In 2013, the U.S. Department of Veterans Affairs (VA) concluded a four-year project to consolidate revenue cycle functions at 153 independent VA medical centers into seven regional consolidated patient account centers (CPACs). The aim of the initiative was to deliver substantial benefit to the VA’s revenue cycle operations so that the VA could invest the additional revenue in veterans’ healthcare delivery.

The financial benefits of the project, which was led by the Veterans Health Administration’s chief business office and began with a highly disciplined pilot project, include an 18.4 percent improvement in collections since 2008, the year before the initiative began; a reduction in gross days revenue outstanding from 56 to 41; and a nearly 14-percentage-point decrease in accounts receivable (A/R) greater than 90 days (from 30.8 percent to 16.9 percent).

The magnitude of the consolidation of the VA’s revenue cycle operations required close planning and continual review of lessons learned during the pilot project to consolidate revenue operations into the CPAC model, roll out the initiative across the country, and complete the project on schedule and within budget. The lessons learned through this process could help other hospitals and health systems in consolidating their revenue cycle operations.

Four best practices were instrumental to the success of the VA’s revenue cycle initiative and could provide a guide for organizations contemplating similar projects.

**Invest the Appropriate Time and Resources**

The CPAC project arose from a congressional mandate and began with a pilot in Asheville, N.C., which focused on consolidating the revenue cycle operations of eight medical centers while developing best practices. Once the pilot project was underway, the VA focused on refining the consolidated model that it had implemented at the pilot locations and on measuring and analyzing all aspects of the revenue cycle across the eight medical centers to ensure that processes were standardized.
The main focus of the Asheville pilot was to create an efficient environment where each department performed the same set of tasks in a similar manner. Standard procedures were put in place across the revenue cycle departments, and communication was streamlined. Such standardization enhanced revenue cycle operating practices and improved customer service interactions. At the end of the pilot project, leaders identified a clear set of business processes that would be rolled out as the program was expanded nationally.

The pilot also allowed the VA to test different approaches to revenue cycle consolidation, which included:

> Consolidating operations by revenue function across all medical centers at the same time (e.g., starting with billing staff in all medical centers)
> Consolidating all revenue cycle operations at multiple medical centers at the same time
> Consolidating revenue cycle operations at one medical center at a time, allowing a short period of stabilization before transitioning to the next medical center

After testing these various approaches, it was determined that the site-by-site approach was the most advantageous. Critically, this approach allowed leaders to closely monitor the transition and address any risks or issues before moving to the next site.

Immediately after the pilot project was completed, third-party collections rose to a higher rate than the VA national average. The eight medical centers that transitioned to the consolidated model consistently and quickly outperformed the VA national average for all key revenue cycle performance metrics (e.g., gross days revenue outstanding [GDRO], days to bill, percentage of A/R greater than 90 days [A/R > 90]).

The pilot’s success prompted the VA to incorporate the revenue offices of 11 more medical centers into the newly established CPAC in Asheville. The pilot also generated a solid foundation of reliable data, allowing project leaders to implement the VA’s remaining CPACs more quickly.

**Use Consistent Metrics**

A critical factor in the success of the revenue cycle consolidation was a detailed review of key operational metrics during and after the transition, conducted with an eye to ensuring their consistent use across the organization. Weekly and monthly briefings with CPAC and medical center leaders included review and discussion of metrics such as monthly collections, monthly billings, GDRO, A/R > 90, inpatient insurance verification, and authorization review percentages.

Organizers ensured metrics were at the forefront of the transition process by using a pretransition risk-assessment tool for individual medical centers. The tool generated an overall risk score based on a monthly scorecard of approximately 30 metrics in combination with detailed quantitative and qualitative assessments. The assessments were updated monthly prior to the transition and shared with medical center leaders to identify the areas of greatest risk during the transition.

Four key metrics—collections, billings, GDRO, and A/R > 90—were assessed and assigned a risk level based on their status compared with the goal. Leaders also assessed 10 key workload metrics that appeared most significant in previous transitions and assigned a risk level to each based on the volume of work outstanding (e.g., pending coding workload, pending billing workload).

Any problem areas identified during the detailed assessment were documented and assigned a risk level based on their historical significance in previous transitions. For example, in the early transitions, some medical centers did not capture insurance information at the time of check-in for all patients, leaving them unable to enter the information in the point-of-service insurance capture tool. This situation was listed as “high risk” in the pretransition assessment, because with the transition, the new system would be the only way to communicate new insurance to the CPAC for verification so that it could continue to flow through the revenue cycle.
The use of metrics was at the forefront of this process and was critical to the success and sustainability of the consolidation effort. Analyzing performance against specific metrics allowed transition leaders to resolve issues as they arose through the use of root-cause analysis. Detailed reporting enabled managers to spot trends across multiple medical centers, which helped them keep metrics from falling behind target. CPAC leaders ensured accountability through weekly updates on the metrics and any associated action plans. As a result, the VA was able to develop an accountability model for revenue cycle processes shared between individual medical centers and CPACs.

**Maintain Detailed Staffing Plans**
Consolidating 153 independent medical centers into seven regional CPACs requires not only building the consolidated centers, but also staffing more than 3,700 positions. To address this challenge, the VA used staffing plans, which identify staffing needs by department, on-boarding timelines, and training curricula to ensure a successful transition.

With each staffing plan, a workload forecast aims to determine the account-processing volume at each regional CPAC. A staffing model is then created based on the processing volume information and the approved productivity standards for each department. This model provides the core staffing numbers for the CPAC, and the numbers the VA identified using this approach have become the foundation for the overall project, from planning, layout, and design to staffing, hiring, training, and overall budget planning.

Using the pilot project findings, the VA sequentially undertook the transition of revenue activities in each medical center. Up to 28 medical centers transitioned revenue functions to each regional CPAC, which requires staff sufficiently well-trained and capable of managing the workload. The CPACs improve their cost-effectiveness by staggering their staffing based on the start of each transition. Processes are continually reviewed and refined to ensure sufficient staff are available at each point in the process.

Project leaders realized early in the process that to ensure quick understanding of the new processes, they would need a structured staffing plan that included both initial and follow-up training, competency checklists, and productivity and quality monitoring.

Leaders developed and refined detailed staffing plans to track progress at all sites and to ensure the appropriate numbers of staff were interviewed, hired, and trained prior to the transition of each medical center.

Because a majority of the workforce was new to the VA and to their functional areas, vendors were solicited to assist temporarily with specific workloads, providing additional capacity prior to each transition. The use of vendors enabled each CPAC to manage workload and maintain performance as the transition of operations was taking place.

The staffing model created during the transition is regularly reviewed to ensure the appropriate staff are in place to support a CPAC’s operations. The workload is centrally managed to ensure all tasks are completed with consistency and accuracy. Because the staffing model is workload- and productivity-based, leaders can precisely determine the number of staff needed to appropriately manage work.

A continuous review of staffing and a yearly refresh of the model support leaders in managing changes in workload volumes to continue meeting their targets.

**Use Enabling Technology**
Each medical center has its own iteration of the VA’s health information system (HIS), which mirrors the situation for many healthcare systems consolidating new acquisitions. The consolidation project did not attempt to change the system infrastructure; rather, it overlaid the VA’s HIS with a single, proprietary, bolt-on workflow and reporting tool that standardized, monitored, and managed work and identified and tracked key metrics.

Prior to consolidating revenue cycle operations, VA medical center staff ran workload reports manually on each medical center system to complete their daily work tasks. Since consolidating operations, revenue cycle staff have been assigned work through a consolidated workflow tool that downloads work across the VA system nightly and automatically assigns it to staff through defined business rules. The resulting
time savings has allowed supervisors and managers to focus on meeting department goals through regular metric reviews and by developing, training, and coaching staff.

In addition to the streamlined and automated work drivers, the tool provides summary-level and detailed reports encompassing all areas of the CPAC revenue cycle. The tool allows for information capture from all medical centers for each CPAC in one place and enables leaders to run reports one time to capture the necessary metrics to drive performance improvement.

The refined business processes and automated workflow tools helped create permanent enhancements to the culture and provided improved financial results across the organization.

**Improved Health Care for Veterans**
The lessons learned through the pilot process were used extensively throughout the project and were keys to success. The VA accelerated the project once it recognized the potential of the consolidated model to optimize revenue.

Ultimately, all VA medical centers transitioned to the model one year ahead of the date mandated by law and within the approved budget. The successful consolidation has effectively achieved the goal of providing the VA with additional revenue to improve health care for our nation’s veterans.

*Stephanie Mardon is deputy chief business officer for revenue operations, Department of Veterans Affairs, Veterans Health Administration, Washington, D.C. and a member of HFMA’s Virginia-Washington, D.C., Chapter (stephanie.mardon@va.gov).*

*Susan A. Reed is executive director, consolidated patient account centers, Department of Veterans Affairs, Veterans Health Administration, Washington, D.C. (susan.reed@va.gov).*

*Robert Parris is senior director, Huron Healthcare, Chicago, and a member of HFMA’s Georgia Chapter (rparris@huronconsultinggroup.com).*

*Amanda Bonser is senior director, Huron Healthcare, Chicago, and a member of HFMA’s Georgia Chapter (abonser@huronconsultinggroup.com).*

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