

Objective

Improve the Bottom Line

Challenge

Patient Financial Services (PFS) was putting significant effort into working accounts receivable (A/R), but the value realized was not commensurate with the effort spent. Improved ROI for the effort expended was required.

- A/R processes were not properly aligned to return value
- All accounts were being worked in the same way, regardless of their value
- Inefficient use of PFS staff



Solution

Improve ROI for the effort expended, focusing on low-value accounts.



People

- Listen to customer's presentation of the issue; produce a plan of action
- Obtain executive and departmental approval
- Build customer team and lead work effort
- Coordinate change communication



Process

- Apply customer's GAAP allowances for bad debt assignment
- Focus on how low-value accounts are worked
- Align organizational A/R processes to maximize value returned from each account worked



Technology

- Create a model to identify more than 1K low-value accounts
- Assign a customized transaction code to the G/L for audit and verification

Outcomes

Significant time and cost savings

- 200,000 accounts with a value of \$27 million were immediately written off
- Value of A/R accounts worked increased from an average of \$10 to \$100
- Improved cash collections were achieved the next month and sustained thereafter

