



## Improve Profitability with Revenue Cycle Outsourcing

### A Success Story: Northern Arizona Healthcare

When Northern Arizona Healthcare needed revenue cycle leadership that understood the technical and process intricacies surrounding a major system conversion, they turned to Perot Systems, now part of Dell Services.

#### The Challenge

In 2002, Northern Arizona Healthcare (NAH) made the strategic decision to integrate its healthcare information systems to enhance operations and support growth. As a result, they selected our company as their IT outsourcer. Working as a team with the health system and software vendors, we took on the role of managing the implementation of advanced clinical and financial applications, as well as redesigning and streamlining care management and administrative processes across the organization.

NAH's key revenue cycle management performance indicators were above average and stable. In fact, their numbers showed a healthy organization:

- Net accounts receivable (A/R) days were at 64.6
- A/R aging greater than 90 days represented 37 percent of total A/R
- The facilities had 18.5 days gross revenue tied up in DNFB (discharged not final billed) and uncoded claims

Shortly after the IT outsourcing relationship began, NAH had to address the fact that the revenue cycle director communicated his intention to leave the organization. Plans also had to be made to integrate the A/R processes with the system-wide implementation of Cerner's suite of clinical products.

NAH began to search for the best way to continue their revenue cycle success, while at the same time providing strong leadership and management in this area. Another key element in their search was to find someone that understood both A/R and the technology platforms they were using and converting to in a short period of time.

#### The Solution

NAH soon realized that our company not only had the technical knowledge and process management expertise they needed, but also the revenue cycle leadership and the business office solutions required to successfully integrate the revenue cycle department with the organization's IT initiatives.

Effective February 2004, NAH outsourced the entire Patient Access area, Insurance Verification Unit, and Central Business Office to us. The new team was responsible for:

- Central scheduling
- Insurance verification and benefits determination
- Registration, including IP/OP/ED
- Billing, rebilling, denial processing, and follow-up
- Cashiering, cash posting, and credit balance processing
- Collections, statements, letters, calls, and bad debt management
- Chargemaster review and recommendations
- Call center activities, patient inquiries, and complaint resolution
- Ongoing reporting of metrics and operations progress
- Training and education on business functions and patient relations

“The results from our RCO relationship with Perot Systems (Dell Services) have been somewhat surprising, because we still have the same staff we had before. However, with their leadership and staff incentives, we have been able to become much more productive.”

**Greg Kuzma**  
Vice President and CFO  
Northern Arizona Healthcare

On January 16, 2006, NAH expanded our agreement to include Health Information Management at Flagstaff Medical Center. This new team is responsible for:

- All FMC medical transcription
- FMC inpatient, outpatient, and ED coding
- Release of information function
- Incomplete chart administration
- Chart assembly and analysis

### The Results

The combination of our revenue cycle process solutions with the existing IT outsourcing relationship at NAH is resulting in a new and unique model for hospital operations. The health system is now able to deliver highly efficient and effective IT and administrative functions using bundled technology and best practice approaches. So far, NAH has realized the following revenue cycle improvements:

- Reduced net days revenue in A/R from 64.6 to 35.6 — the lowest in NAH history as of March 2010
- Collected more than \$40 million incremental cash in March 2010 — the highest cash month in NAH history
- Reduced billed A/R over 90 days from 33 percent

In November of 2004, we also helped NAH navigate the largest single-event Cerner Millennium conversion in the history of Cerner, with 17 applications going live simultaneously. We anticipated and planned for a drop in cash collections right before, during, and after this conversion. Thanks to collaborative planning from both the Revenue Cycle and IT teams, NAH was able to bill on day one after the history-making conversion.

A/R stabilized much more quickly than NAH had ever expected, and A/R over 90 days is within two percentage points of the world-class numbers established prior to the conversion.

For more information about any of our service offerings, please contact your Dell representative or visit [dell.com/services](http://dell.com/services).

### About Northern Arizona Healthcare

- Based in Flagstaff, Arizona
- Largest healthcare organization in Northern Arizona
- Serves nearly one-half of the state
- Employs approximately 2,200 people
- Supports more than 15,000 patients
- More than 348 licensed beds between Flagstaff Medical Center (FMC), Verde Valley Medical Center (VVMC) in Cottonwood, Verde Valley campus in Sedona, and a clinic in Camp Verde, Arizona

“The decision to outsource our revenue cycle functions to Perot Systems (Dell Services) allowed us to align our A/R interests with that of our existing IT outsourcing relationship. It has also allowed us to focus on delivery and expansion of our business.”

“Working with Dell Services from an RCO perspective has given us the additional cash to continue expansion and funds for equipment and an IT patient accounting upgrade. Instead of having that money set aside for A/R, we now are able to reallocate it to innovations in IT. My goal is to make continued investments in technology resources that will put us on the leading edge of IT.”

Greg Kuzma,  
Vice President and CFO  
Northern Arizona Healthcare