

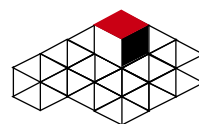
# **Evaluating CPSI's Private Pay Services In Community Hospitals:**

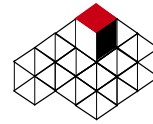
## **Contributors to Success**

**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 Private Pay 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 outsourcing relationship.

Organizations evaluating private pay outsourced services indicated the key factors leading to their evaluation were the hospital's current performance in private pay collections, the relationship with CPSI as a systems provider and staffing issues related to recruiting and volume of work. The primary goals identified were "Increasing Cash Collections" and "Improving Process Efficiency," both mentioned by 100% of respondents. The survey also discovered that there was very little internal or community resistance to outsourcing.

Overall, the research findings indicate CPSI has delivered on their clients' goals and experience a high rate of satisfaction for their Private Pay Service:

- Nearly 85% of respondents were satisfied with the implementation and rollout of services at their organization and had already met their goals with the service.
- 84.6% of the respondents felt the greatest benefit they've realized to date is improvement in "Revenue Cycle Performance," primarily through increased collections and cash flow.
- The greatest contributor to the success of the Private Pay outsourcing relationship is that CPSI performs all activities directly on the hospital's system in real time.
- More than 92% of the customers indicated they have had a "considerable" to "significant" overall improvement in their hospital's revenue cycle performance as a direct impact of the services received through CPSI.

CPSI contracted with Porter Research to develop this white paper to fully disclose the findings of the research.

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

To better understand the current performance of the outsourcing relationship, it was important to have a solid understanding of the hospital's reasons and goals leading to the partnership. The hospitals' current performance in private pay functions proved significant as a factor in evaluating a private pay outsourcing relationship. Of those who previously managed the process internally, 44.4% cited performance issues. Seventy-five percent of organizations with a previous outsourcing relationship attributed the performance of their outsourcer as a reason to evaluate CPSI's services.

Other factors prompting the evaluation of a private pay solution were the hospitals' existing relationship with CPSI as a systems provider and staffing resources within the hospital to maintain a private pay collections program, both mentioned by 38.5% of the respondents.

"I had every single component of working accounts receivable under control but the self-pay part of it because that takes a call-center type situation where you have people that work at night and on weekends. I don't have the resource of people to recruit to work those hours. It's just not a big return when you work in self-pay," said a participating Director of Patient Financial Services.

Respondents were also asked to identify their goals for outsourcing. Every respondent mentioned "Increasing Cash Collections" and "Improving Process Efficiency," although when asked to rank their goals "Increasing Cash Collections" received the highest average ranking.

### **Please rank your goals for the implementation of the Private Pay Service.**

<b>Goal</b>	<b>Average Ranking</b>	<b>% Of Respondents Identifying Goal</b>
<b>Increasing Cash Collections</b>	<b>1.55</b>	<b>100%</b>
<b>Improving Process Efficiency</b>	<b>2.27</b>	<b>100%</b>
<b>Community Satisfaction</b>	<b>3.45</b>	<b>54.5%</b>
<b>Securing Qualified Staff</b>	<b>4.00</b>	<b>63.6%</b>

"Community Satisfaction" also received significant mention as a goal for implementation, mentioned by 54.5% of respondents. Although "Securing Qualified Staff" was mentioned by more respondents (63.6%), as a goal it was ranked as less significant than improving community satisfaction.



## **Obstacles and Barriers to Outsourcing**

Overall, there was very low resistance to private pay outsourcing. When asked to rate their hospital's internal resistance on a scale of 1 (very averse) to 5 (no resistance), the average rating was a 4.25. Similarly, when asked to discuss any obstacles or barriers the hospital needed to overcome to pursue evaluation of an outsourcing alternative, 61.5% of respondents indicated there were none. The leading implementation barriers mentioned were related to "Aversion to Elimination or Re-Tasking of Full Time Employees" and the "Perception of the Community's Response," both mentioned by 25% 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. The takeaway is that current community acceptance of private pay outsourcing 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 3.77, with only 23% indicating that there is any community resistance.

Although the survey focused on smaller community hospitals, no respondent felt their hospital's size created barriers in the outsourcing of private pay. In fact, 38.5% believe their size actually created advantages. As one Director of Patient Accounts explained, "I like the fact that we're a small community and we have them call. You don't want to be calling your neighbors. Everybody knows everybody so it's helpful having somebody offsite calling and asking for payment."

## **Outsourcing Rollout and Implementation**

Nearly 85% of the customers interviewed indicated they were satisfied with the implementation and rollout of the Private Pay Service at their facility. "With CPSI I wanted to do a 'soft' pursuit for three months. They did that along with the necessary collection phone calls and what have you." This Business Office Manager continued, "Their mannerism versus a true collection agency, they did exactly as I'd asked them to do. We were able to go in and clean up a lot of stuff that was sitting out there with erroneous notes and that sort of thing. They did a very good follow-up and follow-through to set-up a system so that now we're running very tidy and currently."

Correspondingly, 84.6% of respondents believe their organization has already met its goals in the outsourcing relationship. Of the remaining 15%, the common sentiment is that their goals are within reach.

Overall, the survey verified significant satisfaction rates with the setup and rollout of CPSI's private pay solution, which certainly had a positive impact on the realization of benefits provided through the current relationship.

## **Outsourcing Benefits**

CPSI's Private Pay Service customers were asked to identify benefits realized through the relationship. The top-of-mind benefits mentioned most by respondents correspond directly to the primary goals highlighted earlier, "Increasing Cash Collections" and "Improving Process Efficiency."

"Process Improvements" were cited as a significant benefit, at 61.5%. According to a Business Office Manager, "there is no inactivity on accounts. Every account is being looked at. It's being synchronized with current statements and follow-through. Thus, timeframes for collecting billings has decreased. Term payments have been arranged where there were none previously. It's been a good, successful thing."

"Improved Revenue Cycle Performance" through increased cash collections and cash flow was cited as the most top-of-mind benefit, by 84.6% of the install base. "Our private pay collections are up thirty-five to forty percent," noted a Business Office and Medical Records Director. Another Business Office Manager agreed: "They are collecting more money and people are paying more on their accounts when they send in money."





Using a scale from 1 (totally disagree) to 5 (totally agree) to rate how much they agree that the private pay service has contributed to “Increased Cash Collections,” the average rating was 4.31, or significant agreement. Over 92% of respondents rated it a 4 or 5 and no respondents rated it a 1 or 2. Respondents also somewhat agreed that their private pay program has contributed to “Reduced Bad Debt Write-Offs,” rated a 3.25 on the same scale.

*Contributors to Success*

CPSI’s outsourcing staff also rated very highly, scoring a 4.25 rating when respondents were asked to rate them in regards to professionalism and community relations. “The best benefit is that I have a relationship with the director over the program. They know their stuff and they’re very supportive. It’s almost like I’m their only client. I just like that,” stated a Director of Patient Financial Services.

Three items unique to CPSI’s Private Pay 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.**

The most important item tested, that all private pay activities are performed directly on the hospital’s CPSI software system in real time, was rated a resounding 5 by every respondent. “It’s a seamless system. We’ve experienced good service and response using their application as a whole. I’m finding that the service that we were receiving in other pieces of the software flows right over to the private pay where they are just very attentive, easy to work with and quick to respond. We are finding that our private pay collections are climbing, everything I had heard at the presentation,” exclaimed one Chief Financial Officer.


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

CPSI’s monitoring tools were also deemed of significant importance, rated 4.69 overall. As one Director of Patient Financial Services explained, “What I like most about it is it gives me piece of mind. I have a very high rate of confidence because I know everything is being done. I’m very critical. I’m a perfectionist. I’m one of these people who can find the one account that isn’t worked. I’ve never found an account that was not worked and worked to my satisfaction.”

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

Also of considerable importance, rated at a 4.09, customers seem to benefit from weekly conference calls with CPSI. “We’ve got a manager that is very diligent in what he does and he actually corresponds twice a week with me. I think that’s the biggest plus. Not only do they do what we’ve asked them to do but also I’m kept abreast as far as status. I don’t have to call them. They’re calling me. They’ve just been very generous with their time,” reported a participating Business Office Manager.





However, when asked what they liked most about CPSI's Private Pay Service, elements related to staffing and decreases in resource concerns received the most praise at 46.2%. "I like the fact that there are more eyes that understand the system keeping it up. We are a smaller facility and our FTE's are limited. It benefits us tremendously. They have found stuff that we probably wouldn't have found for quite some time."

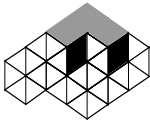
### **Conclusions**

Respondents were asked to rate their overall satisfaction with CPSI's Private Pay Service using a scale from 1 (not at all satisfied) to 5 (very satisfied). The average rating was a 4.00, demonstrating very high levels of overall satisfaction. This rating is not surprising, considering more than 92% of respondents reported a "considerable" to "significant" overall improvement in their hospital's revenue cycle performance as a direct impact of the private pay services received through CPSI.

"I've been totally impressed with what they've done. The results are just unbelievable. For every dollar we pay CPSI, they're collecting five," remarked one Director of Patient Financial Services. She continued, "Besides cash, they have improved my days in A/R because we got a little aggressive knowing that all my self-pay are being touched. We were actually able to bring the write-off to bad debt by thirty days so we're moving them out faster. They've reduced days in A/R and improved cash and it's not just by writing accounts off."

The findings certainly confirm that CPSI's Private Pay Service has had a marked effect on their customers. From implementation through service delivery, the research verified CPSI's performance in delivering on their clients' goals and improving 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).

