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# Identifying Dark Green Dollars During Challenging Times

How hospital CFOs track and influence revenue



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**B**efore the pandemic, health system financial leaders were expected to navigate an increasingly complex reimbursement environment in a rapidly changing marketplace. For years, the focus of the hospital CFO has been shifting from traditional risk and payment assessments toward care quality and other emergent factors that influence reimbursement and hospital financial health.

In the past, hospital financial leaders could rely on reactive strategies and traditional metrics alone to secure financial well-being for their organizations. Now, the hospital CFO must be proactive, leverage a broad range of metrics across various operations and work closely with other executive leaders.

During an advisory call hosted by *Becker's Hospital Review* in conjunction with the healthcare technology company Nuance Communications, Jessica Hatala, Nuance's senior manager of business analytics, led a group of healthcare financial executives in a discussion about their efforts to help their organizations maintain financial footing in these challenging times. The conversation was largely focused on the role of technology in supporting financial performance and the importance of clinical documentation as it relates to reimbursement.

"CFOs have their hands in a lot of different pots," Ms. Hatala said, adding that the healthcare financial executive needs to have an understanding of how every patient journey is documented from beginning to end. "From admission to discharge and then through the back-end revenue cycle, each one of these elements is incredibly important to the CFO," she said.

With reimbursement increasingly tied to care quality, clinical documentation has become a more complex endeavor, moving away from transactional measures to more qualitative assessments of the care delivered. Furthermore, with providers now responsible for documenting care for patients infected with a novel virus, hospital revenue cycle teams and clinicians must be aware of new documentation requirements for COVID-19 treatment and changes to reimbursement related to telehealth. Ensuring everyone is up to speed on these developments is a primary concern for hospital leaders as they work to help their organizations move toward financial recovery.

And the road toward recovery will likely be long, even with the passage of the [CARES Act](#), which provisioned \$50 billion in COVID-19 relief aid for hospitals. The detrimental financial effects of the pandemic are likely to eclipse that number. Estimates [released](#) by the American Hospital Association in May 2020 suggest the collective financial loss for hospitals could be more than \$200 billion – that figure only accounts for losses accrued from March 1 to June 30.



To weather this storm, hospitals' financial leaders will need to exercise budgetary discipline and identify how they can best support staff. Leaders will need to arm their teams with sophisticated metrics and the kind of willpower that can only be bred by common cause and shared purpose.

The following ebook is based on an advisory call led by Ms. Hatala. Call participants were:

- Jim Dietsche, CFO and COO for Green Bay, Wis.-based Bellin Health
- Michael Excell, Vice President of Revenue Cycle for Kankakee, Ill.-based Riverside Healthcare
- Divya Matai, CFO for Northwest Texas Healthcare System in Amarillo
- Charlton Park, CFO and Chief Analytics Officer for University of Utah Hospitals and Clinics in Salt Lake City
- Vince Pryor, Executive Vice President and CFO of New Lenox, Ill.-based Silver Cross Hospital

During the call, leaders discussed the current challenges facing hospitals and the role metrics, technology and leadership can play in overcoming these difficulties.

## Clinical partnership and dashboarding the metrics that matter most

Health systems generally have the capability to capture a wealth of data. Drawing insights from that data is a separate challenge. The right metrics can help finance teams glean actionable insights from data, push for adequate reimbursement and identify internal clinical documentation shortcomings. However, if this information is not easy to access, leaders may not be able to identify the wisdom locked within the data. This is where strategic dashboarding comes in. Dashboards can bring data from multiple sources together to give leaders an incisive assessment their organization's performance.

This comprehensive view offers extreme value to finance leaders, according to Charlton Park, who oversees finances and analytics for University of Utah Hospitals and Clinics. "The more metrics I can get the better because I think they all tell a story and it's bringing the whole together that really gives you the insights," he said. "A single metric alone can be misleading and that's why the concept of a dashboard makes a lot of sense."

The Salt Lake City-based health system comprises five hospitals, 12 community clinics and a handful of specialty centers. In fiscal year 2018, University of Utah Health had an operating budget of [\\$3.8 billion](#). When assessing performance, Mr. Park assesses traditional measures like gross net revenue and days in accounts receivable. The CFO also compares his organization's performance to peer organizations and top performers.

"I really like to do best-in-class comparisons to really know where University of Utah sits among other similarly sized organizations," Mr. Park said. "This way I can see who we can learn from and who we can try to emulate in our revenue cycle performance."

Sophisticated analysis of metrics can help hospital finance leaders untangle some of the revenue cycle's most intricate snags, such as preventing denials related to clinical documentation. At Riverside Healthcare – which takes in more than \$1.2 billion in annual revenue, according to the [American Hospital Directory](#) – Michael Excell's team tracks diagnosis-related group denials and payer denial patterns to detect any outliers. This information helps empower the health system during its monthly calls with payers.

"We assess whether the denials are within our control, or the result of a payer error," Mr. Excell said. "We press the payers and we work with them. We've seen a huge improvement."

Mr. Excell also said his team uses metrics, such as measures on charge capture, to inform conversations with various departments. During these conversations, leaders can point to the data and work with the departments to identify targets for improvement efforts. The revenue cycle vice president said having the right metrics can allow leaders to have constructive conversations with clinicians about documentation. "We've created an environment in which expectations are realistic and well-understood," he said. "No one takes it personal. It's all about getting the job done."

Metrics that speak directly to clinician performance are essential to supporting the revenue cycle. Silver Cross Hospital – which takes in more than \$1.3 billion in annual revenue, according to the [American Hospital Directory](#) – use metrics to create a clinical scorecard to help providers improve their performance and achieve greater reimbursement. According to Vince Pryor, these metrics are designed to help physicians meet payer targets for incentive pay. "If you achieve these measures, then you as a physician can earn an incentive," said the Silver Cross CFO. "We've tied the clinically integrated framework to the dollars that are coming from payers and that's been really important for us."

At Northwest Texas Healthcare System, clinical and payer-specific measures also play a significant role in how the organization measures its revenue cycle performance. "On the back end of the revenue cycle, we look at CDI performance," said Divai Matai, who oversees financial operations for the Texas health system, which [paid \\$120 million](#) in salaries and benefits to staff and made \$8 million in capital investments in 2018. "We also look at productivity by service line and the hospital [case mix index] and Medicare CMI," she said. "We look at these on a weekly, monthly and annual basis."

The dashboards at Northwest Texas Healthcare System offer a comprehensive and facility-specific view of the 22-hospital health system. "With these dashboards there is consistency across the entire organization," Ms. Matai said. "Many of the dashboards are homegrown documents where corporate is able to dump all the information from all the facilities and then [we can zero in] and get specific to our facility." From Nuance's perspective the limitations of homegrown dashboards mean you can't pull in peer group benchmarking and there is a potential to be biased by historical measurement methods.

While traditional revenue cycle metrics remain important for monitoring an organization's fiscal well-being, the emergence of advanced technologies offer finance leaders the ability to peel back the layers of data their organization has already captured and produce truly novel insights into the revenue cycle management process.

“AI and some automated solutions can assist organizations with limited resources or a workforce that needs to be shifted in other directions”

- **Jessica Hatala, Senior Manager of Business Analytics, Nuance**

## The hunt for ‘dark green dollars’

If clinicians are not up to speed on documentation requirements or don't fully understand the importance of specific processes, the subsequent inaccuracies and inefficiencies manifest on the backend of the revenue cycle. The result? Dollars lost. However, some clinicians might be hesitant about the use of these technologies due to misconceptions about AI and automation. Technology solutions powered by artificial intelligence (AI) can help clinicians capture crucial information at the point-of-care and ease their administrative burden. It's important for finance and clinical leaders to collaborate and communicate to staff on the front line about how these solutions can not only help protect the bottom line but improve patient care and the provider experience as well.

During the advisory call, Ms. Hatala offered some clarity on this point:

“These solutions aren't replacing humans, they're augmenting what humans are doing,” she said. “AI and some automated solutions can assist organizations with limited resources or a workforce that needs to be shifted in other directions.”

The dual CFO and COO Jim Diestsche said his organization has been working to leverage technology at the front end of patient encounters. This effort is indicative of Bellin Health's commitment to both improving care quality and lower the total cost of care. The health system comprises an ACO regularly [recognized](#) by CMS as a top performer.

“We've traditionally done some retrospective analysis, but we're starting to do more analysis proactively at the point-of-care,” Mr. Diestsche said. “We are doing more real-time reviews, especially in primary care where physicians can see risk scores during the care episode.”

Given the current financial constraints created by the COVID-19 pandemic, hospital and health system executives have to be extraordinarily judicious when managing budgets and allocating funds for new technology solutions. Mr. Diestsche said his organization halted capital investments to protect Bellin Health's workforce from experiencing financial difficulties. The CFO/COO said he anticipates that his organization will be dealing with these limitations for at least one or two years.

Still, integrating solutions that offer significant and a swift return on investment in terms of cost reduction or revenue improvement remain can't miss opportunities for CFOs. Mr. Park with University of Utah Hospitals and Clinics described these solutions as the ones that can identify the “dark green dollars” hidden within the revenue cycle. These are the solutions that will provide instant support to the bottom line and not something that will take years of implementation before ROI is realized. Even many of nation's most robust and well-resourced health systems no longer have the luxury of time as it relates investment in innovation.

“If we're making any investment, it's got to be obvious to everyone who hears about it that it was wise,” Mr. Charlton said. “[This solution has to be] something that speaks for itself with easy to explain returns and has full buy-in from clinical faculty.”

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# Case Study: Determining ROI with Nuance CAPD

A successful clinical documentation program can help healthcare organizations achieve better financial performance, patient outcomes, and recover revenue during these challenging times.

Without technology, clinical documentation improvement (CDI) programs are heavily dependent on human capital to sift through clinical notes for proper quality, coding and billing. A hospitalist may write what he or she sees as an incredibly detailed note, but the documentation may not correlate to the format of ICD codes, leaving coders short of the information they need for billing.

Computer-assisted physician documentation (CAPD) technology integrates into the normal physician workflow, making CDI less retrospective. Through the combined power of AI and clinical language understanding, CAPD aides in the robust documentation of diagnoses by:

- Identifying conditions not fully specified.
- Evaluating unstructured text to identify if there is clinical evidence of something not yet noted.
- Clinically validating unsupported diagnoses with indicators found elsewhere in the chart.

Additionally, automated technology is always on – 24/7/365, regardless of when CDI staff are on the clock. Always searching and guiding improvements, filling gaps that just cannot be covered with traditional resources.

“Our tech-enabled CDI program is one of the most critical ones we have in house for our longevity. CAPD and CDE One are two components of our ONE program.”

- **Senior Director of Business Operations (finance dept), medium size healthcare system operating in the Southern region**

Taken together, these benefits mean clinical notes are in a much better place before the physician signs off on it, reducing delay on back-end revenue cycle processes. While the solution cannot replace human capital, it can move some work to the front-end and help optimize the coding process, ultimately maximizing revenue.

In the chart below are four Nuance client examples of the actual financial impact from utilizing a CAPD tool. Each one of these clients has a traditional CDI program in place, yet they were able to see additional revenue opportunities, as well as deter denials all shortly after launching a CAPD solution. The chart shows consistent SOI and ROM impact across the board, further ensuring against denials.

Client #1 - Large Size Multi-State IDN Healthcare System operating in the Midwest region			
Actual Total Impact	Dates (5 months)	SOI Quality Impact	ROM Quality Impact
\$534,863.38	May-Sept 2019	48% Shift to L 3&4	48% Shift to L 3&4
Client #2 - Large Size Multi-State IDN Healthcare System, operating 30+ hospitals across the Western & Southern regions of the US			
Actual Total Impact	Dates (8 months)	SOI Quality Impact	ROM Quality Impact
\$2,345,432.89	April-Dec 2019	41% Shift to L 3&4	49% Shift to L 3&4
Client #3 - Medium Size Healthcare System operating in the Southern region			
Actual Total Impact	Dates (5 months)	SOI Quality Impact	ROM Quality Impact
\$286,086.89	July-Nov 2019	46% Shift to L 3&4	54% Shift to L 3&4
Client #4 - Large Size University Hospital operating in the Southern region			
Actual Total Impact	Dates (12 months)	SOI Quality Impact	ROM Quality Impact
\$401,847.65	Jan-Dec 2019	53% Shift to L 3&4	44% Shift to L 3&4

## Revenue recovery amid COVID-19 – The role of innovation at the point-of-care

The economic fallout related to COVID-19 is likely to affect society as a whole and healthcare as industry for years to come. Hospital and health system leaders can no longer afford to leave money on the table when it comes to reimbursement. Prior to the pandemic, the reimbursement environment was not provider friendly. According to [estimates](#) released by the Advisory Board in 2017, denials may have cost the average hospital \$3.5 million over the span of four years.

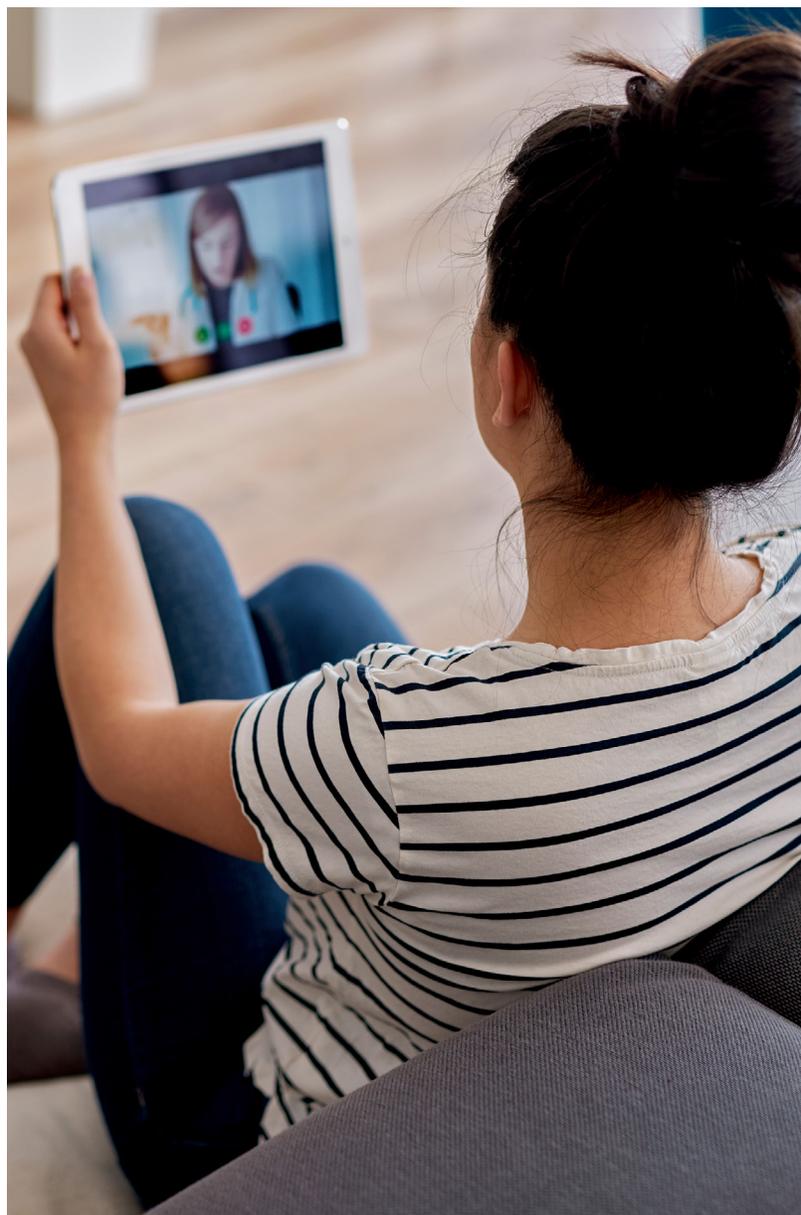
Individual providers have been asked to do a lot during the COVID-19 crisis, and they will likely be asked to do even more as the nation's healthcare system moves along its long journey to recovery. Hospital and health system leaders can help optimize revenue cycle performance by ensuring the information captured at the point-of-care is not only accurate but captured in a way that does not add the clinician's clerical burden.

As hospital leaders reshuffle resources and prepare clinical teams for new challenges, the right technologies can help support these efforts.

"If you have limited resources or a workforce that needs to be shifted in other directions, we should think about how AI and some automated tools assist in that pursuit," Ms. Hatala said. "Part of the answer is a computer-assisted physician documentation tool that can look at all of the charts, make sure the diagnosis specificity is documented, and secure the low-hanging fruit when it comes to reimbursement." Specifically, Nuance tools such as Surgical CAPD, ED Guidance, and Outpatient (HCC) Guidance are all elements of a suite of tools developed to preserve revenue not only at the inpatient encounter level but through the entire patient journey.

The COVID-19 pandemic has leveled a myriad of unprecedented challenges at healthcare providers. The months to come will not be easy. Hospital finance leaders will have to make use of every tool in their toolbox to help their organizations advance to a more fiscally sound future.

On the clinical side, innovative technologies that support virtual care have helped providers deliver safe patient care and will continue to be essential after the pandemic. The same will be true for



innovative technologies that support stronger financial performance. Perhaps now is the time to finally put some of those lasting revenue cycle inefficiencies to rest and lay the groundwork for a future with healthy margins and solvent budgets.

The coronavirus pandemic reminded all of us of what is essential. Hospital staff, physicians and nurses are essential. It's the revenue cycle – and those who power it – that keeps those essential people employed, services active and outcomes achieved.

**To learn how our CAPD solutions, including Nuance Dragon Medical Advisor, provide in-workflow guidance for better documentation quality and appropriate reimbursement, please call 1-877-805-5902 or visit [nuance.com/go/capd](https://nuance.com/go/capd). ■**

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