

Strategic Lean Project Report



For Reporting Period: January 1, 2016 through June 30, 2016

I. General Information:

Lead agency name: Health Care Authority

Partner agencies: List other agencies involved in the project

Improvement project title: HMS Fund Reconciliation

Date improvement project was initiated: 10/14/2015

Project type: New Project

Project is directly connected to: **If applicable, specify the alignment:**

Agency Strategic Plan CP11A

Report reviewed and approved by: Dorothy Teeter, Director, Health Care Authority

II. Project Summary:

In October of 2015, HCA began an improvement process to reduce the backlog of unreconciled funds. HMS Inc. recovers supplemental Medicaid payments for HCA that should have been paid by third party insurance. HMS submits the funds to HCA, and these funds are processed by Coordination of Benefits and Cash Control. HMS receives a percentage-based payment once a cycle is reconciled. The funds are held in suspense until reconciled. In October of 2015, there was over \$17M in unreconciled funds in the suspense account. This backlog continued to grow and contract timelines were not being met, putting the agency at risk. This was a high priority project.

III. Project Details:

Identify the problem: The backlog of unreconciled funds continued to grow and contract timelines were not being met, putting the agency at risk.

Problem statement: In October of 2015, \$17M in unreconciled funds were being held in the suspense account compared to our target of less than \$1M, which we intended to reach by 4/1/2016.

Improvement description: A Value Stream Mapping event took place 11/30/15 - 12/2/15. The backlog was defined as transactions from 2013 through July, 2015. An automated invoice creation and cash application was developed to clear the backlog. The process for reconciling current transactions was streamlined to reconcile current transactions within contract guidelines of 60 days or less.

Customer involvement: All internal customers provided representation for the Value Stream Mapping event.

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IV. Project Details:

Improved process as measured by: <i>(Click those that apply)</i>	Specific results achieved: <i>(Complete the narrative boxes below)</i>	Total Impact: <i>(Actuals; Current Reporting Period)</i>	Results status:
<input checked="" type="checkbox"/> Cost	Decreased suspense account from \$17M to \$1.8M.	Current	Final
<input checked="" type="checkbox"/> Time	Decreased reconciliation time from over 60 Days to Less than 30 days.	Current	Final

V. Contact information:

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