

# Case analysis of sutton health

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CASE ANALYSIS OF SUTTERHEALTH1 Case Analysis of Sutter Health CASE ANALYSIS OF SUTTER HEALTH 2 Sutter Health is a non-profit network that is made up by community-based health care providers based in Northern California. This network introduced an interface that was aimed at enhancing revenue collection of the facilities from the self-pay patient.

This network identified that traditional payment processing system had limitations that hindered the effective collecting of revenue. What with the recession, healthcare organizations have seen an increase in the inability to collect debt from the self-pay, the uninsured and underinsured patients. This has caused a lot of struggle when it comes to the organizations to meet the operational margins and the profits.

I find there are a number of reasons for the new increase in patient's debts, the most common are, poor accounting practices, lack of patient information and correct demographics. There is new governance that is designed to provide more coordinated care to said patients (Gleeson, 2010). There are five geographic regions that reflects the health care access to the customers of Northern California. Each of the five regions will have governance structure and it will oversee many of the Sutter affiliated medical facilities and also the hospitals. In its effort to increase point of service collections and improve the overall revenue cycle Sutter health took steps to measure performance using a handful of specific primary benchmarks, empowering PFS staff to assume responsibility for every individual account they handle, ensure each registration is analyzed using a rules engine to identify problems before patients leave the registration desk and ensure PFS staff

receive appropriate comprehensive training to excel under the new system” (Souza, McCarty, 2007).

Obtaining the correct patient information plays a large part on non-collectable debt because patients are not able to be reached. These limitations were associated with limited access to accurate information by the account representatives, ineffective performance measures and fragmented centers of the service provision. The Sutter Health program developed a system that was comprised of solutions that were geared towards overcoming these limitations. I will be CASE ANALYSIS OF SUTTER HEALTH 3 discussing the new system that was created by Sutter Health.

The key problems and issues, is that the United States healthcare system is characterized by huge upkeep from collecting revenue from patients. This situation is brought about by a health care insurance system which entails high deductible pay health plans and as well as higher co-payments plan. (Souza, McCarty, 2007). This situation has been made worse through the large proportion of the population not having healthcare coverage. The traditional health care system has had a hard time meeting their target revenue collection.

This is due to several problems that attached along with the traditional payment system. Unlike when dealing with the payments through insurance claims but also dealing with the up-front payments that are required by the hospital for payment of services before the patient could even receive the service (Souza, Mccarty, 2007). So this means that the patient services staff (PFS) has to have complete and accurate information about above said

client. This presented a problem for the traditional payment system where much of the customer payment system was processed in the back end.

This system also required that the PFS staff ask for money from self-pay patients, but the PFS were not accustomed to this under the traditional system. The PFS staff found it hard to wait for the back end section to process customer information and to provide a breakdown of the patients payment details. So this became a tedious task for hospital accounting departments as well as for patients that had to wait a longer period before receiving services. The inefficiency of the traditional system not only resulted in low quality services, but also in low revenue collections.

The system provides such a broad range of health care services, which include acute, sub-acute, home health, long term, outpatient care as well as physician delivery systems. These services are provided through an integrated health care delivery approach that gives the system the ability to deliver a full range of healthcare products and services. CASE ANALYSIS OF SUTTER HEALTH 4 Sutter also identified that PFS staff could not get a hold of real time information in operational and financial indicators such as cash collections and A/R (Souza, McCarty, 2007).

So in the long run this meant that the managers and staff had to wait until the end of the month in order to identify the benchmarks. Sutter also recognized that the traditional system did not provide a means for analyzing selected data nor did it generate required detailed report on demand. This led to more cost as the hospital had to rely on programmers to generate such reports. The front desk staff also lacked real time information which

hindered their ability to serve the client without consulting the back end staff.

It also meant that the front desk staff could not monitor the patients progress (Souza, McCarty, 2007). Another challenge was that the PFS members were not empowered enough to be held accountable for each patients accounts they dealt with and it reduced the amount of accountability among the staff. These are some of the key challenges that the Sutter system were meant to address. The solutions that were employed by Sutter Health was an attempt to overcome the challenges stated above. Sutter Health implemented certain changes in the fore mentioned system that would make their operation more efficient.

The strategies identified by the Sutter program entailed transferring most of the back end tasking to the front desk; providing accurate and complete information to managers and upfront staff; providing more effective performance evaluation and integrating all data elements within the system (Souza, McCarty, 2007). Allowing front desk staff to handle much of the payment process was deemed to have an effect on the efficiency of the process. Various solutions were employed to ensure that this is achieved.

One of these solutions entailed using benchmarks to measure performance by the Patient Service Staff (PFS). Sutter identified a handful of primary benchmarks which included; Unbilled A/R days, Gross A/R days, Major A/R days, Cash Collection, Billed A/R days, and CASE ANALYSIS OF SUTTER HEALTH 5 percentage of A/R over 90, 180, 360 days (Souza, McCarty, 2007). This benchmark introduced shorter periods with which staff performances could be evaluated. This move was timely especially when considering that <https://assignbuster.com/case-analysis-of-sutton-health/>

the industry has changed and things happen in terms of hours and days but not months. Another solution involved empowering the PFS members to have full responsibility over the accounts they are dealing with. This move was meant to increase a sense of responsibility and accountability as each individual members will be responsible for his or her own account (Souza, McCarty, 2007). This also gave the PFS members more autonomy to act as they saw fit and this improved the speed and efficient of service delivery by these staff members.

The program also provided the PFS members with tools, that enabled them to automate their accounts, sort out their accounting using various means and seen their performances based on the achievement of the target. PFS and other accountant representatives were presented with individual dashboards that helped in the tracking of their progress in meeting targets. This also helped in enforcing the benchmarks set by this program. Sutter's health program also introduced a front end collecting system as means of overcoming the mentioned problems.

The front end access collecting system introduced an opportunity for the health care facilities to reduce claims and denials. Through this system the patient records are analyzed before the patient leaves the registration desk. This enables the front desk staff to identify problems such as bad debt, patient or invalid patient type early enough and take the necessary corrective action. The Sutter health program also embarked on a comprehensive training program that was designed to support the existing PFS members and the registration staff. This gave staff the necessary competence to deal with the tools provided by this system.

The training program also eliminated the need to hire formally educated staff to operate the system that would demand more than the \$10-\$20 an hour paid to current registration and PFS staff. For example, registration staff who were not used to asking patients for money were trained in effective communications skills. The training was also designed to introduce autonomy and effectiveness which acted as a motivator to the employee.

The Sutter system allows staff to act with more independence which has made them active in owning the system. Autonomy is a critical element that enables workers to work effectively and deliver the best when it comes to their ability. The efficiency of the system has also made the work of the staff easier, acting as a further motivating factor for the staff. Another solution involved getting patients on board with this program. The POS collection system is not only beneficial to hospitals but also to the health care customers as well. (Souza, McCarty, 2007).

This system provides a patient friendly billings which ensures transparency in the way customers are asked to pay for health care services. The payment system that is in force in other parts, bills the patient after he or she has already received the services and has already left the hospital. However, the Sutter program introduced transparency as the patient then gets to know what the services will cost him or her before they receive the services. It has become evident that patients would love to know how much the care they receive will cost them and this is what the Sutter program has provided.

This system also offers a simplified system of settling hospital bills thereby making things easier for customers using said hospital system, customers

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are usually compelled to produce a lot of records and documentations in order to have their payment processed which introduces a lot of inconveniences. There is more accounting practices that are used by Sutter in identifying and solving problems, such as Sutter was discontented with the amount of revenue being collected from the self-pay patients (Souza, McCarty, 2007).

The management team understood that the self-pay CASE ANALYSIS OF SUTTER HEALTH 7 patients were capable of meeting their medical expenses and therefore the problem was in their system. Sutter then resorted to evaluate the accountability and transparency in the process involved in the collection of revenue. It is through this evaluation that most of the traditional system did encourage responsibility and accountability to the people handling the revenue collection. Another accounting practice that was adopted was cost reduction.

Accounting principles dictate that there are two major ways for increasing the margin; increasing profits or reducing costs. After exhausting all the avenues they could use in increasing revenue, Sutter embarked on a campaign that would reduce the cost of operation. This saw the collection process being integrated into a unified system. The methods used were also cost conscious, is why they opted for comprehensive training of their existing PFS and registration staff rather than hiring specially trained professionals, who would have demanded higher pay.

Another alternative would be that Sutter's strategies focused on improving accountability and autonomy of the staff in order to enhance revenue collection. Sutter health relied on solutions such as setting benchmarks and <https://assignbuster.com/case-analysis-of-sutton-health/>



the empowering of staff. What they found to work was a full cycle of the amount payable. Amount payable refers to money owed to the institution by other parties while the full cycle refers to the amount of time it takes for the patients to settle their debt. (Rauscher, Wheeler, 2008).

Reducing the full cycle may help to reduce the number of bad debts that a health institution suffers from. Traditionally a patient cycle followed procedures such as organizing schedule, registration, treatment, billing and collection (Solomon, 2011). The collection part is why the health institution is able to recover the debt owed to it by the patients. This section comes along after the treatment process is concluded and therefore increases the chances for bad debt. This paper proposes a system where bills are settled on a pre-service basis.

The pre-service CASE ANALYSIS OF SUTTER HEALTH 8 system will be enabled by developing a system that standardized serves to make billing before the client receives services easier (Trans Union, 2007). A per item standardized billing is advised. This is why a standard is set for each and every hospital procedure and the patient is billed by summing up the cost of all service items he or she has utilized. In my informed opinion the approach used by Sutter Health was effective. This is because their approach was able to address the concerns raised by the network.

Sutter health was concerned with the growing number of self-pay payments and the diminishing of the amount of revenue. The need to increase the amount of collecting from this section of market was the primary objective of developing this strategy. The success of every strategy is able to deliver the setgoals. When it comes to Sutter Health it is estimated that revenue

collection from the self-pay patients increased by an additional \$78 million after the implementation of the strategy (Souza, McCarty, 2007). This is a clear indicator of the program's success. One of the benefits is improved quality of care for the patient.

One of the solutions identified by Sutter was bringing the health customer onboard. This system did this by factoring the customer's needs into the system, making it customer friendly. The customer's now spend less time processing payment while at the same time, the patient's get to know of the cost they will incur before receiving the services. The system has also reduced the number of patients being denied treatment as a result of a streamlined inventory system. In conclusion Sutter Health is a non-profit network based in California and is made up of community based health care providers.

This case discussed how Sutter developed a system that was able to improve revenue collection from the self-pay patients. Sutter recognized that the number of bad debts was rising along with the rising number of self-pay patients, This network conducted an evaluation on its facilities and identified that the problem of low revenue collection was linked to a disintegrated system of collection, in adequate accurate information CASE ANALYSIS OF SUTTER HEALTH 9 and poor performance indicators.

Sutter Health employed solutions that entailed setting new benchmarks, empowering employees, factoring the customer's interest and compressive training. References Rauscher, S. & Wheeler, J. (2008). Effective Hospital Revenue Cycle Management. Journal of Healthcare Management Robertson, K. (Oct, 16, 1995). Sacramento Business Journal 12, 30: 3 Solomon, P. <https://assignbuster.com/case-analysis-of-sutton-health/>

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