

# Pinnacle

Healthcare Advisors

## *Case Study*

### Building a Best Practice Hospital Revenue Cycle

Randolph Hospital  
Asheboro, North Carolina

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# Building a Best Practice Hospital Revenue Cycle

## Randolph Hospital

Randolph Hospital is a stand-alone community hospital with 145 beds serving Asheboro and Randolph County, North Carolina. During its fiscal year 2013, there were 6,400 inpatient admissions, 41,400 emergency visits and \$90 million of net patient service revenue.

## The Challenge

The unemployment and poverty rates in Randolph County, North Carolina, exceed both state and national levels, contributing to an unusually large number of uninsured patients in Randolph Hospital's service area. Additionally, the hospital was challenged with declining volumes and numerous internal system/process issues that caused inconsistent cash flow and a significant backlog in accounts receivable. These factors contributed to operating losses, creating a burning platform for change.

## Approach

Pinnacle performed a detailed assessment of the revenue cycle and identified significant opportunities to improve financial and operational performance. Pinnacle was subsequently engaged to design and implement solutions in high priority areas, and due to the positive results, the project was extended to address other areas of opportunity. Key activities included:

### Patient Access

- Implemented automated work queues for critical functions including pre-registration and insurance verification
- Completed full scale redesign and reimplement of eligibility verification software

### Self-pay

- Designed and executed a comprehensive self-pay strategy to increase self-pay conversion rates, financial assistance and self-pay cash collections at all touch points (i.e. pre/point of service, accounts receivable and bad debt)

### Denials

- Developed denial occurrence/write-off reporting and facilitated the resolution of prioritized root cause issues

### Accounts Receivable (AR) Management

- Implemented full AR coverage plan to reduce backlog and manage future account inflow
- Created automated work queues for account follow-up
- Implemented quality and productivity monitoring tools and standards

### Revenue Integrity

- Performed line item charge description master review and clean-up
- Insourced emergency department facility level assignment and automated charge capture based on clinical documentation

### Managed Care

- Renegotiated key managed care agreements to achieve market-competitive reimbursement rates and reduce administrative burden
- Developed infrastructure to support key managed care functions such as contract modeling, contract negotiations and payment variance monitoring

### Vendor Management

- "Rightsized" the number/types of vendors and renegotiated key vendor contract rates to achieve cost savings
- Developed a vendor management solution which included vendor scorecards, reconciliation processes, invoice review protocols and regular performance review meetings

**Common themes across all initiatives included:**

- Developing strategies and tactical plans for prioritized execution to drive the quickest return on investment
- Fully leveraging and optimizing existing information system capabilities
- Investing significant effort in leadership and staff development by providing training, coaching and mentoring
- Implementing an infrastructure, which included key metric reporting, work flows, management tools, job aids and policies, to ensure ongoing sustainability

**Results**

Over the course of the engagement, Randolph Hospital achieved improvements in many key metrics, most notably:

- A 35 day reduction in accounts receivable
- \$7 million of annual recurring net revenue improvement, resulting in an 8 percent improvement to the bottom line

Additionally, numerous qualitative improvements, including improved staff morale and a new culture of accountability, were achieved.

*“ When any organization hears of consultants coming in, there's a fear that they are going to clean house and bring in their own people. That didn't happen with Pinnacle – they became a part of our team.”*

 **Michelle Folsom**, Director of Patient Financial Services, Randolph Hospital

*“ Pinnacle created a plan wholly off an assessment rather than working from an existing template. They created a custom solution based on what they saw at Randolph, and when we identified something that deviated from the work plan, they did not dismiss it as being out of scope.”*

 **Tim Larkins**, Senior Director of Revenue Cycle (Interim), Randolph Hospital

*“ Pinnacle is more than a consultant. They take a mentoring, coaching approach to hardwiring change – driving behavioral modification over time that sticks.”*

 **Skip Marsh**, Chief Financial Officer, Randolph Hospital