

*Patient administration:
The one-stop patient
processing department*

*The IRS' position on
joint ventures*

*Pension plan termination
and asset reversion*

Healthcare Financial Management





Patient administration: One-stop patient processing

BY JEFFREY C. HARDY

As the healthcare industry becomes increasingly concerned about efficiency and cost effectiveness, healthcare organizations are looking for methods of consolidating and integrating operations. One area where consolidation can occur is patient administration.

Patient administration is the total functional, informational, organizational, and structural consolidation of patient accounting, registration, admitting, medical records, and other patient-generated clerical activities in the hospital or ambulatory clinic. It is a method of maximizing the delivery of healthcare services at minimum cost.

Patient administration is the departmental consolidation of patient accounting, registration, admitting, medical records, and other patient-related clerical activities in the hospital or ambulatory clinic. This concept, loosely designed following the

United Kingdom's National Health Service (NHS) model, was first studied and implemented by an American organization, Kaiser Foundation International, at Princess Margaret Hospital and Polyclinic in Nassau, Bahamas.

The model was further developed for some Republic Health Corporation California hospitals in 1983^a. To date, the closest a U.S. hospital has come to using the NHS model exists at Auburn Faith Community Hospital in Auburn, Calif.

Although some hospitals today have physically joined patient accounting, registration, admitting, medical records, and other patient-related departments together by placing them in close proximity to each other, few have completely integrated them. The next step for

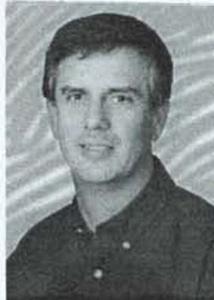
a. In November 1983, Charles J. Hardy and T. Eric Johnson presented the concept at the Hawaii Hospital Association annual conference, introducing the need for consolidating functions and communications in patient processing activities.

many hospitals will be the complete merger of these departments in a structural and staff utilization sense. And this merged entity will be called patient administration.

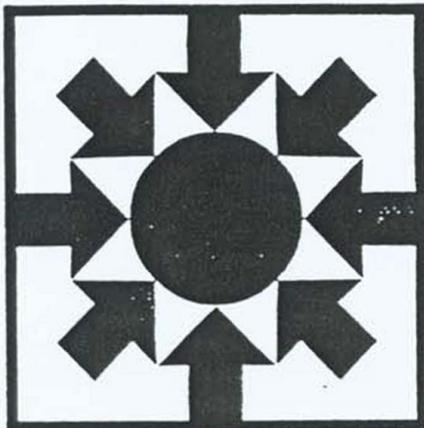
THE GOAL

To maximize the delivery of healthcare services at minimum cost is the goal of the healthcare industry. To get in and out as fast as possible with dignity intact is the goal of the patient. To process patient-generated information and communications as fast and as inexpensively as possible is the goal

ABOUT OUR AUTHOR



Jeffrey C. Hardy is the president of Xydra Corporation, a health information and operations planning consulting company based in San Anselmo, Calif.



of the healthcare facility. Many steps are being taken today to reach these goals, but few steps are as dramatic as completely merging so many departments—patient accounting, admitting, medical records, and so on—into one department for the mutual benefit of patient and provider.

FROM CONCEPT TO CREATION

Information management, manual and automated, has made it possible to link functions previously performed in an independent, fragmented fashion. Present systems already merge the information used by separate departments. The total merger is only impeded by boundaries between functional entities. By merging these departments performing patient-related activities, costs can be reduced, redundancy minimized, space made more efficient, the need for more than one middle manager reduced, and patient satisfaction enhanced.

The results of the total consolidation process are striking. A partial list of results are:

- ▶ The patient enjoys a one-stop information and communications process;
- ▶ The staff works as an institutional team versus the usual

fragmentation of departments working as separate, unilateral teams;

- ▶ The staff is cross-trained to all clerical functions;
- ▶ Staff can be dispatched in large numbers to solve immediate problems in patient processing (for example, coverage of registration areas during peak hours) or information processing (for example, reducing the collection backlog);
- ▶ The increased coordination between insurance verification (and prior authorization, pre-admitting requirements), and quality assurance, utilization review, and discharge planning can become streamlined;
- ▶ The typical organization chart is "flattened out" to show more working coordinators of functions versus the usual manager of general services;
- ▶ Interdepartmental meetings are eliminated;
- ▶ Interdepartmental redundancies in paper and information processing are eliminated;
- ▶ One manager is responsible for all patient-generated prospective and retrospective information (billing) processing versus separate departments and separate personnel handling data;
- ▶ Middle management positions change from often precarious positions to more guaranteed roles as functional coordinators, such as financial coordinating for employer verification, insurance validation, validation of clinical service need, and so forth;
- ▶ Patient administration becomes strategically positioned in the facility and in the community, as the hub of a community-based, open network for clinical information and professional billing management; and

- ▶ The patient accounts manager has an opportunity to become either the patient administration manager responsible for the whole department, or a functional patient financial coordinator responsible for the maintenance of all patient financial information.

Moving from concept to creation, going from the "what" to the "how" is the difficult part. The real test comes in the planning, design, programming, and implementation of the program in an already existing facility.

"Flexibility of information systems and people must be supported by placing the people who do the work in one physical area."

Stephen R. Daniels, Information Management Steering Group, Auburn Faith Community Hospital

To assure that job security and "we've always done it this way" do not frustrate organizational and operations development, a new process for planning change has been developed. The process is called functional modeling and is a major leap from traditional planning processes. It encourages everyone in an existing or proposed facility to look outward into the environment, determine what the best system is, and then determine how to implement it within the institution. The key is to allow every person who would be affected by subsequent change to participate genuinely in the process.

THE FUNCTIONAL MODEL

Functional modeling is a process—the first step in the preplanning process for enlisting the creative participation of all staff who

would be affected by subsequent change. It means taking the ideal and putting into perspective the legal, financial, logistical, demographic, and other realities that modify the perception of what is practical in designing patient administration for a healthcare facility.

The process is used first as an educational means to assist the existing staff in understanding the possibilities that could exist in their own facility. The modeling process assures that all participants stay open-minded during the preplanning stages of conceptual development, such that the resulting functional plan reflects the maximum possibilities, stretching institutional capabilities beyond normal limits.

The **functional model** is the document for recording the process—the concise statements regarding patient administration that specify what functions will be performed, with what tools, under what organizational umbrella, in what physical structure, and so on.

The **functional plan** is the product of the modeling process—the final approved functional model that has been approved for planning, design, and implementation by the appropriate authorities.

The six categories that constitute the functional model and the subsequent functional plan are as follows:

- ▶ **Guiding principles** state institutional assumptions, constraints, and parameters by which the functional model will be established;
- ▶ **Functional model/plan** includes what functions and responsibilities will be assigned to the new department;
- ▶ **Informational model/plan** includes forms, records, manuals, and automated systems for planning patient administration; includes a community-based, open, local area network (see Exhibit 1);

- ▶ **Organizational model/plan** includes functional and anatomical organization charts, showing which functions relate to other functions within and outside the

department, and line responsibility charts for position clarification (see Exhibit 2);

- ▶ **Anatomical model/plan** includes job descriptions of new

EXHIBIT 1: THE HOSPITAL-BASED COMMUNITY NETWORK

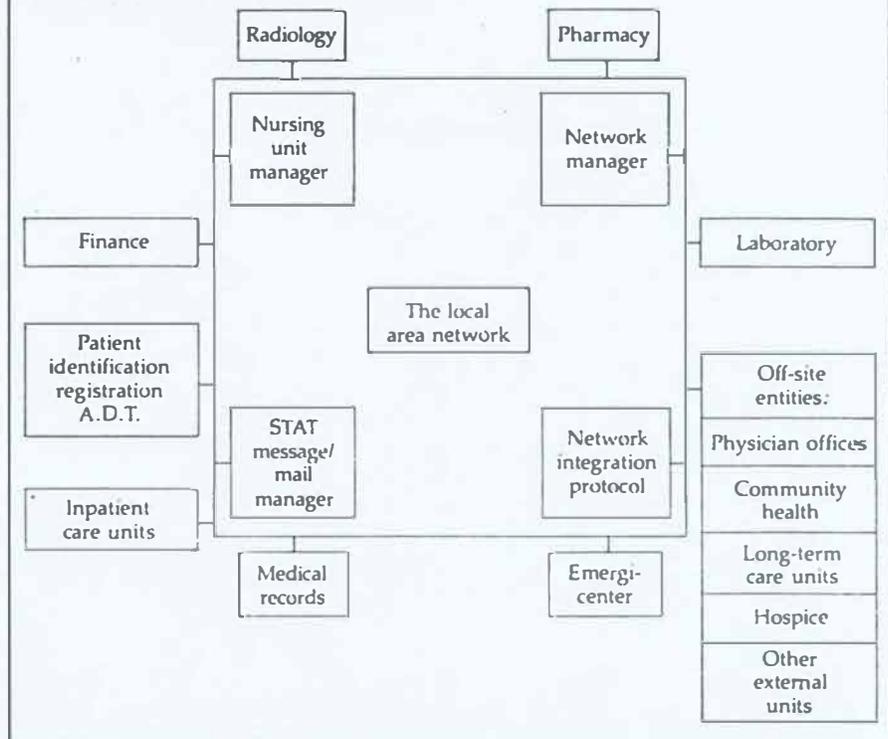
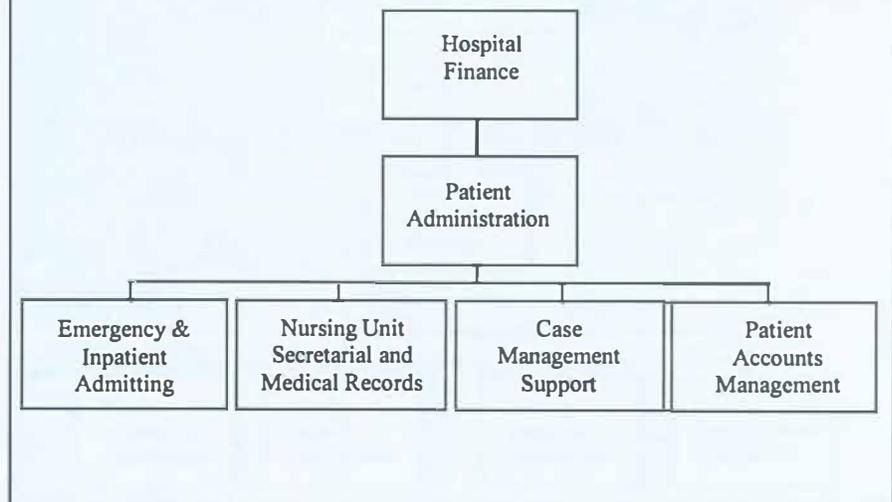
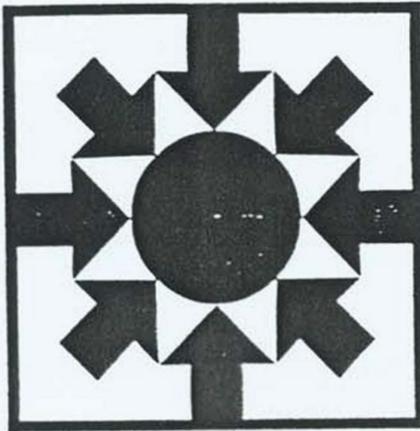


EXHIBIT 2: FUNCTIONAL ORGANIZATION CHART





or cross-trained staff for compensation profiling analysis and planning; and

▶ **Structural model/plan** includes a rough sketch of what patient administration might look like after it is redesigned (see Exhibit 3).

The functional model is revised several times before it is approved by management. The final approved model becomes the functional plan, the tool used to identify action items and PERT chart planning increments. Following the completion of the functional plan, information system, architectural, personnel, and operational planners can begin their own processes of design and implementation.

SUMMARY

Patient administration as a consolidated service can be a cost-effective and patient care-effective entity. Smaller hospitals are in even greater immediate need of the consolidation of services than

the larger hospitals, which have greater staff volumes and have better justification for the amount of stratification the typical organizational chart presently shows. The smaller hospital must always find ways of reducing the overhead of managing the facility and at the same time controlling the efforts of the patient-care and cost-monitoring processes. However, the larger facilities (200+ beds) can also benefit substantially by

merging the most active patient-contact, patient-processing activities into one department, and separately locating merged, non-patient contact activities into a separate off-campus facility.

With a clear understanding of patient administration and the method for developing the concept, maximizing the delivery of healthcare services at minimum cost can be an attainable goal for the hospital or clinic. □

EXHIBIT 3: PATIENT ADMINISTRATION^a

