

White Paper

A/R Work Down

Efficiently Managing System Conversion A/R Work Down and Data Costs

Undergoing a system conversion is a challenge for any healthcare organization. Now there is an innovative, cost-effective new method to manage A/R when facing the difficult task of replacing legacy systems: A/R work down combined with active data archiving.

Changing Healthcare Landscape Drives The Need For System Conversion

Legacy system conversion affects large and small healthcare-related organizations all across the country, from hospital systems, physician groups and commercial laboratories to public health agencies. Many are replacing old legacy or “interface engines” with a less expensive, more integrated health information system (HIS).

Why are these organizations putting themselves through time-consuming, often complicated costly conversions to implement new computer platforms? The old legacy processes simply do not support operational improvement and automation and will not fulfill the organization’s future business requirements.

Healthcare providers today need adaptive systems that can meet new government mandates and regulatory compliance requirements, sync with modern technologies, such as electronic data interchanges, and consolidate data as a result of business mergers, acquisitions and affiliations. In fact, the healthcare landscape is evolving so rapidly today that hospitals must update their computer systems every 10 years, on average, to remain current with industry trends or meet new federal guidelines such as ICD-10.

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A modern HIS solution provides hospitals many competitive advantages, such as:

- Increasing flexibility to respond to changing conditions;
- Reducing costs through increased productivity and process efficiencies;
- Improving patient experiences during the continuum of care, and
- Enhancing the quality of patient care.

Legacy Systems Are Costly To Maintain And Impede Progress

In spite of the many benefits new technologies can provide, many hospitals are resistant to change. They often prefer to maintain the unique properties and applications in their legacy systems developed prior to the introduction of shared national standards. These systems were often designed specifically for the particular needs or tasks of a hospital or other healthcare facility and were not intended for use in industry-wide applications. Most offered limited interoperability capabilities, which has created critical problems for many healthcare organizations. For instance, a recent Optum Institute survey of hospital CIO's found that 34% cited legacy system incompatibility as the largest barrier to complying with Meaningful Use requirements.¹

When healthcare organizations implement a new HIS, decision-makers often find it difficult to part ways with the legacy application. Granted, there are valid reasons to retain these legacy systems in some form and for a period of time to maintain access to vital data for billing purposes and retention laws. Federal and state regulations require the storage of patient health information for at least five years and often longer. HR staff must keep records for at least a decade, and hospital accounting staff requires access to long-term accounts for A/R purposes.

However, maintaining legacy data gets extremely expensive as the facility evolves, requiring:

- Software maintenance fees;
- Hardware upgrades to maintain outdated servers and other equipment, and
- Training staff on old systems.

It can cost millions of dollars for hospitals to support obsolete or old legacy systems

The constant system upgrades and improvements required by these old platforms impede growth and take vital resources away from new IT initiatives. In fact, some reports show that on average as much as 60 to 80 percent of IT budgets are spent on maintaining legacy applications and their mainframe components. Gartner analysts refer to this as “‘dead money’ because, while it is keeping the lights on, it isn't directly contributing to business growth or enhancing competitive advantage.”² It can cost millions of dollars for hospitals to support obsolete or old legacy systems, as large organizations may have upwards of 20 or 30 different systems to maintain.

Even legacy systems that can be maintained today will become increasingly more difficult to support, afford, and keep compliant in the future. As legacy applications are updated, an already busy IT staff is now tasked with managing a complex blend of several legacy platforms. With regard to revenue cycle, only some of the legacy system functions are necessary to manage the old accounts. However, the time and resources needed to keep old information platforms in operation is better spent on the new HIS. The outdated legacy technologies create a difficult maze of systems and applications users must conquer to access the legacy data, plus they increase the risk of data loss due to potential hardware failures or the inability to find vendors to service them. These problems can lead to noncompliance exposure as well as cash flow issues.

Hospitals can significantly cut maintenance and administrative costs and reduce the risk of data loss by retiring legacy hardware. An A/R work down, combined with an active data archiving solution, can eliminate the need for legacy applications, making conversion easier and more cost-effective.

Preparation And Planning Are Critical For A Successful Transition

Once the decision is made to implement a new computer system, the to-do list can be overwhelming. Critical tasks include managing cash flow during pre- and post-conversion, determining available resources to work current A/R, creating detailed plans and timelines for the implementation, training staff on the new platform, and managing and housing old A/R.

A major challenge during conversion is simultaneously completing the tasks required for the HIS implementation and the A/R work down. Ensuring that both tasks are performed successfully at the same time can be quite daunting for any organization. Managing the A/R can be difficult because the new A/R system relies on the older legacy data host during transition. Without adequate attention, the organization can experience severe cash flow issues and an increase and aging of the receivables backlog.

While staff is working down existing A/R balances, implementation of the new system must also be moving forward, consuming significant time and resources. Training staff on the new revenue capture processes and policies is a critical component of the transition activities, and organizations that shortchange this step often experience lost revenue and major cash flow issues at some point due to disruptions related to system conversions. These revenue losses can be significant and debilitating, oftentimes threatening the solvency of the organization. Healthcare IT News recently reported on a 600-bed hospital that spent \$160 million to implement a new EHR, yet incurred a \$13.4 million operating loss over the next six months, caused, in part, by staff not charging caesarean sections and other costly surgeries.³ Unfortunately, staff training was inadequate, and they were not aware they were responsible for entering the charges.

A Simplified, Efficient Approach for Managing A/R Work Down And System Transition

To address the complex issues of implementing a new system, many hospital executives are turning to experienced vendors to provide a comprehensive A/R work down and data archiving solution, as well as expert guidance on best practices for the transition. In addition to freeing valuable staff time so key personnel can focus on training and other critical transition issues, this approach saves support costs and ensures record retention and compliance for years to come—without having to maintain the old system. This efficient two-pronged strategy combines highly trained staff specializing in A/R liquidation and cash acceleration with an active data archiving solution that:

- Provides a cost-effective alternative to working post-conversion A/R internally, limiting disruption to staff, users or patients;
- Ensures that pre- and post-conversion cash collections stay at or exceed current performance;
- Maintains or decreases bad debt levels and A/R days;
- Allows revenue cycle leadership and key personnel to focus on successful implementation and training;
- Empowers a successful transition to the new system, reducing complications and building confidence in the new system among employees and administration, and
- Expedites early retirement of the old legacy platform, reducing high maintenance costs that can cripple new IT initiatives.

Hospital staff who attempt to handle A/R themselves often regret it

Using a knowledgeable, experienced partner ensures hospitals bring A/R to a manageable level prior to the system conversion. This speeds the process of moving from legacy systems into a data archiving solution. The A/R work down vendor will also conduct data validation to ensure everything maps accordingly.

With an active data archiving solution—rather than converting data, as is common with traditional data warehousing applications—information is migrated from the legacy system into the active archive. The data archive provides an advanced, centralized software framework for accessing legacy records from disparate platforms. Once operational, personnel use the data archive in the same manner as the legacy system to review all vital hospital data such as patient records, accounting records, clinical detail and other critical data.

**Up to 80% reduction
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The old legacy HIS runs for several months for use in patient accounting data sets after the new HIS is operational. By using a knowledgeable partner who can provide guidance and expertise, IT staff are trained and prepared as the new HIS is installed. Then, after all of the A/R is worked down, the active and non-active accounts are migrated into the data archive. Any remaining active accounts can then easily be worked by the hospital staff, allowing the legacy platform to be shut down. This approach provides up to an 80 percent reduction in legacy maintenance costs by retiring the old application earlier. It also results in consistent cash flow during and immediately after system conversion, while increasing the likelihood of successful system implementation.

Conclusion

Utilizing an A/R work down in tandem with an active data archiving solution to eliminate the need for legacy systems makes system conversion easier and more cost-effective, offering improved business productivity. This approach ensures consistent A/R cash flow during and immediately after HIS conversion and increases the likelihood of a successful data system implementation. Records remain active for continued billing and reporting, and users have all the necessary functionality of their old HIS without the unnecessary maintenance expense.

Many healthcare organizations are realizing that managing system implementation and the A/R work down at the same time can be extremely challenging, and consequently they are turning to knowledgeable vendors for help. When selecting a vendor partner, healthcare organizations should choose experienced vendors with highly trained staff specializing in A/R liquidation and cash acceleration who can also provide a robust active data archiving solution.

Anthelio Healthcare Solutions

Anthelio is the largest independent provider of healthcare technology solutions in the market. We offer solutions across the spectrum of care, providing customers the ability to solve their critical technology needs from a single source while delivering cost savings and efficiencies. Our end-to-end solutions include IT infrastructure services, IT applications management, EHR optimization, Patient Engagement, Analytics, and Revenue Cycle Management (RCM) including HIM Services, Patient Financial Services and Cancer Registry Services. Anthelio drives sustainable value to over 63,000 physicians and nurses in hundreds of healthcare organizations supporting their annual revenue of over \$67 billion and impacting quality care to over 60 million patients.

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