

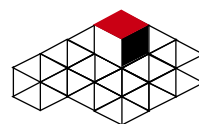
# **Evaluating CPSI's Accounts Receivable Management Services In Community Hospitals:**

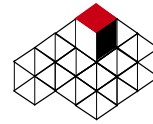
## **Contributors to Success**

**Sponsored by CPSI**

**Reported by Porter Research**

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## **EXECUTIVE SUMMARY**

Computer Programs and Systems, Inc. (CPSI) wanted to objectively assess the performance of their Revenue Cycle Management Services group with primary market research focused on CPSI's Accounts Receivable (A/R) Management Service. They selected Porter Research, an Atlanta-based market research firm specializing in healthcare information technology and professional services, to conduct in-depth interviews with their established customer-base from July through October 2006. During that time, Porter detailed the customer experience at twenty unique facilities to understand:

- Why these organizations considered outsourcing?
- The goals they established for the program.
- Barriers and obstacles they faced.
- The implementation experience and ability of CPSI to deliver on their goals.
- Benefits experienced to date and CPSI's overall performance in the relationship.

CPSI provides their A/R Management Service customers with services that include Insurance Processing, Cash Receipts Management, and Private Pay Collections. Organizations evaluating these services indicated the key factors leading to their evaluation were the hospital's challenges in recruiting and maintaining qualified staff and their relationship with CPSI as a systems provider. The most important goals identified were "Increasing Cash Collections" and "Improving Process Efficiency." Overall, there appeared to be very little internal or community aversion to outsourcing.

One hundred percent of respondents indicated they were satisfied with the implementation and rollout of CPSI's A/R Management Service, driven by a number of factors:

- 85.7% believe they have already met their goals.
- For those organizations able to provide metrics, CPSI's services contributed to a reduction in overall A/R days by 35.25 days.
- CPSI's ability to perform all service activities directly on the hospital's system in real time was viewed as the most important contributor to success.
- 57.1% of respondents cited their relationship with CPSI as what they like most about the service.
- When asked to describe the impact the service has had on improving their facility's revenue cycle performance, 100% described it as "significant."

Porter Research authored this white paper on behalf of CPSI to fully disclose the findings of the research.

### **Hospital Trigger Events and Goals for Outsourcing**

Upfront, the research worked to understand the hospital’s reasons and goals for entering into an outsourcing relationship. Two items received mention by 28.6% of respondents, resource issues related to recruiting qualified staff and the organizations’ relationship with CPSI as a systems provider.

When asked to identify their hospital’s goals for outsourcing, every respondent mentioned “Improving Process Efficiency,” although a number of other items also received considerable recognition. Once identified, participants were asked to rank their goals in order of overall importance. On average, “Increasing Cash Collections” was ranked as the most important implementation goal.

#### **Please rank your goals for the implementation of the A/R Management Service.**

<b>Goal</b>	<b>Average Ranking</b>	<b>% Of Respondents Identifying Goal</b>
<b>Increasing Cash Collections</b>	<b>1.86</b>	<b>85.7%</b>
<b>Improving Process Efficiency</b>	<b>2.86</b>	<b>100%</b>
<b>Reducing Costs</b>	<b>3.29</b>	<b>71.4%</b>
<b>Securing Qualified Staff</b>	<b>3.43</b>	<b>85.7%</b>

Mentioned by 71.4% of respondents, “Reducing Costs” also surfaced as a major goal for the outsourcing relationship. Although mentioned by a higher percentage of participants, “Securing Qualified Staff” received a slightly lower average ranking but was still deemed a key goal.



## **Obstacles and Barriers to Outsourcing**

Overall, there was relatively low resistance to CPSI's A/R Management Service when compared to traditional outsourcing services. Customers were asked to rate their hospital's internal resistance on a scale of 1 (very averse) to 5 (no resistance), with the average rating coming in at 4.17. More than 66% of the respondents provided no internal cited barriers when probed. The most mentioned barrier was related to the "Perception of the Community's Response," cited by 16.7% of the respondents.

Despite concerns related to how the community would respond to outsourcing, no hospital interviewed discussed their plans to outsource with any community groups, although current community acceptance of the service appears to be somewhat positive. When asked to rate current community acceptance on a scale of 1 (very averse) to 5 (complete acceptance), the mean rating was 3.86 and no respondents provided a rating of 1 or 2, which would indicate some resistance.

"The community concern was outsourcing jobs. That was our biggest obstacle," stated a responding Chief Financial Officer. He continued, indicating they were able overcome this obstacle "through good communications with the business community, to let them know why we had done it and the fact that we were able to do it without terminating any positions."

No respondents believed their hospital's size created any barriers in the outsourcing decision, even though the research focused on smaller community hospitals. Nearly 86% actually believed their size created advantages. As one Director of Health Information Management put it, "because we're small we don't even have space to put another body in here, let alone a business office."

## **Outsourcing Rollout and Implementation**

All of the customers interviewed – 100% - responded "yes" when directly asked if they were satisfied with the implementation and rollout of the A/R Management Services at their facility. When asked if they had met their organizations goals with the implementation, 85.7% responded positively and the others indicated that they were on their way. "We're certainly satisfied with the overall performance. We met our goals as far as revenue cycle management," one Chief Financial Office noted.

Based on these findings, CPSI's performance in the transition of taking over their clients' revenue cycle management functions scored well and have lead to the realization of hospital goals and other benefits.

## **Outsourcing Benefits**

CPSI's A/R Management Service customers were asked to identify top-of-mind benefits realized through the relationship. Their responses validate goals earlier identified as having been impacted through the partnership. One key benefit identified was a reduction in personnel issues, a response provided by nearly 27% of interviewees.

"Being in a rural area, sometimes it's hard to find qualified people. The turnover that we had, particularly in the billing area with the commercial insurers and Medicare and Medicaid, was a problem. Then having the resources, where CPSI has the resources and extended staff where they can have more people with expertise," one Controller noted.

Another respondent agreed. "Because CPSI has more than one hospital, they've got access to other resources that we may not have. They've been pretty good about matching their staff so that it clicks with our hospital."





The most mentioned top-of-mind benefits were simply improvements in the revenue cycle itself, cited by 42.9% of respondents. A participating Chief Financial Officer indicated the service has “reduced my A/R days and increased my cash flow.”

To further understand the impact of the service on specific metrics within the revenue cycle, participants were asked to use a scale from 1 (totally disagree) to 5 (totally agree) to rate how much they agree that the service has impacted a number of key revenue cycle performance metrics.

### Outsourcing Impact on Revenue Cycle Metrics

Goal	Average Agreement	Net Impact
Reduced Accounts Receivable Days	4.50	Significant Impact
Increased Cash Collections	4.33	Considerable Impact
Improved Business Office Efficiency		
Reduced Bad Debt Write-Off	3.33	Moderate Impact

Although respondents agreed they had seen “Increased Cash Collections,” “Improved Business Office Efficiency,” and “Reduced Bad Debt Write-Off,” the most significant benefit realized was “Reduced Accounts Receivable Days.” To shed some light on this finding, organizations were asked to provide details on their A/R days before and after CPSI took over their revenue cycle management functions. For those organizations able to provide metrics, CPSI’s services contributed to a reduction in overall days by 35.25, with current average A/R days reported as 56.

#### Contributors to Success

When asked to rate CPSI’s outsourcing staff in regards to professionalism and community relations on a scale from 1 (not at all professional) to 5 (very professional), the staff scored very highly at 4.29. When one Controller was asked what she liked best about her hospital’s A/R Management Service, she responded by saying, “the fact that they do have knowledgeable staff, the communication and their willingness to work with us on what we need.”

Three items unique to CPSI’s A/R Management Service delivery were identified and tested to better understand how important they are in maintaining a high level of service and return. Respondents were asked to rate how important each item is using a scale from 1 (not at all important) to 5 (very important).

**5.00**      **All activities are performed directly on the hospital’s system in real time.**

One respondent in particular paid notice to the role CPSI’s system plays in their outsourcing relationship. “It’s a part of our integrated health information system and that they’re billing, real-time, for our system.” This metric, the most important item tested, received a rating of 5 from every respondent.





**4.43 CPSI’s weekly conference calls with the hospital contribute to the success of the service.**



Communications with CPSI through weekly conference calls were also deemed of significant importance, rated 4.43 overall. “We have some benchmarks we want to meet and we’re continuing to work on those through our conference calls and so forth,” explained one respondent.



**4.00 The monitoring tools included in the service facilitate consistent and reliable communications with CPSI.**



“The systems in place to monitor the accounts,” proved valuable to one responding Chief Financial Officer. Overall, respondents rated this functionality a 4.00 and of considerable importance to the success of their program.

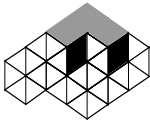
When asked what they liked most with regards to CPSI’s services, however, 57.1% pointed to their relationship with CPSI. One Chief Financial Officer said the greatest benefit they’ve experienced is, “the professional knowledge that CPSI has. They know the business.”

**Conclusions**

Respondents were asked to rate their overall satisfaction with CPSI’s A/R Management Service using a scale from 1 (not at all satisfied) to 5 (very satisfied). The average rating was a 4.43, demonstrating extremely high levels of overall satisfaction. Similarly, when asked to describe the overall impact the outsourcing relationship had on their hospital’s revenue cycle performance, 100% of the sample described it as significant.

Certainly, the findings of the research indicate CPSI’s A/R Management Service has had a pronounced impact on their customers. From reductions in A/R days and increased cash collections to improvements in business office efficiency, CPSI has delivered on the goals of their customers and improved their overall revenue cycle performance.





## **SPONSOR/ RESEARCH TEAM**

### **About Computer Programs and Systems, Inc.**

CPSI is a leading provider of healthcare information solutions for community hospitals with over 600 client hospitals in 46 states. Founded in 1979, the Company is a single-source vendor providing comprehensive software and hardware products, complemented by complete installation services and extensive support. Its fully integrated, enterprise-wide system automates clinical and financial data management in each of the primary functional areas of a hospital. CPSI's staff of over 800 technical, healthcare and medical professionals provides system implementation and continuing support services as part of a comprehensive program designed to respond to clients' information needs in a constantly changing healthcare environment. For more information, visit [www.cpsinet.com](http://www.cpsinet.com).

### **About Porter Research**

Since 1989, Porter Research has delivered the needed knowledge to the healthcare information technology industry. Senior executives with world-class sales and marketing experience at major healthcare I.T. companies lead a team of veteran market research specialists to conduct more than 7,000 annual research interviews with decision makers and influencers at all levels of healthcare delivery, from physician offices and hospitals to payers. Our custom B2B market research products enable our customers to develop plans and strategies to take to the market, validate opportunities to improve sales success, and ultimately increase customer satisfaction. For more information, visit [www.porterresearch.com](http://www.porterresearch.com).

