Making an Epic Transformation

High-performing healthcare organizations are turning to smart banking relationships to drive innovative billing and revenue cycle processes.

In recent years, Epic has revolutionized its offerings, adding more functionality and services that allow healthcare organizations to do everything from consolidating physician and hospital patient billing statements to reconciling health plan payments and remittances. As organizations increasingly move to Single Billing Office (SBO) and newer Epic modules, they are turning to experienced banking partners to ensure a successful integration. Banks are deploying state-of-the-art technology and a variety of solutions and best practices, such as scannable lockboxes to facilitate the posting of patient payments and customized data feeds representing payment transactions. The result: increased automation, fewer AR days, greater billing process accuracy, and turn-key, patient-friendly billing processes. Industry leaders from Bon Secours Health System, Southcoast Health System, and Bank of America Merrill Lynch discuss these latest trends and important strategies for ensuring a seamless transition.

ISTOCK.COM / XIMAGINATION

Bank of America Merrill Lynch

Q: What are the key trends influencing how healthcare organizations create billing system and revenue cycle strategies?

Pamela Schmidt: As a result of the Affordable Care Act, the healthcare industry has had to reconstruct its cost curve. Topline revenue is impacted by so many things now, including quality measures and the shift from inpatient to outpatient care. We have to be able to get every dollar we can out of our cost curve. When it comes to revenue cycle, we need to make sure everybody is responsible along the billing cycle. This means looking at areas like revenue integrity and coding, as well as ensuring that the doctor and the nurse carry the right information to the next phase in a systematic manner. Also, now more than ever, the liquidation rate on AR is key. We have to keep turning those ARs as quickly as we can, and the only way to do that is by capturing all of the right data the first time. Now, when a bill goes out the door, it has to be first time quality because the consequences can be a hindrance to our cash flow.

NEW BILLING PRACTICES DRIVE POWERFUL RESULTS

Healthcare reform, population health management, increasing industry consolidation, and the push toward a better patient experience: These are some of the key factors motivating organizations to take tighter control over billing processes. Epic's patient accounting platform can offer a new path to faster payment reconciliation, quicker denials management, and fewer billing mistakes. Ultimately, this puts providers in the power seat. Here are a few things Epic is helping providers do:

1. Automate more in key areas. Payer payments and remittances are increasingly moving from paper to electronic format. However, reconciling payments and remittances is still a challenge for organizations—particularly electronically, because health plan payments and remittances travel through two different channels. Banks intersect to solve this problem by electronically reconciling deposits to the electronic remittance forms, posting payments more quickly and efficiently. The automated process involves the bank developing customized data feeds and placing a digital deposit record into the system. This eliminates human error and speeds up processing. For example, a hospital billing office may receive over a thousand checks per day, each of which must be linked to a deposit record and a remittance form. These processes can take a lot of time and manpower when done by hand. "Being able to match electronic remittances via the bank is much more efficient in that we don't need as many people to do it because it's automated," says Schmidt. The ultimate benefit? "We take people who used to do that type of work and we repurpose them to other revenue cycle functions," she says.

2. Centralize critical billing processes. Consolidating into one system is friendlier to the patient, but it can result in a more complicated receivable because there may be several accounts represented on a single statement. A strong banking partner can intersect with Epic and facilitate accurate posting when patient payments are posted through a lockbox. For Southcoast Health System, working with SBO and a bank partner to consolidate physician and hospital billing systems brought about significant changes. "There were people doing separate deposits with different banks in some cases," says Lindeman. "There were also different reconciliation processes. Bringing it all together to make sure everybody was accountable to one process and to be able to reconcile within one bank entity was a huge change. It's been a successful process."

3. Harness more working capital. When banks intersect in a strategic way with Epic, notes Malm, healthcare organizations receive data at the most granular level. "This level of automation ensures everything balances to the dollars and that data that arrives in the bank." At the end of the day, besides providing the best patient experience, it's all about working capital, says Wiatrowski. "A streamlined, less paper-intensive, and simplified billing and collection process creates operating efficiencies that allow organizations to have fewer staff doing billing and collections, and allows them to collect cash more quickly," she says. "The metrics show enhancements in AR days, improved cash flow, and working capital."

Bank of America
Merrill Lynch

Kristofer Lindeman: We've seen a lot more consolidation between hospitals and physician groups, the move to central business offices, and a trend towards quality reimbursement, all of which impact how we work together on certain aspects of the revenue cycle and billing processes. Also, as more people become enrolled in healthcare coverage, there are higher deductibles, coinsurance, and copays, all impacting our workflows.

Lynn Wiatrowski: The growing popularity of integrated healthcare systems is fostering a desire on the part of a number of hospitals and health systems to move to a single billing office or a consolidated patient financial service center. There is more focus on developing central business office environments that, at a minimum, can represent a single point of contact for hospitals and physicians. There is also a strong emphasis on patient satisfaction given the large increase in self-pay receivables. Organizations are looking at how to ensure that patient engagement at point of service and point of collection is as positive as it can be.

Q: As healthcare organizations increasingly move to Epic as a patient accounting platform, how important is a banking partner's level of experience?

Schmidt: Banking experience is critical. The bank providers that are servicing the healthcare industry need to have insight into-Epic and understand the level of integration everyone is trying to achieve. If they don't have that

Pamela Schmidt
Vice President,
Treasury Services
Bon Secours Health
System
Columbia, Maryland

insight, they can't build products and services that will help us maximize the huge investment that everyone is making in Epic. For instance, they need to know from the clinical side how information goes from the electronic health record to coding and how the bill is sent out.

Wiatrowski: Experience in meeting key metrics is also important. A strong banking partnership should result in better cash flow, better posting rates, less bad debts, a decrease in AR days, an increase in recovery of denied or underpaid claims, fewer paper processes, and greater overall efficiency, as well as a happy patient. Partnering with an experienced banking team that can also share best practices and ideas about how to effectively manage an organization through change is important. The ability to provide tactical solutions, strategic advice, and facilitate industry connections is critical to creating a culture that successfully changes the way they do business.

Q: How does Epic's SBO interface with banking programs to help organizations create streamlined and accurate billing processes?

Charles Malm: Up until recently, it was common for a fully integrated healthcare delivery system to be

operating two separate and distinct patient accounting systems. That dual-system operating environment is beginning to change with the Single Billing Office environment. From a patient receipt perspective, Bank of America has the technology to ingest the patient-friendly billing statement with multiple charges, accounts, and service fees and process the receivable to post to the correct account within Epic and balance to the dollars deposited to the provider's DDA account. Thus, the correct account is being relieved from an AR perspective. The technology is integrated through a single lockbox environment.

Kristofer
Lindeman
Treasurer
Southcoast Health
System
Fairhaven,
Massachusetts

Lindeman: We consolidated to Single Billing Office in October and are now combining our physician group, home health, and hospital information on the same statement. When patients get their statements, they can pay bills for all three service units by check, at a registration desk, or through our payment portal. We have a process where, as the cash comes in, we have to reconcile it to make sure it gets applied to the appropriate accounts as needed. There is some functionality within Epic, but it is a process that we have worked on with our bank. For example, because we're getting cash now for physicians, home health, and hospitals, and because

it's all going out on one statement, we have created a separate, single lockbox to take care of all of these payments.

Lynn Wiatrowski
Treasury Solutions Executive, Specialized Industries
Bank of America Merrill Lynch
Boston

When the patients write checks to pay their bill, it goes through the bank lockbox. When paying through our portal, patient payments are deposited electronically to our account. The bank creates a file for us, based on the guarantor number that's on the statement, so it knows where to post. Every morning we get that lockbox and electronic payment information. There are a few things that kick out and we have to post them manually, but for the most part, all of our self-pay payments, for both the hospital and the physician's practice, come through electronically, and it's a pretty good process for us. It has, however, added a level of complexity because now as payments come in, we have to make sure to identify them clearly and make a partial payment towards their statement, which may have to go towards one or both corporate entities. It has

been a challenge, but it's something we're getting more comfortable with. The bank helped us set up everything and made sure that the process has worked smoothly.

Q: What should healthcare organizations look for in a banking partner with respect to Epic?

Lindeman: It's important to partner with a bank that has the technology platform to help you achieve your objectives as you integrate new technologies. Through this process, we had a relationship with a smaller bank that was not able to accommodate some of the technological requirements that come within Epic, and we had to change that relationship. You have to have a bank that is always looking to streamline functions and has the latest technology because we really operate on razor-thin margin. We have to spend less time trying to collect and more time posting full, accurate payments and avoiding rework.

Wiatrowski: A strong banking partner can do a lot to support health systems leveraging Epic. A strong command of Epic capabilities is critical to a banking partner's ability to deliver fluid points of integration with banking platforms and complementary revenue cycle solutions. Technology solutions developed with integration in mind are key to

our clients' success. A bank's revenue cycle solutions can enhance a client's Epic platform investment. Organizations should consider looking for a partner who can advise at all points along the revenue cycle, beginning with point of service and helping them collect any type of payments through a host of different mechanisms. They should also be adept at providing services to the middle office, including collecting payments through a lockbox. I think it's really about experience, commitment to the healthcare industry, and a willingness to listen and understand an organization's unique challenges.

Charles Malm
Senior Revenue Cycle Product Sales Specialist
Bank of America Merrill Lynch
Albuquerque, New Mexico

Schmidt: We wanted to understand the bank's investment in the healthcare vertical and in IT because when you make a significant investment in Epic, you want to maximize/optimize the technology to achieve a high ROI. We want our partner to invest heavily in their healthcare resources and in new technologies to help make our whole revenue cycle process more efficient. ◼