

Success Profile:

University of Maryland Medical System



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Network of 11 hospitals
Total Beds: 2,300+
Annual admissions: 115,000
Operating Revenue: \$2.5 billion

The situation:

With separate CBOs operating on different patient accounting systems, the organization struggled to aggregate revenue reporting and achieve best practices across its locations. The challenge was to standardize across the board for seven of its facilities without replacing accounting systems or consolidating the four related CBOs and staffs.

The solution:

CareMedic's eFR allowed UMMS to create a "virtual CBO" by storing financial information from its disparate systems in one patient-centric database. It enabled development of system-wide best practices and provided robust dashboard reporting that in turn, enabled process improvements. The eFR's automated workflow and denial management tools also helped UMMS increase cash collections while reducing A/R days and bad debt.

The result:

- Increased cash collections by **\$155 million** from FY08 to FY09
- Exceeded FY09 targeted cash collection goal by **\$76 million**
- Reduced A/R by **11 days**
- Decreased bad debt by **\$710,000**
- Achieved bad debt transfers of **\$12.7 million** below FY09 target
- Increased revenue by over **\$82 million**

Medical system increases cash collections by \$155 million while standardizing CBO operations and eliminating 11 A/R days

Growing pains can take any number of forms, and for a multi-location health system with four decentralized business offices, multiple patient accounting systems and no available method to aggregate reporting, the challenge of integration and standardization was, indeed, painful.

An 11-hospital network with academic, community and specialty centers, the University of Maryland Medical System (UMMS), is a private, not-for-profit health system. As the third-largest private employer in the Baltimore metro area, UMMS offers more than 2,300 licensed beds, employs 15,000 and generates \$2.5 billion in operating revenues.

Like many multi-location systems, the organization grew facility by facility over time, resulting in four independently operated central business offices (CBOs) with four best-of-breed patient accounting systems to manage hospital revenue cycle processes. The four CBOs had greatly varying workflows, data standards, and payer/patient mixes. What constituted a denial, for example, differed from facility to facility. Without automation and integration, UMMS struggled to aggregate its revenue reporting and achieve best practices across the system.

CBO Challenges

In June 2006, executive management challenged the system's financial leadership to find a way to automate and standardize reporting and processes across UMMS with the goal of creating value—not just consolidation.

Hank Franey, senior vice president and CFO for UMMS, knew all too well that it was too risky, costly and disruptive to replace all four accounting systems. Beyond that turmoil, there was the perceived risk of disrupting what all agreed was a strong financial team at each facility.

The system-wide financial leadership also agreed that consolidating data wouldn't necessarily require overhauling every process, nor did it require creating one massive CBO. They recognized that their back-end departments would have to speak the same language—apples to apples—to enable roll-up data capabilities.

UMMS opted for a non-disruptive, low risk, moderate cost approach that began a system-wide journey of process and information enhancement that dramatically improved cash flow, claims processing and A/R days.

A reporting solution...and more

The UMMS team compared the capabilities of their existing systems with potential new vendor solutions, examining denial management tools, ad-hoc A/R reporting abilities and outsourcing options. They identified a clear winner in **CareMedic's electronic Financial Record (eFR®)**, an enterprise workflow tool that would unite data from their legacy patient accounting systems for a moderate investment. The eFR would standardize revenue cycle processes and data definitions across UMMS to meet the organization's executive-level reporting goals—and much more.

"I was a strong proponent of the eFR because I was already familiar with CareMedic's MedicareRT solution, and saw the extreme value in it," explained Brian Bailey, CFO of UMMS's Maryland General Hospital. "The eFR is a creative way to achieve a virtual consolidated business office. Everyone can be at their local sites, yet conduct the same processes with the same software." The financial team would reinforce the strengths of each institution by choosing which facility's standards reflected the best practices at each step of the revenue cycle. Franey noted, "Everyone will be managing revenue cycle processes in a more comparable way, setting the stage for consistent system-wide reporting."

“CareMedic’s eFR solution far exceeded anything we expected from a benefits standpoint,” reports Franey.

The eFR provides consistency by establishing milestones, or user-defined stages of the revenue cycle. “We liked the fact that the milestones would allow us to pinpoint the exact status of each account, and the dollars currently tied to each stage,” said Keith Fields, administrator, revenue cycle services, Maryland General Hospital. “We wanted to be able to assess our current revenue cycle status at a glance and identify problem areas, black holes and root causes so that we could make improvements.”

At the same time, the UMMS team recognized that the eFR’s powerful denial management tools would drive effective denial processing and prevention while increasing productivity and cash recovery. The system also offered integrated document management to minimize paper storage costs and offer speedy access to account-related documentation throughout the organization. It was obvious that the eFR would prove to be much more than a reporting solution, and promised to bring efficiency and transparency to a number of issues.

Putting it in place

The eFR implementation laid the groundwork for improvement in the areas that needed it most: communication and unification among the revenue leaders from each facility. Their collaboration in the eFR installation led this new team of leaders to make strides together for unified system improvement.

Due to the complexity of coordinating multiple facilities and CBOs, UMMS leadership recognized the wisdom in appointing a third-party consultant to facilitate the project and decision-making. They staged implementation, rolling out one facility at a time, starting with a Beta site to leverage lessons learned. Before the first implementation at Shore Health System (Easton, Md.), UMMS laid out the entire revenue cycle process. The project consultant coordinated weekly meeting with key contributors to establish consistent parameters for each revenue cycle milestone.

On average, eFR deployment took three to five months for each facility, the timeline tightening with each successive rollout. In total, the implementation took a year and a half, with some facility overlap.

No pain, significant gain

Today, UMMS’ legacy patient accounting systems feed the eFR on a daily basis. Hospital financial management ties eFR information back to the legacy systems to ensure the dollars balance. The complementary imaging solution has minimized paper and its associated costs while increasing

efficiency and automating and standardizing cash posting. Across UMMS, accounts flow through the same milestones using the same automated workflow, business processes and data standards.

Bill Henciak, director of patient financial services at Baltimore Washington Medical Center, has seen significant improvements and enthusiastic acceptance of the eFR at the CBO level. “The eFR workflow capabilities are a big win with our staff. Our people found the system very easy to use and there is no comparison now with our workflow efficiencies. You can actually write rules so that staff members only see those specific accounts that they need to work on that day versus a significant amount of accounts that aren’t a priority. They can slice and dice the data to resolve accounts effectively and efficiently. They’ve taken to it like fish to water and in a short time, become savvy users.”

Denial information is also available to other departments, allowing them to analyze trends and change processes. “One of the biggest advantages of the eFR is the ‘assist’ work lists we can give to the ancillary departments,” explained Stacy Parks, senior director of patient financial & access services at University of Maryland Medical Center. “It’s enhanced our ability to address coding issues and helped to eliminate the back and forth that comes with e-mails. It’s really moved those processes forward.” In addition, UMMS can now clearly identify issues by payer, location and area of concern through simple data sorting functionality.

Because the system focuses on A/R milestones, the staff is driven to manage by exception, including specific account status and approaching deadlines. Management can detect issues sooner, and the enhanced access to critical information is a powerful tool in increasing bargaining power with payers. The eFR also enables swift identification of productivity or performance issues requiring re-training, and because of its increased claim processing efficiency, has enabled redeployment of billing staff to front-end processes.

The organization’s bottom line results and successful cultural shift has resulted in a system-wide move from denial analysis to denial prevention. In addition to standardizing information and processes, along with the initial goal of aggregated revenue reporting, the eFR also broke down communication barriers among the hospital revenue cycle leads, who continue to work as a team to share best practices. Notes Bailey, “CareMedic’s eFR gave our health system a success story about achieving enterprise-wide information and integration in a more creative way....It’s one of the best solutions out there.” ♦

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