During these uncertain economic times, hospitals and other healthcare organizations are seeking ways to conserve capital and improve cash flow. Depending on the severity of the situation, organizations have mandated across-the-board expense reductions, implemented policy changes, and conducted internal analyses to identify sources of cash flow improvement. Hospital financial leaders are being forced to look deeper into their operations – beyond payer contract renegotiation and charge master review. Here are ten ways that financial managers can immediately increase cash flow:

1. **Review and revise capital equipment policies.** This includes evaluating the use of leasing vs. purchasing major capital equipment, establishing guidelines for the use of refurbished equipment, and renegotiating or extending terms on existing contracts to improve cash flow. Make sure equipment is deployed in high margin service areas.

2. **Review revenue cycle processes for opportunities to accelerate cash collections.** Review processes within admitting, medical records, billing, and outsourcing opportunities to ensure the organization's billing is submitted timely and accurately, and the organization is receiving all of the revenue due promptly. It is vital to have a well-functioning denial management policy and procedure.

3. **Install a point-of-service cash collection process and make arrangements to be paid upon discharge.** Implement a procedure that ensures patients understand expected payment at point-of-service, which includes a list of resources to assist patients in filing for medical assistance.

4. **Analyze the financial performance of high cost, low reimbursement procedures.** (Can the organization bill for implants?). Present this data to commercial payers for adjustment to the contract. Also, consider a policy whereby all such procedures are monitored and presented to physicians for strategic input.

5. **Renegotiate high volume services vendor contracts to avoid undue interest charges and late fees.** This includes setting up opportune payment schedules that maximize discounts offered when payments are made in a timely manner. In addition, streamline the internal approval process surrounding these targeted contracts/vendors.

6. **Extend scheduling hours for high demand outpatient services that are exceeding capacity such as imaging and surgery.** Spend time understanding how to support such services by improving turnaround times, patient throughput, and other operational efficiencies. Also consider flexible weekend and evening hours to enhance patient convenience.

7. **Evaluate salary expense adjustments.** This may include pay freezes, delayed salary increases and bonus awards, pay reductions, compression of salary disparities within the same job descriptions, and pay deferrals in which salary increases are moved to one-time bonus arrangements. In addition, take inventory of all employee benefits as there may be a need to cut, redefine, and/or combine programs.

8. **Review and analyze changes to retirement benefits.** Financial managers should consider shifts or reduction in the matching percent on the 401(k) and even freezing defined contribution plans. Also, consider policy changes such as limiting company matching contributions to once or twice per year.

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9. **Assess current health benefit contract terms.** Specifically, reexamine pharmacy benefits (e.g., tiering, lower co-pays at larger retail centers), ensure the effectiveness of third-party administrator (TPA) services of the health plan, assess other contracted services, and renegotiate terms on out-of-network claims for employees.

10. **Negotiate lease payments.** Work with lease holders to establish flexibility in lease payment terms (e.g. extend grace periods for late charges, move late payments to the end of the lease term).

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