Decreasing Collection Time of Accounts Receivable for Jointly Sponsored Activities in the Continuing Medical Education Office
The Team

• CSE Participants
  • Leticia Bresnahan, MBA, Project Coordinator
  • Marissa Howard, Accreditation Manager
  • Brenda Johnson, MEd, CCMEP, Director

• CME Staff
  • Peggy McNabb, Office Manager
  • Joe Cepeda, Web and Information Management Specialist

• Facilitators
  • Amrutha Parekh, MD, MPH, Education Development Specialist
  • Wayne Fischer, PhD, Analyst, MD Anderson Cancer Center
The Team
Decrease average number of days to receive CME Jointly Sponsored Activity application fees from 165 days to 45 days by September 1, 2010
What is Accounts Receivable?

- Money owed for sales or services performed. Included as a current asset on the balance sheet.

What is Aging of Accounts Receivable?

- A periodic report that categorizes a company's accounts receivable according to the length of time an invoice has been outstanding.
- Accounts receivable aging is a critical management tool as well as an analytic tool that helps determine the financial health of a company's customers, and therefore the health of their business.
Background

CME Department was experiencing exceptionally long delays in accounts receivable cycle.

- Application process demonstrated a 3-phase and date-driven cycle
- Amount of time from
  1. Application filing date to application fee invoiced
  2. Application fee invoiced to application fee received
  3. **Aggregate:** Application received date to application fee received

- Data showed greatest delay was from application received to Application Fee Invoiced.

**Invoice date is internally controlled**
Selected Process Analysis Tools

• **Fishbone** – depicts areas causing the greatest and most significant delays

• **Flowchart** – helped us in process mapping

• **Statistical Process Control Charts** – helped visualize the problem
Plan

• Met as a team to brainstorm
• Assigned specific tasks
  – Developed process flowchart
  – Conducted Data Collection
  – Identified Performance Metric
• Established process improvement timeline
April 22nd
1st class
Aim Statement

May 10th
Meeting – Office of Continuing Medical Education key team members

May 10th – 30th
Work on Cause and Effect & Process Flow Chart

June 17-18th Meeting – Wayne reorganized data, statistical process control charts

June 24th Team Meeting

July
Analyze cause and effect data and determined
It is “us” not them

June
Collect Data

August 13th
Team Meeting

September 17th – Graduation
Cause and Effect of A/R Process Breakdown for CME JS Activities

- **Staff**
  - Turnover
  - Lack of protocol
  - Multiple databases
  - Lack of accountability
  - Multiple overlapping responsibilities
  - No Accounting software package

- **System**
  - Lack of protocol
  - Multiple databases
  - Comfort Level
  - No terms Invoice
  - Fiscal year end
  - Customer accounts payable process

- **Customer**
  - Lack of Accountability
  - Lack of f/u
  - Agreement has no consequences
  - Staff Turn over
  - No check with application
  - Change in Mission
  - Turnover

**Process Breakdown**

**IT Support**

**Barriers outside CME Office Control**

**Leadership**

Delayed Collection time of A/R for Jointly Sponsored Programs
What Performance Measures Determine Progress?

• **Accounts receivable as a percentage of revenue** – Typically measured as accounts receivable at month end divided by the last three months annualized sales.

• **Day’s sales outstanding** – This measurement is calculated in a number of ways. The key is not the precise method of calculation; it is that the calculation is consistent over the measurement period because it is a trend measurement.

Results/Impact

Check

- Met with Wayne Fischer - instructed us to revisit data,
  - Data in chronological order
  - Selected Date of Application as a starting point date
- Suspicions were validated after viewing the cycle time graph.
- Took 6 pre intervention activities, implemented the new policy, plotted days from application to invoice, result was average of 35 days.
CME Joint Sponsorship Fees—Comparison of Cycle Times

- Total Number of Days in A/R
- Number of days from date of application to date application fee is invoiced
- Number of days from date application fee is invoiced to date application fee is paid

**CME JS Activities**

- SW Diabetes - 7/21/07
- SA Vascular Society - 8/1/07
- Psychiatric Pharma - 8/6/07
- Type 2 - 8/10/07
- SW Liver Update - 3/7/2008
- SA Vascular Society - 7/21/08
- Psychiatric Pharma - 7/25/08
- Update in Medicine - 8/9/08
- SW Diabetes - 8/19/08
- Update in Medicine - 3/13/09
- Type 2 - 4/29/09
- SW Diabetes - 6/1/09
- Psychiatric Pharma - 8/4/09
- SA Vascular Society - 8/20/09
Do

• Clarified the process – application fee must accompany application
• Identified roles and responsibilities
• Educated staff
• Educated customers
• Implemented the process
• Empowered staff
Post Intervention: Number of Days from Date of Application to Date Application Fee invoiced

Pre intervention was at 126 days, post intervention is at 35 days.

Activity:
- SW Diabetes - 1/9/10
- 26th Annual - 3/17/10
- Type 2 - 4/9/10
- SW Liver Update - 4/9/10
- SA Vascular - 7/16/10
- Psychiatric Pharmacotherapy - 7/12/10

Days:
- UCL: 145
- CL: 35
- LCL: 75

Activity Fee invoiced:
- Pre intervention was at 126 days, post intervention is at 35 days.
Act

Monitoring of application fee time in A/R
- Monthly
- Quarterly

Expansion of Our Intervention

Application fee process will be expanded to
- Administrative fee process
- Credit maintenance & documentation fee process
Return on Investment

• Reduction of time from application received to application fee received
  – 165 days to 35 days (avg) = 470% improvement or ~5 times faster
• Improved cash flow
• Improved balance sheet
• Better fiscal bottom-line
• Increased efficiency of staff
Questions