OPTIMIZING RCM TECHNOLOGIES TO IMPROVE A PRACTICE'S BOTTOM LINE

BY JORDAN ROSENFELD

Among the many challenges that physician practices face today, revenue cycle management (RCM) may be among the most complex. Physicians are straddling manual ways of billing in the traditional fee-for-service model with new technology in the shift to value-based care. Physician profit margins are also taking a hit from a variety of factors including reduced reimbursement, financial pressures to hit payer benchmarks and regulations, new coding requirements; patients' lack of awareness of high deductibles, and lagging integration of clinical and consumer technology. Streamlining and updating these systems can make a huge difference in a practice's bottom line. This is especially due to the fact revenue cycle inefficiencies accounted for about 15 percent of the $2.7 trillion spent on healthcare in 2013 or about $400 billion, according to McKinsey & Company. They further report that up to 67 percent of denials can be appealed, revealing tremendous opportunity for improving revenue if providers and their billing teams can get up to speed.

According to a 2016 Black Book Market Research survey of 2000 independent physicians and 200 hospital-based physicians, nine in ten small, independent practices remain unprepared financially and technologically for the challenges of implementing value-driven care. However, Black Book also reports that 59 percent of medical providers and 86 percent of hospitals are making efforts to get rid of these inefficient billing methods by the third quarter of 2017.

Billing is a complex process that often requires specialized training of practice staff and is fraught with potentials for error. According to the Black Book survey, the top areas where practices struggled in optimizing billing include inefficient billing processes, such as inaccuracies in inputting patient data and codes; high turnover of administrative staff capable of handling health IT and billing software; a lack of technological savvy in staff; and the fact physicians are spread too thin on time.

However, experts in RCM offer an optimistic outlook for practices that are willing to make the time and financial investment up front into billing tools and outsourced services that integrate various administrative and clinical functions. Practice experts recommend that providers start with a software system that's as comprehensive as possible, then look toward additional bolt-on tools and outsourced RCM or billing services.

"Execution of RCM was challenging when I initially started my practice after residency, but with hiring the right billers, front-office team, and an effective software technology, my task of managing RCM became much more efficient," says Vikram Turugu, MD, a gastroenterologist based in Okeechobee, Fla.

THE IDEAL RCM SOFTWARE SUITE

Before any practice wades into the depths of RCM technologies, Karen Zupko, CEO of Karen Zupko & Associates, a healthcare practice management consulting firm based in Chicago, recommends you first assess the capabilities of your medical practice management (MPM) system to see where it falls short. Zupko says it can help you discover common problems in billing and claims processing.

Your MPM system "is the core," of your technology, says Scott Pillittere, vice president of Impact Advisors, a healthcare technology consulting agency in Naperville, Ill.. Experts like Pillittere say effective MPM systems include scheduling and registration of patients, entering charges and coding diagnoses, dropping bills, and tools to follow up on patients' accounts and payment records. The next step is looking into "bolt-on applications that either round out or advance your MPM as it relates to revenue cycles," he suggests.

Next, says Pillittere, you'll want to make sure your system offers insurance verification capabilities, which takes the information entered into the MPM and "pings the respective payer to insure the patient is covered." That software will also provide what those potential copays or deductibles are so your office knows what to collect up front.

DENIAL MANAGEMENT AND CLAIMS PROCESSING

Another consideration in an ideal RCM suite is a service that comes with denial management experts and their team who will assist in denial management, which can smooth out claims processing and limit rejections. According to the American Medical Association's (AMA) most recent health insurer report card, average claim denial rates

ranged from 0.54 percent to 2.64 percent for major private payers in 2013. The advocacy group further reports that the average dollar amount per claim denial for complex denials was $5,418. A MPM system alone won't necessarily catch these for you.

"You have to learn by payer what to do to get claims overturned and paid," says Nate Spoden, founder and CEO of Tremont Health, a healthcare consulting firm in Cleveland, Ohio specializing in RCM and bankruptcy restructuring. This is not a "one and done" scenario, Spoden says, but something that will have to be done every month for the life of a practice. "You're vetting the solutions you're creating to get through these denials and that's beyond what can be baked into a practice management solution."

"Denials are going to occur either because of a clinical reason or a technical reason," says Pillittere. Clinical reasons are most often going to be disagreements between your insurance payer over whether the service you provided was necessary. Technical denials, he says, can run the gamut of administrative issues and human error. Denial management software and expert team operating such automated technologies help you track down that technical reason. "When you have that information, the denial tools operated by professional accounts receivable experts can help categorize your root cause of denial for reporting purposes, and it can workflow those denials to make sure you're following up on them in a timely fashion," he advises.

At his practice, Turugu has seen the difference after moving to RCM technology. "The ease of a computerized system is better than a paper trail to see what

has been sent out, what has been coming in, why it was denied, what was required and what was lacking," he says. Practice experts recommend using outsourced RCM services to augment the value of computerized system.

Moreover, automating denials can make a huge dent in capturing lost revenue. The AMA estimates that $12 billion a year could be saved if insurers automated systems for processing and paying medical claims, eliminating unnecessary administrative tasks. They add that this savings represents 21 percent of total administrative costs that physicians spend just to ensure accurate payments from insurers.

Denials can also be an issue of patients' lack of clarity about their benefits. Zupko suggests you make sure your RCM suite will allow you to show a patient what they owe in real time up front at the time you book their appointment, and then offer multiple patients options right then to capture payment. "It's not just enough to say 'you have to pay your balance, deductible or coinsurance'," she suggests. You have to help them see what their options are, such as money in an HSA or other forms of credit, she says.

Rene Anderson is practice manager of Capital Hearts Associates, a Washington D.C.-based cardiology group practice that works with a fully integrated MPM and EHR software along with a RCM services suite. All patient payments are entered directly into the system and the patient's account for that day's service by the RCM service provider, regardless of whether they pay with cash, check or credit card. "It saves time, reduces error rates, and patients love it because they can track it," Anderson says. She can also look to see if they've received a payment in real time. "As a result, the patients we send to collections [are] totally manageable."

A large percent of practice income is often at stake, depending on the number of denials that do not get appealed in a given practice. The national average for final denial write-offs is 3 to 5 percent, according to Healthcare Financial Management Association Revenue Cycle Forum. To put it into perspective, HFMA also shows that a practice with an average of 62 percent overhead and 38 percent profit margin that loses money in just five percent of collections, actually loses closer to 13 percent of net income, since the losses come directly from the "last-dollar" profits after overhead costs. That 13 percent represents approximately $19,000 for a practice with a profit of approximately $145,000.

Denial management software can also align with the electronic remittance advice from a payer, or a practice can outsource this function to a team that can manage these services more efficiently. When there's a denial, the software or the team can bring in the denied code and categorize it on a weekly or monthly basis so you can see the number of the accounts and the dollars associated with specific denial. "The whole goal of a denial management tool is obtaining the data that you need to understand where your denials are occurring, and the root cause so you can put the processes in place to prevent those from happening

3 REASONS PRACTICES SHOULD USE RCM TECHNOLOGY TO IMPROVE CLAIMS

If you're still unsure about making the leap to RCM technology, here are three good reasons to get started, according to Scott Pillittere, vice president of Impact Advisors, a healthcare technology consulting agency based in Naperville, Ill.

- **To ensure a "clean" claim is submitted every time.** Simple mistakes and incomplete information on your claims can result in denials or no payment. Not only do errors increase your cost to collect, given the additional hours needed to either fix the claim or appeal the denial, but it can also result in loss of payment if these actions are not done in a timely manner. Good technology in the hands of trained staff can catch these errors in advance.

- **To ensure accurate payments.** Wrong codes and other data errors can lead to incorrect payment amounts. This will require a resubmission of the claim and more waiting time to receive proper payment.

- **To improve the patient experience.** Any time a patient is sent a bill for a service that costs more than what they thought they had to pay, this causes confusion that directly impacts the patient's perception of their healthcare visit. Physicians want to make sure their clinical care is as accurate as the financial aspect of their clinical care to ensure a positive patient experience.

in the future," Pillittere says. He adds this software can help you categorize denials into those that are preventable and those that are non-preventable, for which you are better to simply claim a loss and move on.

Denial management technology and outsourcing can take the guesswork out of why claims are denied. "You can improve on what you're lacking in terms of ideal billing and collections. It gives you a snapshot of exactly what you should do and what you should not do," Turugu says. He benefits from an all-in-one management, billing and claims processing company that does much of this work for him, reducing his in-house administrative costs, and saving money on denials.

DATA ANALYTICS AND PATIENT ACCESS

Organizations that use data analytics, or hire a team to analyze these for them, are more equipped to improve their denials through key performance indicator tracking and projections of major trends in denials. The benefits of good data analytics software, according to HFMA can:

• Verify coverage and estimate patient responsibility.

• Identify pre-existing, third-party funding sources.

• Guide patients through coverage enrollment, charity care, or other financial need programs

• Increase patient collections.

• Improve patient satisfaction.

• Monitor denial trends

• Raise staff productivity

• Offer a state-specific analysis

Another method to optimizing RCM at the practice is through patient access. In fact, experts say any way that a practice can make payment smoother for patients will benefit revenue in the long run, as patients are assuming greater financial responsibility for their benefits today. "The patient access through the portal is really an important piece to the whole fluid functioning of a practice," Zupko advises. She advises that "Smart offices have a full toolbox of options to offer patients." That toolbox may include outsourcing functions to a service that can consolidate multiple functions into one, saving a practice the time and labor of having to hire and train in-house staff to learn a number of billing and denials processes.

This is especially important as health insurance deductibles and premiums have risen 40 percent since 2010, according to a 2016 Kaiser Family Foundation study. Not to mention many people are using mobile devices to pay their personal bills, increasing their expectation of being able to pay their physicians the same way. According to a *According to McKinsey & Company, almost two-thirds*., almost two-thirds of consumers polled expressed interest in paying for their healthcare bills via mobile payment systems, like Apple Pay. The study also found that more than 75 percent of consumers pay their household bills online when given the choice. Yet 87 percent of consumers said they received healthcare bills in the mail.

Pillittere recalls working with a physician office that has integrated electronic tablets into their pre-access process. "When you check in, you sit down and verify your information on the tablet and then it has a credit card slider where you pay your copay." He suggests that the "cleaner" you can make the process and the more accurate data you can capture from patients directly, the more satisfied your patients will be and more likely they will pay on time.

Self-check kiosks of this kind, where patients don't have to rely upon reception staff to check in are not just good for patient access, but they streamline RCM by capturing patient data and tracking payment and insurance information quickly.

Spoden sees more vendors offering features to help with patient collection as well. "For example, MPMs that are using things like text messages and emails, a more customized messaging, to communicate with patients on their bills," he says.

Anderson praises the patient portal of their RCM, which makes it easier for patient payments to integrate into their RCM system. Because it's fully integrated, it significantly reduces error rates making her own time spent reviewing information smoother. After seeing a patient, the system directly releases the claim to bill, they send it to the insurance company, and it matches up directly with what patients receive in their explanation of benefits. "Our business is to treat patients, so it's nice to be able to have an almost one-stop shop that provides what we need in order for us to be able to do our best work on the admin side of practicing medicine," she says.

OTHER TECHS INCLUDED IN IDEAL RCM SUITE

ICD-10 Coding

The transition to ICD-10 coding inspired some panic among providers that Zupko says was similar to the Y2K fears in 1999. The transition has provided some bumps and unavoidable errors, especially with administrative staff getting up to speed on the changes from the old codes. However, Zupoko suggests, "It really has not turned out to be the big bad boogeyman that it was portrayed to be." CMS has also offered providers an assessment and maintenance toolkit that assesses ICD-10-CM progress based on key performance indicators. The assessment can help providers

identify any issues that might affect productivity and cash flow.

Computer assisted coding technology can help providers with clinical documentation and determining the correct diagnosis codes, but according to Spoden, some of these kinds of software are expensive. Offices may be better off hiring an actual staff coder or training an existing administrative staff member to do the same for less cost.

"Anytime you want to use a bolt-on technology, as part of the implementation for a bolt on you're spending an arm and a leg to cut down on the time it takes to collect a bill." Instead, Spoden says he hopes to see a trend where more vendors allow practices to customize their MPMs to meet these needs.

Other RCM tech

There are numerous other software tools in existence and in development that "really start to eliminate the manual effort required to fix denied accounts," Pillittere says. These tools include:

- **Propensity to pay software:** This will let you know the patient's ability and propensity to pay for self-pay services based on an assessment of their financial information.
- **Claim scrubbing software.** This piece of software sits between your practice management system and your clearinghouse. It's essentially an intermediary, which allows you to edit claims based on the nuances between different payers to allow for as clean of a claim as possible the first time around.
- **Address confirmation software:** Put simply, this tool will confirm a patient's address, which is good for keeping up to date.
- **Account follow-up and denials software:** These tools will help you prioritize accounts that have not paid or that have been denied. Some of

these tools will also take the payment or denial data from the insurance company and provide analytics regarding why accounts were denied.

- **Workflow software:** For each function within the revenue cycle, there are workflow tools to help with account prioritization.

Integrating your RCM and EHR

The trickiest part of RCM technology may be integrating it with your EHR. The biggest challenge, advises Pillittere, is "time delay and data transfer." When you send information between systems, "you have to make sure that the information is interfaced correctly between the two." This is where bolt-on tech like claims scrubbing software can help by utilizing a standard electronic claim file format to receive the claim information provided by the EHR or billing system.

Denial management software and services can also draw from billing and payment files to gather necessary information. Pillitterre does say, "Communication with outside vendors or RCM tools is not necessarily easy. This also holds true with the government [payers]." Often all parties use different file formats and different data elements. This makes another strong case for practices to consider an all-in-one MPM, RCM and EHR system when possible.

Lastly, it's important to make sure that your technology can help you with insurance enrollment and credentialing which, if done wrong, can negatively impact the cash flow of a practice,. "If credentialing is not managed well you will have a lot of denials due to providers not being [up to] par or in-network at the time of service," Spoden says. He says this will cause claims to go unpaid and possibly force patients to pay unexpected higher

out of pocket costs. Larger organizations are more likely to have the budget for the software that can help in this endeavor, but small practices may not be able to afford these. "In those scenarios they will manage it manually through excel spreadsheets or outsource it to take the burden off of their shoulders."

THE NUMBERS SPEAK FOR THEMSELVES

For practices still unsure if it's worth the upfront cost and time to make the leap, the numbers speak for themselves. Turugu adopted an all-in-one MPM and RCM technology four years ago. Since that time, he says, "I have seen a 15 to 20 percent increase in collections of revenue."

Juanita Spurgeon, billing manager for three chiropractic practices based in Wisconsin, has seen dramatic improvement in revenue since they began using a fully integrated EHR and practice management software suite built-in as part of the RCM services for the past year. The integrated software and services package allows her to see all claims, review them before they go out, and modify diagnosis codes specific to payers in advance. Not only is revenue up, "It has probably reduced denials by about 30 percent by being able to check it before it goes out," she says.

RCM technologies have also had a tremendous effect on the claims denial rate for Adult & Child, a family medicine and behavioral services clinic in Indianapolis. Lucy Koehl, Director of revenue cycle management, says that after adopting an all-in-one system, the practice decreased their claims denial rate from 5.02 percent to 1.35 percent. "More than 65 percent of claims errors were due to inaccurate patient eligibility status," she says. They've also reduced the days from claim to submission from 19 to 12 days. ∎