Healthcare Cost Containment

hfma™
healthcare financial management association

To subscribe, visit hfma.org/hcc

Reducing Waste in Medical Records Processing

By Laura Ramos Hegwer

A Virginia healthcare system saved $1.9 million in medical records processing, thanks to benchmarking, a new EHR, and more efficient processes.
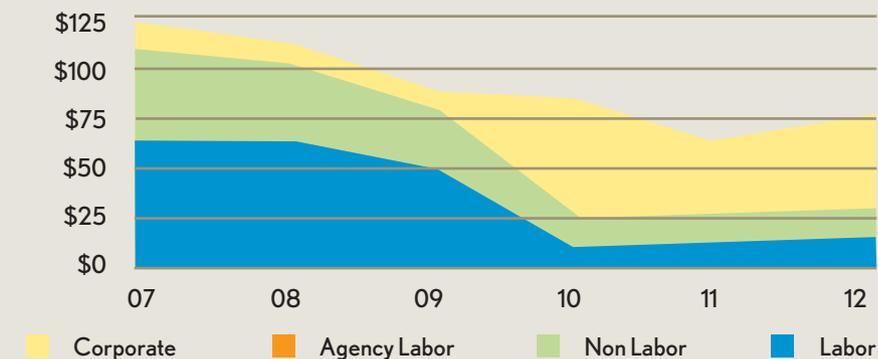
In 2007, Sentara Healthcare, Norfolk, Va., launched a campaign to streamline its medical records processing after benchmarking revealed that costs related to medical records were high.

Over the next five years, the eight-hospital system employed several strategies to reduce its labor and nonlabor costs in medical records by 50 percent. But its success can largely be attributed to benchmarking.

Benchmarking and Fact Finding

For more than 10 years, Sentara has benchmarked its performance against the top-performing hospitals—those in the lowest percentile for costs per unit of service. Using a web-based, functional benchmarking tool that uses comparative analytics, Sentara can compare operational

costs (including corporate, labor, and nonlabor costs) in every department against its peers. For nonclinical departments such as medical records, the tool translates these costs into an overall cost per adjusted admission.

The tool revealed that Sentara had an opportunity to significantly reduce its medical records costs, which were much higher than at top-performing hospitals. At the same time, the system was considering purchasing an electronic health record

Sentara Medical Records Trend

Sentara used a functional benchmarking tool to identify trends and opportunities for cost savings in medical records processing. The exhibit illustrates the corporate (yellow), agency labor (orange), nonlabor (green), and labor (blue) cost trends for the system. The numbers reflect cost per adjusted admission. From 2007 to 2012, Sentara employed several strategies to reduce its labor and nonlabor costs in medical records by 50 percent.

Source: Sentara Healthcare and iVantage Health Analytics. Used with permission.

(EHR) system. "Back in 2007, there was not a lot of information on dollar savings associated with EHRs, except for savings from paper," says Barbara Gerhardt, senior process improvement engineer. "So our performance improvement team embarked on an information gathering mission." The team combed through journal articles, attended conferences, and interviewed other hospitals to verify the potential cost savings associated with an EHR. Based on its research, the team

anticipated savings from streamlined record processing—namely by eliminating the assembly, sorting, filing, and retrieval of paper records. The team also identified opportunities to trim transcription costs, streamline coding, and consolidate the organization's medical records department.

Leaders also took a somewhat unusual step that is standard policy at Sentara: They assigned a " process owner" to each

savings component to ensure that a team member would be accountable for the estimated savings. "Typically, the process owners tend to be more conservative in their projections," says Lucie D'Amato, director of operational process improvement. "Having ownership helps make sure goals are achievable."

In 2009, Sentara rolled out a new EHR to its hospitals and physician practices. Implementing the new EHR required

redesigning 18 key processes, including medical records processing.

Redesigning Records Management
Sentara used value stream mapping to help visualize the numerous steps in medical records processing and eliminate those that did not add value. "We identified many opportunities to reduce waste," Gerhardt says. "For example, new lab test results were printed and 'charters' delivered them to the nursing

units and placed them in the chart every night. This took valuable time and resources."

As they set out to redesign medical records processing, leaders at Sentara followed several guiding principles, Gerhardt says. These included:
> Design with the patient in mind.
> Simplify work and minimize handoffs.
> Enter the information once.

The performance improvement team kept these principles in mind as it worked to solve various problems, such as how to bridge paper and electronic data. "We realized that an EHR is not 100 percent paperless," Gerhardt says. Sentara invested in a solution to scan hard copies of signed consent forms, documentation from patients transferred from other facilities, certain tests results, and other paper-based documents that needed to be part of the EHR.

Using Comparative Analytics to Drive Performance

"As the industry moves to a more value-based environment, it is absolutely critical that hospitals and health systems measure—and understand—their performance compared with others," says Scott Goodspeed, DHA, FACHE, principal and vice president of iVantage Health Analytics, Portsmouth, N.H. Comparative analytics can be useful for this type of benchmarking; however, it must be used effectively to have the most impact. Here are some strategies.

Standardize data so they can be pulled from multiple platforms into a centralized model. Organizations need to integrate disparate clinical and financial data into a single platform to capitalize on business intelligence tools. "It can slow an organization down if staff need to go to one place to look at clinical data, one place to look at functional or cost data, and another to look at market data," Goodspeed says.

Choose the right peer group. "Typically, you want to look for hospitals of similar size, complexity, and scope," Goodspeed says. "This means looking at adjusted admissions, overall and surgical case-mix indicators, the percentage of outpatient business, and inpatient admissions." Choosing peers in the same geography can be informative, but it is by no means critical, Goodspeed says.

Be transparent. Organizational scorecards that measure quality, customer service, financial health, growth, provider relations, and other factors can be published on the hospital's intranet or in the cafeteria to engage employees in performance improvement. Goodspeed recommends sharing organizational and departmental scorecards at least monthly. Ideally, these scorecards should include four quarters of data so staff can visualize the trends.

Find champions at the department level. These individuals should be well-respected individuals with excellent communication and critical thinking skills who understand how to rally a department around a cost-containment or quality-improvement strategy, Goodspeed says. "Physicians can be especially valuable in this role for clinical initiatives because they understand analytics and can help convey the importance of evidence-based strategies to other clinicians."

Look for opportunities to create short-term wins in performance improvement efforts. This helps build momentum, Goodspeed says. "You want to share these early success stories with employees to keep them motivated to reach long-term goals."

Sentara Uses Scorecard to Track Savings

#	eCare Hospital Benefit	Process Owner	Benefit Achieved 2011 YTD							
			SLH	SVBGH	SBH	SNGH	SCH	SWRMC	SOH	Total
1-3	Streamline Record Completion	MS	$235,890	$291,181	$160,465	$733,041	$378,933	$195,932	N/A	$1,995,442
4	Reduce Transcription Costs	MS	$423,585	$604,379	$225,336	$877,110	$485,572	$241,032	N/A	$2,857,014
5	Streamline Coding Process	MS	$75,005	$55,686	$96,874	$171,510	$78,945	$35,037	$60,635	$573,692
6	Streamline HIS Management	MS	$46,122	$44,200	$36,558	$59,415	$0	$44,214	$30,801	$261,311
7	Reduce Risk Mgmt Claims & Uninsured Losses	FS	$0	$0	$0	$192,597	$27,425	$24,704	$88,607	$333,333
8,21	Reduce Length of Stay and/ or Reduce ADEs	GY/ TJ	$2,826,202	$1,600,893	−$115,690	$4,571,570	$3,148,516	$1,750,505	$1,707,214	$15,489,211
9	Reduce Paper Related Supply Costs	MS	$226,447	$374,019	$123,963	$665,482	$388,314	$86,865	$149,230	$2,014,321
10,11	Increase Unit Efficiency/Retention of RN's	LK	$71,973	$395,715	$392,613	$3,379,069	$4,258,267	$368,792	$495,265	$9,361,694
13	Improve Charge Capture	AW	$335,340	−$98,668	$642,104	$1,204,447	$744,589	−$262,688	$0	$2,565,125
20	Increase Outpatient Procedures	AW/ KH	$1,107,235	$1,369,311	$683,093	$2,215,541	$1,003,308	$522,932	$580,619	$7,482,038
22	Reduce Pharmacist Order Entry	TJ	$60,514	$73,493	$25,084	$146,146	$54,200	$25,977	N/A	$385,414
	Cumulative Hospital Benefits		$5,408,314	$4,710,209	$2,270,401	$14,215,928	$10,568,069	$3,033,302	$3,112,372	$43,318,596

#	Other eCare Benefits	Process Owner								YTD
*	Reduce IT maintenance expense	BR								$5,002,629
*	SE realized benefits	RD								$725,725
*	SHP realized benefits	AP								$1,945,522
*	Total Additional e-Care Benefits									$2,764,823

🟥 Unfavorable to Baseline   🟨 Favorable to Baseline   🟩 Favorable to 2011 Expected Benefits

Sentara developed a scorecard to track the benefits achieved from streamlining its medical records process as well as other initiatives related to its EHR implementation. Sentara assigned a " process owner" to be accountable for the estimated savings. Every quarter for five years, the savings were reported in this scorecard, alongside the owner of the initiative. The numbers reflect the total savings realized from 2007 to 2012.

The team wanted this scanning to happen in "real time," so staff could upload the documents to the EHR as they became available, rather than waiting until the patient was discharged. "We didn't want a duplicate paper chart, which could create conflicts with the EHR and create incomplete records for clinicians," Gerhardt says. Sentara used some of the savings realized from streamlining medical records to purchase the scanning software.

A year after Sentara rolled out the new EHR in its hospitals and medical practices, the organization consolidated some of its medical records departments based on geographical location. This freed up prime, first-floor real estate in many of the hospitals. As a result of the consolidation, Sentara also was able to reduce management staff; this was accomplished through attrition.

Significant Cost Savings

By reducing waste in medical records processing across the system, Sentara saved $1.9 million from 2007 to 2011. During the same period, the health system reduced transcription costs by $2.8 million and saved nearly $800,000 by streamlining coding and health information systems management. These reductions are only a portion of the total cost savings that Sentara has achieved through targeted cost-containment efforts. From 2007 to 2011, the system decreased its overall cost per adjusted admission by 39 percent.

Benchmarking has given Sentara the insight to understand which processes to redesign, but it is just one tool for cost reduction, D'Amato says. "It's important to remember that benchmarking data is directional. It can help you identify a gap, but you have to go through a process to identify what needs to change, and change takes time." ✑

Laura Ramos Hegwer is a freelance writer and editor based in Lake Bluff, Ill. (laura@vitalcomgroup.com).

Interviewed for this article:
Barbara Gerhardt is senior process improvement engineer, Sentara Healthcare, Norfolk, Va. (bjgerhar@sentara.com).

Lucie D'Amato is director of operational performance improvement, Sentara Healthcare, Norfolk, Va. (lgdamato@sentara.com).