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benefits of establishing meaningful work standards for revenue cycle staff

Good work standards that lay out quality and quantity expectations are useful—and necessary—for healthcare organizations and their revenue cycle departments.

AT A GLANCE

> Although much of revenue cycle has been automated, many tasks still require manual intervention by specialized employees following standard processes.
> Use of work standards in the revenue cycle and throughout an organization benefits staff planning, training, performance consistency, and satisfaction.
> Establishing revenue cycle standards requires understanding and defining goals and criteria.
> Work standards should be easily measurable, and should be incorporated into employee performance reviews to ensure compliance.

Healthcare executives frequently are asked to innovate by challenging the status quo. Although the industry is rife with opportunity to look forward, revenue cycle leaders also can benefit from looking at past realities and the lessons they embody. It may seem like a stretch to compare revenue cycle operations to the centuries-old factory environment, but management science used in assembly line production shares several key concepts with the healthcare revenue cycle that finance executives should appreciate: increased efficiency, decreased product variation, and consistent production.

Much of the revenue cycle has benefited from increased automation resulting from improvements in technology over the past several decades. However, like modern assembly lines, many tasks still require manual intervention and should be addressed by specialized employees following standard processes. These processes tell employees what to do, but work standards tell them how well they must do it. Work standards are not just quotas; they should include both quantity and quality expectations as well as strategies for addressing underperformance. Work standards also should contribute to the unit's key performance indicators, aligning staff

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performance with broader organizational goals without losing focus on individuals and their personal goals for growth.

When evaluating the use of work standards, revenue cycle leaders should address key considerations related to outcomes and benefits, the process for establishing standards, and how to measure performance and promote success, with specific attention to questions of why, what, and how.

Outcomes and Benefits

Any position that includes a repeated task with an expected outcome is a candidate for introducing work standards, and the use of these work standards throughout an organization has quantifiable benefits, particularly in the following areas.

Staff planning. Labor consistently represents more than half of hospitals' cost structures, and diligent executives will look to all business units within the organization to contribute to more advanced labor management strategies. Revenue cycle leaders can use defined work standards to accurately determine both the amount of work that can be completed with existing staff (i.e., an assessment of actual staffing) and the number of staff required to address the actual amount of work (i.e., an assessment of required staffing)—using existing and forecasted work backlog inventory counts. Reviewing health system business plans and historical inventory trends can assist with strategic growth plans for the unit. Leadership can review gaps between actual and required staffing to determine the need for new employees or possible third-party support.

Training. Managers have strong incentives to reduce the training time required to develop a fully functioning employee: the costs of recruitment and hiring, the inevitably low initial efficiency, and the backlog of work that accumulates during a vacancy. The use of work standards implies a consistent process for a specialized role that can be effectively defined in unique process steps, which can be more easily taught. Further, because work standards should have both quantitative and qualitative components, performance of new employees can be clearly evaluated to determine the employees' readiness for their new roles.

Performance consistency. No finance leader condones an unpredictable income statement or balance sheet, and standard work is a fundamental requirement for operational and financial stability. For the revenue cycle, as in an assembly line, it is imperative to evaluate every station in the process with the same level of rigor to ensure the desired final product (e.g., a paid claim) occurs with reliable consistency. Ensuring consistent work not only allows for effective planning, but also promotes the identification of nonlabor variables such as changing payer mix, new contract rules, and fluctuating patient volumes that affect performance.

Staff satisfaction. Although the use of work standards has been standard practice in some industries for more than a century, many healthcare organizations have yet to adopt these tools. Inevitably, every revenue cycle manager who attempts to initiate the use of work standards is met with criticism and skepticism. Opponents often cite a loss of individual autonomy and decreased staff satisfaction. Although these are, indeed, valid concerns, organizations with a deep understanding and expectation of work standards believe that, if implemented in the right way, such standards can improve staff satisfaction.

Inherently, because work standards promote a well-defined and controlled work process, they reduce confusion and frustration among users who work in specialized roles within complex processes. But work standards also offer a deeper benefit in giving employees a measurable way to define their personal successes and weaknesses and a clearer path for career growth. High-performers appreciate the use of defined measures to demonstrate their personal effectiveness, which often results in additional rewards and recognition opportunities.

Culture of accountability. The previously described benefits both build upon and strengthen a culture of accountability. All too often, *accountability* is a code word for blame-shifting or finger-pointing. However, within a truly effective process improvement framework, everyone shares accountability. Work standards help to promote the discrete task-level accountability that begins at the individual staff level. Once employees are given focused duties and become experts in assigned tasks, they can begin to identify specific, actionable changes that can have an explicit impact on their work and the group's performance.

Process for Establishing Standards

An organization that maximizes the use of work standards adds consistency, a critical element to confidently measuring and quantifying benefits. To recognize these advances, a defined and focused process should be used to appropriately develop standards, comprising the following five basic steps.

Understand organizational goals. Performance management efforts can succeed only if all employees across the organization share an understanding of what is important and how selected goals align with the organization's chosen path. Measured performance should cascade up and down, considering the unique needs at each level. The measured goals of a patient account

SAMPLE MEASURES AND CRITERIA BY STAFFING FUNCTION

Division of Revenue Cycle	Staffing Function	Sample Productivity Measure	Sample Quality Audit Criteria
Front End	Central scheduling	Percentage of work day in "ready" status	Courteousness and helpfulness to caller
	Insurance verification	Visits verified per hour	Coverage verified and documented
	Registration/arrival	Percentage of arrived visits verified	Completeness and accuracy of registration record
	Pre-authorizations	Authorizations completed per hour	Payer-specific authorization protocols followed
Mid-Cycle	Coding	Encounters abstracted per hour	Accuracy of CPT, modifier, and ICD-10 assignment
	Charge entry	Keyed encounters per hour	Accuracy of posted charges against fee tickets
Back End	Claim edits	Claim edits resolved per hour	Appropriate actions taken based on documented claim edit resolution processes
	No-response follow-up	Accounts worked per hour	Appropriate actions taken based on documented no-response follow-up processes
	Payment posting	Lines posted per hour	Accuracy of posted payments against electronic remittance advices and explanations of benefits
	Credit balance	Credit balances resolved per hour	Appropriate actions taken based on documented credit balance resolution processes
	Self-pay and customer service	Percentage of work day in "ready" status	Appropriate actions taken based on documented issues resolution processes

Different staff functions require different ways of measuring effectiveness and efficiency. Each sample measure shown here is only one example of several simultaneous function-level standards an organization may use to monitor performance for a particular function. Vendors and consultants can help in setting initial benchmark goals, which can be refined over time as needed.

Patient Accounting System Upgrade Offers Opportunity to Brush Up on Basics

The implementation of a new patient accounting system in 2014 provided an ideal opportunity to revisit and refine historical standards for University of Colorado Medicine (CU Medicine) in Aurora, Colo.

The organization began by implementing productivity standard expectations for short-term and long-term performance, developing a broad range of conservative targets that were provided to staff as goals.

Real-time updates to processes and expectations were included and stabilized within the first several months following system launch. Although nearly 80 percent of employees could meet the upper range of the target, the perception was that quantity was prioritized over quality. To increase overall effectiveness, staff productivity standards were lowered slightly, but all employees were required to perform at higher levels of quality.

Monthly production and quality checks are now carried out to create an overall score that is used to determine the need for coaching for underperformance or rewards for exceeding standards. CU Medicine's rewards structure allows for extra breaks and flexible working schedules, which leaders cite as a key component to the initiative's success. Most important, the changes that CU Medicine has implemented have resulted in improved staff efficiency and contributed to improvements in financial performance.

representative will not be the same as those of the CFO, but the goals should nonetheless align with common organizational objectives. For instance, the CFO may desire increased net revenue, decreased financial liability, and a productive workforce. In response, the revenue cycle leader may more directly strive to increase total collections, reduce denial rates and write-offs, and decrease the cost to collect. Staff-level performance measures should feed into the broader organization and cascaded unit goals.

Define unit goals and criteria. Each unit within the revenue cycle should develop its own broad productivity and quality measures for meeting overall revenue cycle goals, in accordance with its unique role in the organization's performance. For instance, admissions may focus on total completed registrations and accuracy, while payment posting may focus on the efficiency of posted transactions and accuracy against health plan remittance advices; meanwhile, both units will work toward identical organizational goals for increased revenue and efficiency. All unit measures should be actionable and concise. Further, managers of these units should be evaluated on broadly defined criteria, which should cascade to employee-level measures and accountability standards.

Define staff productivity goals and measurements. Effective managers know that if it can't be measured, it can't be managed. Based on the defined goals of the revenue cycle unit, each criterion for evaluating employee performance should be defined in terms of either clearly measurable *completed units* or *age parameters*. Completed units, for example, might be "12 professional evaluation-and-management (E&M)-coded abstractions completed per hour" and "100 no-response accounts resolved per day," whereas an example of an age parameter might be "all insurance verifications and authorizations completed more than two days before the appointment date."

All measures should be developed based on items that can be easily quantified and measured, and they should be credible, manageable, and simple. Most organizations are limited by technology outputs, so as work standards are developed, staff evaluation criteria should reflect what information is available within the system. The exhibit on page 3 provides examples of some possible productivity criteria by staffing function.[a]

Refine measures. Once a productivity metric is developed, it should be refined and confirmed. Some organizations prefer to conduct time studies to determine the average amount of time needed to complete a given task. Others may produce a current-state performance report and identify a performance rate at or above the median, such as the 75th percentile. Regardless, a minimum of two to three months should be used as a probationary period to determine whether a measure is appropriate. In this stage, exceptions should be identified and either adjusted within the broader metric or separately measured. For example, the average time to address a payer denial may be 8 minutes, but a Medicaid denial may require 10 minutes and a Medicare denial may require 6 minutes; if work is not consistently distributed among all staff, the time to address may require separately measured standards. Nonworking hours, such as lunch, breaks, and staff meetings, also should be identified and accounted for.

Balance productivity with quality. Organizations tend to focus more on productivity than on quality because productivity is much more easily quantifiable. Keith Stover, vice president of finance at Duke University Health System, describes his organization's approach to employee work standards this way: "We believe that an employee's productivity output is not a true measure of his or her effectiveness. To ensure a fair balance of quantity with quality, we developed an 'overall effectiveness rate' [OER] that weights productivity with quality-audit scores at 50/50. These OER scores have been used in almost every unit of the revenue cycle for the last 10 years and have become an inherent part of our operating routine."

When developing quality scores, organizations should determine key standards that can affect claim processing, nonmonetary organizational goals, legal or compliance rules, or the operating efficiency of other units. The exhibit on page 3 also provides some examples of quality evaluation criteria.

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Most organizations determine quality scores based on a manual audit of a sample of staff activity using an employee scorecard at a defined frequency. This manual approach ensures compliance with defined standards and is still considered a best practice in determining the quality of an employee's work. That said, in addition to manual quality audits, Kala Mazzadi, associate director of accounts receivable at University of Colorado Medicine, describes new outcomes-based measures that evaluate the effectiveness of follow-up actions by each employee working with accounts receivable.[b] One measure, she says, quantifies the number of activities taken before an expected outcome—a payment or write-off—whereas the other

a. It should be noted that the particular value assigned to each work standard measure will vary with each organization based on a range of factors, and identifying the appropriate values for a given organization requires an in-depth process that is beyond the scope of this article to describe.

b. University of Colorado Medicine (CU Medicine) provides administrative and business operations support to nearly 3,000 University of Colorado School of Medicine clinical healthcare providers.

evaluates the effectiveness of payer appeals and reconsideration attempts. These are being incorporated into employees' quality scores to evaluate "macro" levels of effectiveness, which may not be discovered through small manual audits (see the sidebar on page 4).

Measuring Performance and Promoting Success

Once the work standards have been defined, the next broad undertaking will be to implement them, measure performance under them, and promote successes. This effort will require the following four steps.

Establish a meaningful performance dashboard. It is critical that work standards be easily measurable, ideally using data points that are reportable from the systems used by staff. Production information then should be regularly populated into a dashboard tool that compares week-over-week performance, allowing for trends and outliers to be identified (see the exhibit below for an example of a dashboard). Although primarily intended as a manager's resource, some organizations also elect to publish blinded dashboard information to promote healthy competition among staff.

Incorporate work standards into employee evaluation criteria. Any developed work standards should be incorporated into employees' performance reviews to ensure compliance. Underperforming employees may require a daily or weekly review of performance. At the very least, all employees should be evaluated monthly. Due to the time-intensive nature of manual quality reviews, higher-performing employees may not require such frequent evaluations. However, reviews should be performed at least quarterly for even the highest performers. For those employees who cannot meet published standards, there should be a defined performance improvement plan.

Consider an incentive program. Work standards not only should protect against staff deficiency, but also should recognize star performers. Many organizations have developed rewards programs for teams and employees that exceed expectations. Although financial incentives are the most desirable, they are not required: pizza parties, denim days, extra breaks, or simply public acknowledgment often are sufficient.

Understand the human element. Reducing an employee's performance to measured outputs can remove the human aspect from management.

SAMPLE DASHBOARD SHOWING BLINDED DATA FOR STAFF PERFORMANCE

		Previous Week	Current Week							
Name	**Weekly Work Standard by Job Assignment**	**Performance Against Standard (Percentage)**	**Items Worked in Current Week**	**Hours Worked in Current Week**	**Adjusted Working Hours**	**Average Items per Hour**	**Standard of Items per Hour by Job Assignment**	**Performance Against Standard (Number)**	**Performance Against Standard (Percentage)**	**Supervisor Comments**
Staff #1	1,500	11%	1,650	39	29	57	50	7	14%	
Staff #2	1,500	–6%	1,475	40	30	49	50	–1	–2%	
Staff #3	1,500	–18%	1,300	40	30	43	50	–7	–14%	
Staff #4	1,500	5%	0	0	0	N/A	50	N/A	N/A	Paid time off all week
Staff #5	1,500	1%	1,200	32	22	55	50	5	10%	
Group		–1%	5,625	151	111	51	50	1	2%	

Mazzadi says, "Having standards is a way for our organization to present consistent expectations across a large group of employees, but they are not so rigid that we dismiss legitimate failures of the process or compromise employee morale." Even Toyota, the architect of lean production techniques, believes that developing and including employees in the performance improvement process is foundational, as evidenced by its popular phrase, "We build people before we build cars."

Work standards in the revenue cycle should be established as directional guides with clear rewards and penalties, but they also should be constantly reevaluated based on solicited feedback from staff. If work standards promote a culture of accountability, and if employees are given a voice in the process, then the employees will be in a position to identify process improvement opportunities and buy into the value and impact of high performance expectations.

A Shared Commitment

When work sits idle on the assembly line or is rushed through with no attention to detail, a manufacturer loses money. It therefore is critical for line workers to embrace accountability for their work, with a full understanding of the impact they have on the company's success. By the same token, successful revenue cycle performance should be the shared responsibility of everyone involved in the process. Objectively assessing the extent to which clearly defined responsibilities are being fulfilled, with a consistent set of metrics, will promote accountability across the organization for all functions and facilitate a more efficient revenue cycle. ■

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