

Spartanburg Regional Healthcare System

Bolsters Financial Results with STAR Optimization Services

At a Glance

Organization

Spartanburg Regional Healthcare System
Spartanburg, S.C.

- 588 beds
- 2,800 employees

Solution Spotlight

- STAR Optimization Services
 - STAR 2000™

Critical Issues

- End-users not fully utilizing STAR
- Days in accounts receivable
- Unbilled accounts
- Failed claims
- Organizational inefficiencies

Results

- Average user competency score increased from 63% to 90%
- 8-day reduction in accounts receivable days
- \$28 million reduction of unbilled accounts
- \$6 million decrease in failed claims

Spartanburg Regional Healthcare System implemented McKesson's STAR 2000™ Patient Accounting system many years ago, and the solution served the South Carolina hospital well. But leaders wanted to go from good to great — and that would require change. Instead of swapping the system out for a new solution, they decided to push the system to new heights with McKesson's optimization services. Within just six months, the hospital significantly decreased days in accounts receivable, volume of unbilled accounts and number of failed claims.

Challenges

Although Spartanburg had operated efficiently and effectively since implementing the STAR Patient Accounting system, leaders noticed that users were performing many functions manually. The snag: The system could perform these tasks electronically, but Spartanburg staff members were not fully using the technology.

"We had gotten a lot out of the STAR system, but noticed that we were performing many of the billing functions manually," says Brian Earnest, director of patient financial services at Spartanburg Regional Healthcare System. "We felt that there was a lot more opportunity for us to leverage technology in the revenue management arena."

Part of the problem was that due to typical employee attrition, many of the revenue management staff members who were around when the system was implemented some 20 years ago no longer worked at the hospital. As such, much of the "knowledge" associated with the optimal use of the revenue management technology had walked out the door as well.

"We were stuck in neutral," Earnest says. "We weren't going anywhere, and we wanted to bring our billing system up into the modern age. We wanted to make sure that we were leveraging it to fully automate a variety of processes."

Answers

To identify how Spartanburg could better leverage the existing system, the hospital worked with McKesson on an optimization initiative. The team, which consisted of both McKesson consultants and Spartanburg employees, conducted a gap analysis to compare the system's capabilities to what the revenue management department was actually using.

The gap analysis identified some specific problem areas. For example, many of the database tables in the patient accounting system were not configured optimally. The insurance master tables, for instance, were not built to streamline the registration staff's workflow. The optimization team reduced the number of

Case Study

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Brian Earnest

Director of Patient

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categories that staff had to review to verify insurance, thereby improving ease of use and speeding registration and patient flow throughout the hospital.

In addition, staff members were manually processing payments for each individual account. To improve this process, the optimization team established electronic remittance advice functionality for each payer. So, instead of manually posting an individual payment for each account, the amounts are now posted automatically and staff members only need to become involved when specific problems warrant attention.

Registration staff were bypassing fields in the registration process. Adding a standardized graphical user interface has helped to improve efficiency. Because the system is now so intuitive, staff members know exactly what information they need to enter.

Staff members hadn't been leveraging the system's pre-bill editing function. Now they are catching – and correcting – errors before claims are being released for billing.

Perhaps most importantly, the analysis illustrated the importance of getting users up to speed on the system's functionality.

"The analysis not only led us to implement various aspects of the software, it also allowed us to identify where staff members needed help," Earnest says. "It was not just about the software solution but also about the education of the staff and end users themselves."

Results

Optimization of the STAR system produced significant results in quick order. Buoyed by the training received during the optimization intervention, user competency scores increased from 63% to 90%. Also, in just six months, days in accounts receivable decreased from about 61 to 53. The amount in unbilled accounts dropped from about \$58 million to just \$30 million. Plus, the amount of failed claims decreased by about \$6 million.

In addition, admission speed has increased by about 30% while admissions accuracy has improved by some 50%.

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