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The Future in Full Bloom

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Revenue Cycle and Healthcare Finance: A Mutual Appreciation to Improve Financial Stability

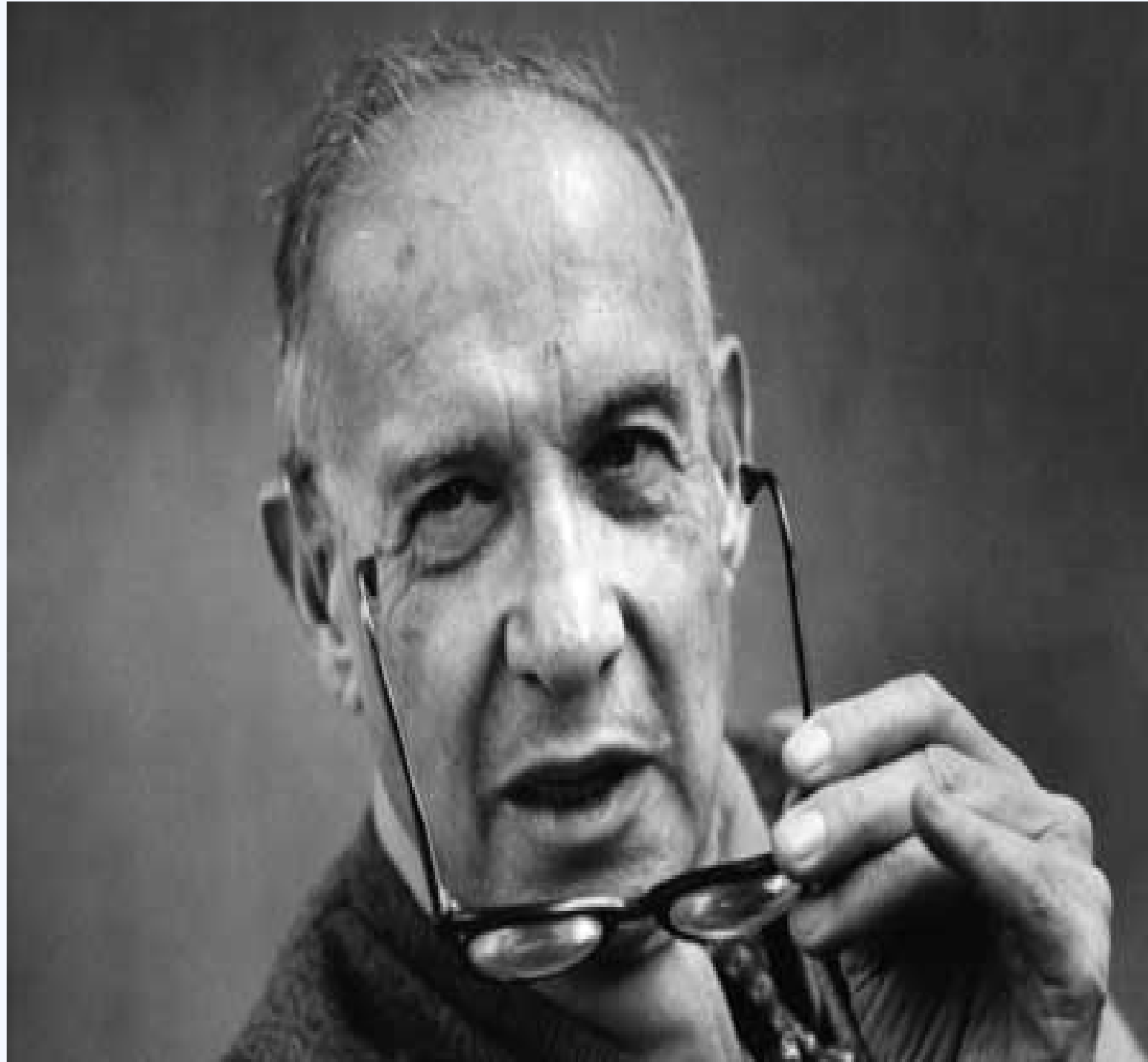
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Healthcare is Hard!!



“The hospital is altogether the most complex human organization ever devised.”

- Peter Drucker;
Management consultant,
educator, and author

Healthcare as a Complex Adaptive System (CAS)



System: a coming together of parts, interconnections, and purpose. Can be broken down into parts – which can be specialized and interesting in and of themselves – the real power lies in the way the parts come together and are interconnected to fulfill some purpose

A **complex adaptive system** is composed of many interactive components, where:

- behavior of the whole system cannot be easily predicted based on the individual components alone
- The system can adapt and evolve over time through interactions and feedback loops
- Emergent properties arise from the complex network of connections between its parts

Why Healthcare Is Considered a **Complex Adaptive System**?

Diverse Stakeholders – The healthcare system includes various stakeholders such as patients, providers, insurers, and policymakers – each influencing outcomes.

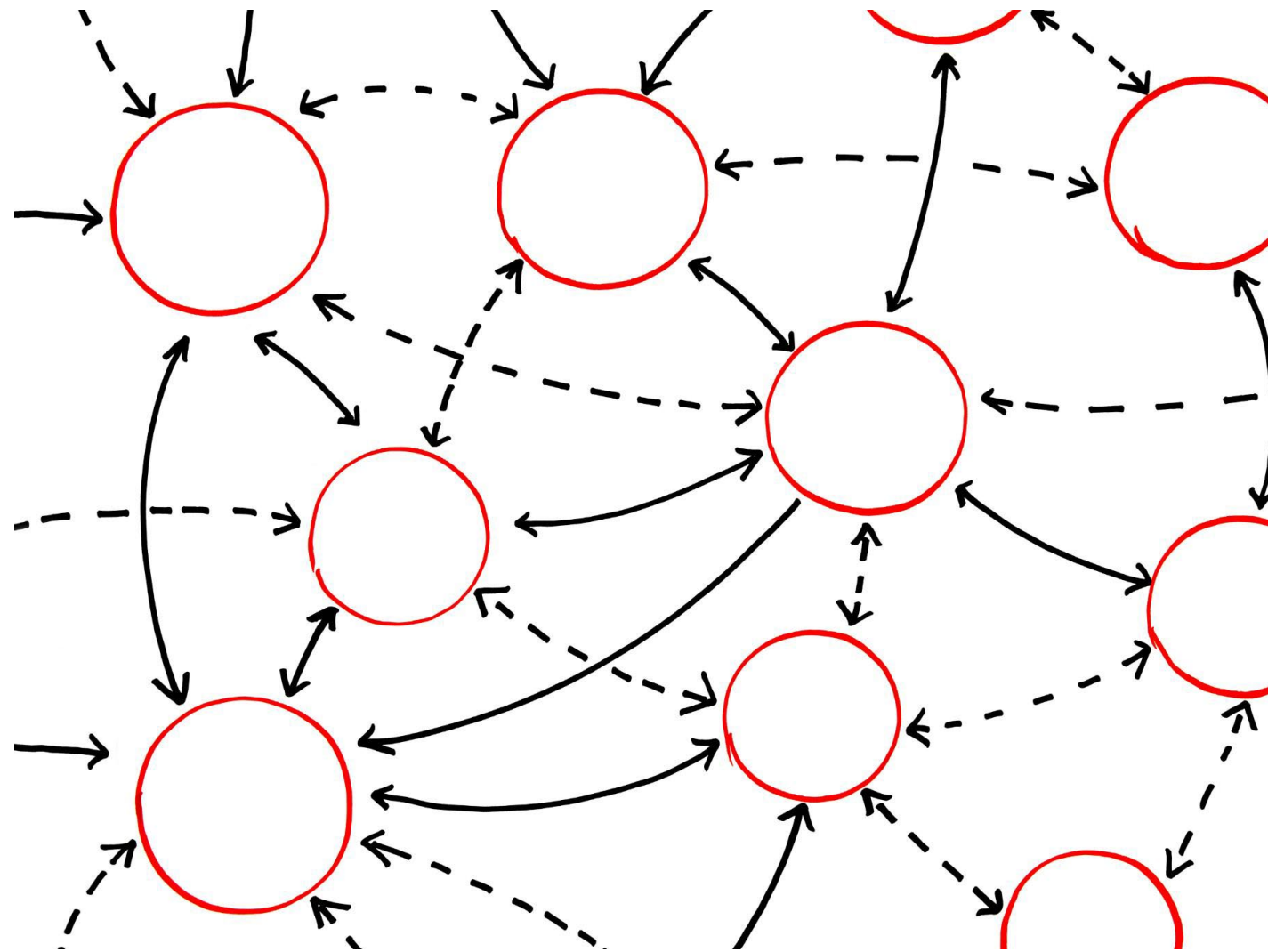
Complex Interactions – Interactions within the healthcare system are dynamic and can vary widely, affecting the delivery and quality of care.

Changing Health Landscape – The nature of health and disease is constantly evolving, requiring adaptable strategies for effective management and reform.



Integrating Systems Thinking into Healthcare Finance Strategies

Definition and Principles of Systems Thinking



Understanding Systems Thinking

- Systems thinking is a holistic approach that emphasizes viewing problems within the context of larger systems and their interactions.

Principle of Interdependence

- Interdependence highlights the connections between different elements within a system, emphasizing how changes in one area affect others. Small changes can have large, unpredictable effects.

Feedback Loops

- Feedback loops are crucial for understanding how systems self-regulate and adapt based on the outputs and changes within the system.

Holism in Systems

- Holism emphasizes the importance of understanding systems as a whole rather than focusing on individual components in isolation.

Systems Thinking - Application to Administrative Services

Systems thinking attributes:

- Seek to understand big picture
- Observe how elements within a system change over time
- Recognize system structure generates behavior
- Identify circular nature of cause-and-effect relationships
- Make meaningful connections between systems
- Change perspective to increase understanding
- Consider issues fully, resist coming to quick conclusion
- Consider how mental models affect current reality and future
- Use understanding of system structure to identify possible leverage actions
- Consider short-term, long-term, and unintended consequences of actions
- Recognize impact of time delays when exploring cause-and-effect relationships
- Check results and changes actions if needed

TRADITIONAL SKILL	SYSTEMS THINKING SKILL	
Static Thinking Focusing on particular events	Dynamic Thinking Framing a problem in terms of a pattern of behavior over time	Specify Problem/Issues
System-as-Effect Thinking Viewing behavior generated by a system as driven by external forces	System-as-Cause Thinking Placing responsibility for a behavior on internal actors who manage the policies and plumbing of the system	
Tree-by-Tree Thinking Believing that really knowing something means focusing on the details	Forest Thinking Believing that, to know something, you must understand the context of relationships	Construct Hypothesis
Factors Thinking Listing factors that influence or are correlated with some result	Operational Thinking Concentrating on getting at causality and understanding how a behavior is actually generated	
Straight-Line Thinking Viewing causality as running one way, with each cause independent from all other causes	Closed-Loop Thinking Viewing causality as an ongoing process, not a one-time event, with the “effect” feeding back to influence the causes, and the causes affecting each other	
Measurement Thinking Searching for perfectly measured data	Quantitative Thinking Accepting that you can always quantify, though you can’t always measure	
Proving-Truth Thinking Seeking to prove models to be true by validating with historical data	Scientific Thinking Recognizing that all models are working hypotheses that always have limited applicability	Test Hypothesis

Importance Lies in Complex Systems



Understanding Interactions

- Systems thinking helps in understanding how different components within complex systems interact with one another, influencing overall functionality.

Strategies for Improvement

- By applying systems thinking, effective strategies can be developed to improve outcomes in complex systems, such as healthcare.

Innovation in Healthcare

- This approach is crucial for fostering innovation in healthcare, leading to better practices and technologies that enhance patient care and optimize financial performance.



Importance of Revenue Cycle Management in Healthcare



Financial Stability

- RCM processes are crucial for maintaining the financial stability of healthcare organizations, ensuring sustainable operations.

Improved Cash Flow

- Efficient RCM processes lead to improved cash flow, enabling healthcare facilities to manage expenses and investments effectively.

Patient Satisfaction

- Streamlined RCM enhances the patient experience, leading to higher satisfaction and better patient-provider relationships.

Quality Healthcare Delivery

- By focusing on RCM, organizations can allocate more resources to improve the quality of healthcare delivery to patients.



Common RCM Challenges Faced by Healthcare Providers



Claim Denials

- Claim denials can significantly impact revenue cycle management and lead to financial losses for healthcare providers.

Billing Errors

- Billing errors can create confusion and delays in payments, affecting the overall financial health of healthcare organizations.

Insufficient Staff Training

- Insufficient staff training can lead to mistakes in RCM processes, making it essential to invest in ongoing education and training.

Payor Cost Sharing with Members

- Increasing financial burdens on patients for care is suppressing revenue realization.

Significance of Regulatory Changes and Payor Requirements

- Regulatory changes can affect revenue cycle management processes significantly, leading to potential challenges for healthcare providers.

Dated workflows

- Healthcare providers must be nimble in adapting to the everchanging healthcare and payor environment maintain operational stability.



Technological Constraints and Data Management



Outdated Technology

- Many healthcare organizations face challenges due to outdated technology (or, embracing new technologies) hindering operational efficiency and patient care.

Poor Data Management

- Ineffective data management leads to errors and inefficiencies, impacting the revenue cycle management process.

Financial Impact

- Inefficiencies in technology and data management can negatively affect the financial performance of healthcare organizations.



Effective Revenue Cycle Management Contributions



Impact on Cash Flow and Financial Stability

- Effective revenue cycle management enhances cash flow and supports financial stability for healthcare organizations.
- Timely billing practices foster efficiency and improve the overall financial health of a healthcare organization.
- Operational efficiency is crucial for supporting patient care services and ensuring financial success.

Improve Patient Satisfaction and Experience

- Effective communication between healthcare providers and patients improves understanding and enhances patient satisfaction.
- Timely and transparent billing practices reduce confusion and improve patient trust in the healthcare system.
- Minimizing administrative errors leads to smoother healthcare experiences and fosters patient confidence in services.



Impacts on Financial Operations

Improved Cash Flows

- Effective revenue cycle management strategies can significantly enhance financial performance.
- Optimized billing processes improve liquidity and help identify root cause issues more timely.

Enhanced Financial Reporting and Analytics

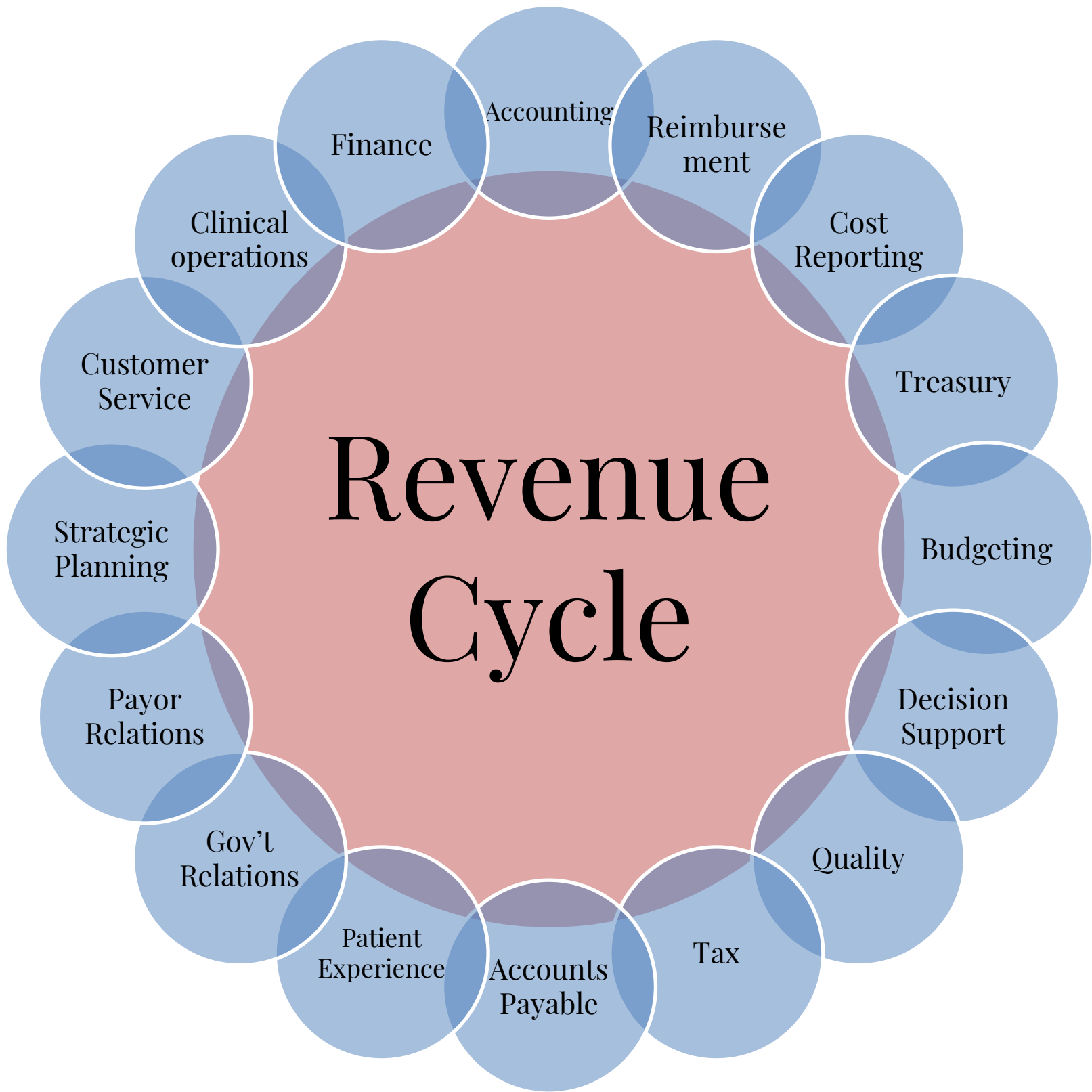
- Facilitate informed data-driven decision making, problem solving, and strategic planning.
- Identify areas for improvement and optimizing financial performance.

Reduction in Administrative Costs

- Streamlined processes and limiting variability can lower administrative costs and allow teams to focus on value-added work.
- Eliminating unnecessary burdens for patients can provide savings and improve patient experience.



Who is Working with RCM Outputs?



Material Opportunities to Impact Success

The balanced scorecard is a management system aimed at translating an organization’s strategic goals into a set of organizational performance objectives that, in turn, are measured, monitored and changed if necessary to ensure that an organization’s strategic goals are met.

Initiative	Measure	Does Revenue Cycle Impact?
Clinical Learning and Patient Safety	Adverse events and clinical outcomes	YES
	Time from scheduling request to time of services for new patients	YES
Innovative, Convenient, Collaborative Care	Would you recommend this hospital/provider office to friends and family?	YES
	Improved patient access for primary care, operable, and invasive procedures	YES
	Improvement of X in quality reporting	YES
Workforce and Talent Retention	Increase employee retention of employees under 1 year by X%	YES
Financial Vitality	Achieve operating margin target	YES

Performance Monitoring - Are We Thinking About the Right Things?



What are we tracking?

- Productivity
- Efficiencies
- Collections
- Coding and documentation accuracy
- A/R management
- Cost to collect
- Ratios for financial position

What does it tell us?

- Receivables are managed
- Accuracy of inputs
- Efficiency and effectiveness of our work
- Payor behavior
- Financial health

What do I want to know?

- Am I getting paid what I should be getting paid?
- Are we compliant?
- How do I make sure that I'm getting paid what I should get paid and be compliant?
- What else can we do if we are getting paid what we are supposed to get paid?



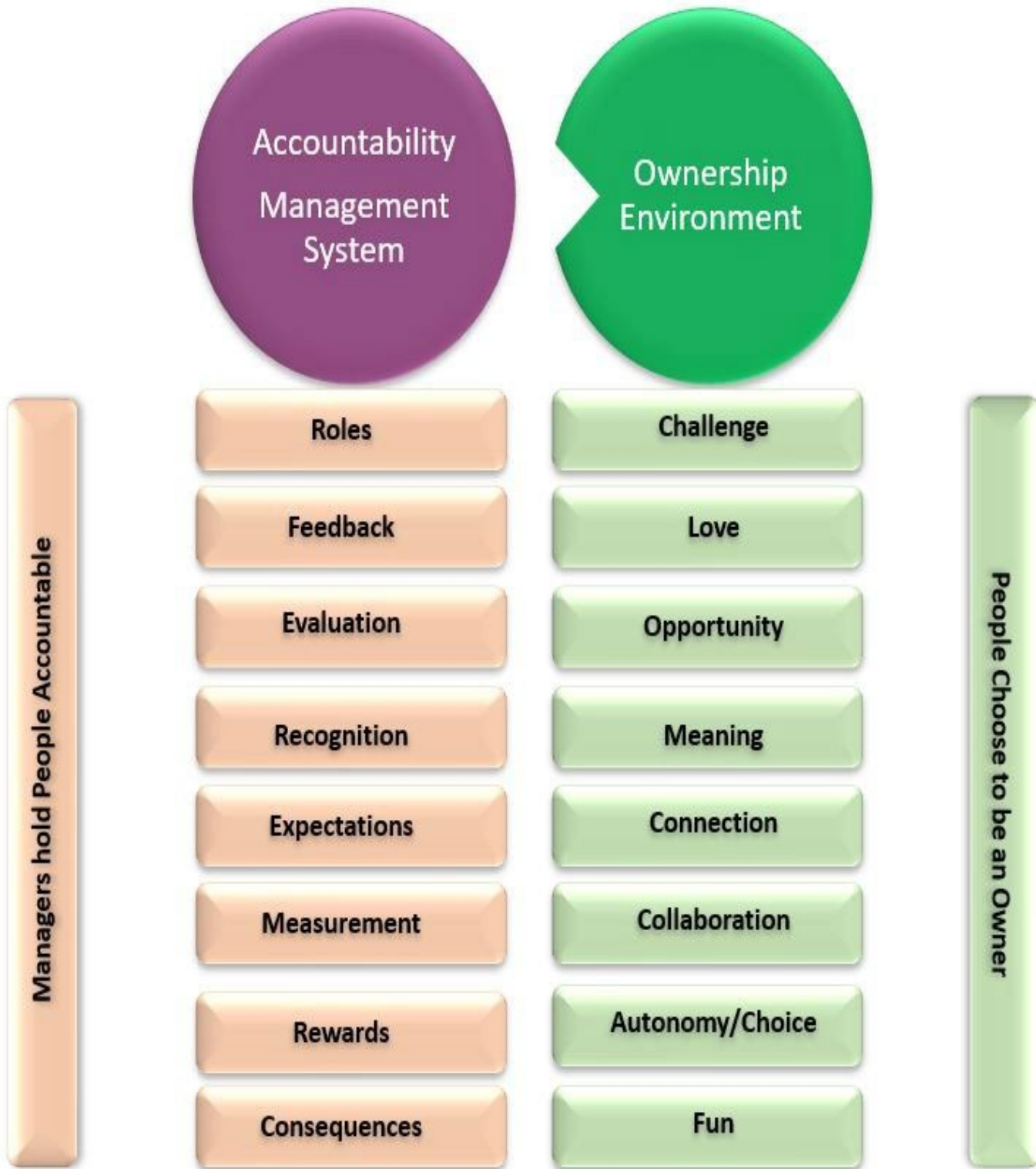
Accountability and Ownership

Accountability: what our goals are.

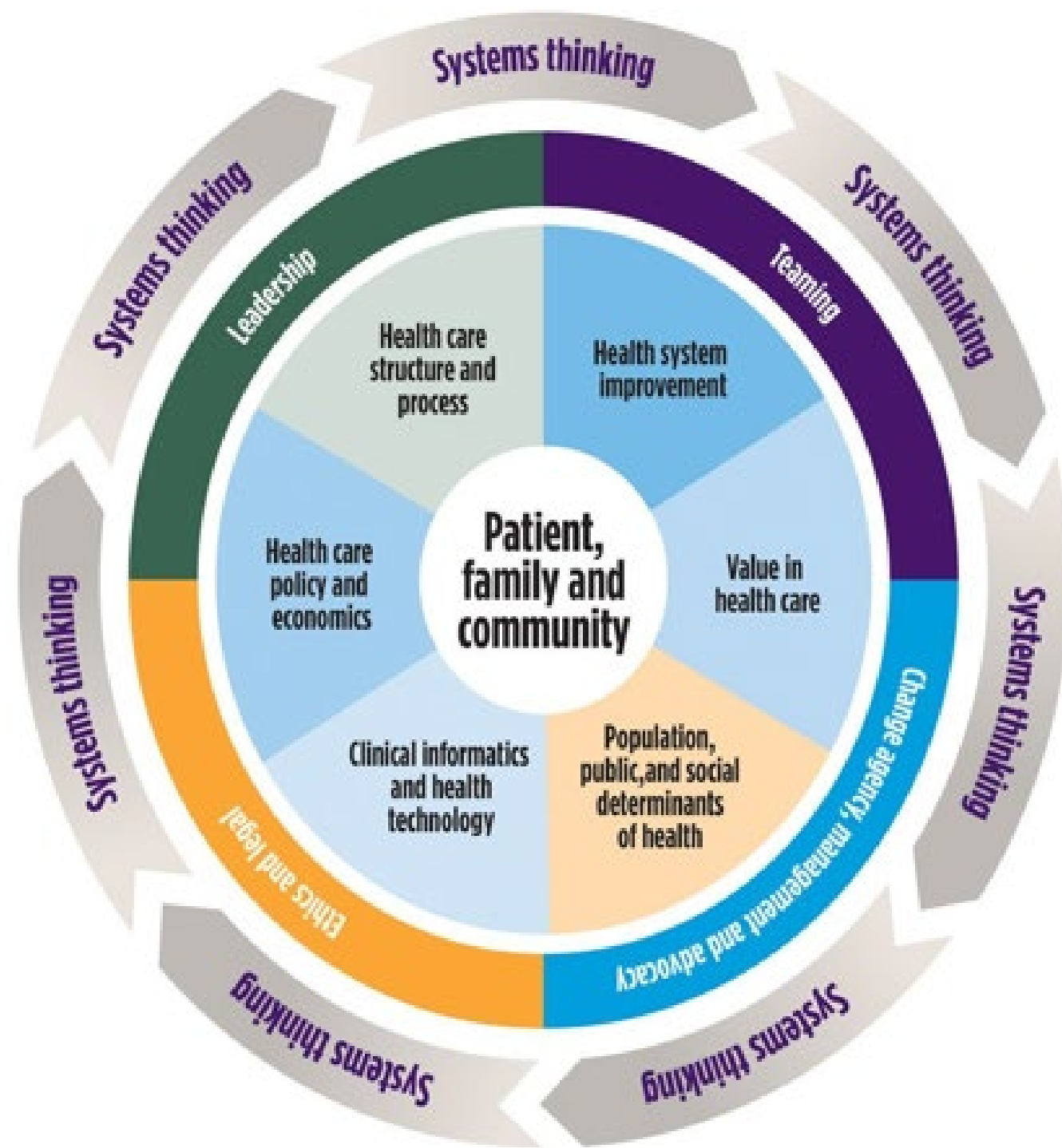
Ownership: how we accomplish them.

Accountability pertains to the tasks and activities that we carry out in our domains. Ownership refers to the degree of willingness to help others with tasks and activities in order to achieve goals.

Accountability is extrinsic (and shorter-term), ownership is intrinsic and more effective long-term for achieving goals.



Healthcare is a Team Sport



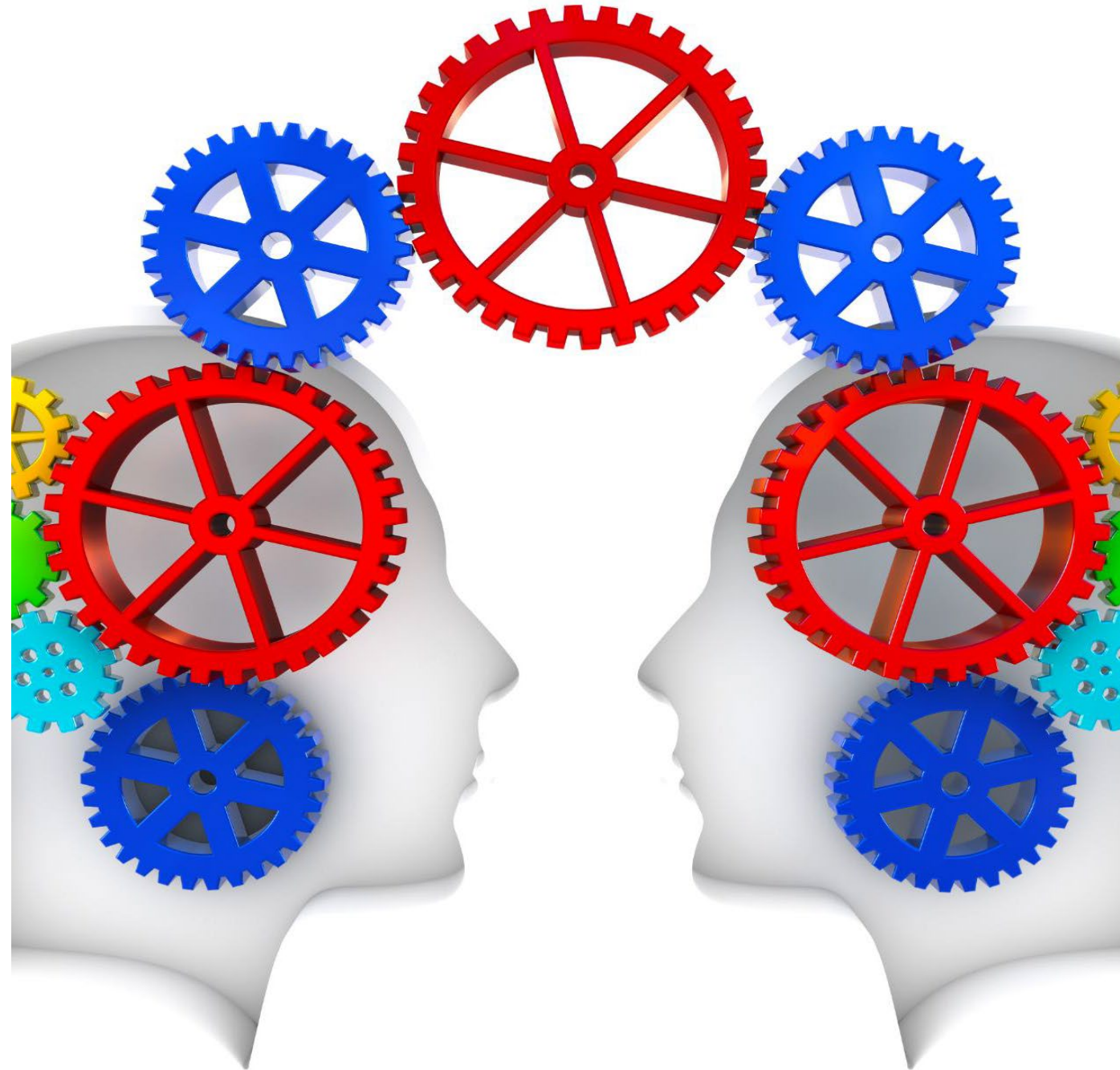
- Healthcare represents complex services governed by paradigms of complexity and nonlinear behaviors of their employees, of the patients and of their illnesses.
- Principles that rules this kind of organization are dialogic, holistic and recursion. In each person who receives care, we see the rest of the facility that is behind that care. The outcome becomes a health-producing loop that returns to the community.

What happens on the loading dock impacts what happens in the OR.

What happens at the front desk impacts our financial statements.



In Conclusion



Systems Thinking Concept

- Systems thinking provides tools to enhance administrative services and improve overall decision-making processes in healthcare finance by focusing on understanding complex interdependencies, leading to comprehensive solutions. By adopting systems thinking, healthcare finance professionals can drive financial success and optimize resource allocation effectively.

Collaborative Problem Solving

- Systems thinking fosters collaboration among team members, leading to innovative solutions for complex challenges in healthcare. Collaboration among healthcare stakeholders fosters an environment for shared insights and enhances overall patient care.

Continuous Improvement

- Adopting a systems thinking approach promotes a culture of continuous improvement, enhancing processes and outcomes in healthcare delivery. Implementing systems thinking in healthcare requires joint efforts that integrate various perspectives for better outcomes.

Holistic Perspective

- Systems thinking encourages viewing healthcare challenges holistically, considering the interconnections between different components of care. By pooling resources and knowledge, stakeholders can significantly improve healthcare outcomes and efficiency.



