Effective Central Business Office (CBO) Management – The 5 Best Practice Pillars

Derek Morkel, President & CEO, GAFFEY Healthcare
Effective Management Principals for Central Business Offices (CBO’s) – The 5 Best Practice Pillars

Introduction:
The management of Accounts Receivable at most hospitals and hospital systems in the United States is changing. Cost pressures brought on by the fiscal crisis, Obamacare/ACA, reduced reimbursements, etc., have caused hospitals to look very closely at all expenses and identify what their key competencies are, moving forward.

It is for this reason that many hospital systems are consolidating their Revenue Cycle (RCM) operations into Central Business Offices (CBO’s). On the flip side, many smaller and medium sized facilities are looking to outsource either pieces of or all of their RCM operations to a business partner who operates either one or multiple CBO’s, giving them the same economies of scale and best business practices.

Understanding the effective management of the Revenue Cycle in a CBO environment is thus becoming more critical all the time and, while many of the basics remain the same, operating in a distributed/remote environment puts different operational pressures on the RCM team and requires a slightly different approach – to operations, reporting (KPI’s), technology and management style.

Our philosophy for success can be consolidated into 5 pillars. These are based on our experience in providing workflow & automation software to help run CBO’s, operating our own CBO and being a premier consulting partner for best practice in CBO & Virtual CBO management.

The Basics:
Even though running a CBO model involves removing a substantial portion the Revenue Cycle to a remote location, the fundamentals of good RCM remain the same and should be at the forefront of all decisions on systems, people, measurement and accountability – they are:

1. Clean and Complete Claims
2. Bill Accounts Timely – DNFB Management
3. Collector Productivity and Workflow Automation
4. Technology – effective use to ensure support of goals, measurement and efficiency of operations
5. Standardization – use best practices and measure, measure, measure (KPI’s)
6. Accountability – use KPI’s to ensure all stakeholders are informed & accountable

This list may seem simplistic or many may think that they already do this, but it is worth going back and making sure that your facility really does focus on these basics.
Do you have the right tools to measure all of these tasks? Is the right amount of time allocated by your management team to these functional areas?
Getting the basics right at the facility on a daily basis is the most important element as you consider moving to a CBO model. Nothing can destroy a successful move to a CBO faster than poor processes at the facility, i.e. always fix before moving.

**The 5 Keys to a Successful CBO:**

Before getting into the detail of the 5 pillars that we focus on at **GAFFEY Healthcare**, it is worth understanding what the prospective risks and benefits are to a CBO (distributed) RCM model as they form the basis of how we measure and manage the RCM processes at both the CBO and the facility. They are also important considerations in putting a transition plan in place.

**Benefits of CBO Model**

- Revenue Integrity functions improved – more specialized focus on Denials, RAC and Contract Compliance improves revenue capture.
- Specialization – ability to aggregate volume increases efficiency of staff – reduction of staff or better coverage of Accounts Receivable
- Specialization – often provides ability to reduce vendor fees
- Scale – ability to hire better management
- Technology – the right technology is more effective on a larger scale.
- Standardization – fewer locations reduces variability in process and thus, improves results.

**Risks of CBO Model**

- Coordination (communication) of tasks with facility is more difficult - one cannot just walk down the hall to HIM department.
- Accountability at facility for results – one must overcome the “it’s the CBO’s responsibility” attitude.
- Feedback loop on process related issues is more difficult – Admitting QA key component
- Increase of geographic, weather, sickness related risk – backup/alternatives are needed
- Potential for lack of regional specialists – payor specific
- Downside of poor performance increases

**Considerations before starting the “move”:**

Understanding the main Risks and Benefits is the basis of building a structure and a team that is geared for high performance. These are also the basis for how we put together our 5 pillars and are the guiding principles for building our own CBO Collections and Workflow platform, **GAFFEY AlphaCollector**, and our Automation tool, **GAFFEY AutoStatus**.
CBO Best Practice – The Pillars

Best Practice - Standardization

Measurement of Key Performance Indicators (KPI's) has always been a pillar of RCM success at the facility level. However, without standardization across facilities and functions at the CBO level, it is difficult to measure and monitor KPI’s effectively. Measurement is even more critical in remote/distributed environment. If there is one Pillar that is more important than all the rest – it is this one.

- Standardizing processes at facilities – having multiple processes at different facilities flowing into a central CBO creates inefficiency and inability to standardize at the CBO
- Standardizing processes at CBO – especially where functions are specialized is key to predictable results
- Where there is more than one CBO in model – standardizing across company enables workload sharing, easier measurement and best practices sharing
- Measurement & KPI’s – standardizing processes enables better and more effective measurement of Key Indicators
- Standardization is the key to consistency in results & understanding of performance differences across multiple locations

Best Practice – Admitting/Data Accuracy

Running a BO in a remote location creates different management issues when it comes to fixing errors in the admitting, charging, documentation and coding areas. All errors and process issues related to the front end of the Revenue Cycle become exacerbated when a CBO is involved. Fixing these and measuring the performance accurately takes on a completely different level of importance.

- Admitting accuracy becomes more important as downstream process issues are more difficult to fix – remote vs. walking down the hall to the department.
- Accuracy of eligibility and I-Plan assignment – needs to be comprehensive and monitored
- Admitting QA programs (software) – critical. Daily monitoring of results.
- Daily or Weekly visibility for Senior Management – once a month reporting is not enough.
- Technology – consider automated admitting QA programs tied to eligibility software.
- Charge capture and clinical documentation programs – chasing down errors from a CBO is significantly more time-consuming and costly than at facility.
**Best Practice – Specialization**

One of the single biggest issues that is faced today in RCM is the fact that we have too many “Jack of all Trades” and not enough specialists. Due to the size of most single facility operations, people have to wear many hats on any given day – thus decreasing their ability to focus on a single task – reducing productivity and results. Most of these functions are highly technical and require a singular focus. Aggregating volume in a CBO provides the platform to address this specific issue.

- A CBO model presents the opportunity to specialize many functions that are typically shared or completed by generalists in a facility.
- Specialization of functions allows for greater focus on individual processes and builds the skillsets of the staff = better performance.
- Specialization reduces the amount of time wasted in moving from one function or process to another.
- Creating specific workgroups for defined areas – Denials, RAC Appeals, Workers Compensation - can reduce dependence on outside vendors for these functions – improving performance and reducing cost.
- Technology – the aggregation of specialized areas can also support better technology to improve performance – Contract Calculation software, Workers Comp data models, Claims Statusing tools *(GAFFEY AutoStatus)* are some examples.

**Best Practice – Technology & Automation**

CBO’s typically have more than one location/facility being collected at that location and are often servicing more than one core IT system. Collecting AR for multiple facilities and potentially multiple systems is not efficient in the core Patient Accounting modules.

- Workflow technology *(GAFFEY AlphaCollector)* that creates a single workflow platform and communication path (Request Log) from multiple locations and systems supports standardization, specialization and effective communication.
- Aggregation – technology that can standardize different data feeds from different data systems assists in standardization and specialization of processes and measurement of all RCM metrics.
- Collector Automation technology *(GAFFEY AutoStatus)* is far more applicable in a CBO environment and can increase overall productivity by up to 33%.
- Measurement tools that can effectively measure consolidated AR metrics and communication statistics with the related facilities are the basis for incremental and sustained improvement over the facility-based model.

**GAFFEY AutoStatus saves 1-3 minutes/claim of collector’s time = increased efficiency**
Best Practice – Accountability & Communication

This is often the most overlooked Pillar for success in the management of AR in a CBO model. Despite pieces of the operation being moved to a different location and potentially under different management, much of the gains can be lost if the Executive Team at each participating hospital does not feel accountable for the overall results.

CBO effectiveness is still driven primarily by the inputs provided by the facility.

- Removing the back office functions from the facility typically leads to an attitude of “not my responsibility” which always leads to reduction in performance.
- Admitting/Front End accuracy is a key input – it must be highlighted in Daily, Weekly and Monthly management reports and must be paid attention to by the facility.
- Communication between the facility and the CBO can become a performance issue if there is not a defined process and tools to manage requests – items like Medical Records requests. These items, without a tool like the Request Log function (AlphaCollector), can create holdups in processing and collecting claims.
- Communication is clearly more difficult when departments are not in the same building – Executive Sponsorship of the process and results are a Pillar of success.

Conclusion - Considerations before starting the “move” to a CBO

Now that we have covered the high level components of a Best Practice playbook for the overall management in a CBO model, let’s consider the next steps as you migrate to either a CBO model or an outsourced arrangement. Where your company/facility’s cash flow is at stake, it is important to have a comprehensive plan covering all the aspects that we have discussed before moving forward. In addition to the Best Practice Pillars, here are some other considerations:

- Moving a poor performing Business Office to another/remote location will not fix the underlying issues – fix it first and then move it.
- Creating a CBO is not the same as moving multiple BO’s to one location – it is a different organizational and process philosophy.
- Technology – aggregating multiple facilities in one location requires different software than what is available in core Patient Accounting platforms.
- Leadership – find someone who has experience in running a CBO – it is a difference maker and is a different skill set than a facility-only BOM.
- Accountability – facility leadership must retain responsibility for results.

A solid transition and operating plan taking into account the risk, benefits and pillars that we have discussed will help guide your facility to better and more consistent Revenue Cycle results.