

HIGH VALUE REVENUE CYCLE ASSESSMENTS

September 13, 2023

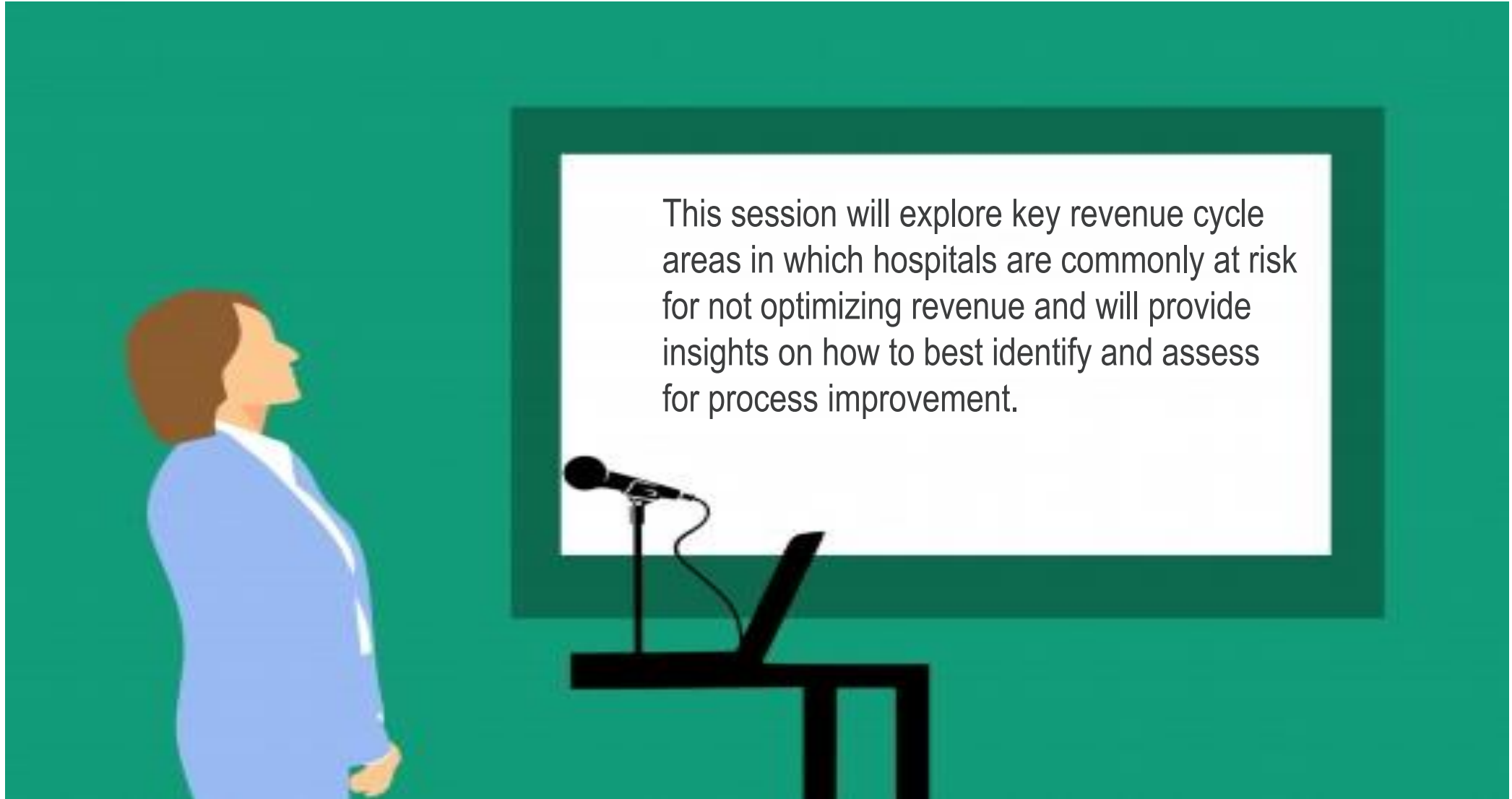
AAHAM Pennsylvania Three Rivers

TODAY'S SPEAKER

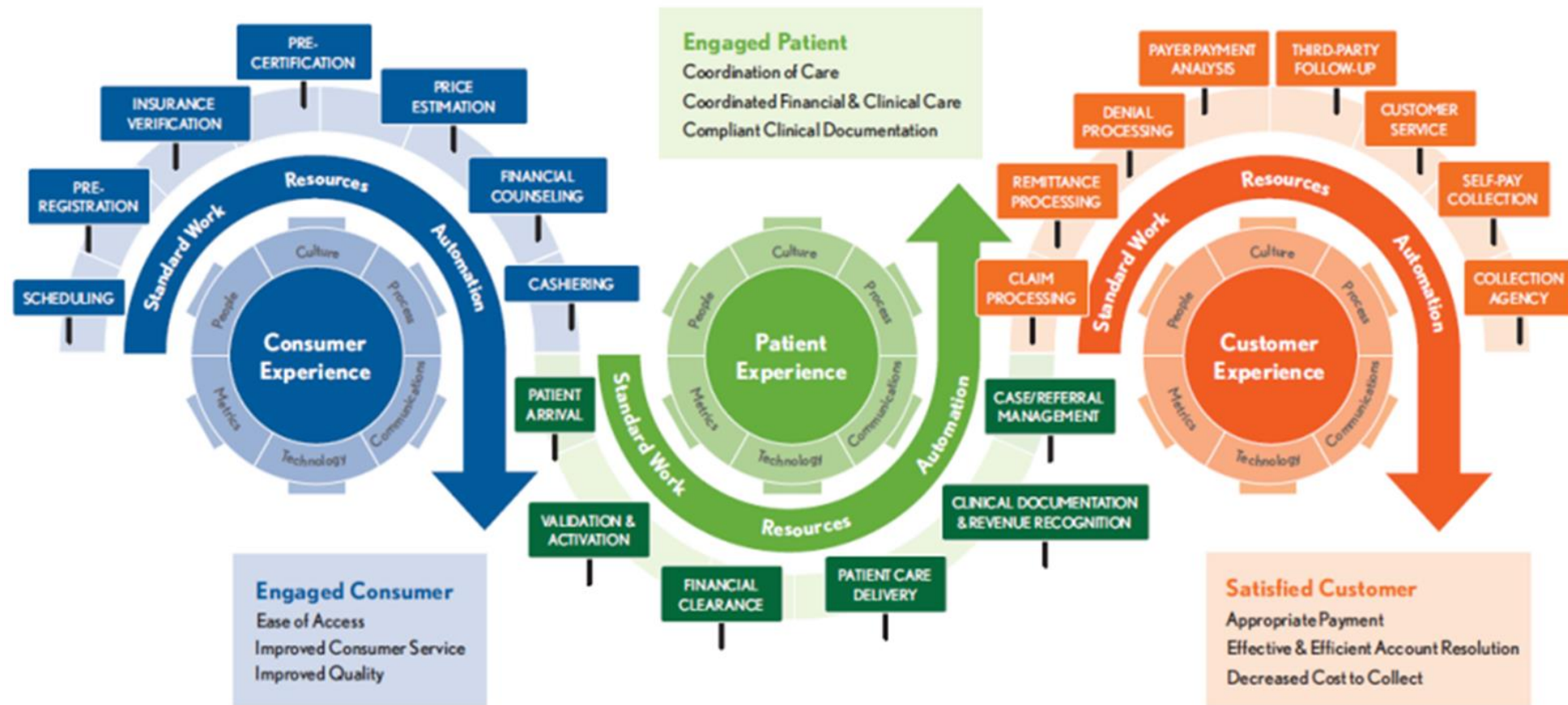


Caroline Znaniec is a Managing Director in Protiviti's Healthcare Practice and leads the Provider Operations Solutions; including, Revenue Integrity and Transformation, Clinical Excellence and Operations, HIM/Coding, Transactions and Supply Chain Operations. Caroline is an advisory board member of the National Association of Healthcare Revenue Integrity (NAHRI), Social Media Chair of the Maryland Healthcare Financial Management Association (HFMA), and is an active member in the American Association of Healthcare Administrative Management (AAHAM) National Certification Committee and the Association of Healthcare Internal Auditors (AHIA). She is a recognized industry speaker and author in the areas of revenue integrity, revenue cycle transformation, price transparency initiatives, electronic health record design, implementation and optimization.

TODAY'S PRESENTATION



THE COMPLEXITY OF THE HEALTHCARE REVENUE CYCLE



Source: Cerner – Revenue Cycle of the Future, presented to TX HFMA - <https://www.hfmatxgc.org/wp-content/uploads/2017/02/170506-Kay-1.pdf>

DEFINING REVENUE INTEGRITY

Revenue Integrity

Ensure that facilities effectively manage their charge master, and bill and document appropriately for all services rendered to a patient. It also ensures that proper charging takes place to maintain compliance within the insurance payer programs.

*American Association of Healthcare Administrative Management (AAHAM);
CRIP certification objectives*

The basis of revenue integrity is to prevent recurrence of issues that can cause revenue leakage and/or compliance risks through effective, efficient, replicable processes and internal controls across the continuum of patient care, supported by the appropriate documentation and the application of sound financial practices that are able to withstand audits at any point in time.

National Association of Healthcare Revenue Integrity (NAHRI)

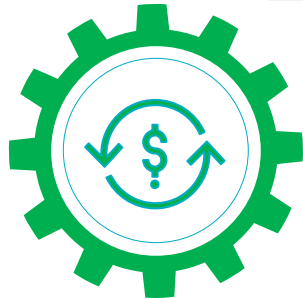


KEY COMPONENTS OF REVENUE INTEGRITY



People: Identifying Those Who Impact Revenue

- Clinical Auditors
- Charge Description Master (CDM) Coordinators
- Clinical Documentation Specialists
- Billing / Finance Specialists
- Certified Medical Coders
- Payer / Contract Specialists
- Strategic / Analytical Experts



Workflow: Assess Current & Desired Future State Workflow

- Clinical / Charge Capture
- CDM Maintenance
- Documentation / Coding
- Net Revenue Improvement
- Compliance
- Payer Strategy
- Denials Management
- Overall Process Improvement



Technology: Optimize Workflow, Tools & Reporting

- Optimize data analytics and reporting
- Understand and validate data components for optimal utilization
- Ensure consistency across reporting tools
- Automate EHR capabilities where possible

HEALTHCARE HEADLINES



Hospitals can expect weak margins for the rest of 2023, and into 2024

Jul 31, 2023
Ron Southwick

News Briefs: Hospital labor costs rose by almost 40%

LEGISLATION

'Care Delayed Is Care Denied': What Prior Authorization Changes Mean For Home Health

The mismatch between revenue and cost inflation has been dramatic. In the first seven months 5.5%, while supply and wage costs helped drive hospital total costs 9.6% higher, according to K...

REVENUE - EXPENSE MISMATCH	
CATEGORY	CHANGE *
REVENUE	
Inpatient	(1.5%)
Outpatient	0.6%
Total operating	1.2%
EXPENSES	
Labor	8.9%
Non-labor	4.2%
Total	7.6%
*Year over year through August 2022	

In a 2023 midyear report (login required), Moody's Investors Service noted that margins are below 3% for a third of the company's rated hospitals. Before the pandemic, only about 6% had margins in that range. Jul 27, 2023



Healthcare Financial Management Association
<https://www.hfma.org/healthcare-business-trends/the-...>

Hospitals' revenues continue to decline due to increasing delays and denials by commercial insurers

CISION
PR Newswire

THE HILL

HEALTH CARE

Just more than a third of hospitals are complying with price transparency rules: report

BY JOSEPH CHOI - 07/20/23 12:27 PM ET

SHARE TWEET

4 reasons health systems pursue revenue cycle partnerships

Andrew Cass - Thursday, September 29th, 2022

Eighty-three percent of health systems outsource some revenue cycle components, including 10 percent that use end-to-end partnerships, according to a report from the Health

INSURANCE

Labor Department says UnitedHealth Group unit illegally denied emergency room, drug screen claims



By Tara Bannow Aug. 1, 2023

STAT+

No Surprises Act regulations remain a moving target compliance

Amid all the rules stemming from the No Surprises Act, a looming mandate for providers to send cost estimates to health plans looks like the biggest stress inducer.

Various regulations under the No Surprises Act have created strain for healthcare finance professionals since the initial rules were published in mid-2021, but one pending requirement is the consensus choice as the heaviest lift.

The obligation to provide an advanced explanation of benefits (AEoB) to insured patients will necessitate a level of interoperability between providers and health plans that doesn't exist. How to make it happen is a vexing question.

WHERE IS THE OPPORTUNITY FOR IMPROVEMENT?

Top Initiatives of Revenue Integrity in 2022:

- CDM and Charge Capture Standardization
- Charge Capture Automation
- Charge Capture Controls
- Documentation Improvement
- Formal Workplan Development
- KPI Development
- Payer Integrity
- Process Simplification
- Staff Productivity and Quality Metrics
- Standardized Workflows
- Upskill and Reskill Staffing

2022 State of the Revenue Integrity Industry Survey Report

<https://nahri.org/ri-week/2022-state-revenue-integrity-industry-survey-report>

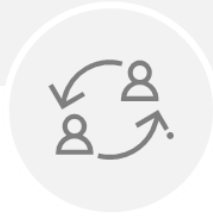


KEY STRATEGIES TO DRIVE IMPROVEMENT



Ensure clinical leadership is supported and held accountable to Revenue Cycle performance.

Ensure accuracy of clinical documentation and coding of medical record.



Provide routine and ongoing training and education.



Improve management bill holds, claim edits and/or billing exceptions.



Reduce initial and final denials to accelerate cash flow and improve net revenue.

Facilitate process improvement efforts within clinical departments and end-to-end Revenue Cycle functions.



Prevent recurrence of issues that cause revenue leakage or compliance risks by helping implement standardized processes.



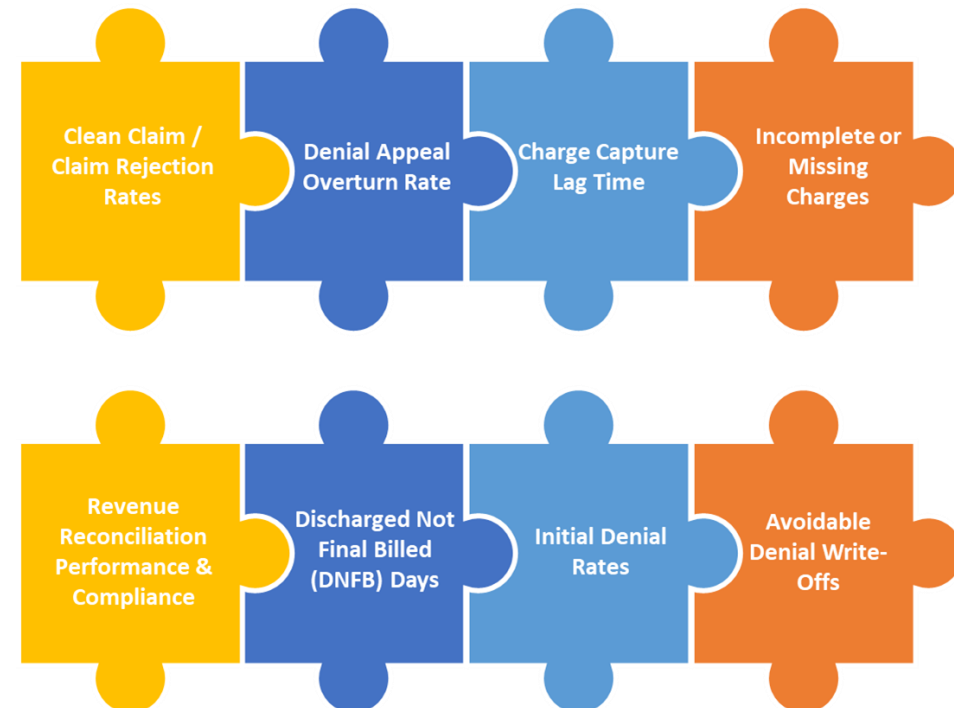
IDENTIFYING WHERE TO START

Facility and Provider 837 & 835 claim and remittance files transferred between payers and healthcare providers, contain valuable information about claims, payments, and denials, as well as specific reasons for adjustments and processing delays.



Example Improvement Opportunities

- Accuracy in Data Gathering
- Data Integrity
- Workflow Efficiencies
- Coding and Documentation Quality
- Charge Description Master Maintenance
- Payment Variances
- Overpayment Compliance
- Key Performance Indicators
- Reporting and Monitoring



CASE STUDY 1/4

CASE STUDY – Accounts Receivable Management

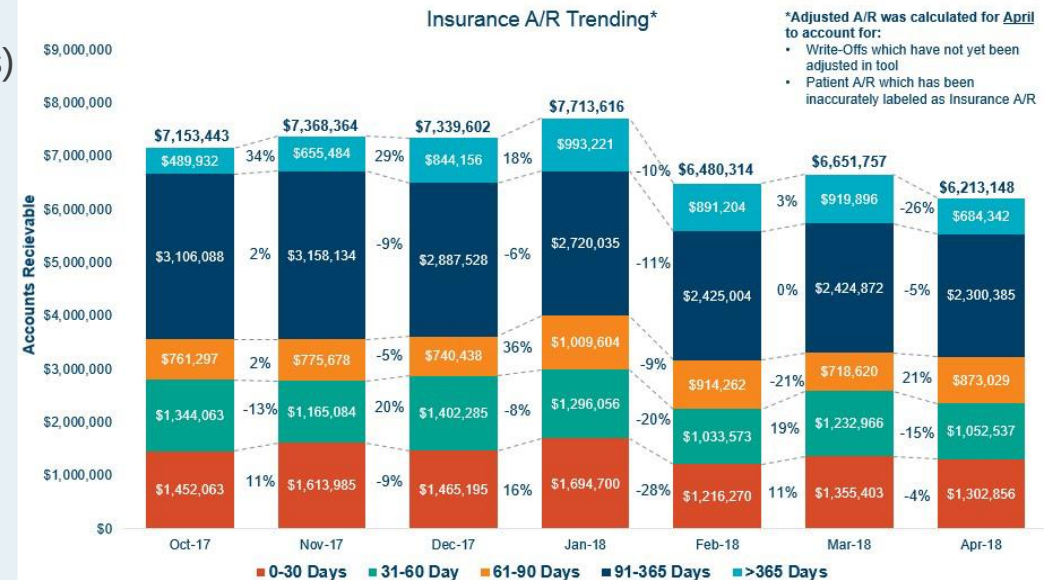
A healthcare provider is experiencing significant aged accounts receivable (AR) and is not sure how and where to begin absolve AR to accelerate cash. The provider is unsure if their AR backlog issue are due to operational errors (i.e. insurance verification, coding, billing) or payer issues (i.e., programmatic or administrative rejections).

How to Leverage Claims Data:

- Identify at-risk claims in A/R (i.e., aging, denials, underpayments)
- Bucket volumes and revenue by aging
- Parse by payer, service, department, provider, status, etc.

Value of Analysis:

- Provides actionable insights to prioritize work-down
- Targets payers and service areas of greatest return and risk
- Prioritizes improvements in people, process and technology
- Identifies the baseline to measure results
- Quantifies opportunity in improvements



CASE STUDY 2/4

CASE STUDY – Denials Management

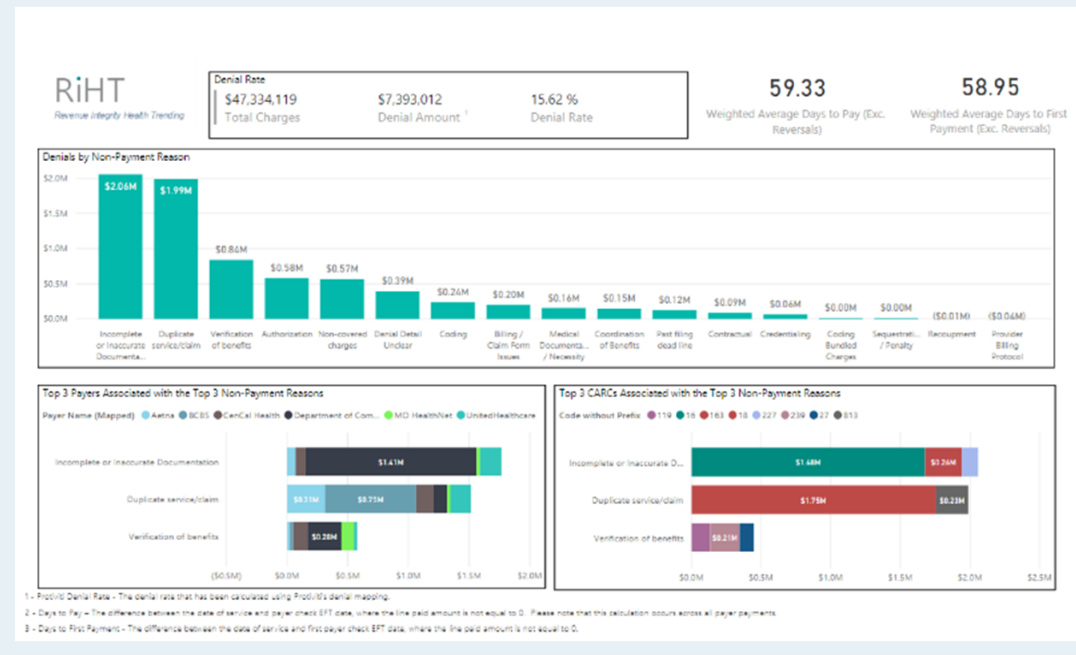
A healthcare provider continues to struggle with denials. The provider's revenue cycle dashboard provides a trend overall but is not actionable to understand the root causes and where improvements can be made to swiftly stop the revenue leakage.

How to Leverage Claims Data:

- Group denials by Claim Adjustment Reason Code (CARC)
- Align CARC to revenue cycle function
- Map claim detail to primary service department

Value of Analysis:

- Provides actionable insights to prevent denials
- Targets service areas of greatest return
- Prioritizes need and resources to drive improvements
- Identifies the baseline to measure results
- Quantifies opportunity in improvements
- Provides a better position for payer discussions



TOP 10 CAUSES OF DENIALS AND IMPACT

Reason for Denial	Rank
Registration/Eligibility	1
Duplicate Claim/Service	2
Service Not Covered	3
Missing or Invalid Claim Data	4
Additional Documentation Requested	5
Prior Authorization/Pre-Certification	6
Medical Necessity	7
Medical Coding	8
Untimely Filing	9
Coordination of Benefits	10

**Denial write-offs can account for
1 – 5% of net patient revenue**

**85% of Denials are
Preventable**

**33% Hospitals
Report Denials
>10%**

**Average
Denials Range
6 – 13%**

**Denials Increased
20+% in last 5 years**

Derived from Harmony Healthcare Executive Survey, 2021

CASE STUDY 3/4

CASE STUDY – Validate Vendor Performance Metrics

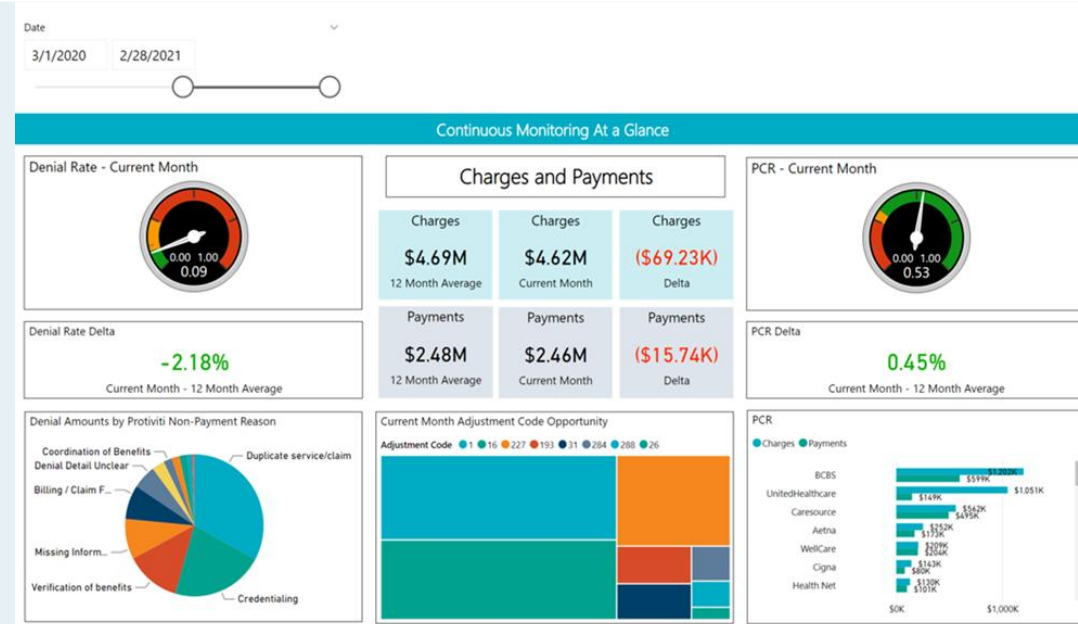
A healthcare provider has concerns regarding the integrity of the performance metrics provided through the EHR-supplied revenue cycle dashboard.

How to Leverage Claims Data:

- Utilize raw data files
- Identify top key performance indicators
- Identify benchmarks for measurement
- Compare and contrast metrics calculated

Value of Analysis:

- Eliminates “black box” calculations
- Aligns performance and expectations
- Provides consistency in measurement across the enterprise
- Better informs business processes and operations



CASE STUDY 4/4

CASE STUDY – Authorization Write-Offs

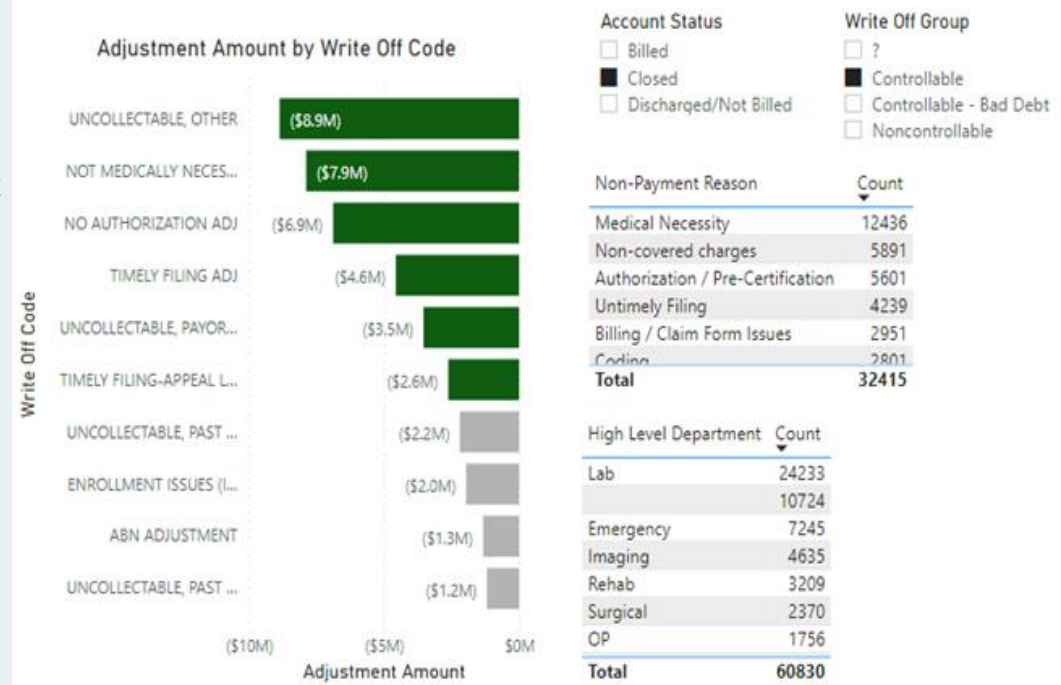
A healthcare provider has concerns that write-offs are logged inconsistently and provide vague information. The provider lacks transparency into the accuracy of write-offs and where improvement efforts should be targeted.

How to Leverage Claims Data:

- Group adjustment amount to write-off code
- Sum claim count to non-payment reason
- Align write-off code to primary service department and CARC
- Map claim detail to primary service offering

Value of Analysis:

- Provides actionable insights to improve clean claim rate
- Prioritizes need and resources to drive improvements, including corrections to mapping, workflows and education
- Improves transparency into data and process breakdowns
- Identifies training opportunities to improve accuracy of adjustment code utilization

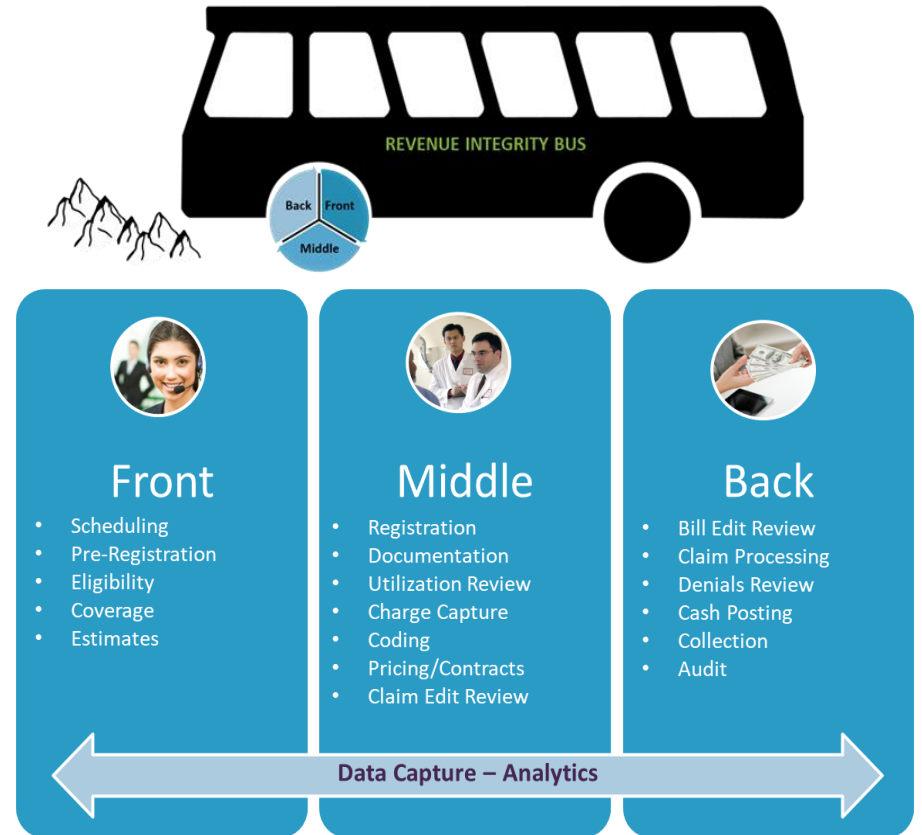


UNDERSTANDING INTERDEPENDENCIES

REVENUE CYCLE METRICS INTERDEPENDENCE

		INTERDEPENDENCE TO OTHER METRICS													
REVENUE CYCLE MEASURE	BETTER PERFORMING MEASURE KPI														
		FRONT	FRONT	FRONT	FRONT	FRONT	MIDDLE	MIDDLE	MIDDLE	MIDDLE	BACK	BACK	BACK	BACK	BACK
		Medical necessity check rate	Pre-registration rate	Eligibility/insurance verification rate	Point of service payment request	Point of service collections	Registration error rate	Charge description file maintenance	Coder productivity/backlog	Query statistics	Transcription turnaround	Biller productivity	DNFB	Late charges	Clean claim rate
FRONT															
Medical necessity check rate	100% governmental and top-managed care payers	X	X	X											
Point of service payment	> = 95%	X	X	X	X			X							
BACK															
Clean claim rate	> = 95%	X		X			X	X							X X
DNFB	4-6 days gross revenue	X		X			X	X	X	X		X	X	X	X

NAHRI Journal, July 2020



Example for Discussion : DNFB is not meeting expected benchmarks

THE CASE FOR AUTOMATION

Reduced resources, manual tasks, staffing shortages and lack of standardization in the revenue cycle can be improved with automation.

Areas Ripe for Automation

- Credit Balance Adjustment
- Prior Auth Sub/Check(278)
- Claim status check
- Rebilling
- Payment propensity
- Chart extraction
- Patient validation
- COB validation
- Provider credentialing
- Dashboard generation
- Direct data entry/return to provider
- Line-item adjustments
- Distribution of payments

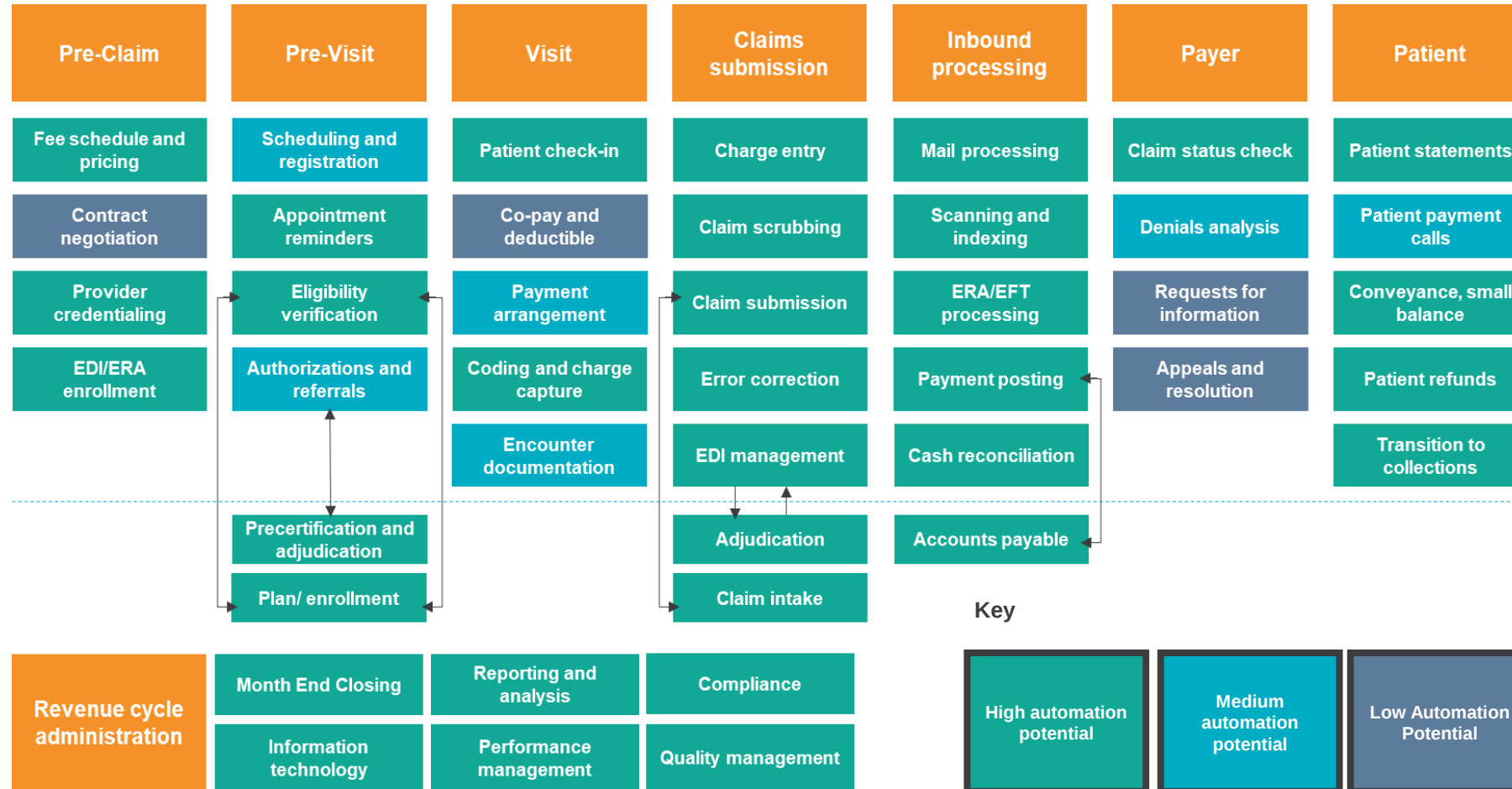
Benefits of Automation

- Automation can add immediate value by triaging tasks
- Robotic process automation automates manual tasks quickly and efficiently

Considerations for Automation

- Net revenue can increase at a lower cost when you understand the interplay and adopting the technology to improve processes
- Cleansing and validating data is necessary before automation can happen
- Focus on short and long-term value
- Encourage and train the human workforce for emerging skills

OPPORTUNITIES IN THE HEALTHCARE REVENUE CYCLE



IMPROVING PRODUCTIVITY AND QUALITY

Throughout the pandemic, staffing shortages across healthcare have been highlighted as a top concern in clinical and nonclinical functions. The overall need for qualified staff has certainly been difficult to fulfill. *Productivity and quality have taken a hard hit!*

Organizations have met the challenge in revenue integrity staffing through various strategies.

Redefining revenue integrity objectives

Resetting priorities

Upskilling and reskilling staff

Leveraging automation to augment staffing

Using technology to monitor quality and productivity

IN SUMMARY

- Claims Data Provides Valuable Insights into Where to Focus
- Understanding and Valuing Interdependencies Enhances Improvement Efforts
- Simplifying and Standardizing Processes is a Huge Crowd-Pleaser



Q&A



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