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Streamlining Every Lab's Financial Workflow

Proven Ways to Improve the Accuracy and Effectiveness of Lab Billing and Collections

Doug Wussow VP Financial Services

Rhodes Group… Services

Revenue Optimization & Billing Process Design
- *Business Services Design & Implementation, Billing Operations Engineering, Claims Submission Efficiency Analysis, Outsource Claims Processing*

Healthcare IT Consulting
- *LIS Implementations, LIS Tech Consulting Services, Laboratory Network ISP/ASP Infrastructure Design, Intranet & Document Management Design, Document Scanning & Imaging Implementations*

Front-End Design
- *Client Data Gathering Analysis, Collection Facility & Central Processing Operations Engineering, Data Flow Design & Analysis, Requisition Redesign, Regulatory Compliance & Implementation, Staffing Analysis, Registration & Order Entry Process Engineering*

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Get Paid The First Time!

Automation in the Lab

Google

- **Google Search "Clinical Lab Automation"**
  - 796,000 hits

- **Google Search Laboratory "Billing Automation"**
  - 7100 hits

- *Let's bring the same focus to billing automation that has been there on the clinical side*

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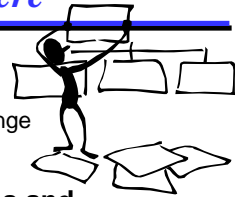# Industry Solutions Workshop

Why So Little Automation in Billing?

- Billing is usually an afterthought process.

- Lab started as a hospital department… relied on other departments (registration and finance) to collect revenue

- Lab commonly does not see the patient directly ("specimen only")

- The most popular lab billing systems were designed decades ago

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Lab Billing Atmosphere

- Billing regulations change quickly…
  - Automation engine needs to be nimble to change with industry regulations

- Every payer implements different rules and requirements
  - Automation engine needs to be geographically smart to deal with the various geography of your customers

- Compliance requirements continue to get more challenging
  - Automation engine will require ongoing enhancements to handle new rules (CCI, LMRP, NCD, MUE)
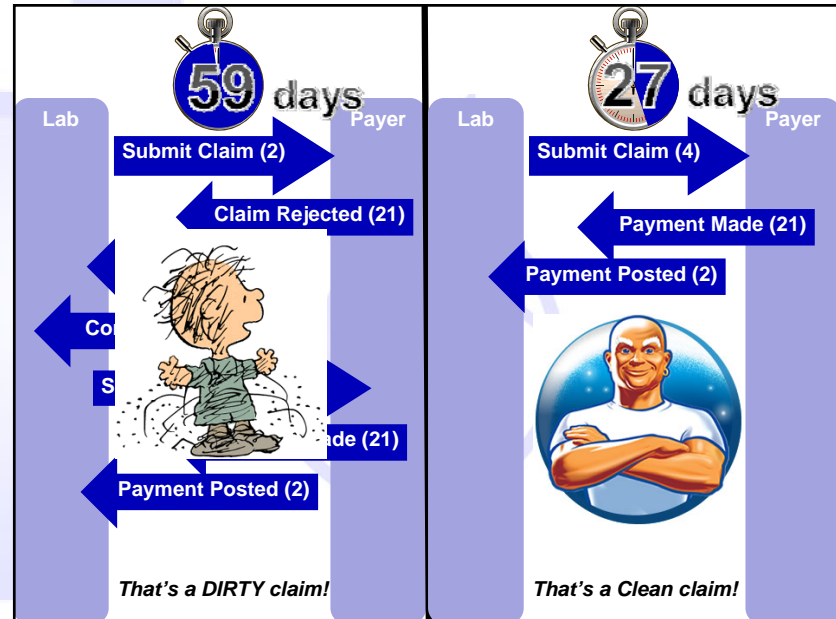
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Why Not Just Get a New Billing System?

- Cost $$$

- Implementation Timeframe

- What About Existing Accounts Receivable

- Existing Interfaces
  - LIS
  - To Payers (837)
  - From Payers (835)

- Lack of Integration
  - Scanning
  - LIS
  - HIS
  - Portal

BUY SELL BUY

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59 days

Lab		Payer
Submit Claim (2)	→	
	←	Claim Rejected (21)
Co...		
S...		
		...de (21)
←	Payment Posted (2)	

That's a DIRTY claim!

27 days

Lab		Payer
Submit Claim (4)	→	
	←	Payment Made (21)
Payment Posted (2)		

That's a Clean claim!

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What Are the Goals of Automation

- Improved accuracy
- Reduction in Claim Denials
- Improved Billing Turnaround Time
- FTE Savings

Improved Cash Collections

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The Issue

- How many claims are paid on first submission???

  - Average Lab: 83%
  - 17 % of all claims need to be reworked
  - Delays in payments
  - Increase in Accounts Receivable
  - Increase in Day Sales Out Standing (DSO)

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Primary Areas of Concern

- **Pre Claim Submission**
  - *Patient Registration and True Laboratory MPI*
  - *Patient Insurance Eligibility Checking*
  - *Claim Scrubbing*
    - Auto-fixes
    - Manual fixes
  - *Missing Data Letter Process*
  - *Work Flow Management*

- **Post Claim Submission**
  - *Submission Secondary Claim Submission*
  - *Denial Work Flow Management*
  - *Missing Data Letter Process*

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Pre Claim Submission

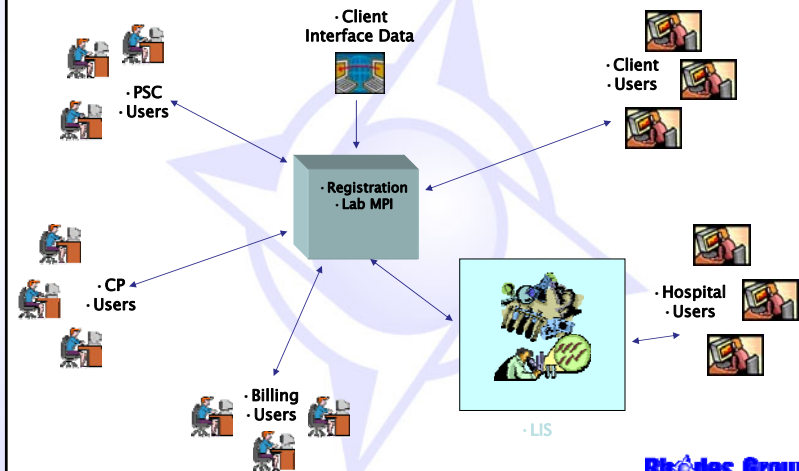**Rhodes Group**
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Lab Registration

- *Average Lab Claim is $180*
- *Average Hospital Claim is $23,958*

- **Lab treats each patient visit as a separate episode**

- **Lab typically registers the patient <u>every</u> time**

- **Opportunity for both bad data and data entry errors each visit.**

- **Increased Lab FTE's for data entry and registration**

- **Patient's unhappy about the need to give all of the same information each time they come in.**

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Registration Communications

· Client Interface Data

· PSC · Users

· Client · Users

· Registration · Lab MPI

· CP · Users

· Hospital · Users

· Billing · Users

· LIS

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Patient Insurance Eligibility Checking

- **Manual checking is too slow at the PSC – need to move patients through to reduce wait times.**

- **Electronic transaction cost are too high for commercial or hybrid lab setting**
  - Transaction costs can be 2% of collected cash in Lab
  - 0.002% of cash in Hospital setting

- **When electronic transactions are rejected or modified?**
  More manual entry!

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Solutions

- **Batch HIPAA Eligibility Checking**
  - Completely Automated
  - Uses HIPAA 270/271 format
  - Payers are required to accept the 270/271 transactions
  - No Transaction Cost!

  - Automatically fix claims using returned information
  - Automate nursing home billing with Part A/B status
  - Automatically fix patient record in MPI system

- *Fast growing area in the industry our clients do over 12 million eligibility transactions per year*

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Importance in Creating Clean Claims

- **Correcting patient names**
  - First
  - Last
  - Middle Initial (very important for Medicare)

- **Correcting Patient Address**

- **Correcting Date of Birth**

- **Correcting Subscriber Number**

- **Changing Subscriber Name**

- **Correcting Relationship Code**

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Wealth of Information

Updated Name from ClaimCheck Interface (362)
From _____ to last _____, first _____ on MR_NUM AAAC1134 updated via ClaimCheck Interface Code: MDHI in Batch 3341

ClaimCheck Indicates Another Payer is primary (361)
ClaimCheck Interface MCHI Batch 3352 Indicated that HUMANA INSURANCE COMPANY was to be primary with Insurance Type Health Maintenance Organization (HMO) - Medicare Risk with policy number H1804

ClaimCheck Failed Response (359)
ClaimCheck failed on Interface MCHI Batch 3352 with Reject Code 71: Patient Birth Date Does Not Match That for the Patient on the Database

ClaimCheck Failed Response (359)
ClaimCheck failed on Interface MCHI Batch 3356 with Reject Code 67: Patient Not Found

ClaimCheck Indicates Another Payer is primary (361)
ClaimCheck Interface MDHI Batch 3347 Indicated that Medicare was to be primary with Policy Number 576633599M as of 03/01/1998
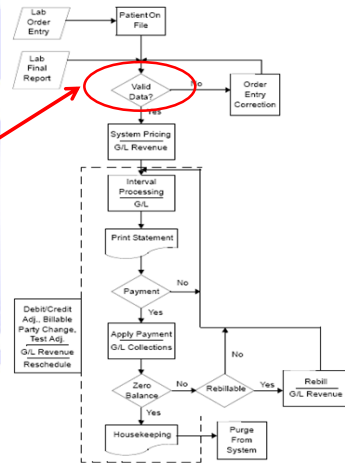
Skilled Nursing Medicare Logic (368)
ClaimCheck indicates that this accession is to be billed to Medicare

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Claims Scrubbing

- When to "Scrub"

- Once it prices it is too late! The damage has been done

- Beef up this "Valid Data" step

Claim Scrubbing

***Stop a claim for
any reason it would get denied***

AND

FIX IT!

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Claim Scrubbing

- **Must be fully customizable and controllable**

- **Enforce contractual relationships with clients and payers**

- **Use Prior Paid and Prior Rejected Claims**

- **Ability to scrub 100% of claims (client and patient statements included!)**

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Auto Fix Claims

- **Fix claims problems without manual intervention**
  - CCI Edits
  - Textual Diagnosis Autocode
  - Test Level Diagnosis Assignment
  - Autodelete multiple draw charges
  - Client AutoChargeTo
  - Automated Capitated Billing Agreements
  - Automatically pick the correct payer
  - Automatically determine patient eligible charges
  - CPT Modifier (-59) for Multiple Quantities

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Client Missing Data Letter Process

- Check Requisition First

- Automated Fax/Email Distribution of Missing Info Requests

- Automated dunning process ("2nd Attempts")

- Automated process for no-responses

- *Management Reporting to Identify Worst Offenders*

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Workflow Managament

- Eliminated paper-based workflow process

- Prioritize data entry workflow

- Separate tasks to groups, teams or individuals

- Control sequencing of tasks within billing workflow

- Track Productivity

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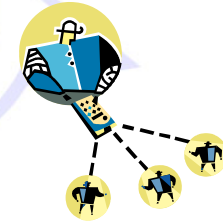
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Systems Integration

- **Billing Needs to Access Multiple Systems to do their job… how can we do that efficiently?**
  - **Billing System**
  - **Scanning System**
  - Payer Websites & Portals
  - Front End Portal
  - HIS
  - LIS

- **Use the workflow to link the various systems as necessary to minimize duplicate entry and searching**

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Missing Data Letter Process

- **Letters:**
  - Can be sent to physician (auto-fax capable)
  - Can be sent to patient
  - Can be sent to payers (such as appeals)
  - Can include copy of EOB with the letter

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Post Claim Submission

Solutions

- **Batch HIPAA Claim Status Checking**
  - Completely Automated
  - Uses HIPAA 276/277 format
  - Payers are required to accept the 276/277 transactions
  - No Transaction Cost!
  - Reduce time to follow-up on lost claims
  - Reduce time to follow-up on claims that will be rejected.

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What Does This Mean
to The Billing Process

Result From Two Current Clients

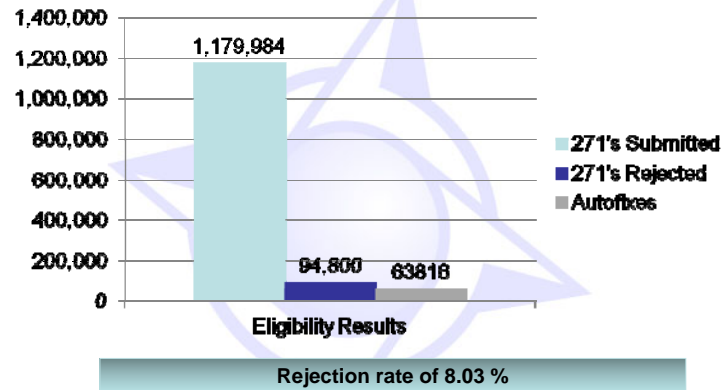*Client 1*

- Current accession volume of over 2,000,000 annually, 185,000 accessions monthly

- Current test volume of just over 5,500,000 annually, 460,000 monthly.

- Approximately 75 patient service centers, across multiple states
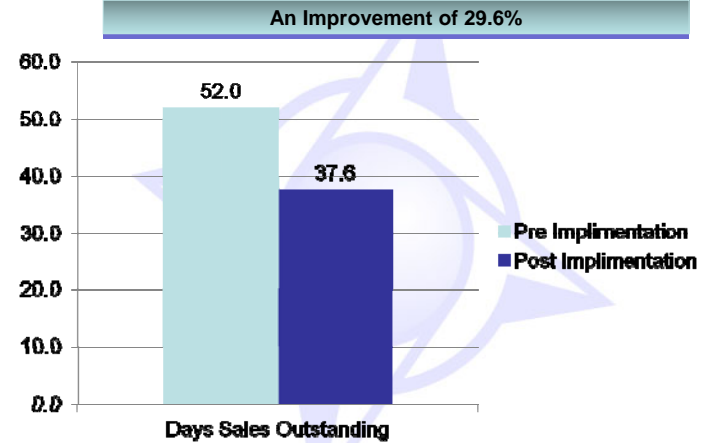
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Eligibility Checking

Values shown: 1,179,984 (271's Submitted), 94,800 (271's Rejected), 63818 (Autofixes)

Legend:
- 271's Submitted
- 271's Rejected
- Autofixes

Eligibility Results

Rejection rate of 8.03 %

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Accounts Receivable DSO

An Improvement of 29.6%

Values shown: 52.0 (Pre Implimentation), 37.6 (Post Implimentation)

Legend:
- Pre Implimentation
- Post Implimentation

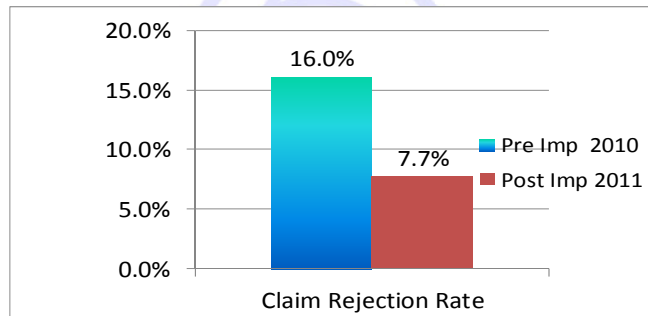Days Sales Outstanding

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Rejections

✦ **Rejection rate has fallen for 3 consecutive years and over that time has fallen by 51.9 %**

Claim Rejection Rate

- 20.0%
- 16.0%
- 15.0%
- 10.0%
- 7.7%
- 5.0%
- 0.0%

Pre Imp 2010
Post Imp 2011

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Revenue Gain

- $50.00
- $45.00 — $45.19
- $40.00 — $40.76
- $35.00
- $30.00
- $25.00
- $20.00
- $15.00 — $16.45 $17.83
- $10.00
- $5.00
- $-

Cash Per Accession
Cash Per Test

Pre Implimentation
Post Implimentation

An Improvement of 10.9%
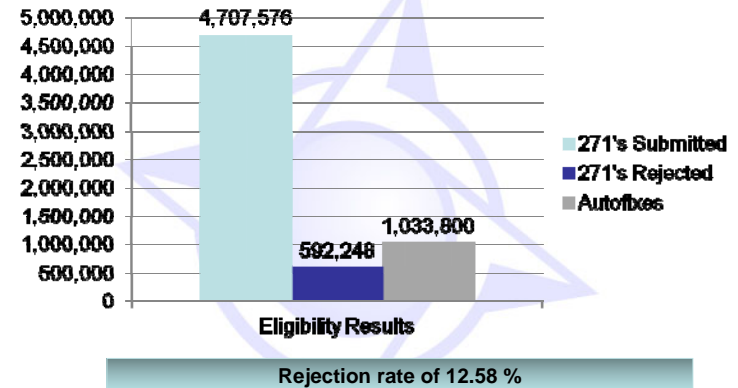
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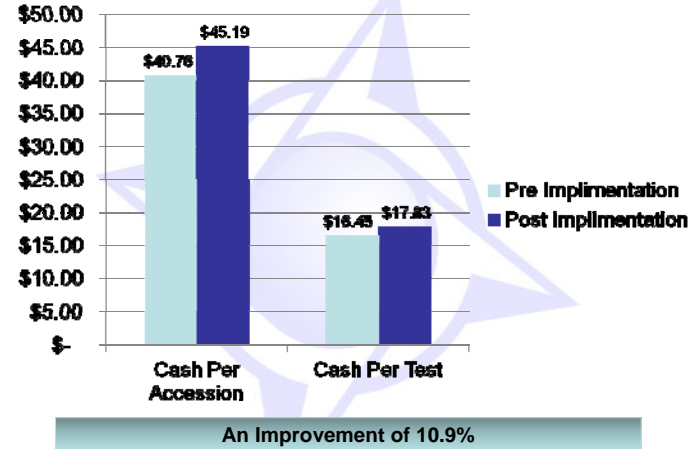
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Client 2

- Current accession volume of over 8,300,000 annually, 693,000 accessions monthly

- Current test volume of just over 21,900,000 annually, 1,820,000 monthly.

- Approximately 350 patient service centers, across multiple states

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Eligibility Checking

Rejection rate of 12.58 %

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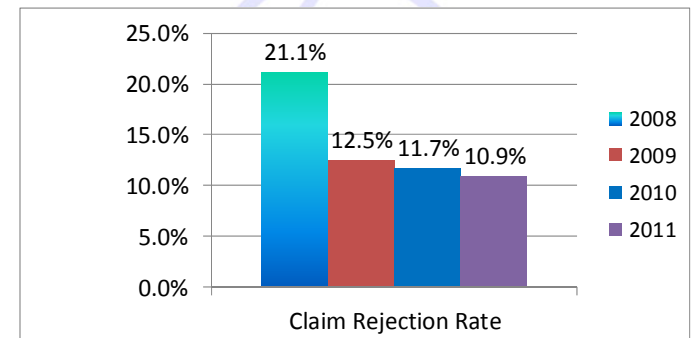# Industry Solutions Workshop

Auto-fixes

★ **Over 1.1 million auto-fixes done monthly**
- –client 446229 auto fix (16030)
- –Remove Secondary ChargeTo in Error (211)
- –CCI Column1/Column2 CPT2 Modifier (65)
- –Auto Ins Code for ChargeTo (94)
- –Remove Modifier for ChargeToCPT (162)
- –Mixed Case Address Auto fix and 0000+4 zip (213)
- –Remove Spaces from Policy Number Field (915)
- –Modifier Based on Testing Location (185)
- –Auto Injury Date for Diagnosis Code (194)
- –Auto fix Demographics from Same DOS, Same Patient (154)
- –PINOREQ if 16011 is 120 days old (16014)
- –Auto fix Payer (151)
- –Auto fix Phlebs to One per Day (510)
- –Auto Remove String from Policy Number (131)
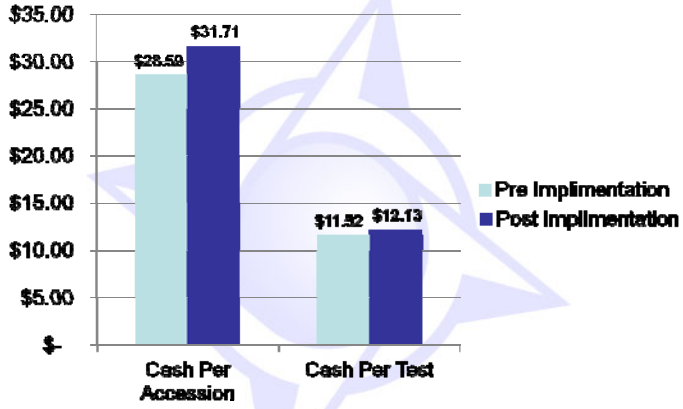- –Replace Hyphens with Spaces (180)

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Rejections

★ **Rejection rate has fallen for 3 consecutive years and over that time has fallen by 54.4 %**

Claim Rejection Rate

21.1%	2008
12.5%	2009
11.7%	2010
10.9%	2011

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Revenue Gain

An Improvement of 7.4%

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Questions?

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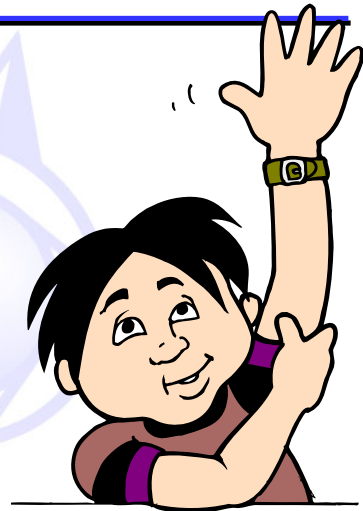
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