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Insights Report

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DAVID HARTIG

REVENUE CYCLE INTEGRITY

*Analysis and in-depth discussion from healthcare finance leaders at the
HealthLeaders Media Revenue Cycle Exchange in March 2015*

An independent HealthLeaders Media report supported by

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Operational Discipline Is More Essential Than Ever



RENÉ LETOURNEAU

Senior Finance Editor
HealthLeaders Media

Reimbursements are tightening as the healthcare industry shifts toward value-based payment models and as more patients move onto high-deductible health plans. Hospitals and health systems can no longer afford to leave money on the table due to inefficient revenue cycle operations. Finance leaders are seeking comprehensive billing and collections strategies to ensure their organizations are being as effective as possible with front-end, point-of-service, and back-end processes.

The 21 leaders who gathered at the HealthLeaders Media Revenue Cycle Exchange, held on March 25–27, 2015, at the Omni Barton Creek Resort in Austin, Texas, were unanimous that operational discipline is essential today. In small-group discussions on the topic of "Revenue Cycle Integrity: Maximizing Efficiency From the Front End to the Back End," attendees discussed a range of solutions to the broad set of hurdles that threaten efficient payment.

Across the country, the emergence of high-deductible health plans is constraining patients' ability to pay. Many organizations are protecting revenue through patient outreach—at registration and after a hospital stay. Revenue cycle leaders are centralizing their operations to ensure efficiency and shared savings.

In a HealthLeaders Media survey on revenue cycle operations conducted in February 2014, 62% of healthcare leaders said they were focusing on denials, 49% on admission reviews, 47% on point-of-service collections, and 45% on patient coverage eligibility. This report on the revenue cycle integrity discussions at the Exchange details the actions of revenue cycle offices at a wide range of health systems.

The Patient as Consumer, and the Impact on Quality and the Bottom Line



LYNN WIATROWSKI

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We at Bank of America Merrill Lynch are honored to have been a sponsor for the first HealthLeaders Media Revenue Cycle Exchange. Hearing from industry leaders shed light on revenue cycle concerns and opportunities. Three themes emerged at the Exchange, which are consistent with what we're experiencing in the industry:

■ **Value-based payment models.** As more patients move to high-deductible health plans, the definition of self-pay has changed dramatically, and the need for patient engagement is stronger than ever. Patients are expecting their providers to shift to value-based payment models and provide more visibility regarding cost of services. This makes patient engagement a top priority, including providers making healthcare financial literacy programs available to their communities, and an increase in patient advocacy. Adding the value measurement to the already complex negotiations between insurance companies and providers creates uncertainty for the revenue stream, which, of course, is also a concern for providers.

■ **Efficient revenue cycle operations.** With the many changes in the industry, hospitals and health systems can no longer afford to leave money on the table, and improving inefficiencies in revenue cycle operations will result in savings. The executives at the Exchange cited stronger communication and change management as critical for any change in the revenue cycle process to be successful. However, they acknowledged that the current cultures of healthcare organizations make these changes difficult. Another approach to increasing efficiency in revenue cycle operations is the integration of physician practices. Given the number of practices and healthcare systems consolidating or forming partnerships, the demand for integrated processes and automated standards—from healthcare providers as well as patients—is mounting.

■ **Comprehensive billing and collections strategies.** Finance leaders are looking for strategies that streamline the front-end, point-of-service, and back-end processes. When participants were surveyed, the three revenue cycle activities identified as having the most financial impact were improving documentation, improving pre-service collections from patients, and minimizing denials. Many of the attendees mentioned self-pay and point-of-service strategies as critical in addressing the inefficiencies in billing and collections. In addition, vendor management was another area of concern: Many organizations have myriad vendors managing separate aspects of the process, limited or nonexistent communication among vendors. This lack of information flow promotes inconsistencies, delays, errors, and inefficiencies. Enhancing communication and collaboration could pay big rewards for healthcare organizations.

We're proud of our continued work with HealthLeaders Media to bring you insights from around the industry. Be sure to explore all of the information and resources available to you on the [Executive Insight Center](#) on the HealthLeaders Media website.

Rynn Wiatrowski

Discussion

Maximizing Efficiency From the Front End to the Back End

RENÉ LETOURNEAU

Getting paid is getting harder for healthcare provider organizations. As the industry evolves rapidly, new revenue cycle challenges have emerged. Value-based payment models, reduced government reimbursements, and an increase in patient financial liability are the drivers behind threatened margins at most provider organizations.

The 21 hospital and health system revenue cycle executives in attendance at HealthLeaders Media's first annual Revenue Cycle Exchange discussed their organizations' biggest billing and collections challenges and shared ideas for new strategies to protect the bottom line.

Dealing with high-deductible health plans

There was widespread agreement among attendees that high-deductible health plans are a big emerging revenue challenge.

"We are seeing an influx of high-deductible plans, especially with the onboarding of Covered California and the exchange products, which have been effective now for over a year. The fact is that most patients are going towards the high-deductible option. We're seeing a huge surge in the number of patients who have a considerable out-of-pocket component to their health plan," says Josh Welch, executive director, revenue cycle at John Muir Health in Walnut Creek, California.

To mitigate the impact on collections, Welch says John Muir is working to improve its ability to supply a bill estimate before service is provided, so patients have a better understanding of their financial obligation.

"We're moving towards the patient estimate tool within Epic. Now we have the data to support it, but we had a process that was very manual, and I think that tool will help alleviate some of that. We're also looking into tools to help patients just understand their bill. I think it's important for us to be trying to educate people more on the front end as well. We're helping them understand their benefits because obviously there's a huge knowledge gap and the majority of patients don't understand the ramifications of having a high-deductible health plan, how those deductibles work throughout the year, and how to manage that."

Communicating with patients about their bills is a key component to long-term financial success, says Wade Wright, director, hospital billing at West Tennessee Healthcare based in Jackson, Tennessee. Those conversations should happen earlier than they typically do today, he says.

"Patient education is a huge piece of this, and a lot of times we're having that discussion on the back end where it's not a very good time to explain to people what a deductible is and what a copay is. We are definitely trying to change the

TAKEAWAYS

- Dealing with high-deductible health plans
- Increasing patient engagement
- Protecting revenue through patient outreach
- Centralizing revenue cycle operations

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process so we have that conversation as early as possible.”

Wright adds that the growth in employer-sponsored plans that contain a health savings account or health reimbursement arrangement is another factor creating a need for more education, because these are new concepts that are not always described correctly at the time of enrollment.

“Our employee services group is actually going out to some of the more voluminous employers in the area and helping to educate on how that process works, because we know that the HR departments are not necessarily the ones that are the best to explain it to them,” Wright says.

Sentara Health in Chesapeake, Virginia, is taking “a different tack” to patient education, says Andrew Weddle, vice president, revenue cycle. Sentara does not want to be

the middleman between patients and payers, and thereby risk making inaccurate statements about patient liability.

“We’re trying to direct patients back to their insurance plans, because with all the variations in all the plans, we want to be sure the patient is communicating directly with their plan so that they are receiving the correct information about their coverage. If we don’t start having the patient become educated by their own employer and by their health plans and if we’re going to continue to do that ourselves, we’re going to increase our cost by being that communicator, and the accuracy of that communication is going to be somewhat suspect.”

Increasing patient engagement

Along with providing more education around billing and collections, hospitals and health systems are



“We’re seeing a huge surge in the number of patients who have a considerable out-of-pocket component to their health plan.”

JOSH WELCH
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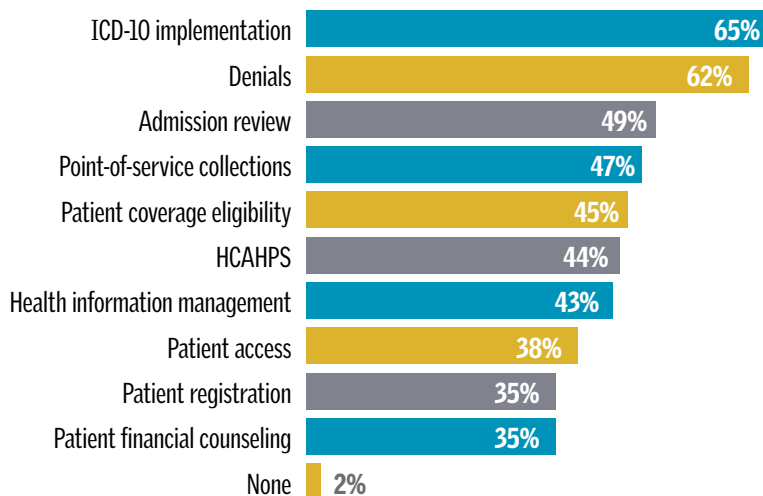
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REVENUE CYCLE INVESTMENTS

What aspects of revenue cycle operations is your organization currently focusing on to improve quality, efficiency, and yield?



Base = 251, Multi-response

SOURCE: HealthLeaders Media, Revenue Buzz Survey, May 2014.

making efforts to engage patients.

As Neville Zar, senior vice president, revenue operations at Boston-based Steward Healthcare, puts it, "Once you have an engaged patient, it's a paying patient."

One of Steward's successful engagement initiatives is texting patients after an emergency department visit to follow up on payment.

"If the patient goes to the emergency room on Sunday evening, they will get a text on Monday morning that says 'Please call urgently regarding your visit,' and it gives a number on the text. They call that number and it goes to

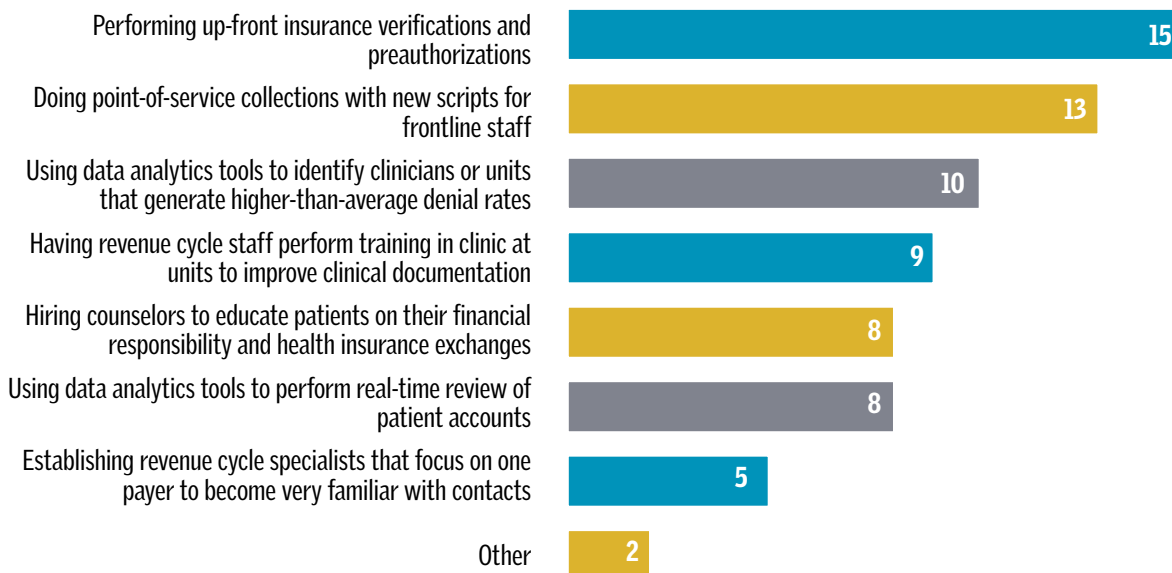
the call center where we can process the payment over the phone," Zar says. "Once you have the conversation with them, they're an engaged patient. About 70% of people who receive the text will call, and of those, about 50% to 75% will make a payment on the phone."

La Crosse, Wisconsin-based Gundersen Health System is also having collections success by reaching out directly to patients to engage them in a discussion about payments, says Laurie Hurwitz, executive director, revenue cycle.

"We're calling patients now. For anybody who has a balance under

REVENUE CYCLE ADAPTATIONS

How is your organization adapting its revenue cycle to improve collections and reduce denials?



Base = 16, Multi-response

SOURCE: HealthLeaders Media 2015 Revenue Cycle Exchange Pre-Event Survey

\$100 and is about to go to a collection agency, we started calling them, and we've had tremendous success in getting paid on those accounts. So now we are making a phone call to anybody with less than a \$200 balance, and we've got a pay rate of somewhere around 70%. They ignore the four statements they receive, but when we give them a call, they are willing to pay," Hurwitz says.

Protecting revenue through patient outreach

At The MetroHealth System in Cleveland, patient engagement includes community outreach efforts, says Donna Graham, senior director,

revenue cycle.

In 2014, the safety-net provider launched an enrollment outreach RV to drive to low-income areas to reach patients who need assistance in

accessing healthcare coverage.

"Enrollment on Wheels is our 38-foot RV that goes into our community where our residents live, work, and play. We are proactively engaging

"We are making a phone call to anybody with less than a \$200 balance, and we've got a pay rate of somewhere around 70%."

LAURIE HURWITZ, MBA
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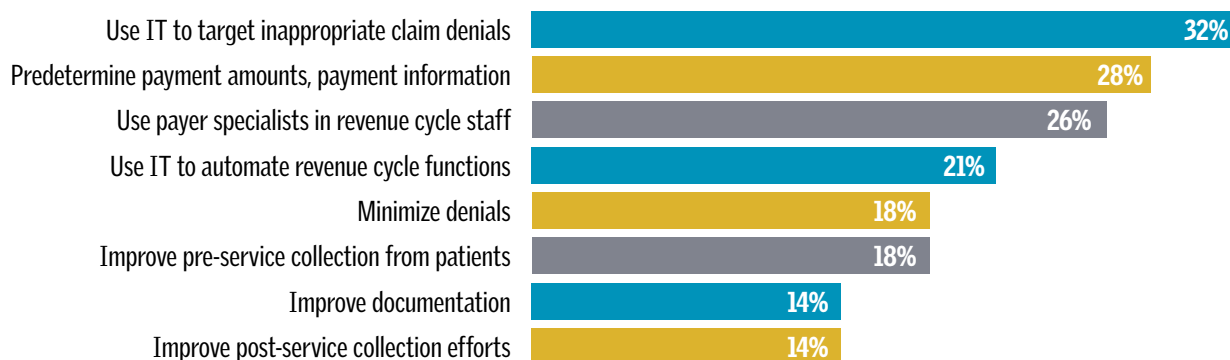


DAVID HARTIG

REVENUE CYCLE OPTIMIZATION

Which of the following do you expect to pursue within the next year to optimize revenue cycle?

(Among those not currently pursuing these options, but planning to do so.)



Base = 292, Multi-response

SOURCE: HealthLeaders Media Intelligence Report, *The Clinical Strategy for Financial Health: Care Redesign & Standardization*, June 2014.

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people and providing education regarding Medicare and Medicaid, as well as helping them understand the benefits of the healthcare exchange," Graham says.

"The RV is equipped with three workstations, so our certified application counselors may help navigate through the complexities of enrollment, sign our patients up for the MyChart patient portal, and also make clinical appointments. In one year, within the RV we have provided almost 1,500 services to our community."

MetroHealth also has a program to engage soon-to-be seniors and make sure they are accessing their benefits "by sending birthday cards to patients three months prior to their birthday,"

Graham says.

"In addition to recognizing a milestone in one's life, the birthday card is an educational tool, informing patients of the need to enroll in Medicare Part A and choose either Medicare Part B

or a secondary coverage. The birthday card highlights the Medicare Wellness Program and the preventative services provided at no additional cost."

Jackie Powers, director, patient financial services at Anne Arundel

"We are proactively engaging people and providing education regarding Medicare and Medicaid, as well as helping them understand the benefits of the healthcare exchange."

DONNA GRAHAM
SENIOR DIRECTOR, REVENUE CYCLE,
THE METROHEALTH SYSTEM, CLEVELAND



Medical Center in Annapolis, Maryland, says that by hiring three financial advocates to work with uninsured patients on finding healthcare coverage, the organization has increased collections and improved its outreach efforts within the community.

"[The financial advocates] research the patient's clinical situation and financial situation before they go to the bedside or interview the patient by phone. Our team [makes] outbound calls [for] all of our emergency department patients who are registered as uninsured. We don't connect with them all, but there's definite opportunity to discover insurance coverage not obtained during the initial encounter or make appointments to enroll for coverage," Powers says.

"Our financial advocates seek Medicaid enrollment, not only for the patient, but for the patient's family and their visitors in need of medical coverage. Expediting coverage for admitted patients helps get access to prescription medications, physicians, and other specialists upon discharge."

Centralizing revenue cycle operations

To maximize revenue cycle efficiencies, many health systems are centralizing financial operations across multiple hospitals and care sites.

"We centralized administrative functions on the hospital side so when

a new hospital joins the health system, I would say within a year, finance, revenue cycle, HR, legal, and most corporate services are centralized," says Sharon Joy, senior vice president, financial operations at North Shore-LIJ Health System, which is based in Great Neck, New York.

"Certain functions rely on local staff—such as registration, admitting, and charge entry—and there is always a local senior manager or director depending on the size of the sites, but the local staff report in through the central function."

The challenge of this approach is aligning the technology of disparate sites, Joy says. "The obvious issue is technology, what systems the new hospital is currently on, and being able to work with those systems until we can convert them, with the aim that ultimately the health system will all be

on the same platform."

Chuck Lane, vice president and chief financial officer at Methodist University Hospital in Memphis, Tennessee, says that centralizing and standardizing processes has resulted in significant financial gains.

"What we found in our denials management meetings is that some of our facilities were appealing 20% of the denials and some were appealing 90%. We pulled that team together and standardized the process," Lane says. "Before, we simply had no idea what was happening because it was all localized. Pulling the team together and putting the process under the microscope has been an amazing tool for us."

"Expediting coverage for admitted patients helps get access to prescription medications, physicians, and other specialists upon discharge."

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