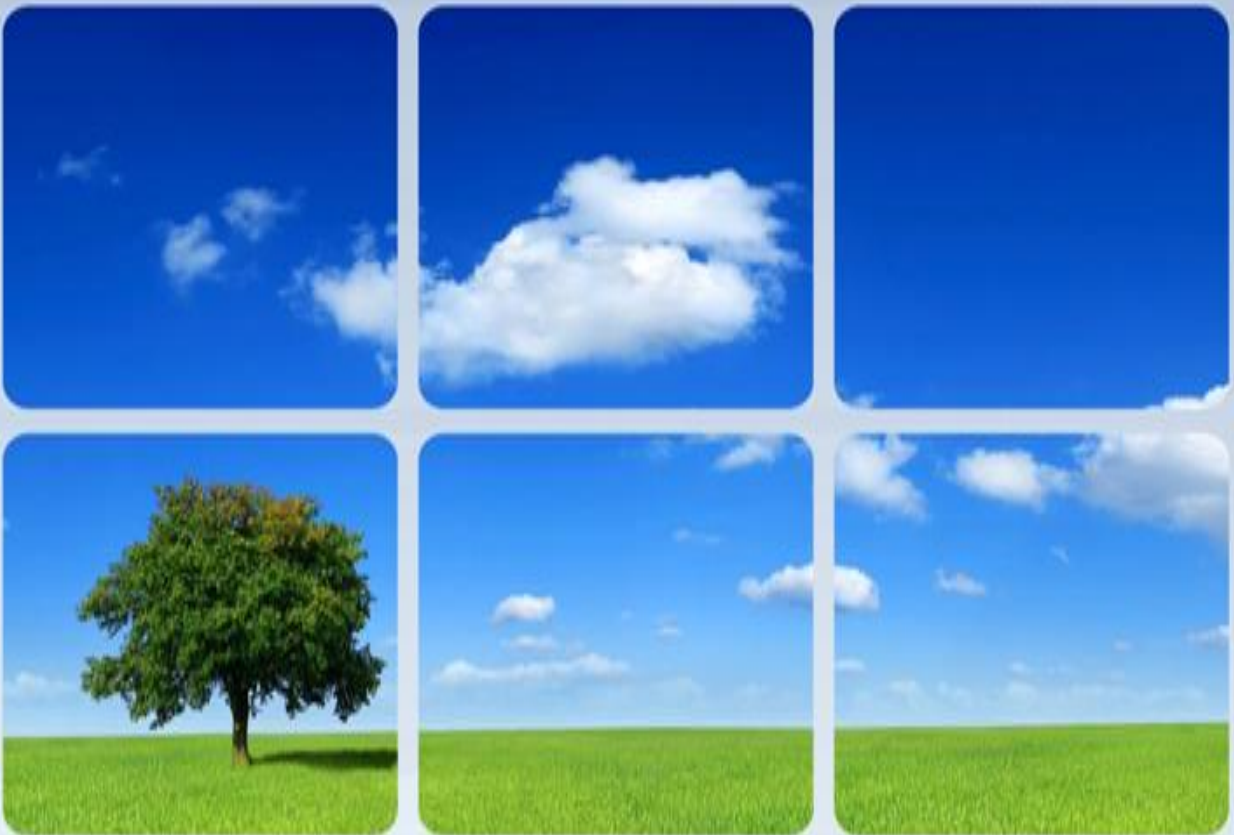


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Case Study:  
Outsourced Finance & Accounting Services

# Outsourced Customer Collections Yields New Efficiencies and Savings

## Business Overview

Client is an international healthcare company which owns six of London's most prestigious hospitals caring for thousands of patients every day.

The company has centralised a large portion of the patient billing and patient accounts management process in a Central Billing Office (CBO) facility in London.

The collection of patient dues is governed by a series of complex processes which cover a very wide range of patient circumstances (insured, uninsured, inpatient, outpatient, etc.) on a high volume of transactions.

### Business Profile

One of the UK's largest providers of Private Healthcare

### Industry

Healthcare

### Geographies

US owned corporation with six major hospitals in the London area; and over 10,000 live patient records

### Business solution

Outsourcing of all front-line patient collections activity

### Deployment summary

360 degree planned rollout on Process, People, Technology and Reporting

### Merit partners

Meditech Systems Solutions

## Challenges

As well as managing a large volume of patients, the CBO management team faced a number of additional challenges:

- 1 Meeting very high (and constantly increasing) monthly cash collection targets of £30-40m per month
- 2 Keeping debtor days to a minimum.
- 3 Keeping the 'billing days' (the gap between when a patient leaves the hospital and when they receive their bill) to a minimum.
- 4 An escalating use of overtime and temporary staff with attendant costs
- 5 A shortage of physical office space in the existing facilities

## Risks:

### Data Security and Regulatory Environment

With a US based parent company, the CBO had to conform to a host of Sarbannes-Oxley audit procedures in addition to local audit and regulatory norms.

With sensitive medical related information being processed, the delivery of the services had to be undertaken, via high security infrastructure as well as in accordance to tightly specified processing procedures. These procedures governed every aspect of the collections process from issuing letters, credit card processing and telephone query handing.

Adherence to these procedures and data security requirements was a significant factor in selecting Merit as an outsourced partner.



## The Merit Offshore Solution

Client decided to investigate outsourcing some very simple administrative tasks to get a feel for what could be achieved with a minimal risk exposure.

Merit was positioned to execute some trial activities to get a 'proof of concept' established. Merit had sufficient management resources in the UK and India to enable the pilot activities to get up and running quickly.

### These tasks included:

#### Benefits

##### Meeting Targets

For the first 12 months, all core targets were exceeded on cash collection, debtor days, etc.

##### Substantial cost savings

from the use of offshore resources

##### Improved quality

with UK based staff now free to monitor output & handle sensitive cases.

##### Reduced Strain on Internal Resources

A bigger workload is delivered without additional strain on IT, HR, Office Space, Etc.

##### Creation of Scalable Resources

to accommodate fluctuating levels of transaction handling

Recording a series of administrative and insurance details from each new patient and in many cases checking that insurance cover is sufficient.

Invoicing and issuing follow-up letters on patient accounts.

Providing inbound 'help desk' services for patient administration queries.

Liaising with insurance companies on specific patient accounts.

Handling payments via credit card, bank transfers, etc.

## Moving the Process Offshore

Moving the process offshore involved addressing the following core areas:

### Data security requirements



Client already had a comprehensive security policy which included firewall configurations, agent User IDs and passwords, regulations on email / web use, confidentiality agreements, the use of 'key-fob' security keys (to generate system access codes), etc. Merit implemented a duplicate of these procedures at its base in Chennai.

### IT Systems



Merit implemented a thin client component on each agent PC enabling staff to login to the Client central billing system over the web. This was implemented with 'key-fob' security devices (hardware) and bespoke, restricted application access, giving visibility only to those menu options and screens which were required to deliver the processing.

### Process Definition



All activities undertaken by Merit were documented in a simple and comprehensive format covering all exceptions with step by step procedures. This was useful to Client itself in reaffirming its own handling guidelines as well as enabling Merit's staff to get started with clear direction.

### Agent Training



Merit committed a significant amount of time to training six team members on the activities to be handled. They stepped through the process definition, got to grips with the technology and worked out an escalation process with the Central Billing Office (CBO) for the efficient and coherent resolution of queries.

## Client HR Issues



Merit worked with the Client HR managers to reassure the existing CBO staff about their jobs in light of the outsourcing move. It was explained that:

- Outsourcing mundane and straightforward tasks would free up time for more productive activities which had a higher revenue and cash yield.
- Increasing patient numbers meant that the workload was getting heavier and needed addressing (and expanding internally was not an option).
- There would no longer be a reliance on temporary staff who come and go, with the recruitment, management and training headaches involved.
- The intention was that overtime, temporary and new staff positions would be reduced.
- Outsourcing would make it easier for the team to hit their monthly targets (helping to drive staff bonuses) and was a healthy option for the company.



## Benefits Arising to the Client

### Targets

For the first twelve months of the outsourcing exercise the CBO has exceeded its core performance targets on cash collection, debtor days, etc. This success has been unprecedented in the organization.

### Activities

The staff had more time to address difficult and complex patient accounts, overseas accounts, and long standing insurer accounts.

### Costs

A bigger workload is now being accommodated without recourse to new recruits, temps or staff overtime.

### Management Time

Client has invested significant time in managing and assisting the Merit team. However working with the management of one outsourcer is much easier than recruiting, training and managing changing team members over a long period of time.



*Merit has done an outstanding job across a wide range of activities and especially in handling aspects of our patient contact.*

*For every single month of the last twelve months we have met tough internal cash collection targets (one month exceeding by 2 million pounds) and Merit has been an important contributor to this success.*

*They have brought enormous benefit to what we do and I would be very happy to recommend Merit as a top class outsourcing company.*

- Phil Evans

## Looking ahead toward future gains

With the success of this initiative firmly established, Client extended its relationship with Merit by outsourcing aspects of its Accounts Payable work and supplier management. Again this has delivered several benefits to a department which laboured with a heavy workload and an under-resourced team. See "Outsourced Finance and Accounting Services (AP)."

Beyond this Client is now considering the outsourcing of several local hospital administrative tasks which will also ease the burden in these sites.



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