

Member Profile

Portneuf Medical Center Pocatello, Idaho

- VHA Partner since 1984
- Portneuf Medical Center is a not-for-profit, acute and long term care facility owned by the citizens of Bannock County, Idaho
- Pocatello is a community of 50,000 persons located 150 miles north of Salt Lake City
- 262 licensed beds
- 532 employees

Executive Summary

In the aftermath of a merger of two competing community-based hospitals, the newly formed Portneuf Medical Center found itself in dire financial straits, with operations in the red for 10 of the 18 months post-merger. Cash reserves were depleted as a result of acquisition costs, and core business office practices had fallen apart. Then, new financial management arrived on the scene in the form of a seasoned chief financial officer and a healthcare revenue cycle consulting group. The strategy of this experienced and expert team was twofold: to bring cash in the door, and to systematically fix “broken” processes, while creating the expertise and commitment within the hospital’s business office staff to own and sustain these processes for long-term success. As a result, cash flow turned around, days in account receivable were down 30 days or 28 percent, and Portneuf was operating in the black within six months of implementing the plan.

Situation

Portneuf Medical Center is the county-owned, not-for-profit acute and long-term care facility of Pocatello, Idaho. Portneuf assumed its current identity and operational structure following Bannock Regional Medical Center’s acquisition of the cross-town, privately owned rival hospital in October of 2002.

The merger of these two independent facilities, each with their own distinct and entrenched systems, cultures, processes and personnel, created a host of challenges to the success of Portneuf’s financial and operational management. To compound the problem, in the 18 months surrounding the merger, the incumbent chief financial officer retired. Ultimately, Portneuf’s merger-related growing pains and lack of financial leadership resulted in a 40-day increase in A/R days, a two-point drop in Standard and Poor’s financial rating, and a significant drop in cash collections.

Actions

With these clear indicators of the crisis at hand, the hospital board established an initiative to improve Portneuf’s financial health. Seeking deep industry expertise and a track record of success, the board found their answer with the hiring of an



accomplished CFO, John Wilker, and the corresponding engagement of relsolution, a VHA consulting partner, who provides revenue cycle optimization for smaller, community-based healthcare providers.

The imperative was to increase profitability and decrease days in A/R. Core to Wilker's vision was a strategy of giving the incumbent business office staff an opportunity to actively and fundamentally participate in the turnaround. "It's not my style to judge people's prior performance right off the bat. I believe it's only fair to give them the opportunity to succeed with the right resources, training and tools. That's the environment we set out to create here."

The relsolution consulting team was central to both the planning and implementation of this cash and employee-focused turnaround effort. To that end, an immediate benefit to employee morale was realized as relsolution assumed responsibility for cleaning up all A/R accounts over 90 days, which represented at least 50 percent of the full-time staff's collections and follow-up workload.

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After lightening the staff's load of 90+ day accounts, Wilker and the relsolution team began to systematically address the broken processes and practices that pervaded the business office. The office staff was integrally engaged in this process to ensure long-term benefits.

As one might expect, when the curtain was pulled back on the business office's struggling practices, a number of gaps in staff knowledge became apparent, but this potentially thorny exploration ultimately yielded positive results. Wilker attributes this to the creation of a truly supportive, success-focused environment. "At first, a few of our staff members bristled a little bit, but the relsolution team was so helpful and had so many good ideas that they quickly gained the trust of the full-time staff. Everyone was happy to have them on board and soon realized the value of their expertise."

Wilker and the relsolution team continued their efforts to educate and empower the permanent staff with a restructuring of the billing, collections and follow-up systems. Instead of segmenting the workload based on function, it was reassigned according to payor type, such that an individual became responsible for his or her

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assigned payor accounts in their entirety, from billing through to collections and follow-up. To ensure this new system was effective, the resolution team worked side-by-side with each on-staff biller to train them to own and proactively manage their assigned accounts.

“Our new system gives each biller the chance to be an expert in their area and see the fruits of their labor more clearly,” stated Wilker. However, through this restructuring experience it became apparent that the computer billing system was underutilized and poorly understood, so a computer system retraining effort was added to the process. Resolution mentored each biller by sitting down with them every week to discuss their progress. By working together through the obstacles the billers learned to problem-solve rather than simply work accounts.

After empowering the staff through retraining and mentoring, the other critical half of the equation for long-term success was to increase their accountability. To that end, resolution set up a reporting function that runs directly out of Portneuf’s existing information technology system to track each biller’s individual performance.

Next, Wilker established cash goals and tied them to an incentive program that unified the missions of the business office, admitting and medical records staff. In keeping with Wilker’s personable and motivating management style, he makes it a priority to give his team consistent encouragement and to reward the achievement of milestones on the path toward larger goals. “I’m a firm believer in celebrating the smaller victories. It’s a great way to help the team realize they really are capable of turning things around and succeeding.”

While pressing on through the A/R cleanup, Wilker and resolution continued to identify opportunities to build better, more viable practices into Portneuf’s revenue cycle management. For example, it launched a pre-registration process to combat a climbing rate of discharged-not-final-billed accounts. To augment this, the resolution coding specialists carried out a review and correction of Portneuf’s uncoded claims.

In addition to having a quantifiable benefit to the revenue cycle, pre-registration has been well-received by the Pocatello community. “We’ve struggled with our reputation in the community because of billing delays and difficulties reaching a ‘live body’ in the business office,” Wilker said. “Now, it looks like we may finally be working through that.”

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Because the resolution consultants work as dedicated, on-site team members, it facilitates a deep level of involvement and productivity with Portneuf's business office staff. "The resolution group has really made a difference in getting our systems in shape. They've all done this before, so they know instinctively when something 'looks right.' Because of this expertise, we've been able to get several new programs off the ground quickly."

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Results

Portneuf has achieved significant results through August, 2004 with continuing year-end performance targets. VHA's partner, resolution helped provide the following results:

- Overall gross days in A/R have dropped by 30 days or 28 percent, from 109 to 79. Year-end 2004 target is 50 days.
- Discharged-not-final-billed days (DNFB) have dropped by 14 days, from 25 to 11. Year-end 2004 target is 4 days.
- DNFB dollars have dropped from \$29 million to \$4 million.
- Consistently met or exceeded cash gains in the past six months.
- Improved employee performance through educational training, rebuilt systems, and new processes.



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