



# Improve Profitability with Revenue Cycle Outsourcing



## Mount Sinai Hospital and Schwab Rehabilitation Hospital

"I honestly don't know what the formula to our outsourcing success has been but, from my standpoint, Perot Systems' employees worked as much for the hospital as they did for Perot Systems. I think that is a key part of the success."

Larry Volkmar  
*President*  
Mount Sinai Hospital  
and Schwab Rehabilitation  
Hospital

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Mount Sinai Hospital and Schwab Rehabilitation Hospital turned to Perot Systems to provide sustainable and immediate cash flow improvements.

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### The Challenge

At the end of 2002, Mount Sinai Hospital (MSH) and Schwab Rehabilitation Hospital (SRH) together grossed more than \$515 million in annual revenue, with approximately 50 percent of the revenue being generated by Medicaid patients. The healthcare providers had an immediate need for cash due to numerous Accounts Receivable (A/R) issues, including A/R days exceeding 100, billing and follow-up concerns, and high numbers of accounts aging greater than 90 days from bill date.

The hospitals were undergoing a \$30 million turnaround initiative dedicated to succeed, after A/R initiatives with other vendors failed in 2001 and 2002. Plus, in November 2002, the Vice President of Finance, the Director of Patient Accounts, and the Director of Medical Records over the hospitals resigned.

### The Solution

In February 2003—after reviewing solutions that included consulting support, management services, managed care recovery, self-pay programs, technology solutions, and ongoing training and education—MSH and SRH decided to engage Perot Systems to provide interim management services. In March 2003 that scope expanded to include an onsite cash acceleration team focused on increasing the cash flow necessary to fund further initiatives. To begin with, the management team began to redesign the revenue cycle processes.

MSH and SRH decided to outsource their entire business office processes to Perot Systems in September 2003 to include:

- Billing, rebilling, denial processing, and followup
- Cashiering, cash posting, and credit balance processing
- Collections, statements, letters, calls, and bad debt management
- Chargemaster review and recommendations
- Call-center activities, patient inquiries, and complaint resolution
- Ongoing reporting of metrics and operations progress
- Training and education on business functions and patient relations



## Company at a glance

### Mount Sinai Hospital

- Inner-city hospital located in Chicago, Illinois
- Level 1 trauma center
- More than 432 licensed beds
- Member of Sinai Health System

### Schwab Rehabilitation Hospital

- 125-bed hospital
- Provides complete range of inpatient and outpatient rehabilitation services
- Member of Sinai Health System
- Included in 2004 in "U.S News and World Report's" List of Best Hospitals

*"In any situation, change is hard," said Larry Volkmar, President, Mount Sinai Hospital and Schwab Rehabilitation Hospital, "but I think the consistent application of process for the staff and the increased expectations have made a big difference. Perot Systems helped drive those changes in a big way."*

### The Results

*"There were a lot of positive vibes around here from the Perot Systems people," said Jesse Ford, Director of Finance for Mount Sinai. "That was a boon for the decision to outsource."*

To date, Perot Systems has helped Mount Sinai achieve the following business office results:

- Reduced gross days revenue from 96 to 67
- Raised more than \$29 million in incremental cash for the facilities from March 2003 to September 2004
- Decreased denial write-offs as percent of net revenue from 2.4% to 0.2%
- Reduced billed A/R over 90 days by 33%
- Shrunk unbilled receivables by 14%
- Decreased bad debt as percent of gross revenue from 8.4% to 7.9%
- Reduced the number of open accounts from 97,077 to 54,867
- Provided a stable work force with minimum turnover

*"Although I am fairly new here, my dealings with Perot Systems have been very positive," said Larry Volkmar. "Even in my previous hospital turnaround practice consulting role at Arthur Andersen, I felt like Perot Systems was doing a fantastic job of helping its clients realize business office efficiencies."*

The improvement in MSH and SRH's financial positions has enabled them to:

- Expand cardiac services to include open-heart surgery
- Improve radiology technology by adding a state-of-the-art Linear Accelerator for radiation therapy
- Reduce the cost for chemotherapy patients by bringing that service back into the MSH main hospital

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