

What CFOs Should Know Before Hiring a Revenue Cycle Firm

By Ben Tobin

Increased government regulations, payer contract demands and consumer-directed health plans increasingly hinder reimbursement

The convergence of constricted reimbursement and the outlay of dollars for technology to automate systems to effectively address constant changes within the industry are impacting the two most important goals of a healthcare organization's mission: caring for the patient and securing payment for services performed. Each is reliant on, and cannot exist, without the other. Additionally healthcare organizations face the expenditure demands for new technologies to automate systems for effectively addressing the ever-changing healthcare landscape.

With the steady investment increase for systems containing more features and greater capabilities, healthcare organizations have been expecting an associated increase in reimbursement. In many cases this has not happened because revenue cycle processes have not been examined and redesigned to work efficiently with these systems, improve customer service and gain control of revenue cycle processes.

Because of the dynamic nature of the revenue cycle due to the large number of interactions, processes, staff and system needs, it is easy to lose the perspective of the cycle as a whole. It is necessary and healthy to reexamine the cycle to ensure that your organization's people, processes and technologies properly intersect for optimal results.

Although it is often necessary to assess your revenue cycle's operations with new and independent eyes. However, selecting the right set of eyes and determining the most important aspects to review are not that simple.

If you're considering hiring a revenue cycle firm to assist in examining the many operational functions

that make up the revenue cycle process, here are some things to keep in mind.

Clearly understand and be able to delineate why there is a need for engaging an outside firm.

- Be candid in your conversations with the firm.
- Outline the issues as you have identified them.
- Explain how the issues have impacted your organization.
- Outline what you already know and what you need to know.
- Explain what payer claim denials are being received and in what volume.

Once you have determined there is a need, do not delay in engaging a firm. **Reimbursement issues have most likely occurred over time and will only be exacerbated by further delays.**

Outline your expectations of the firm - what are the deliverables? Ensure that the firm understands and agrees to these expectations. Recommend that deliverables include the following.

- Assessment with recommendations.
- Assessment and implementation of agreed-upon recommendations.
- Project management.
- Interim management.
- Performance analysis.

What is the firm's history with this type of engagement?

- Does it have experience with your practice size and specialty?
- What results have been realized by the firm's involvement with previous clients?
- What reports and status updates will you receive? Scheduled reports are necessary, but if a problem is hindering patient care, is noncompliant with federal regulations or can be corrected to ensure an immediate input of

cash, it is vital that the firm communicate this on a timely basis.

Understand the firm's fee structure.

- Hourly rates.
- Expense types.
- Budget limits.
- Risk sharing: If a risk-sharing arrangement is agreed upon, the firm may require that all recommendations are implemented and adhered to and it is able to monitor compliance and performance.

Feel comfortable with the consultants.

- Review their experience.
- Who will be assigned and when?
- What are their roles?
- Who will manage them internally and on site?

Share your current financial and performance figures with the firm.

- Have the information ready.
- Verify, review and understand the information.

Inform appropriate personnel about the firm's engagement.

- Cooperation from all sources is vital.
- Proper communication eliminates anxiety and enhances cooperation.

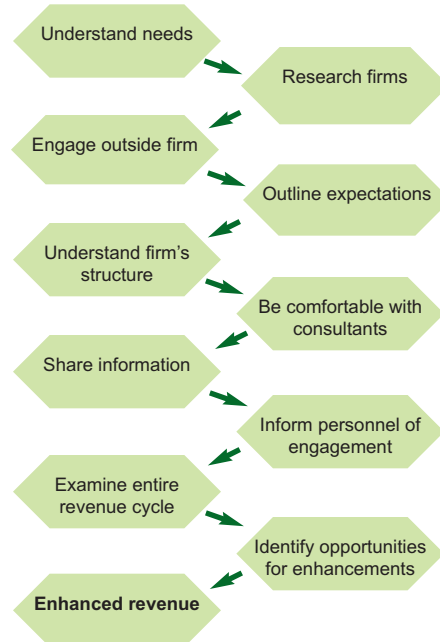
Assess all revenue cycle and workflow elements.

- Registration.
- Coding.
- Billing.
- Claim submission.
- Edit resolution.
- A/R follow-up.
- HIM.
- IT support.
- Network design.
- Practice management system.
- Reporting.

Ensure that the revenue cycle firm identifies enhancement opportunities.

- How will your organization take advantage of the recommendations?
- What are the next steps?
- Who is responsible for carrying out the plan?
- What is the project's timeframe?

A quality revenue cycle firm can assist with a thorough assessment, a road map for improvement and, more importantly, methods that can be used to control the revenue cycle and meet the industry's continuing challenges.



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