

# North Carolina HFMA



## TarHeel News

Summer 2022 Edition

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# About NCHFMA



## Mission and Vision Statement

The North Carolina Chapter of the Healthcare Financial Management Association will be the leading resource for healthcare financial professionals by providing:

- Excellence in Education
- Opportunities for development of professional relationships
- Effective influence on healthcare policies

## Our Values

- Excellence
- Innovation
- Integrity
- Respect
- Service
- Teamwork

check us out



# A Message from the President



As I was sitting on the beach in Emerald Isle recently, I thought about HFMA and specifically our Chapter – NCHFMA. NCHFMA has so much to offer its members and I am a beneficiary of the talents shared by so many of you. I am thankful to have an organization that values healthcare education; its volunteers and members; and the communities it serves.

COVID was an arduous and stressful virus! Some of us lost family members and/or friends and some of us witnessed loved ones become very ill. Thankfully, we had skilled and knowledgeable healthcare providers that guided us through this difficult period. While COVID is not gone, we have learned the value of vaccinations; hand washing; and masks. All of this represents our receptiveness to CHANGE, either voluntarily or by being coerced/mandated to do the right thing. HFMA has had similar challenges over the past couple of years – with no face-to-face meetings; no networking; and limited education events. However, as they say in business – we have a business to run – so figure it out. The goal of our Executive Team and board members this year is to get back to basics and demonstrate our desire to have a strong, vibrant membership.

## For our Members

HFMA owes our members quality education that is attainable via multiple avenues (in-person; virtual; and hybrid). We also owe our members the opportunity to network with industry peers. Lastly, we owe our members a variety of educational events – such as, Revenue Cycle Roundtables; Medicare Workshops; Health Insurance Institutes; Women’s Conference; and Finance oriented topics to name a few.

## For our Volunteers

HFMA needs to help you better understand and leverage the One HFMA Technology platform to make your role more enjoyable and productive. We need more volunteers to share in the related institutes, education events, and networking opportunities. And, we need to create an environment for those seeking leadership opportunities, both at the Chapter level as well as at the Regional or National level. If you have questions about these opportunities, please reach out to any board member or me directly at [kennethwvance@gmail.com](mailto:kennethwvance@gmail.com) or by cell 704-437-8622.

# A Message from the President



In summary, I want to close with these four points:

1. NCHFMA has a tremendous board and capable volunteers; however, we need more volunteers and leaders for the future. As a member, just reach out to any board member to better understand how you can assist and share your talents;
2. We have a very robust and diversified educational agenda prepared for 2022-2023. If you do not see an area or topic that fits your individual needs, let us know. As a Chapter in a national organization, we have access to educational events across the country;
3. Speak Up – Our mission is to serve our membership. WE cannot fix or improve what we don't see or hear. Although we do an annual Satisfaction Survey, don't wait to share opportunities for improvement;
4. Lastly, but certainly not least, THANK YOU. Thank you for supporting HFMA and the NCHFMA Chapter. Hold your board accountable. And, come join us for an educational event and network with your peers.

I look forward to serving as your Chapter President in the current Chapter year. Feel free to reach out to me at any time.

Regards

Ken

Kenneth W. Vance  
President, NCHFMA 2022-2023



# Your 2022 – 2023 Board



Ken Vance, President

Camey Thomas, Immediate Past President

Christine Sibley, President Elect

Jason Nelms, Secretary

Elaine Peeler, Treasurer

Elkin Pinamonti, Director of Membership

Wendi Bennett, Director of Programs

Kim Coker, Director of Chapter Services

Ashley Sanders, Director of Communications

Kent Thompson, Director of Education

Ty Carson, Volunteer Chair Counsel

Marc Brewer, Technology Committee Chair

Chris Johnson, Certification Chair

April York, Healthcare Operations Chair

Tom Henderson, Corporate Sponsor Chair



# New Members!



**Please help us in welcoming our newest members to the NCHFMA Chapter!**

Elizabeth Berwaldt

Grant Thornton - Manager, Healthcare Advisory Services

Michael Madison

Cone Health - Revenue Accounting Manager

Michael Muse

Baker Tilly - Healthcare Consultant

Victor Flores

J Arthur Dosher Memorial Hospital - Director of Revenue Cycle

Ravonda McClain

Savista RCM - Supervisor, Patient Responsibility

Jeffrey Carnes

Centauri Health Solutions, Inc. - SVP, Revenue Cycle Analytics

Mike Raines

Intellis - Director of Client Development

Barbara Washington

Cone Health - Intermediate Accountant

Devin Russell

Envision Physician Services - Director or Provider Enrollment

Rachna Solanki

Pathways - Financial Analyst

Norman Morgan, Student

Rosa Colon

Trinity Health - PBS

Jasmine Shepherd, Student

Kristin Young

Ciox - Vice President Client Success

Jaclyn Goldsmith

North Carolina Healthcare Association - Financial Services Manager

Nanhai Chen

Wake Forest Baptist Health - Financial Analyst II

Rhonda Hill, Student

Jamie Zinn

AccuReg - Account Manager

Tonya Jones

Novant Health - Insurance Follow up Representative



## Upcoming Events



### NCHFMA 2022 Summer Meeting

August 17-19, 2022

Myrtle Beach, SC

### NCHFMA 2023 Spring Meeting

March 22-24, 2023

Pinehurst, NC

### HFMA Region 4 2022 Women in LeadHERship Summit

November 2-4, 2022

Annapolis, MD

### NCHFMA 2023 Summer Meeting

August 23–25, 2023

Myrtle Beach, SC

### 2022 Eastern Regional Conference

November 13-16, 2022

Asheville, NC

Please visit our website for details on upcoming events:

<https://www.hfma.org/chapters/region-4/north-carolina.html>



## Collaborate, Network and Solve

The North Carolina Chapter has organized itself using the “Matrix” concept. In 2020, the matrix was revamped into its new format: **Matrix 2.0 - Collaborate, Network and Solve (CNS)**.

Within the Matrix, the North Carolina Chapter has six councils. One member of the Board of Directors heads each council. The councils represent the Chapter’s operating divisions in each of six areas: Education, Membership, Programs, Volunteers, Communications and Chapter Services. The Chapter has also established several special purpose committees, including the Sponsorship Committee, the Chapter Technology Committee, and the Chapter Financial Management Committee.



Matrix 2.0 provides opportunities to be of service to your fellow members and our industry, to meet and network with your peers in your area of specialization, and to develop your leadership skills through working with others to accomplish assigned tasks.

Please consider joining us for our next [in-person Matrix meeting](#) on [Thursday, August 18th, in Myrtle Beach](#) at the Summer Conference. #volunteer

[Sign up for Matrix 2.0 today!](#)

## Beware the Hospital RCM Red Herring: *Price vs. Value*



Jeff Nieman, CEO, Meduit

As hospitals and health systems strive to resolve accounts, staffing shortages often mean that those accounts go untouched for too long. Over time, aged accounts become less collectible and eventually will be written off to bad debt.

While it may seem logical to outsource to vendors charging the lowest fees for resolving aged accounts, this strategy fails to drive higher recoveries and associated revenues when compared alongside the cost of outsourcing.

### **The Challenge**

When a hospital group in the Midwest sought to reduce their expenses by working with a low-cost vendor to collect on bad debt accounts, they issued a Request for Proposal (RFP) seeking pricing that would be applicable to the hospitals in the group. One hospital selected a low-price collection agency that offered a very low contingency rate and took away 50% of the work from the original vendor in order to install a champion challenger model.

After six months, the hospital canceled the contract with the low-cost vendor, citing lack of customer service and lower collections. Hospital leadership reached out to the original vendor to give back 100% of the work, even though that vendor had quoted a slightly higher contingency fee to work their bad debt. Hospital leadership noted that paying the lowest price for a service did not equate to better returns.

Regarding their experience with the low-cost vendor, hospital leadership stated:

*“They had horrible customer service, and we were not happy with the recoveries.”*

*“10% fee of no collections doesn't gain us anything.”*

### **What to Look for When Selecting the Best Outsourcing Partner**

What should healthcare leaders look for when seeking a revenue cycle outsourcing partner that will drive higher collections for a better return on investment (ROI) and customer service?

### ***The Key Driver to Higher ROI: Netback***

Hospitals and health systems need to identify a partner that focuses on netback, which reflects the *true dollars secured* for the hospital. Netback ensures that the hospital will gain the most cash from accounts and a higher percentage of resolved accounts, achieving the highest ROI.

Healthcare facilities need to realize that an outsourcing partner's collection efforts are directly related to the contingency fee they charge: the lower the fee, the less collection efforts an agency will employ and in turn, your recoveries will suffer. The key to selecting a partner is to find one that is willing to maintain their level of collection efforts to ensure your netback goals are met, while sacrificing their own margins by offering a lower fee.

## Beware the Hospital RCM Red Herring: *Price vs. Value* *Continued*

The chart below illustrates the Midwest health facility's relationship between the contingency fee, total bad debt recoveries and netback (total dollars going into the hospital's bottom line). The lowest contingency fee of 10% resulted in the lowest netback of 7.81% and the lowest recovery netback of \$819,597 because the outsourcing partner cannot afford to put forth the needed techniques and resources to meet the healthcare facility's netback requirements.

Netback Analysis					
Contingency Fee	19% (Original)	16%	14%	12%	10% (Awarded Rate)
Placement \$	\$ 10,495,906	\$ 10,495,906	\$ 10,495,906	\$ 0,495,906	\$ 10,495,906
Bad Debt Recoveries	\$ 1,274,929	\$ 1,274,929	\$ 1,274,929	\$ 1,092,796	\$ 910,664
Recovery %	12.15%	12.15%	12.15%	10.41%	8.68%
Fees	\$ 242,237	\$ 203,989	\$ 178,490	\$ 131,136	\$ 91,066
Reduction in Fees*		\$ (38,248)	\$ (63,746)	\$ (111,101)	\$ (151,170)
Netback	\$ 1,032,692	\$ 1,070,940	\$ 1,096,439	\$ 961,660	\$ 819,598
Impact on Netback*		\$ 38,248	\$ 63,746	\$ (134,778)	\$ (213,095)
Netback %	9.84%	10.20%	10.45%	9.16%	7.81%

Impact of fee reduction from 19% to 10% \$ (213,095)

\*Based on original 19% fee

### Conclusion

Beware of seeking the lowest bid and “too good to be true” collection fees. As rates go down, there is a point where the vendor will have to find ways to reduce their costs in order to remain profitable on margins. Cause and effect will result in lower recoveries and negatively impact quality customer service.

Recoveries impact netback far more than fees. For best results, identify an outsourcing partner that can show a higher netback in order to hit the sweet spot that delivers the highest ROI, while still providing great service to both your patients and your facility.

## Navigating the Complexity of Compliance

### Parallon

#### Introduction

What does compliance mean to you in the big picture of revenue cycle management? You know it is important, but you may not want to spend a lot of time thinking about it. It might sound boring or intimidating, or both. You might perceive it as a distraction from your focus on performance; however, performance and compliance are intertwined. Failure to comply, on the other hand, exposes your hospital to great risk of fines, penalties, bad publicity and other unfavorable outcomes.

#### The Risk of Not Complying

Liability can vary widely and incidents can be costly. The average data breach of a healthcare vendor's system costs close to \$3 million and exposes about 10,000 records, according to research from the Ponemon Institute.

Additionally, there are penalties for not complying with a range of laws governing credit reporting, debt collection, communication methods and financial assistance plans.

Noncompliance can bring exposure to legal liability, fines, harm to a hospital's reputation and standing in the marketplace, and unhappy patients.

#### Performance and Compliance Are Intertwined

**Compliance should not be an afterthought; it is a crucial point of focus for providers and their revenue cycle partners. It must be built into the infrastructure and baked into your organization's DNA, with an interdisciplinary team dedicated to:**

#### Research

Keeping abreast of the array of federal, state, local and industry regulations requires meticulous and continuous attention to detail. Thorough, efficient and timely fact-gathering keeps you in the loop about changes that could affect your ability to operate at your highest level. Sometimes it even uncovers best practices that can lead to operational and performance improvements within your organization.



## Navigating the Complexity of Compliance

*Continued*

### **Operationalizing and planning**

What does this regulation or rule mean for frontline employees? How will it impact operations? How do we make it relevant to what these people do on a day-to-day basis? And what can we do to prepare ourselves for future changes and challenges? Asking questions like these empowers your organization to pivot nimbly when unexpected challenges arise. Operationalizing compliance and making it a central aspect of your planning will keep you ahead of the curve and in a proactive rather than a reactive mode, improving performance while saving time and money.

### **Training and education**

Employees and clients alike need to be educated on the complexities and demands of compliance. For employees, that means ongoing training on topics including how to handle PHI and EPHI, guarding against phishing attempts and other pitfalls, and a wide range of best practices. Well-trained and well-informed employees naturally perform at a higher level. For a hospital, education might mean interpreting a particular regulation, guideline or other development, and offering advice on how best to approach it.

### **Communication**

Sharing information across departments and disciplines ensures that messages don't get lost and that everyone is on the same page and engaged in teamwork. Coordinated pursuit of a shared vision is a key to better performance, whether you're measuring compliance or collections.



## Bailing More Water Out of the Bucket than What Spills Into the Bucket – Managing by Key Processing Ratios



Zane Newitt, CEO, Excalibur Data Driven Performance Management  
[www.excalibur-ddpm.com](http://www.excalibur-ddpm.com) | 877.460.0944

### The Mission: Speed and Cash Management

**Every Revenue Cycle Team has a mission statement that looks something like this:**

The objective of the Revenue Cycle Operations Team is the ***rapid, accurate and compliant*** conversion of Gross Revenue into Cash at a sustainable speed equal to or greater than an established prior period of Net Revenue.

Additionally, the Revenue Cycle Operations Team will resolve balances in a ***rapid, accurate and compliant*** fashion through Cash, associated Contractuals, Bad Debt and FAP at a speed equal to or greater than the current month's Gross Revenue.

Lastly, the Revenue Cycle Operations Team will constantly and consistently manage the balance between our organization's financial vitality and the community's Patient Experience. To this end, every patient will be treated with empathy, dignity, respect, and consistency with respect to their financial obligations.

### Managing Cash and Managing the Receivable are Different

Whereas Cash management involves maximizing reimbursement, contract compliance, Denial prevention and "not leaving any dollars on the table", the management of the Receivable has more to do with the relationship between balance resolution in the right hand against new volumes pouring into the left.

Receivable management is about ***speed***.

### The Business Problem : Time and Volatility are the Enemies

**Busy Leaders Don't Have Time to Run Reports or Look at 5 to 7 Correlative KPIs to Understand the Successful Processing of the Receivable.**

Indeed, the reality of managing a very complex Revenue Cycle often results in Leaders not even possessing 5 minutes to study the Aging.

## Bailing More Water Out of the Bucket than What Spills Into the Bucket – Managing by Key Processing Ratios

*Continued*

### Instead of Managing by Numerous Lagging Indicators, Try Managing by Key Processing Ratios

Managing by Ratios is a powerful replacement or supplement to traditional forms of management by Lagging Indicators.

When busy or facing a deadline, just 30 seconds of using the below can greatly aide busy leaders on ‘where and how to attack the day’ without ever cooking up yet another Aging report.

Key Processing Ratio	Business Purpose	Target	If Above Target	If Below Target
Resolution Rate : Gross Revenue Ratio	<p>Starting with the End in Mind.</p> <p>Rapidly answers the business question, “Is the AR being processed at/ahead of the pace of new volumes?</p> <p>This ratio is the sum of Cash, Contractuals, Denials, FAP and Bad Debt compared to Gross Revenue for the Same Period.</p> <p>If above 100.1% the A/R is mathematically ‘reducing’, if not, it is ‘increasing/growing’.</p>	100.1%	<ul style="list-style-type: none"> <li>Move to the Next Ratio to understand if any problems or opportunities are on the horizon.</li> <li>Move onto Cash management as “Speed” is in the Green!</li> </ul>	Study the Ratio by Fin Class then move to other Ratios, which will reveal if the story is in the front, middle, or back of the cycle.
Final Billed : Gross Revenue Ratio	<p>A Claim must first be Submitted before it can be converted into Cash.</p> <p>This powerful ratio measures the speed at which newer, easier to resolve accounts are moving from the DNFB into the Billed Receivable.</p>	100.1%	Move to Next Ratio	<ul style="list-style-type: none"> <li>Measure the Ratio by Primary Fin Class.</li> <li>For Payers &lt; 100%, analyze the DNFB by Facility, by Disposition, by Held Reason, by Patient Type.</li> </ul>
Claims Submitted : Gross Revenue Ratio	<p>Whereas FB : GR measures the speed of accounts moving out of the DNFB, this key processing ratio measures the speed of what is “actually sent to the Payers” compared to Gross Revenue in the same Period.</p>	100.1%	<p>Move to Next Ratio</p> <p>*If FB: GR and Claims Submitted : GR are both &gt; 100%, the assembly line between host system and scrubber fatal edits are in sync.</p>	<ul style="list-style-type: none"> <li>This is referred to as a ‘Middle Office’ opportunity.</li> <li>Study what is ‘stuck on the Biller’s Desk’ by Primary Payer, by Fatal Edit.</li> </ul>

## Bailing More Water Out of the Bucket than What Spills Into the Bucket – Managing by Key Processing Ratios

*Continued*

Key Processing Ratio	Business Purpose	Target	If Above Target	If Below Target
<b>Resolution Rate : Moved to Final Billed Ratio</b>	This measures the speed at which the Back End of the Revenue Cycle are processing claims against the 'opportunity' being 'fed to the Claims Team' in the same Period.	100.1%	<p>Move to Next Ratio</p> <p>PFS is keeping pace with the Front End.</p> <p>If this ratio is &gt; 100% but Claims Submitted : Gross Revenue is &lt; 100% then there is a 'Middle Office' opportunity and the theme is :</p> <p>"Feed the back end more volumes for conversion"</p>	<p>Study the Ratio by Fin Class.</p> <p>Where the FC is &lt; 100%, at this point study :</p> <ul style="list-style-type: none"> <li>• Cash to Target</li> <li>• AR &gt; 90 to Target</li> <li>• AR by Disposition</li> </ul> <p>This is a 'back end' opportunity.</p>
<b>Resolution Rate: Claims Submitted Ratio</b>	This measures the speed at which the Back End of the Revenue Cycle are processing claims against the 'opportunity' being 'fed into the Billed AR' in the same Period.	100.1%	<p>Move to Next Ratio</p> <p>PFS is keeping pace with the Front End.</p> <p>If this ratio is &gt; 100% but Claims Submitted : Gross Revenue is &lt; 100% then there is a 'Middle Office' opportunity and the theme is :</p> <p>"Feed the back end more volumes for conversion"</p>	<p>Study the Ratio by Fin Class.</p> <p>Where the FC is &lt; 100%, at this point study :</p> <ul style="list-style-type: none"> <li>• Cash to Target</li> <li>• AR &gt; 90 to Target</li> <li>• AR by Disposition</li> </ul> <p>This is a 'back end' opportunity</p>
<b>BD Debt Xfer: BD Write Off Ratio</b>	<p>"Do Your Dirty Dishes Daily"</p> <p>For every dollar moved from the Active Accounts Receivable, less BD Recoveries, the Agencies 'owe you a dollar back' to properly maintain your Bad Debt Receivable and battle wobbles and volatility in the Reserves, and an every growing, out of control Bad Debt A/R.</p>	100.1% of BD Xfers Less Ave Recovery %	<p>Move to Next Ratio, Your BD is Controlled.</p>	<p>Work with the third party BD Agency to more timely request accounts for Uncollectible W/O.</p> <p>Understand the impact of any 'one time clean up' projects on the Income Statement and Balance Sheet.</p> <p>Implement daily/weekly controls.</p>

**Managing by the "speed" at which "one thing happens in relation to another thing" is a powerful, insightful method for busy Revenue Cycle Leaders!**



The NCHFMA Communications Council is working on the Fall and Winter TarHeel Newsletter and would love for you to contribute! We are in need of relevant healthcare articles and any member news you would care to share.

Articles submitted by chapter members can earn you **CASH!** The Awards Committee annually awards cash prizes of \$500 for 1st place, \$300 for 2nd place, and \$100 each for two honorable mention papers.

Please email Ashley Sanders, Director of Communications, with your submissions, or with any recommendations for future TarHeel news content: [Winteab@gmail.com](mailto:Winteab@gmail.com)

## Chapter Sponsors



**THANK YOU FOR YOUR INVESTMENT IN OUR CHAPTER!!!**

For further information or questions regarding partnerships, please contact Tom Henderson, Partnership Committee Chair:

[336-858-0088](tel:336-858-0088) · [partnerships@nchfma.org](mailto:partnerships@nchfma.org)

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