



# Case Study: Process Optimization in Patient Financial Services

As a revolutionary healthcare organization of the 21st century, Kaiser Permanente's mission is to provide quality care for their members and families. Committed to this vision, the Patient Financial Services division identified potential areas for improvement in the back-end revenue cycle for five major service lines. Due to the complexity of the processes in these service lines, it was an ideal area of the business to begin a structured improvement initiative.

In order to achieve significant, sustainable improvements in a short period of time, and to gain an outside perspective, Kaiser worked with process and operational excellence consultants from Guidon Performance Solutions.

To begin the improvement effort, the team first went through an introductory "Lean Fundamentals" workshop to make sure they understood the core Lean concepts that would be used throughout the project. The team then completed a 4-day collaborative Value Stream assessment, where they identified high-priority areas of improvement and created a go-forward plan.

Next, the team addressed the high-priority areas by holding a series of rapid process improvement events, or Kaizen events. Kaizen events involve deploying small, agile and short term (typically 4 – 5 days within a single week) project teams which are charged and empowered with taking a process, assessing the current state, brainstorming waste reduction and improvement ideas, implementing the ideas quickly and putting in place new process standards and sustainment tools before reporting results out to business leaders. The goal of Kaizen is to draw employees into the ongoing pursuit of waste and create a culture capable of rooting out and eliminating waste continuously.

Before the team implemented the ideas and proposed improvements that came out of the Kaizen events, they performed pilot tests that allowed them to evaluate and refine every idea before it was put into practice. Some of the improvements included:

- Re-organized processes into a more efficient sequence and eliminated redundant or duplicate steps. Impact: Fewer steps, better communication, improved quality.
- Re-designed work areas to co-locate people who did similar or related work. Impact: Less "travel" for all work orders. (The Worker's Compensation team, for example, determined that billing orders originally needed to travel more than 4000 feet just to pass through all necessary workstations. After the changes, that dropped to 0.)
- Improved job training. Impact: More consistency, more accurate coding.
- Set up communication boards that helped employees track the status of work. Impact: Improved communication, faster turnaround times.
- Established common metrics to measure. Impact: Improved ability to use data to proactively solve problems and evaluate the effectiveness of solutions.

These improvements led to dramatic results. The number of process steps dropped anywhere from 35% to 60%. Lead times reduced by similar percentages, meaning reimbursements that used to take weeks now took only days. Overall, the improvements helped the department exceed its fiscal year collections goal by 40% enabling well over \$1M in incremental benefit from executing the new process.

**Client:** Kaiser Permanente

**Industry:** Insurance, Healthcare

**Service:** Rapid Process Improvement Events (Kaizen)

## Challenge:

- Reduce process complexity and shorten the lead time of billing services
- Formalize large, complex, informal processes

## Solutions:

- Organize the department around the flow of work rather than function
- Identify optimum process flow
- Minimize the amount of handling required to create and process payments

## Results:

- Process steps in each service line were cut by at least 30% and some as much as 60%
- Overall lead times in each service area dropped by 1/3 to 1/2 or more
- Fiscal year collections goals were exceeded by 40%
- Over \$1M in incremental benefit from executing the new process