

Case Study

Community hospital reduces cost to collect by ~50%

Redesigning the revenue cycle billing and collections operation for a stronger financial foundation

A community hospital was looking to streamline revenue cycle management (RCM) to improve staff productivity and cash flow.



Solution Overview

MBOS, Digitally enabled RCM solution

Results- within six months



+583%

Cash on hand increased from 73 days to 426 days



-67%

Net days in accounts receivable reduced from 129 to 42



Cost to collect cut nearly in half



13.8%

AR days greater than 90 was reduced well below the industry standard of 20%.

Challenges Summary

- Significant staffing challenges
- Substantial decrease in cash flow
- Rising bad debts

The hospital's cash on hand increased by **583%** within six months

Pressing need to optimize the revenue cycle

Aspen Valley Hospital (AVH), a 25-bed community hospital, caters to the healthcare needs of the local population in a remote area. With nearly 45K outpatient registrations and nearly 8K emergency visits, the hospital generates \$102 Mn in annual revenues.

Aspen Valley Hospital with its unique geography was, like many other community hospitals, facing staffing challenges and suffering from a substantial decrease in cash. Additionally, receivables and bad debt were trending up. In 2004, when Days Cash on Hand reached 73, the leadership team raised their hands for help from outside the organization.

Navigating staffing challenges

Because of its remote location AVH faced substantial challenges in recruiting and retaining skilled employees to support the growing complexity in healthcare receivables. It wasn't so much about getting people, rather getting the right people to work within a best practice operating model. As a cascading effect of these staffing challenges, the hospital's business office performance declined. Claims processing slowed and filing accuracy decreased, thereby increasing payer denials dramatically. While revenue remained relatively flat year over year, cash flow dropped, billed receivables increased 13%, revenue aged greater than 151 days increased by 50%, and total receivables increased by 35%.

Rapidly course correcting

AVH management identified lack of talent and best practice-based workflow along with retention issues as the primary factors contributing to the declining financial performance. Yet, it wasn't enough to know the problem or even how to solve it. The AVH leadership team needed to course correct at an accelerated pace.

Solution Synopsis

- Assessed the existing revenue cycle processes.
- Redesigned the revenue cycle billing and collections operation.
- Built long-term relationship that continues to improve results even today.

Collaborative partnership for tangible results

AVH management realized that they were not best serving their community by maintaining in-house financial operations. The hospital partnered with Firstsource to implement a comprehensive RCM solution spanning assessment, design, implementation and on-going support. The Firstsource team evaluated the billing and collection follow-up processes, identified opportunities to accelerate AVH cash collections, and redesigned the revenue cycle billing and collections operation. Utilizing Firstsource's proprietary business office sourcing solution MBOS, the team identified necessary resources, organized the staff, and implemented a best practice-based workflow.

Outperforming on all indicators

Achieving these results required a true partnership between the hospital and Firstsource. Even today, the partnership continues to strengthen and provide value, improving the hospital's financial foundation and making it possible for AVH to better serve their community.

"We consider Firstsource as more than just a partner. We think of the Firstsource staff as our staff and part of our family."

- Dave Ressler, CEO.

What's your challenge?
Let's work together to solve it
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Firstsource Healthcare Providers is a division of Firstsource Solutions Limited, a global leader in digital-first Business Process Management (BPM) solutions. Firstsource Healthcare Providers brings together two industry-leading brands – MedAssist and PatientMatters – helping hospitals and health systems unlock their revenue cycle potential while elevating the patient financial experience.

Our **Digital First, Digital Now** approach coupled with the human touch heightens engagement across the patient journey, rapidly maximizing reimbursement, increasing cash flow, and reducing bad debt.

We currently help over a thousand hospitals, health systems, and physician group practices across the US personalize patient engagement and drive revenue excellence.

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