, more collectable accounts with a greater cash value potential
 - Increase yield from existing resources
 - Refine operating processes and staff functions
 - Increase efficiency
 - Do or get the same or more for less



OPTION #1

INCREASE REVENUE



OPTION #1: INCREASE REVENUE

- Cost-Effective, Targeted Marketing
 - Geographic areas with a more desirable demographic profile
 - Demographic profiles underserved by your health center (e.g., teens, seniors, self-employed persons)
- Package Services (Distinguishes you from competitors and affords a quality-driven, patient-centered advantage that is marketable)
 - Coordinated service/family visits (e.g., dental with well-child/gyn/pre-natal, parent with child)



OPTION #1: INCREASE REVENUE

- A VIP program that offers perquisites (e.g., discounts, expedited visits) to certain groups (e.g., staff of local employers that don't offer health insurance, association/organization members)
- Treatment Protocols
 - Review provider treatment patterns for prevailing chronic diseases to inform the development of protocols
 - Protocols might boost volume but will increase the probability of high-quality, consistent care



OPTION #1: INCREASE REVENUE

- Eligible but Not Enrolled
 - Analyze the extent to which sliding fee patients are eligible for coverage (Medicaid, S-CHIP, other public sector coverage) but not enrolled
 - Make concerted efforts to facilitate enrollment (e.g., Out-stationed Eligibility Workers, organized transportation to eligibility sites)

Cautions:

- These tactics are not short-term solutions for an immediate problem
- Returns might take more time to realize than a troubled organization has



OPTION #2

INCREASE YIELD



OPTION #2: INCREASE YIELD

- Increase Patient Throughput
 - Facilitate Appointment Scheduling
 - Match peak time call volume with scheduling staff complement and telephone lines sufficient to enable timely response
 - Configure scheduling module to easily and quickly locate available appointment slots that meet patient specifications
 - Expedite Registration process
 - Pre-register appointed patients (i.e. verify demographic and insurance information during scheduling and coverage before registration)
 - Designate a fast-track location for pre-registered patients



OPTION #2: INCREASE YIELD

- **Increase Patient Throughput (cont'd)**
 - Develop/implement standard scheduling templates by clinical specialty and visit type
 - Use provider-specific no-show and walk-in rates to establish the parameters of each provider's template (i.e., how often to double/triple-book)
- **Increase Collections from Patients**
 - Remind patients about any previous balance and payment expectations during scheduling
 - Request co-payments/visit fees during registration
 - Ensure provider completion of visit documentation and coding before discharge



OPTION #2: INCREASE YIELD

- Increase Collections from Patients (cont'd)
 - Ensure timely receipt of completed Encounter Forms for discharge, charge entry and second payment request
 - Establish and enforce a patient credit ceiling
 - Identify patient accounts that exceed the established ceiling
 - Contact responsible party to negotiate payment arrangement
 - Assign staff to monitor patient compliance with negotiated payment arrangements
 - Lock the accounts of delinquent patients so that scheduling and registration for additional service is precluded without appropriate counseling and approval
 - Offer a prompt payment discount as an inducement to promptly collect the full amount of aged accounts
 - Send continually delinquent accounts to a collections agency and lock those accounts to prevent continued abuse



OPTION #2: INCREASE YIELD

- Increase Collections from 3rd Parties
 - Use Remittance Advices to prioritize denial reasons and calculate denial rates for each major payer by care site
 - Determine the underlying reasons for prevailing denials
 - Define and implement intervention strategies that address prevailing denial reasons
 - Continuously monitor denial reasons and rates to determine the effectiveness of intervention strategies and the need to change course



OPTION #2: INCREASE YIELD

- Increase Collections from 3rd Parties (cont'd)
 - Undertake a concerted effort to resolve aged accounts (i.e., older than 180 days)
 - Organize accounts by payer and aggregate value
 - Work accounts in the order that will generate the greatest return (Note: Give priority to accounts that are close to the payer's submission deadline)
 - As necessary, arrange meetings with the Provider Rep from each prevailing plans to agree on what's required, the process and timeframe to get receivables paid
 - Write off uncollectible accounts, consistent with Board-approved policy



OPTION #3

INCREASE EFFICIENCY



OPTION #3: INCREASE EFFICIENCY

- Group Purchasing
 - A long accepted business practice in all other sectors of the health care delivery system
 - 20%-25% cost savings on all supplies
 - Extended price guarantees that delay inflationary increases
 - Nation-wide distribution networks
 - Automatic ordering based on product-specific pre-determined inventory levels
 - Automatic par-level alerts that enable management to monitor/control expenditures, even when purchasing is decentralized



OPTION #3: INCREASE EFFICIENCY

- Restructured Fringe Benefits
 - Equal benefits for lesser cost/richer benefits for equal cost
 - Staged benefits by employee classification could yield tax free benefits for some employees at no additional cost to the employer (could be an ideal way to increase the value of increases when cash is tight)
 - Cautions:
 - Consult a professional benefits specialist (competition is keen in this area so it can pay to shop around)
 - Seek counsel from an attorney who's an ERISA specialist



QUESTIONS

