

## Patient Financial Clearance Makes Needed Improvements



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### **Problem to Solve**

As health care providers seek to reduce costs and increase revenue, patient financial clearance (PFC) departments have become prime candidates for increasing organizational efficiency and reducing costs. Given the trends of greater patient payment responsibility, high-deductible plans and self-pay patients, PFC's financial importance has never been greater – or laden with opportunity for improvement.

As a leading health care organization increasingly outsourced its PFC operations to reduce labor costs, it also sought to improve its internal PFC management and operational productivity. The departure of the organization's PFC director had left the department leaderless and limited its operational management goals. PFC employee morale and productivity declined, patient escalations had increased, and overall department metrics were suboptimal. This dynamic did not help with the PFC department's efforts to outsource some of its functions. Furthermore, outsourcing had led to miscommunication between PFC and its clinical partners, limited vendor oversight and high turnover within the vendor.

Rather than leave PFC rudderless as it searched for a permanent director, the health care organization contracted with Freed Associates (Freed) to provide an interim director who could stabilize and improve day-to-day operations of the department and implement its desired optimization goals. Freed gained this assignment due to its revenue management expertise and ability to navigate complex organizations.

### **Strategy and Tactics**

At the start of Freed's engagement, the goal was clear: improve the department's key metrics (days out, write-offs and escalations) and improve the management of the department (productivity, processes, standard work, and reporting). Initially, nearly all clinical departments and areas that worked with PFC had poor metrics including days out. This meant more frequent patient financial escalations and more challenging interactions with PFC's clinical partners, including physicians, nurses, and staff members.

On a daily basis, Freed oversaw a PFC department of more than 300 staff members between those working on-site and the outsourcing vendor. First, Freed implemented active daily management to hold all managers accountable for their staff and metrics. Simultaneously, goals were set for managers and departments to secure patients' financial information before scheduled dates for services, including high-dollar procedures such as MRI, CT, and surgeries.

Freed sought to increase the usage and effectiveness of PFC outsourcing in order to improve departmental efficiency, reduce labor costs and enable in-house staff to focus on higher-level patient relationship tasks. By having an external PFC vendor handle more administrative tasks, like verifying health insurance eligibility and benefits and patient identification information, in-house PFC staff could focus on improving patient satisfaction and ensuring that patients' financial information was collected before patients' visits.

In addition to providing day-to-day oversight of PFC operations, Freed also focused on implementing several strategic improvements. These included:

- **Heightening PFC department performance** – PFC managers gained greater responsibility over handling account write-offs; a revised team structure delivered greater productivity and collaboration among team members and improved employee morale
- **Managing outsourcing vendor** – Reallocated vendor responsibilities and recommended changes to the vendor contract to be performance-based, versus time and materials-based
- **Enhancing collaboration with patient financial services (PFS)** – PFC proactively worked with PFS to review and potentially reduce write-offs and denials before they occurred
- **Improving revenue cycle management through technology** – PFC pursued initiatives to provide real-time eligibility and real-time authorizations
- **Facilitating clinical partnerships** – PFC sought to improve its brand and reputation internally by proactively

and regularly meeting with clinical partners to discuss and resolve issues

- **Assisting with PFC director recruitment** – Provided key knowledge and insight to facilitate the organization's recruitment and hire of a permanent PFC director

## Results and Conclusion

Freed's strategic and tactical efforts, including establishing a job template for a new permanent PFC director and expanding and improving PFC's outsourcing, enabled the department to implement several much-needed improvements within five months. These results included:

- Increasing days out by 5.2 days, on average, across all clinical departments, leading to higher employee morale and lower patient escalations
- Enhancing outsourced PFC operations, leading to an annual labor savings of more than \$100,000
- Developing a new patient escalation tracking tool, to improve tracking and managing escalations, leading to better root-cause analysis for each escalation
- Reducing monthly write-offs, by instituting a weekly write-off meeting between PFC and PFS
- Improving workload balance among PFC staff, particularly managers, resulting in increased department productivity
- Improving PFC's internal reputation, by instituting regular meetings with clinical departments and establishing increased cross-departmental communication

Freed's work helped pave the way for the health care organization to recruit and attract a new PFC director, enabling this director to "hit the ground running" without needing to stop and correct past recurring deficiencies. PFC's most important opportunities for improvement had already been addressed during Freed's engagement. Throughout this work, Freed emphasized the importance of continuing to maintain and sustain these changes to allow PFC to continue to realize their benefits.