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Revamp Your Revenue Cycle

Cure Your Cash Flow

January 19, 2012

Why is it Time to Readdress?

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- Cash flow
  - Measure reimbursement
    - We balance our check books — why not our A/R ledgers?
  - No cash, no mission
- Regulations and more regulations
  - ICD-10
  - 5010
    - Are you prepared for the inevitable delays? (If you aren't, delays become losses)

Impact

- Local Illinois payer was not as prepared for 5010 as they thought
  - Impact
    - 15% reduction in December payments
    - All other payer projects stopped – resources processing all claims manually at the payer

Why is it Time to Readdress?

- ARRA
  - Are you set up to be incentivized or held accountable?
  - What is an ACO? (I am not going to try and answer this one)
- Competition and cost
  - Can you do it better for less without appearing cheap?

Where to Begin

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- Signs and symptoms
  - What doesn't "feel" right?
    - Financial leadership speaks - As the financial arm, where is your organization being hurt? (Who? What departments?)
  - "It hurts when I do this…"
    - Clinical leadership speaks – What are they seeing as shortfalls of the revenue cycle? (They generalize and you will quantify)
  - This is not brain surgery
    - What is your operational staff seeing? There are innumerous areas of improvements and opportunities that NEVER see the light of a management day

Overextensions Mean Less

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- Equation for immediate and sustained gains:

Focused Concern + Simple Approach = Obtainable Gains

The Problematic Areas

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- Front end
  - Registration
  - Charge capture
  - Charge lag
- Middle of the process
  - Delayed charge entry
  - Delayed claim submissions
- Back end
  - Underpayments
  - Self pay and bad debt
  - Follow-up

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The Front End

Problems at the Front End

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- Registration
  - We all talk about the poor data – do we EVER address it?
- Charge capture
  - Are all services provided submitted?
  - Charge lags

If you give someone a drawer, they will put things in it

Approaching the Front End

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- Registration
  - How to diagnose: Denials to look for to identify the issues are present
    - Patient not covered
    - Bad ID numbers
    - Mismatched anything (sex, age, id number, etc.)
  - Share the data — educate the “offenders” through Business Intelligence (BI)
  - Readdress processes — both operational and exchange (interface)
    - Committee – attack one issue at a time – you lived with it this long so do it right the first time

Analyzing Denials

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- A 5% to 8% denial rate is considered the norm for practices
  - Many practices have a much higher percentage
- As payers attempt to improve their earnings, denials will increase
- Medicare denials alone total over $10 billion a year
  - That is over 10% of all claims submitted

Source: Coker Group presentation on Denial Management presented at HBMA Apr 2007

Reduce Errors – Track Denials

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Denials	Number of Procedures	% of Procedures	Dollar Amounts	% of Charges
Invalid Identification Number	893	2.99%	$83,004	3.73%
Coverage Not in Effect at Time of Service	877	2.93%	$82,221	3.69%
Incorrect Insurance Information	864	2.89%	$60,334	2.71%
Charge Entry Error	554	1.85%	$52,062	2.34%
Incorrect Place of Service	449	1.50%	$44,525	2.00%
Demographic Information Missing or Incorrect	291	0.97%	$28,691	1.29%
Invalid/Missing Authorization	218	0.73%	$48,193	2.17%
Invalid Setting of Insurance	205	0.69%	$14,224	0.64%
Invalid/Missing Referring Doctor	195	0.65%	$28,958	1.30%
Not Authorized to Perform Service	165	0.55%	$5,379	0.24%
Incorrect Procedure Code	116	0.39%	$28,682	1.29%
Bill Type Error	109	0.36%	$6,533	0.29%
Invalid/Missing Facility	56	0.19%	$5,962	0.27%
Provider Not Credentialed	38	0.13%	$3,151	0.14%
Other	41	0.14%	$9,983	0.45%
Total Front Desk	**5071**	**16.95%**	**$501,902**	**22.55%**

Source: Coker Group presentation on Denial Management presented at HBMA Apr 2007

Approaching the Front End

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- Charge capture
  - How to diagnose: BI - Standard of performance for providers by specialty and “employment” agreement (full time, part time)
    - i.e. total charges for all neurosurgeons divided by total billable hours = medium (a very **SIMPLE** starting point)
- Charge lags
  - How to diagnose: Tool to measure time frames between service date and ……
    - Start small – service date to claim submission (from here you can refine to other measures such as business office receipt date, edit date, etc.)
- For both, **create accountability** – and **HOLD to it**

Action

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- Reduce edits and denials
  - Prioritize the work through the intelligence and force change in process
  - Manageable projects based upon resources to fix and impact to cash
  - Educate
    - What is wrong – create accountability
    - Fix the process flows – train them and measure and hold to accountability

Action

- Charge capture and lag
  - Measurable appointments
    - Review tracking between scheduling and patient accounting system(s)
    - If you do not have one, you should
  - Rounding and procedures
    - Review with your facility partner availability of Census reporting and OR/procedural rooms
    - Can a tool be developed? If so, invest in it

The Middle

The Problems in the Middle

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- Middle of the process
  - Charge entry problems
    - Incomplete encounter information
    - Poor inventory and entry processes
  - Claim submission delays
    - Edits, edits, and more edits
    - Poor claim submission processes
      - Lost revenue for file limit
      - Lost Claim runs

Approaching the Middle

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- Delays in charge entry and claim submission
  - How to diagnose: Denials to look for to identify the issues are here
    - Past file limit
    - Claim not on file
  - Good inventory allows you to see charges spoiling
    - BI - report that presents scheduled appointments against actual CLAIM SUBMISSION dates
    - If at all possible, address hospital rounding through collaboration with your partnering facilities
    - Develop census to charge reports – never perfect but better than nothing

Approaching the Middle

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- BI tools to measure
  - Data entry FTE performance (transactional)
    - Then measure performance, set expectations, and hold accountable
- As much electronic as possible
- Audit claim files with carriers – did the file get there

Action

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- Create a system for inventory – database in Access will work
  - Log in and log out inventory
  - Create reporting from the database
    - Produce and distribute performance reports
    - Decide upon obtainable goals and hold to them

Action

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- Reduce errors and improve speed
  - Set expectations on performance and measure
    - Measure who is doing what and how well
    - Corrective plans
    - Enhance personnel as necessary
  - This reporting can be tied back to the inventory database

Action

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- Reduce charge lag times
  - In addition to Census reporting
    - Utilizing the inventory database, measure current lags by department and provider therein
    - Feedback to all, education to "offenders"
    - Set **obtainable** goals and hold to them, accountability

Stats

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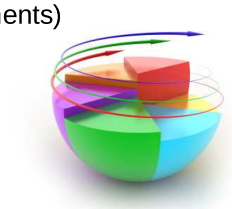
- Internal numbers
  - Charge entry
    - 35 transactions/per hour (excluding registration)
    - 20-25 Transactions/per hour (including registration)
  - Payment posting
    - 85 transactions /per hour (from EOBs)
    - 59 transactions/per hour (ERA edits)
    - 45 transactions/per hour (credit card payments)



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The Back End

Problems in the Back

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- Underpayments
  - Accepting anything paid as usual and customary
- Self pay
  - Try to leave charitable work to the experts
  - Less than assertive collection practices
- A/R follow-up
  - Organize and stay that way

Approaching the Back

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- How to measure under payments
  - If you are already developing a tool, you may want to stop
  - There are experts out there, use them
  - Monies are lost that are not even identified as such

Your Money

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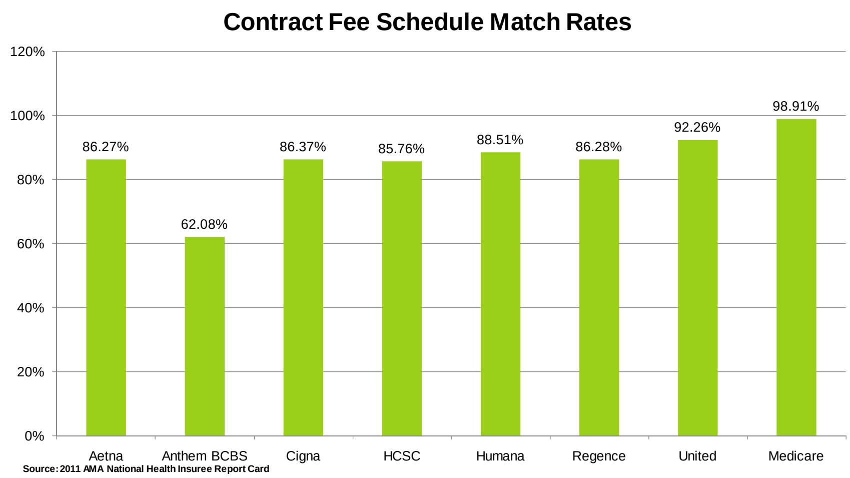

Approaching the Back

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- Patient responsibility
  - Is just that, their responsibility
  - Involve the patient in their own finances
  - Early out will mean more cash (there are experts out there for this too)

Approaching the Back

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- A/R follow-up
  - Examine the follow up tools you have (are you using them efficiently?)
  - If you think you are, then measure the results
    - BI – tool to measure representative output, transactional, and then cash
  - Consider the alternatives to "specialized collections"
    - DME
    - Workman's compensation
      - Again, there are experts out there

Action

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- Identify and correct underpayments
  - Complete a search and selection on underpayment tools (best money you will spend)
  - Once monies can be quantified, meet with payers regularly
    - Recoup held monies
    - Set expectations for payer to correct underpayment issues
    - Hold them accountable

Action

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- Self pay
  - Improvements on the front end should create impact here
    - Review denials that contribute to self pay, prioritize, and address through education and redefined process
  - Amend your collection process – earlier out to agencies, let the experts collect
  - Educate providers as to the importance of this cash to the mission

Action

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- A/R follow-up
  - Assess the situation/effectiveness of you A/R follow-up tools
    - If inadequate, search and select replacements
    - If adequate,
      - Measure representative performance through the tool or BI
      - Set obtainable goals
      - Move the goals
      - Create and maintain accountability
  - Search and selection on specialized agencies for DME, WC, etc.
    - Take the plunge
    - Assess staffing levels – make changes?
    - Measure performance

Conclusions

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- Methodical approach
  - Research the pain points
  - Quantify as much as possible
  - Prioritize the work
- Solutions management
  - Take on manageable tasks
  - Utilize technology and BI
  - Communicate findings, expectations, and results

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Thank You

Sean McDonagh
Sean.mcdonagh@spihealthcare.com