



The impact of decentralization:  
How hidden connections reveal  
improvement opportunities

Performance improvement  
insights in health care  
Sustaining success series



Providers today face a tough choice. Many health systems are consolidating often leaving front-end operations decentralized and disparate throughout the organization. With costs increasing and margins declining, determining when and how to centralize these operations can mean the difference of remaining profitable or not. These decisions can also impact patient engagement and satisfaction. As patient payment obligations rise consumers continue to seek better access, improved customer service and more involvement in care decisions. This ongoing shift in patient engagement has revenue implications in both fee-for-service and fee-for-value payment models.

Since front-end operations are critical to the success of top performing hospitals and health systems, how can the effectiveness of decisions to centralize or decentralize be determined? One way is to track front-end operational results by taking a closer look at registration related denials.

### Insights and analytics

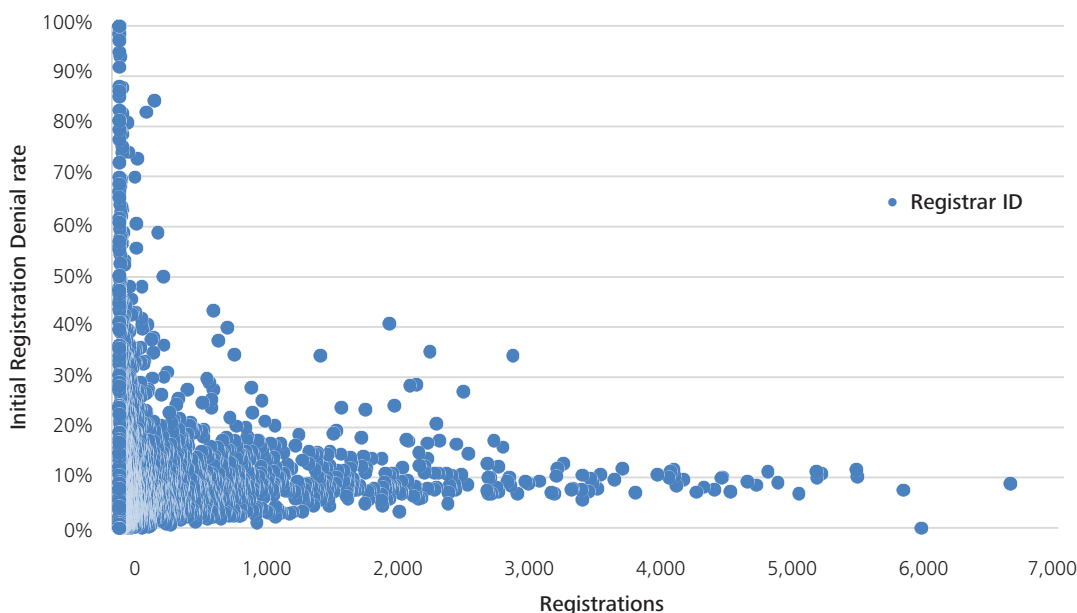
This was the case for an east coast academic health system. In an attempt to cut costs the provider decentralized registrars across many of the health system’s clinics. An analysis of denial rates by registrar for calendar year 2014 revealed some unintended consequences of that decision.

The analytics showed that:

- Registration related denials led to write-offs of 2.7 percent of annual net revenue—that’s \$27 million in revenue margin leakage per every billion in net revenue.
- Staff that infrequently registered patients (<20 per week) completed the registration on three percent of all accounts. This three percent of accounts represented 11 percent of registration related denials amounting to \$2.8 million in write-offs per billion in annual net revenue.
- More experience is better—lower denial rates per registrar directly correlated with higher weekly registration volumes indicating that specialists perform better than generalists. They accumulate more registration experience, and hence are more productive and produce better quality in less time.

For this provider, it was not possible to centralize many of these registration points, but it was clear going forward that corrective action was needed to help further prevent these avoidable registration related denials in the first place.

### Initial Registration Denial Rate by Number of 2014 Registrations



Source: Health system data from Revenue Intellect™, ConvergeHEALTH by Deloitte’s revenue cycle analytics application



### Key considerations

Key considerations for provider executives to improve front-end operational results across decentralized locations include:

- Does registration training need to be adjusted to document additional steps required for specific combinations of payor / plans and procedures?
- Is training consistent for registration staff across locations?
- Has a feedback loop been implemented to raise awareness of costly mistakes and provide opportunities for registration staff to correct errors when possible?
- Does it make sense to create a rotational program to build registrar experience and promote consistency to better comply with accuracy and efficiency?
- How are high performing staff reinforced and incentivized by the management team? How are results tracked and communicated?
- Are activities aligned appropriately based upon corresponding volume such as centralizing financial clearance activities to remove the majority of the responsibility from decentralized locations?
- Has the impact on reimbursement for both cost and revenue strategies been considered?
- Are tools in place to continue to analyze decentralized registration points and identify additional areas for operational improvements?

To facilitate operational excellence, once corrective actions are implemented the cycle of measuring, implementing, re-measuring and implementing should be continuous.

- Have denials decreased?
- Are a smaller percentage of denials root caused in registration?
- Have registration accuracy rates increased?

### The bottom line

Analytics is the standard for informed decision making and can turn hidden connections in data into opportunities for operational improvement. In the case of this health system, analytics showed that decentralization increased costs and reduced quality for two reasons: reduced specialization and fragmentation. Since the entire revenue cycle relies on information captured, verified and obtained by registration staff, any incomplete or inaccurate data creates a negative rippling effect that can lead to denials, payment delays and bad debt resulting in revenue loss and patient dissatisfaction. However, the probability of success is increased when analytics are utilized to narrow down a range of options by providing a broad view and a smaller set of options improving information visibility and empowering executives to make more informed decisions.

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