

Memorial Health System

Revenue Cycle Optimization



Memorial Health System (MHS) owns and operates two hospitals and multiple outpatient locations in southeast Ohio and West Virginia. These communities are serviced by MHS's employed physician group that includes almost 300 multispecialty physicians. Through organic growth and strategic partnerships and acquisitions, MHS has become one of the largest employed medical practices in the region.

The Challenge

MHS was challenged by the ability to scale its revenue cycle operations concurrently with the growth of its footprint in the community. Policies and procedures were outmoded, limited controls were in place, and the organization lacked the tools necessary to establish measurable performance metrics and accountabilities. These gaps resulted in challenges with maintaining financial performance when, over one year, MHS's operating margin declined by 6% and accounts receivable (A/R) increased by 15%.

The Process

ECG was engaged to perform a comprehensive assessment of acute and ambulatory revenue cycle operations across MHS's two hospitals and employed physician group. After delivery of the assessment findings, ECG was asked to assist with stabilizing the revenue cycle management structure and to lead the implementation of ECG's optimization recommendations.

In partnership with MHS leadership, ECG created a work plan to implement the optimization recommendations, giving priority to initiatives that would most significantly drive sustainable improvements in cash collections and positively influence the organization's income statement.

IMPROVE AVERAGE
NET COLLECTIONS RATE
FROM **84%** TO **95%**



INCREASED CASH
COLLECTIONS BY APPROX
\$18M ANNUALLY



MORE THAN **\$4M** IN
COST SAVINGS IDENTIFIED



ESTABLISHED
PRODUCTION AND
QUALITY STANDARDS



DEVELOPED
TIME-OF-SERVICE COLLECTIONS
TRAINING PROGRAM

Initiatives were organized into five focus areas:

- **Management and Oversight:** To improve reporting capabilities and ensure performance transparency across the organization, ECG assisted with the creation of new management reports and institution of staff quality and productivity standards.
- **A/R Performance:** ECG's approach to improving cash flows and reducing cycle times between service and payment dates focused largely on staff education, work prioritization, and process standardization.
- **Uncompensated Care:** To reduce the percentage of patient responsibility written off to bad debt, ECG led the planning and execution of point-of-service collections training for more than 300 frontline staff and established proactive outreach by financial advocates.
- **Denials Improvement:** To reduce the volume of first-pass denials, a greater focus was placed on increasing clean-claim rates, conducting regular root-cause analysis of payer denials, and deploying mitigation strategies.
- **Cost Containment:** ECG evaluated MHS's revenue cycle cost structure and provided recommendations and strategies to reduce the cost to collect, including staffing efficiencies and improved vendor management.

“With the help of the ECG team and through an objective and transparent benchmarking process, we were able to significantly improve our organizational results. The ROI on this engagement was not only multiples of the investment but returned resources immediately and sustainably that will stabilize our organization and extend our ability to pursue our mission. Further, not only did they identify and implement improvement initiatives, but they coached and developed our internal team so that we learned to feed ourselves in the process.”

J. SCOTT CANTLEY
PRESIDENT AND CHIEF
EXECUTIVE OFFICER, MHS



Throughout the nine-month advisory and optimization engagement, ECG was responsible for planning, managing, and executing multiple concurrent initiatives. Given ECG's deep understanding of MHS's revenue cycle deficiencies, the targeted initiatives aimed to produce the desired financial impact while increasing foundational revenue cycle knowledge.

The Outcomes

MHS realized significant and sustainable financial benefits throughout ECG's engagement from April to December 2018 and increased operational efficiencies, as evidenced by the steady incremental improvement across many key revenue cycle performance indicators.

- Improved average net collection rate from **84%** to **95%**
- Increased cash collections by approximately **\$18 MILLION** annually
- Established production and quality standards
- Developed time-of-service collections training program
- Identified more than **\$4 MILLION** in cost-savings opportunities