FINDING THE MONEY:

Turning Transactions Compliance into Cash

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OUR DISCUSSION TODAY

- Realizing savings from transactions standards
- Building block:
  The Pre-registration Model
- Implementing the 270/271 in the pre-registration environment
- Implementing the 278 transaction
- Implementing the 276/277 transactions

FINDING THE MONEY

TRANSACTION STANDARDS

- Forecasted savings ranging from $1 Billion to $4 Billion
  - Increased staff efficiency through increased automation
  - Vendor application changes
  - Business process changes
  - Substantial changes in processes and staff competencies throughout the revenue cycle

TRANSACTION STANDARDS

- Revenue Cycle Departments
  - Changes in organization structure and staffing
  - Increased automation
  - Staff re-alignment
  - Improved data quality
  - Reduced write-offs

TRANSACTION STANDARDS

- Transactions in the Revenue Cycle
  - Admitting, Registration and Authorization
    - Eligibility, coverage or benefit inquiry (270)
    - Payer response (271)
    - Required prior authorization from the payer (278)
  - Billing
    - Healthcare claim (837)
  - Follow-Up
    - Claim status (276)
    - Response (277)
  - Cash Posting
    - Claim payment/advice (835)

THE PRE-REGISTRATION MODEL

"It's Not Just About
Patient Flow Anymore!"

THE PRE-REGISTRATION MODEL

- A well developed “pre-encounter” program is the key to tapping TCS Return on Investment (ROI)
- Pre-encounter activities include:
  - Resource scheduling
  - Payer authorization
  - Benefit verification
  - Pre-registration

THE IMPORTANCE OF PRE-REGISTRATION

- Pre-registration is no longer simply a value-added service performed to improve patient flow. Today, it is **the** critical activity that enables the efficient operation of the total revenue cycle.

THE IMPORTANCE OF PRE-REGISTRATION

- "Research has found that where there are low levels of pre-registration, gross days outstanding (GDRO) is higher."
  - From *Top Performers*, Jennifer Towne for the Healthcare Financial Management Association.

WHY?

- By pre-registering patients, organizations can:
  - Gain the lead time needed to obtain insurance benefits prior to an encounter
  - Inform patients of their financial obligations prior to an encounter
  - Increase up-front collections

WHY?

- By pre-registering patients, organizations can:
  - Schedule self-pay patients for counseling services
  - Reduce denials of non-covered services
  - Improve customer satisfaction

BENEFITS

- Using today's technology to leverage the benefits of HIPAA, effective organizations can:
  - Improve accounts receivable
  - Reduce denials
  - Enhance data integrity
  - Improve FTE utilization

THE "TREATMENT" APPROACH

- Ineffective organizations tend to use a "treatment" approach to manage encounter issues
  - Resources are deployed to manage financial issues on the date of service
- Goals:
  - Maintain patient flow and low wait times
  - Get the authorizations that we can
  - Have the billing staff figure out payment issues and bill the patient after the encounter

"TREATMENT" APPROACH RESULTS

- Practitioners of this approach generally experience mixed results:
  - Patient flow and wait times may be unpredictable. Over-staffing and under-staffing are common.
  - Patients are seen without approvals.
  - Patient may neglect to pay for services after the fact. Bad debt and write-offs mount.

THE "TREATMENT" APPROACH

- It is interesting to note that many practitioners of the "treatment" approach actually ***schedule*** patients in advance of encounters, yet they do not use this "golden opportunity" to pre-register these patients.

THE "TREATMENT" APPROACH

- Although these organizations will benefit from implementing HIPAA transactions, they will still tend to experience avoidable denials, up-front collection difficulties and the customer dissatisfaction associated with these issues.

A "PREVENTION" APPROACH

- Using a "prevention" approach, effective organizations use scarce resources to ***prevent*** denials by pre-registering patients.
- Goals:
  - Secure approvals and authorizations
  - Explain benefits vs. charges
  - Reduce or eliminate tasks on the date of the encounter
  - Reduce or eliminate bad encounters

"PREVENTION" APPROACH RESULTS

- "Prevention" approach practitioners more often get the following results:
  - Prior authorization of scheduled encounters
  - Out-of-pocket payment prior to or no later than the date of service
  - 1 to 2 minute "check-in" encounters replace lengthy registration sessions
  - Advance payment arrangements for elective self-pay encounters

"PREVENTION" APPROACH RESULTS

- "Prevention" approach practitioners are also positioned for an additional major benefit:
  - They are positioned to fully benefit from the administrative simplification benefits of HIPAA through the effective use of pre-registration practices

HOW DO WE GET THERE?

- Many organizations have the FTEs (full-time equivalent employees) to do this now, but they are deployed inefficiently at the point of the patient encounter.
- One Northern Virginia client realized that a change in focus was required.

THE "PARADIGM SHIFT"

- Their focus shifted from "How do we get more resources to manage our hectic encounters?" to a realization of "As goes pre-registration, so goes the revenue cycle."

ONE EXAMPLE

- 75% of encounter-based FTEs were shifted to the central scheduling unit with a new mission:
  - To collect all registration information during the scheduling encounter

ONE EXAMPLE

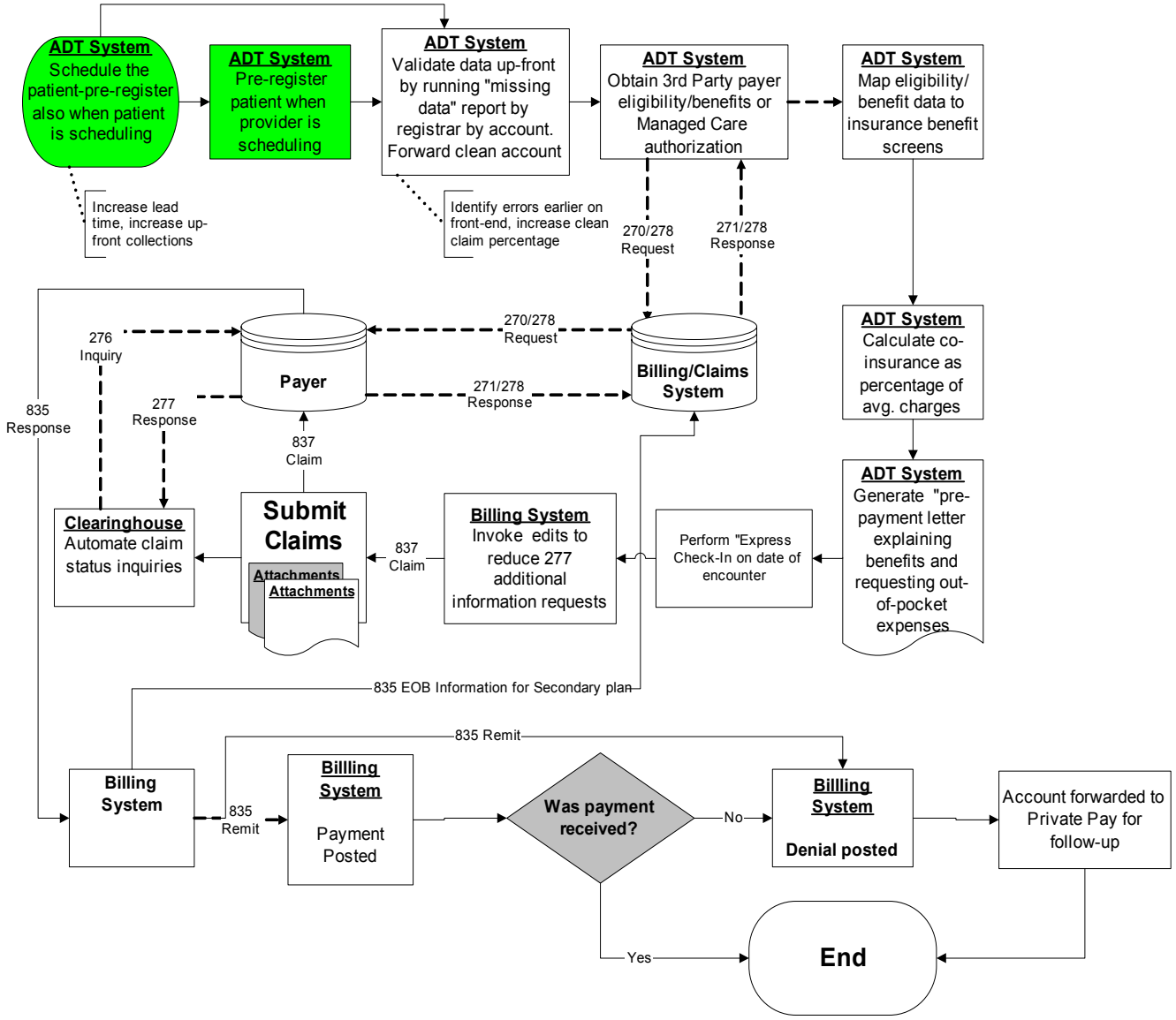
- A financial screening group was then created to:
  - Obtain insurance benefits
  - Collect managed care referral
  - Explain benefits and payment requirements

THE RESULTS

- Without adding FTEs, the organization experienced the following results:
  - Denials decreased
  - Waiting time decreased from 24 minutes to 3 minutes
  - Up-front collections increased

THE PRE-ENCOUNTER MODEL, FULLY IMPLEMENTED

Pre-Registration Model



IMPLEMENTING THE 270/271

270/271

- The 270 and 271 transactions will allow you to request and to receive authorization and benefit information from your payers.
- The transactions may be conducted in advance of or at the time of service.

270/271

- To maximize ROI and patient satisfaction, you must pre-register patients in advance of encounters.
- Benefits:
  - Improved lead time to obtain insurance benefits prior to the encounter
  - Better communication and management of patient expectations for the encounter
  - No patient waiting time for registration/pre-certification at the encounter

IMPACT

- 20% FTE savings
- FTEs reassigned to pre-registration, reducing bad debt write-offs and write-offs due to lack of authorization

BEST IMPLEMENTATION STRATEGY

- This transaction is easy to implement as a web-based transaction
  - Purchase blocks of transactions from a vendor
- More effective is an integrated solution with your HIS
  - Saves staff time
  - Avoids errors

GRADUATE LEVEL STRATEGY

- Combine scheduling, pre-registration and financial counseling in one phone call
  - Conduct the 270/271 transaction in real time, when the patient calls for scheduling
  - Inform the patient of co-pays and past balances, and expect payment at time of service

NON-SCHEDULED PATIENTS

- Most non-scheduled patients arrive in the emergency department
- A good 270/271 process is very fast
- You can do eligibility, get co-pay data, and be ready for point-of-service collection by a discharge counselor

IMPLEMENTING THE 278

278

- If your organization engages in revenue cycle “best practices,” you pre-register at least 90% of elective encounters.
- Use the lead time to request eligibility and benefit information and (currently) make seemingly endless calls to payers and providers to request referrals and authorizations.
- Almost half of the time spent in the authorization process is utilized making these calls.

HOW TO USE THE 278

- Real-time unfavorable 278 responses received during the pre-registration process can be formatted and immediately forwarded electronically to referring providers as reminders.
- Pre-scheduled 278 requests can be re-submitted to payers to re-check authorization status.
- Unfavorable 278 responses can be pre-sorted by patient type into reports that could be automatically routed to Case Management, Patient Access or Patient Accounting for follow-up.

BENEFITS

- 20% FTE savings
- FTEs shifted to coordinate data exchanges between Patient Accounting and Utilization Management

IMPLEMENTING THE 276/277

CURRENT STATE

- Electronic options limited today
- Hidden armies of telephone-wielding staff
  - Typical 300- to 400- bed hospital has 10 to 13 FTEs dedicated to following up on accounts
  - Each call takes up to 10 minutes

BENEFITS

- Claim Status Inquiry makes up 40% to 50% of current FTEs.
- 25% to 30% impact to staffing.
- FTEs shifted to resolve OP small balances and improve efficiency with HMOs, dramatically improving cash flow and reducing write-offs.

GRADUATE LEVEL STRATEGY

- Use automated 276 queries to accelerate the revenue cycle.
- Imagine a 276 sent one week after electronic billing:
  - Not eligible – immediate self-pay or claim correction
  - Medical records request – respond immediately – 2 week follow-up 276
  - Claim missing – resubmit
  - No status yet – 276 again in 1 week

OVERALL

OVERALL OPERATIONS IMPACT

- Revenue cycle dramatically affected
  - Providing opportunities to achieve efficiencies
  - Automation will substantially alter roles in Patient Accounting
  - Should not reduce staff
  - Seizing opportunity to realign staff, improving revenue cycle operations

FINANCIAL IMPACT
350-Bed Hospital

Personnel	$187,500
Bad Debt Reductions	$1,875,000
Authorization Denial Reductions	$750,000
Other Cost Savings	$20,000
Total	**$2,832,500**

Source: Realizing Savings from HIPAA Transactions. McBee and Associates, 2003.

ONE PAGE SUMMARY

- Workflow
- Workflow
- Workflow
- Workflow

IMPLEMENTATION CONSIDERATIONS

- Well structured and timely implementation process
  - Systems, Operations, Organization
  - Vendors Plan
  - Payers Plan
  - Testing and certifying transactions
  - Current electronic processes
    - Billing, verification, cash posting
    - Authorizations, pre-registrations

IMPLEMENTATION CONSIDERATIONS

- Well structured and timely Implementation Process (cont'd)
  - Work Groups
    - Registration areas
    - Patient accounting
    - Utilization management
    - Medical records
    - Information services

PARTING THOUGHTS

- In the revenue cycle, technology is important.
- Its value increases with the quality of the process it supports.
- Electronic transactions are not just faster versions of paper and voice transactions – they are a quantum leap.
- Taking proper advantage of quantum leaps requires new thinking about the old problems.

Questions?

If you have questions later, please feel free to email us:

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