Intermountain’s Innovative Work to Orchestrate Revenue Cycle Management

Intermountain Healthcare has long been nationally famous for its many patient care delivery, clinical information technology, and other innovations. But of course its very size—23 hospitals, 105 physician clinicians, 33,000 employees, over $5 billion in annual gross patient revenues—means that coordinating certain types of activities is by definition challenging. Certainly, that is the case when it comes to revenue cycle management.

Fortunately, the leaders at Intermountain have recognized for some time the necessity to coordinate its revenue cycle management (RCM) activities in a system-wide fashion. As part of this careful orchestration of activity, Intermountain business office professionals have been using the Chargemaster Toolkit® solution from the Atlanta-based Craneware, in an effort to optimize charge capture, along with a self-developed overall financial information system. Meanwhile, the ultimate responsibility for orchestrating the health system’s RCM activities falls to Todd Craghead, vice president of revenue cycle, who four years ago, was the first executive to be named to that position. Craghead spoke recently with HCI Editor-in-Chief Mark Hagland regarding all the activity taking place at Intermountain Healthcare these days in this critical area. Below are excerpts from that interview.

You were the first executive in this position, correct?

Yes, that’s correct. I’ve been at Intermountain for nine years; about four years ago, the position of vice president of revenue cycle was created, and I’ve been the first and only person in that position. The position was created to better managed revenue cycle as a whole. We’re a health system with over $5 billion in gross patient revenue, with over 1,000 employed physicians, and more than that many affiliated physicians, and a health plan that covers over a half-million lives in the state of Utah. And there was a lot of exposure in revenue cycle from a compliance perspective. Meanwhile, from the revenue cycle perspective, most of the hospitals had been operating somewhat independently. So the idea was to create some common characteristics in this area.
So the core issue at the outset was that the hospitals were operating somewhat independently in this area?

Yes, and we were trying to organize towards a consistency of approach. For the most part, all of the front end, and the middle of the revenue cycle processes, with health information management, were managed by individual hospitals. There was some consistency of process, but there was enough variation that patients were getting confused; and the other part of it was, we weren’t really leveraging our technology.

What kinds of steps did you build in order to innovate in this area?

I created a management team, including a revenue integrity unit; and then I went out into our regional structure and we identified the technology deficiencies we had, as well as process variations. And then we realigned our staff. At each geographic location, we had people responsible for each element. And we said, we’ll have one person responsible for about three functions for all hospitals. So we identified what those were: pre-registration and registration; we have an individual who manages eligibility counseling and financial assistance; then patient financial services and patient follow-up; and then central appeals, including payer relations and contract management. So there’s one executive with accountability for all the hospitals for each of those areas.

So essentially, there are five broad areas?

Yes, those are all within patient account services. And then we also have a revenue integrity unit, a separate arm, and they manage charge practices, audits, billing-based audits; and then we have a strategy team that helps us deploy the technology and also helps deploy the processes. So, patient account services; revenue integrity; strategy team, which is project-management-oriented; and then health information management, which is a separate arm.

How long did it take to do the reorganization?

It’s taken us about two-and-a-half years to really stabilize it, and so the first two and two-and-a-half years was a time of change for everybody.

So the individuals in hospitals A and B report up through the same corporate people?
That’s right. And there may be other reporting relationships.

**So people in the individual hospitals are reporting up through and to different streams, correct?**

Yes, that’s correct.

**You’ve been using the Craneware solution, correct?**

Yes, that’s the tool we used to help us in the charge practices, charge capture, and charge master areas.

**Is there a core financial system?**

Our patient accounting system was self-developed at Intermountain, by our IT folks. On the medial group side, we leverage GE Centricity, but on the hospital side, it’s an internally constructed application.

**So the Craneware solution had to be carefully customized and fitted onto your self-developed inpatient system?**

That’s correct, through interfacing. And also, the method of charging items at Intermountain had been decentralized, with items charged and classified differently.

**So you’ve had to go through an entire revision of your existing system, essentially?**

That’s correct. The charge description master that we were using had been propagated all across the system, so there had been some consistency, but it wasn’t uniform. And there was a fair amount of compliance-based risk, as we had had some departments that were using charge items incorrectly. And we didn’t have teams of clinicians and revenue cycle people—in this case, charge integrity folks coming together—to really discuss how the charge tables should be constructed. So we’ve gone about the business of constructing those teams. More than often, they’re led by the clinical department, and then our charge integrity folks play a role to make sure everything’s correct. And we’ve removed and eliminated a number of charge items that were the cause of error.

**What have been the key lessons learned both among your finance and your IT leaders?**

More important than the charge area is the integration of the technology to generate workflow tools for these folks; that helps us to be successful in moving these people along to greatly enhance our ability to be paid. And the technology is somewhat disjointed as you cross the continuum. That’s why you’re seeing more and more large vendor companies achieving success because they’ve been able to integrate their technology from the front end to the back end. And there are organizations saying, we’re going to be the best registration and scheduling organization, or something similar.

The problem is that there’s no correlation to downstream areas around payment and around patients’ residual balances. So people work on those systems independently. So I think the creation of tools that integrate workflow is a very big deal. It’s about creating and leveraging tools to manage processes all the way down the stream.
What will happen in the next couple of years, as you move forward?

I think being organized as we are in a centralized fashion will be very useful as we move towards the concept of a shared accountability organization, which is slightly different from the government’s accountable care model. But there are similarities in the concept. And our abilities to do that, to share accountability, will really be enhanced by this. You’re wanting to be proactive in managing the patient as they come in to receive care, to help keep them out of a high-cost environment. And that’s different from simply billing them for services they’ve received from fragmented episodes of care. And at Intermountain, we’ve been fortunate in having a large percentage of percent-of-charge contracts, to balance our fixed-fee contracts. What’s more, the new world of healthcare is suggesting, we don’t want to pay you for the volume, we want to pay you for the population. So you have to manage your patient population more proactively. And we’re moving in that direction.

So this integration of processes is going to be more important than ever.

That’s correct. Number one, it will be easier for us to measure the results of our efforts; and number two, we’ll be able to do it in a much more productive way. I would add that it’s a little bit more scalable if you can do this centrally. And from a technology perspective, Intermountain has been relatively proactive in a number of ways and with a number of different systems, and that’s been helpful.