Applying Lean Thinking to Coding, Billing, and Collections

How to Recoup Lost Revenue, Transmit More Clean Claims
and Shorten Payer Payment Times
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Key Learning Objectives

1

Impact of Medical Billing and Coding Errors

2

Identifying Defects in the Current Billing, Coding and Collection Process

3

Applying the Flawless Execution Model and Lean Concepts

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Learner Outcomes

Strategies to reduce the # of billing and coding errors

How to customize and utilize the Flawless Execution & Lean Concepts

Strategies to optimize collections

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Key Learning Objective #1
Impact of Medical Billing Coding Errors

Medical Record Documentation

Consequences & Regulations

Stakeholders

Financial

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Key Learning Objective #1

Medical Record Documentation

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Medical Record Documentation &
Why it Matters !

Foundation of all coding and billing

Provides communication among health care professionals

Accurate and timely claim reviews and payments

Justification for claim payments

Legal protection for you and your patients

Revenue

Federal and state laws

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Importance of Medical Documentation

Complete, accurate and timely

Communication tool

Ensures that patients receive services that are reasonable and necessary

Supports claim payments

Supports favorable medical review decisions and reduces appeals

Outcome can cause unintended complications

EHR improve quality, safety and efficiency

Patient Encounters- avoid copy and paste (EHR cloning)

If it wasn't documented, it hasn't been done.

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10 Principles of Medical Documentation

Complete, legible, correlate	Diagnoses	Reasons & Results	Health Risk Factor
Patient Progress	Written Plan	Patient Evaluation	Dates/Authorization

Coding

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General Principles of Medical Record Documentation

Complete and legible

Reason for each encounter, reason and relevant history, assessment diagnostic results

Rationale for ordering diagnostic and other ancillary services

Medical plan of care, health risks , patients progress, response to treatment

Diagnosis and treatment codes on the health claim form should be documented

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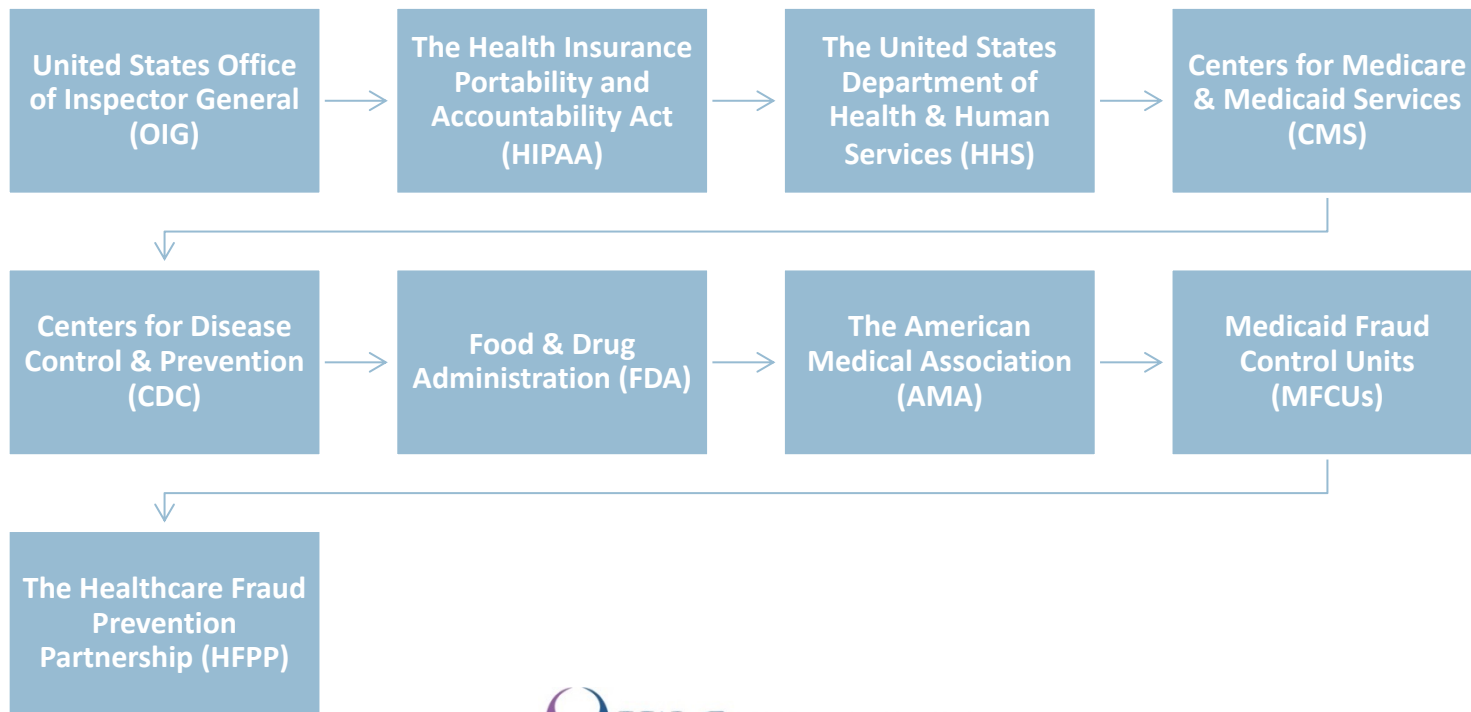# Documentation Best Practice
Focus on the "5"

Accuracy

Relevance

Completeness

Timeliness

Confidentiality

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Regulations
U.S. Government Authorities for Medical Billing

United States Office of Inspector General (OIG) → The Health Insurance Portability and Accountability Act (HIPAA) → The United States Department of Health & Human Services (HHS) → Centers for Medicare & Medicaid Services (CMS) →

Centers for Disease Control & Prevention (CDC) → Food & Drug Administration (FDA) → The American Medical Association (AMA) → Medicaid Fraud Control Units (MFCUs) →

The Healthcare Fraud Prevention Partnership (HFPP)

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Consequences & Regulations

Clinical Laboratory Improvement Amendments (CLIA)

Federal False Claims Act

AntiKickback Statue

Physician Self-Referral (Stark) Law

Value-Based Healthcare

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Stakeholders

Office/Registration

Healthcare Team

Coders

Leadership

Patients

Healthcare Industry

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Office & Registration

Never assume

Verify patient and insurance information

Clarify tests/procedures/pre-authorization

Communicate

Understand payers and policies

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Healthcare Team

Physician, nurses, ancillary services

Provide complete and legible documentation

Provide medical necessity to support tests/procedures/coding

Respond timely to questions/Learn from errors

Communicate

Monitor and Audit

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Coders

✓ Understand coding rules

🤝 Establish resources for assistance

💬 Communicate opportunities identified

⏱ Manage industry updates

✕ Never assume

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Leadership

- CEO, CFO, CCO, CQO, CMO, CNO

- Become involved!

- Understand payer policies

- Review data: finance and compliance rate

- Establish a team

- Provide support

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Patients

Negative impact treatment/health

Relationship with provider

Unnecessary expense

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Healthcare Industry

Increased Cost

Impact on Patient Care

Loss of Revenue

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Insufficient Documentation & Consequences

Loss of finance revenue

Critical to proper patient care

Reduces efficiency

Audits

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Rejected Claims : Financial Impact

Claims Resubmitted: Medical Group Management Association (MGMA), most practices spend an average of $25 to $30 each time they resubmit a corrected claim

Providers that never bother to resubmit claims

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Financial Impact

Let's do the math......

Denied claims per physician per month

Denial follow-up: cost per claim

Denial follow-up: cost per month

Annual Denial follow-up cost

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Office of Inspector General (OIG)

Medicaid Fraud Control Units (MFCUs)

- Current Data February 21,2019
- 50 State MFCUs (except Medicaid expenditures)
- Includes:
  - ✓ Investigations- Total #, Fraud, Abuse/Neglect (Total # of open at end of fiscal year)
  - ✓ Indictments- Total, Fraud, Abuse/Neglect
  - ✓ Convictions-Total #, Fraud, Abuse/Neglect
  - ✓ Civil Settlements & Judgements
  - ✓ Recoveries- Total $ Amount, Total Criminal Recoveries $ Amount, Civil Recoveries Global and Other $ Amount

  Chart Reminder : Expenditures- MFCU Grant and Total Medicaid not reported by OIG

State	Investigations[1]			Indictments			Convictions			Civil Settlements and Judgements	Recoveries[2]				Expenditures[4]		Staff on Board
											Total Recoveries	Total Criminal Recoveries	Civil Recoveries		MFCU Grant	Total Medicaid	
	Total	Fraud	Abuse/Neglect	Total	Fraud	Abuse/Neglect	Total	Fraud	Abuse/Neglect				Global[3]	Other			
Alabama	59	45	14	11	9	2	18	10	8	8	$7,827,694	$2,232,440	$5,595,255	$0	$1,315,157	$5,768,025,506	10
Alaska	158	148	10	20	20	0	8	8	0	5	$2,703,916	$85,886	$568,638	$2,049,392	$1,737,872	$2,196,000,353	12
Arizona	206	170	36	83	74	9	63	56	7	8	$11,973,830	$835,168	$11,138,662	$0	$3,482,650	$12,406,620,828	27
Arkansas	214	124	90	36	12	24	28	14	14	30	$6,639,874	$530,414	$5,400,464	$708,996	$2,377,754	$6,709,044,022	21
California	1,766	1,200	566	222	146	76	186	113	73	22	$15,373,635	$6,176,649	$4,592,861	$4,604,125	$44,507,337	$88,895,768,297	205
Colorado	333	302	31	11	8	3	7	6	1	35	$6,797,291	$77,228	$6,410,055	$310,009	$2,373,031	$9,337,178,911	15
Connecticut	85	83	2	3	3	0	6	6	0	14	$6,497,861	$3,250,401	$539,461	$2,708,000	$2,246,843	$8,570,841,507	12
Delaware	601	577	24	12	7	5	14	4	10	12	$2,373,579	$8,580	$2,054,120	$310,879	$2,059,739	$2,327,046,971	17
D.C.	101	95	6	8	5	3	4	4	0	11	$9,731,625	$9,566,824	$164,018	$783	$2,770,143	$2,976,558,441	17
Florida	667	595	72	55	43	12	49	37	12	16	$69,215,337	$59,776,528	$3,334,426	$6,104,383	$18,661,081	$23,747,162,235	151
Georgia	522	513	9	24	20	4	14	13	1	34	$27,184,015	$1,363,274	$21,897,076	$3,923,665	$4,810,190	$11,398,504,876	44
Hawaii	472	429	43	7	7	0	4	3	1	11	$754,357	$37,671	$657,198	$59,488	$2,168,237	$2,311,151,261	16
Idaho	135	132	3	3	3	0	2	2	0	8	$370,510	$6,136	$364,374	$0	$928,206	$2,024,439,472	9
Illinois	388	335	53	56	47	9	49	42	7	19	$6,429,594	$2,934,900	$2,037,953	$1,456,741	$7,815,624	$23,112,241,735	42
Indiana	1,181	866	315	41	38	3	31	28	3	20	$22,936,757	$12,430,988	$9,837,481	$668,288	$6,639,938	$11,796,378,211	58
Iowa	372	331	41	59	26	33	50	25	25	17	$4,752,977	$491,379	$3,782,659	$478,939	$1,066,130	$4,992,488,405	9
Kansas	240	164	76	25	10	15	13	11	2	4	$282,381	$156,629	$125,752	$0	$1,634,666	$3,603,034,923	15
Kentucky	147	118	29	21	12	9	16	13	3	17	$31,611,155	$13,938,658	$13,937,542	$3,734,954	$3,495,480	$10,114,058,416	29
Louisiana	527	446	81	74	66	8	77	65	12	18	$11,019,439	$1,686,841	$8,714,690	$617,908	$7,303,057	$11,222,709,411	67
Maine	99	83	16	12	8	4	17	8	9	7	$1,647,682	$37,036	$79,869	$1,530,777	$1,076,956	$2,841,007,872	9
Maryland	396	364	32	13	10	3	17	16	1	32	$15,508,773	$407,087	$11,797,353	$3,304,333	$4,344,751	$11,867,520,808	34
Massachusetts	571	516	55	14	14	0	5	5	0	20	$44,691,805	$86,449	$22,761,650	$21,843,705	$5,810,593	$18,699,858,030	42
Michigan	439	389	50	13	6	7	15	11	4	16	$24,596,799	$3,008,070	$20,594,285	$994,445	$5,114,491	$17,085,638,296	30
Minnesota	270	265	5	64	62	2	54	51	3	12	$8,428,634	$4,549,579	$2,129,055	$1,750,000	$2,863,917	$13,130,373,020	26
Mississippi	666	111	555	59	6	53	60	6	54	14	$12,104,381	$1,511,171	$5,377,168	$5,216,041	$3,526,284	$5,443,612,233	34
Missouri	174	154	20	16	13	3	13	12	1	10	$2,965,595	$1,030,155	$1,546,389	$389,052	$2,305,744	$10,709,689,095	22
Montana	81	73	8	3	3	0	7	5	2	8	$1,252,900	$50,984	$1,201,916	$0	$825,481	$1,920,831,782	8
Nebraska	121	93	28	5	5	0	5	5	0	13	$2,803,669	$130,009	$1,890,508	$783,152	$1,046,918	$2,234,101,910	8
Nevada	425	422	3	15	15	0	11	9	2	19	$5,485,042	$1,353,711	$3,931,030	$200,302	$2,003,056	$4,127,315,581	16
New Hampshire	79	46	33	1	1	0	2	0	2	2	$1,017,725	$0	$1,016,566	$1,159	$775,115	$2,273,337,486	8
New Jersey	468	417	51	22	6	16	21	9	12	17	$24,011,341	$7,793,583	$15,590,575	$627,183	$3,722,721	$15,706,565,267	26
New Mexico	176	158	18	6	3	3	3	3	0	12	$3,941,930	$10,452	$3,533,102	$398,376	$2,513,183	$5,332,964,484	21
New York	762	619	143	87	54	33	97	67	30	91	$61,709,156	$725,944	$3,423,561	$57,559,650	$54,691,331	$75,262,657,182	304
North Carolina	359	354	5	16	15	1	21	20	1	17	$38,494,796	$13,827,950	$23,491,849	$1,174,997	$5,588,969	$14,060,675,775	41
Ohio	1,284	867	417	166	107	59	148	99	49	21	$32,404,738	$10,328,938	$21,911,151	$164,649	$12,274,547	$22,694,958,437	97
Oklahoma	261	190	71	39	23	16	24	12	12	17	$8,727,497	$1,422,831	$6,293,203	$1,011,462	$2,465,829	$4,659,329,936	26
Oregon	72	69	3	50	47	3	49	47	2	8	$891,326	$598,672	$210,421	$82,233	$2,934,089	$9,382,904,731	17
Pennsylvania	503	470	33	164	156	8	105	103	2	10	$22,306,797	$3,260,707	$19,046,089	$0	$9,107,567	$30,758,314,287	58
Rhode Island	100	81	19	8	7	1	3	3	0	10	$3,408,545	$307,842	$3,052,541	$48,162	$1,373,714	$2,783,542,978	11
South Carolina	195	124	71	17	11	6	15	10	5	18	$16,455,698	$4,646,673	$2,220,958	$9,588,068	$1,362,869	$6,357,022,896	16
South Dakota	43	43	0	4	2	2	4	2	2	7	$1,125,285	$131,804	$639,476	$354,005	$420,014	$913,990,729	5
Tennessee	221	199	22	22	15	7	30	26	4	20	$50,942,917	$5,709,325	$12,830,079	$32,403,513	$4,968,914	$10,301,164,426	38
Texas	1,319	1,199	120	89	73	16	69	64	5	21	$182,511,442	$128,843,966	$49,958,655	$3,708,822	$22,894,423	$38,962,764,740	172
Utah	162	122	40	16	5	11	14	7	7	13	$982,072	$532,299	$371,838	$77,935	$2,092,903	$2,578,963,871	13
Vermont	84	62	22	11	11	0	10	10	0	6	$2,431,252	$265,206	$1,777,853	$388,193	$1,043,429	$1,769,804,444	9
Virginia	385	385	0	52	52	0	27	27	0	19	$14,112,278	$5,094,774	$4,421,180	$4,596,325	$11,525,764	$9,934,971,320	86
Washington	530	321	209	3	2	1	4	3	1	15	$12,343,705	$19,713	$12,250,834	$73,158	$5,205,464	$12,827,331,385	36
West Virginia	112	105	7	7	5	2	4	4	0	8	$1,913,942	$770,034	$961,829	$182,078	$1,006,092	$3,996,923,158	13
Wisconsin	218	199	19	26	18	8	6	1	5	12	$12,568,848	$19,741	$10,480,641	$2,068,466	$1,484,563	$9,180,255,127	13
Wyoming	36	32	4	5	5	0	4	4	0	6	$2,909,977	$2,283,802	$626,174	$0	$457,082	$669,181,828	4
GRAND TOTAL	**18,785**	**15,205**	**3,580**	**1,796**	**1,316**	**480**	**1,503**	**1,109**	**394**	**810**	**$859,172,372**	**$314,345,099**	**$366,570,482**	**$178,256,791**	**$294,219,708**	**$611,976,826,895**	**2,021**

Findings

Investigations: Total- 18,785

Indictments: Total-1,796

Convictions: Total-1,503

Total Recoveries: $859,172,372

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Key Learning Objective #2
Identifying Defects

Common Reasons for Denials

How to Avoid Denials

Responsibility
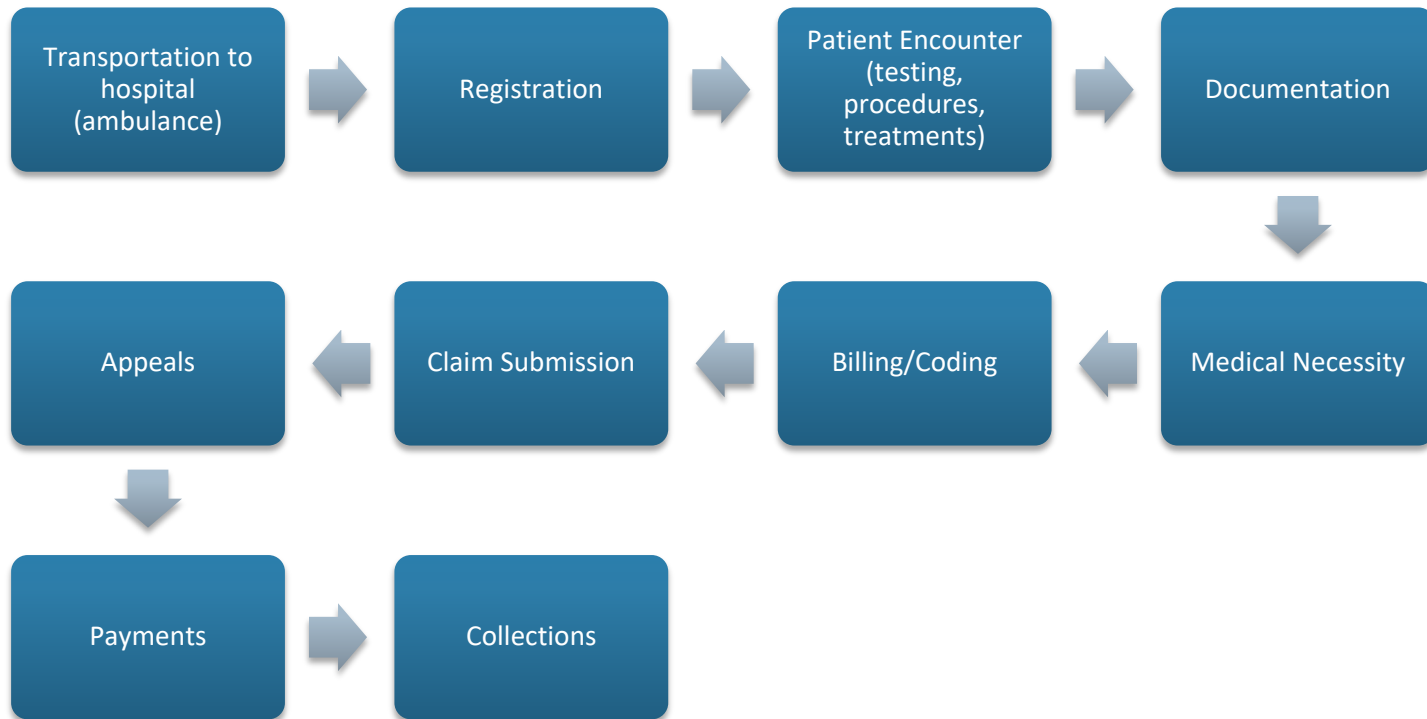
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Key Learning Objective #2
Identifying Defects

Billing

Coding

Collection

Start to finish

Transportation to hospital (ambulance) → Registration → Patient Encounter (testing, procedures, treatments) → Documentation

↓

Appeals ← Claim Submission ← Billing/Coding ← Medical Necessity

↓

Payments → Collections

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5 Documentation Errors

Lack of Notes

Inadequate History

Missing Information

Careless Handwriting

Medication Problems

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Must Do Documentation List

Every Encounter

Treatment & Plan Medical Necessity

History

Complete Information

Medication

Legible

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Claim Denials

"Not Medically Necessary"

Place of service coding errors
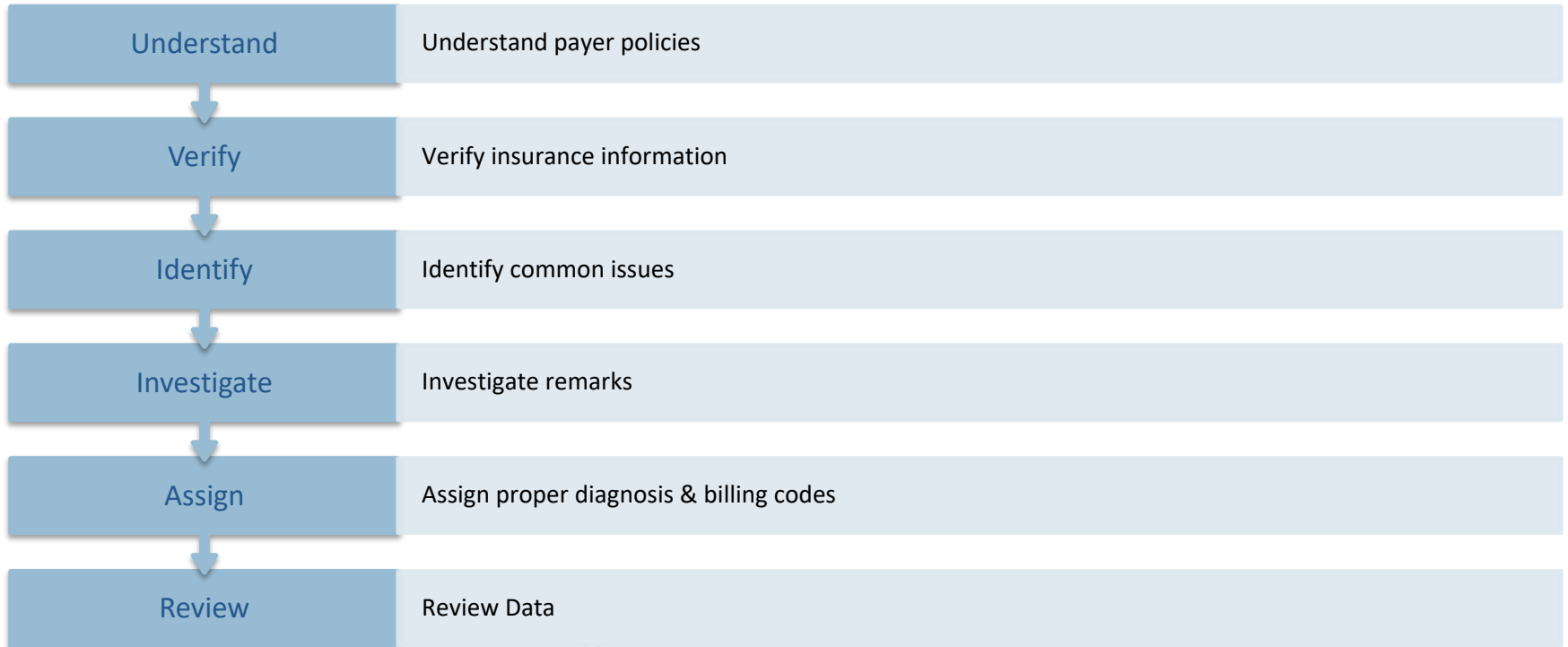
Misused modifiers

Insurance

Duplicate Claims

Patient Deductibles

Bundled Services / Provider Payments

Benefits

Deficient claims information.

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Resolving Denials

Understand	Understand payer policies
Verify	Verify insurance information
Identify	Identify common issues
Investigate	Investigate remarks
Assign	Assign proper diagnosis & billing codes
Review	Review Data

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Key Learning Concept #3

Applying the Flawless Execution Model

&

Lean Concepts

Continuous Improvement & Execution

The Journey to Continuous Improvement

Six Sigma- Lean-ISO 9001

+

Flawless Execution

=

Success

Flawless Execution

Effects based thinking

Examine intended effects of mission objectives
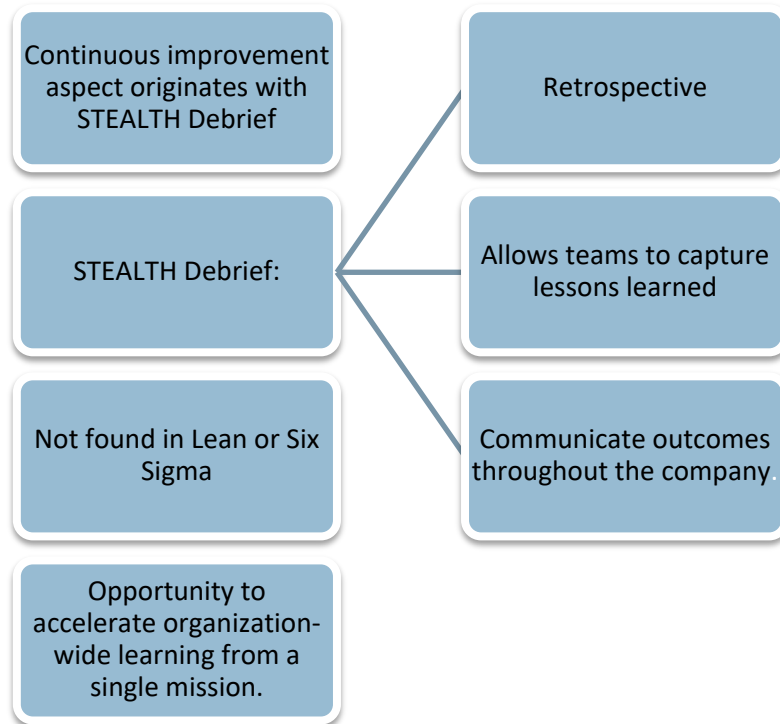
Accurately plan and execute missions

Decrease the scope of projects and even eliminate unnecessary projects

The Flawless Execution Model

- Plan
- Brief
- Execute
- Debrief
- Win

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Flawless Execution Organizational Learning

Continuous improvement aspect originates with STEALTH Debrief

STEALTH Debrief:

Not found in Lean or Six Sigma

Opportunity to accelerate organization-wide learning from a single mission.

Retrospective

Allows teams to capture lessons learned

Communicate outcomes throughout the company.

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THE FLAWLESS EXECUTION CYCLE

STEPS
PLAN-BRIEF-EXECUTE-DEBRIEF-WIN

Flawless Execution brings structure and discipline to the day-to-day process that ultimately make the difference between success and failure.
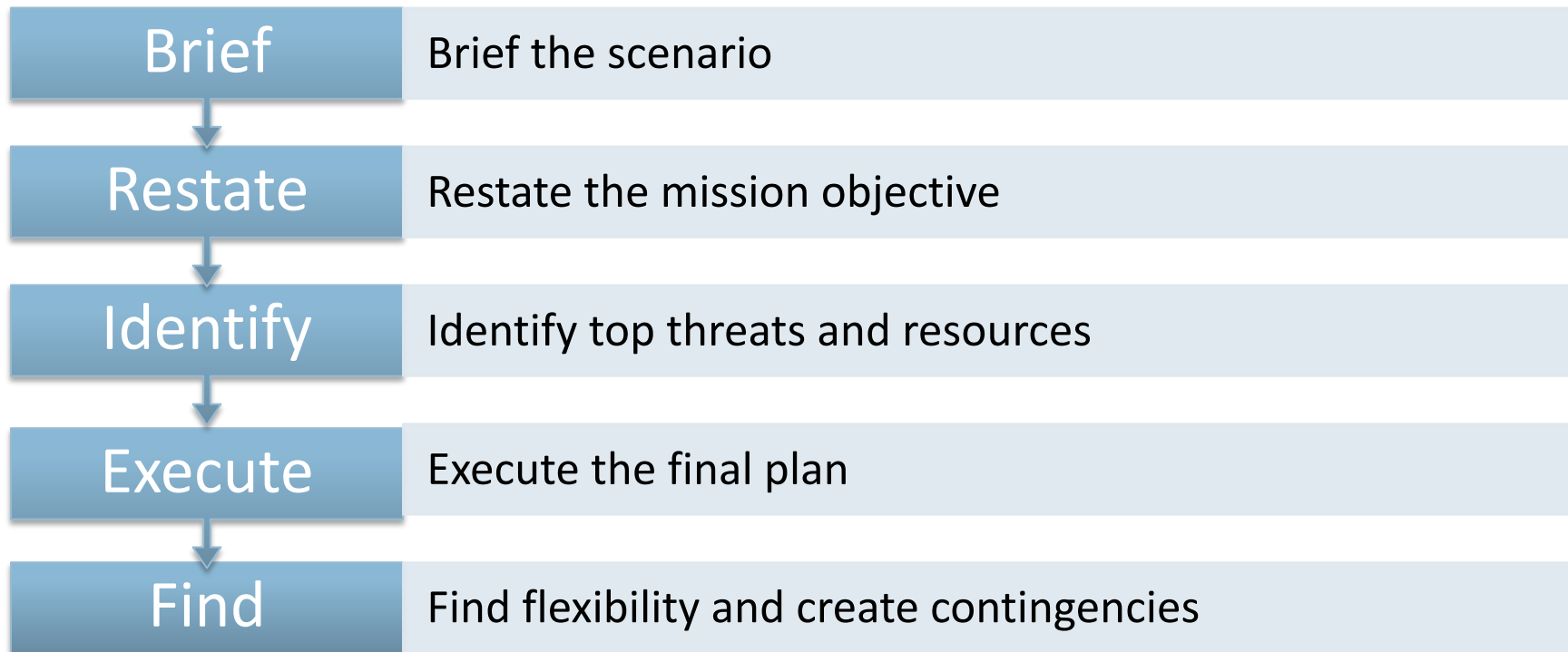
Step 1: PLAN
The Six Steps of Mission Planning

State	State the mission objective
Identify	Identify threats
Identify	Identify resources
Evaluate	Evaluate lessons learned
Develop	Develop a course of action with individual accountability
Plan	Plan for contingencies

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Step 2: BRIEF

Brief	Brief the scenario
Restate	Restate the mission objective
Identify	Identify top threats and resources
Execute	Execute the final plan
Find	Find flexibility and create contingencies

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Step 3: EXECUTE

Execution rhythm

X-Gap Meetings

Six Fundamental Keys to Successful Execution — L.O.C.K.E.D on Teams

Checklists

Cross-checks and Task Shedding

Mutual Support — The Wingman Concept

Step 4: DEBRIEF

Set the time

Tone -Nameless and rankless

Execution -Analyze the execution towards the objective

Analyze the execution and identify root causes

Lessons learned -Develop actionable lessons

Transfer lessons learned -Save and transmit throughout the organization

High note -Recap results in a positive manner

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Step 5: WIN

The process portion of the model is the Flawless Execution Cycle, an iterative approach to daily operations and strategic execution aimed at creating a shared mental model that breaks down silos and communication barriers with simple, scalable process.

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NEVER leave the Flawless Execution Model

"Talent wins games, but teamwork and intelligence wins championships."

~ Michael Jordan

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Learner Outcomes

Strategies to reduce the # of billing and coding errors

How to customize and utilize the Flawless Execution & Lean Concepts

Strategies to optimize collections

Learner Outcome #1
Strategies to Reduce Billing and Coding Errors

Communicate

Understand Insurer Billing Guides

Review/ Implement Processes/Systems/Manuals

Look at Improper Payments by Agencies

Conduct Internal Audit

Stay Current

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Claim Appeals

Prepare

- Appeal letters/templates
- Coding Guidance, Coding Polices, and a Payer policies.
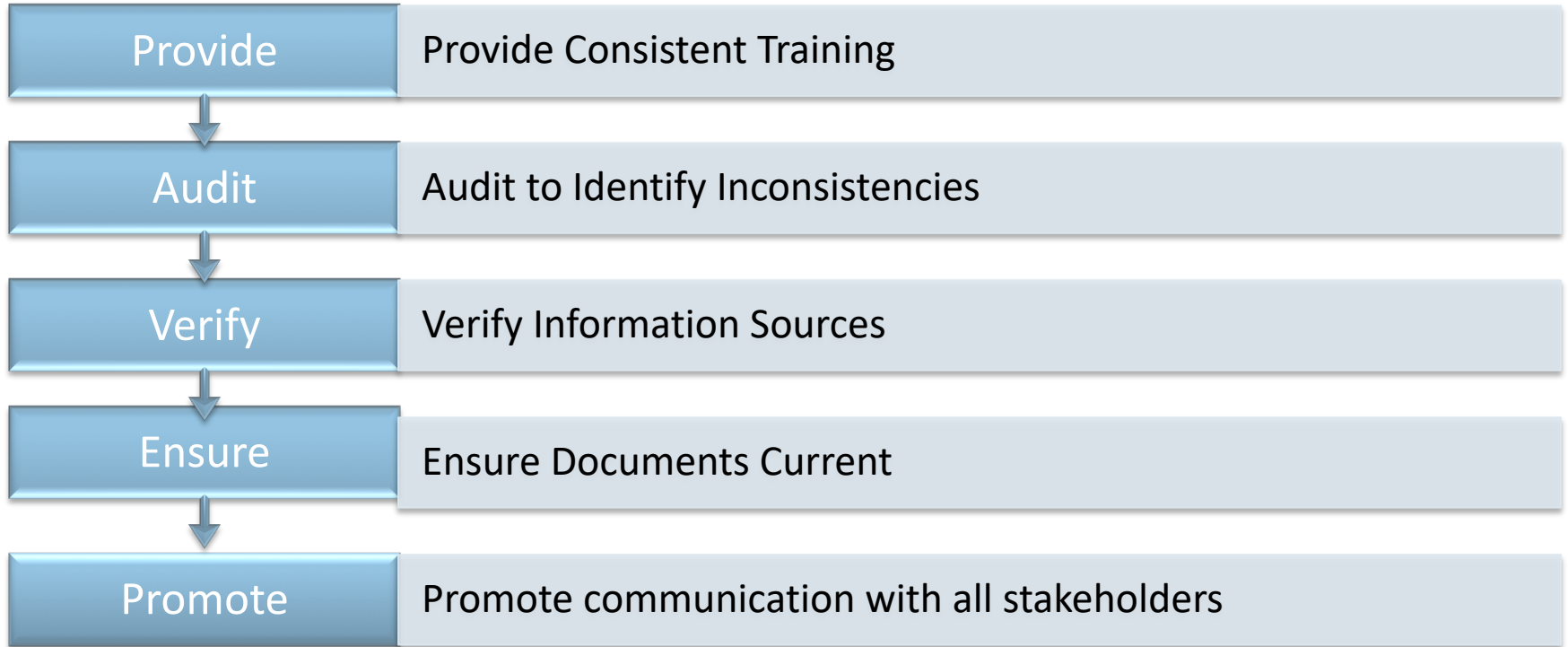- Provide all relevant documentation to all involved parties.

Tell

- Provide the insurer with the purpose of your call.
- Review or re-evaluation, comparison with other claims.
- The amount that you expect to be paid and why.

Explain

- Explain your justification with documentation
- Provide supporting documentation.
- Request Insurer to provide timely justification of denial.

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Keep on Track

Provide	Provide Consistent Training
Audit	Audit to Identify Inconsistencies
Verify	Verify Information Sources
Ensure	Ensure Documents Current
Promote	Promote communication with all stakeholders

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Learner Outcome #2

How to Customize and Utilize the Flawless Execution

&

Lean Concepts

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Let's Get Started

Begin	Begin the Discussion (Be the Improvement Champion)
Identify	Identify Stakeholders (Include front line staff)
Discuss	Discuss Data (Reports)
Evaluate	Evaluate Culture (Strengths & Opportunities)
Begin	Begin Flawless Execution

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Checklist

Policies/ Procedures/Processes (registration to payment)	Computer systems used for billing (outsourced or inhouse)	Current testing and fee schedule	Write off Reports	Denial Reports
Total number of orders/requisitions generated	% of claims submitted electronically	% of clean claims sent the first time	Average days to billing of claims	Edits: CCI edits, timely edit cleaning processes and crosswalks
Summary of gross charges, payments, and adjustments billed by month	CPT Utilization Report	YTD missing demographic information	Compliance plan	

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Audit Example

Data Fields/Headers for Detailed Billing File
Patient Name
Patient ID or Medical Record Number
Date of Service
Insurance Payer
Provider/Physician
Facility/Practice Location
CPT Codes
Diagnosis Codes
Charges
Payments
Contractual Agreements
Write-Off
Account Balance
Paid Date

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Audit Example : Documents Needed for Audit

Manual requisitions or electronic orders

Claim form

Explanation of Benefits or Provider Remittance Summary (for billing review)

Electronic Orders entered into LIS (screen prints are ok if other formats are not available)

Lab Tests performed with results

Encounter/Superbill or Charge sheet if applicable

Provider Roster (with credentials)

Signature Log (if applicable)

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Learner Outcome #3

Strategies to Optimize Collections

Optimizing Collections

Develop Policies/Processes

Verify Eligibility

Collect copays

Monitor invoices, statements and payments

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Successful Outcomes

1

Case Study #1

Revenue Cycle

2

Case Study #2

Medical Record Documentation

3

Case Study #3

Competency

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Medical Professional Guidelines

Develop

Develop a compliance program HHS OIG

Https://oig.hhs.gov/compliance/compliance-guidance/index.asp

Perform

Perform self audits
Basic Self-Audit Rules
Develop a medical record documentation policy
Develop an audit tool
Chose a staff member to select charts for review
Perform the audit
Use audit results

Check

Check for exclusions

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Sources

State Resources
- Washington State Department of Health - http://www.doh.wa.gov/Home.aspx
- Office of the Insurance Commissioner - http://www.insurance.wa.gov/

Federal Resources
- CMS Online Manual System - http://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/index.html
- CMS Conditions of Participation (CoPs) and Conditions for Coverage (CfCs) - http://www.cms.gov/Regulations-and-Guidance/Legislation/CFCsAndCoPs/index.html
- Emergency Medical Treatment & Labor Act (EMTALA) - http://www.cms.gov/Regulations-and-Guidance/Legislation/EMTALA/index.html
- National Correct Coding Initiative Edits - http://www.cms.gov/Medicare/Coding/NationalCorrectCodInitEd/index.html
- Medicare Learning Network (MLN) -http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNGenInfo/index.html
- U.S. Department of Health & Human Services - http://www.hhs.gov/
- Office of Inspector General - http://oig.hhs.gov/

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Resources

- Coding Networks
- Medical Association/Specialty Society
  - Advocacy on your behalf
  - Track common ongoing issues
  - Work with all parties to resolve issues
- AMA Resources
  - CPT Guidelines
  - CPT Network
  - CPT Assistant