WHITEPAPER

Driving Optimal Revenue Cycle Performance

New HIMSS Media research identifies current hospital revenue cycle vulnerabilities and opportunities

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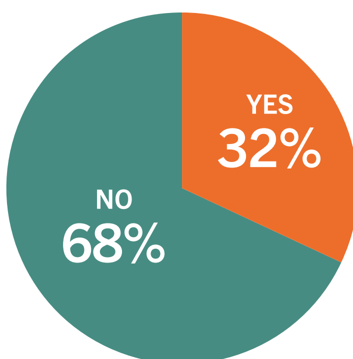
"We're seeing a lot of new codes, more specific than ever, but if clinicians aren't documenting in a way to use them, then there's a gap."

Laura Legg | Director of Revenue Integrity Solutions | BESLER

A critical initiative is on the agenda at hospitals across the nation – revenue cycle optimization. From managing new provider payment models, finding and training staff on ever-changing documentation and coding requirements, to filling gaps in the patient experience, the thrust to improve the financial health of hospitals and acute-care facilities has never been greater.

Opportunities for improvement abound. According to a recent HIMSS Media research study,* most of the nation's hospital and acute-care facility leaders believe revenue cycle solutions are optimized for inpatient coding and audits (72 percent). Yet only one-third believe diagnosis-related group (DRG) optimization is a solved problem (Figure 1). As the DRG payment system marks its 36th anniversary, the complexity remains.

Figure 1. Only one-third of hospital leaders think DRG optimization is a solved problem.



This perception is consistent across hospitals of varying types and sizes.

The HIMSS Media research shows more than eight in 10 finance, revenue cycle, reimbursement and health information management leaders call clinical documentation and coding a high or medium risk area for lost or decreased revenue (Figure 2). "The ICD-10 coding system is a top reason why," said Laura Legg, Director of Revenue Integrity Solutions at BESLER.

The ICD-10 coding system, used by Medicare and some insurance companies to determine a set lump-sum payment for hospitals to treat specific diagnoses, is constantly changing. That continual change makes it difficult for hospital staff to follow and comply. The ability to quickly and continuously train staff on ICD-coding updates is arduous. "We're seeing a lot of new codes, more specific than ever, but if clinicians aren't documenting in a way to use them, then there's a gap," she said.

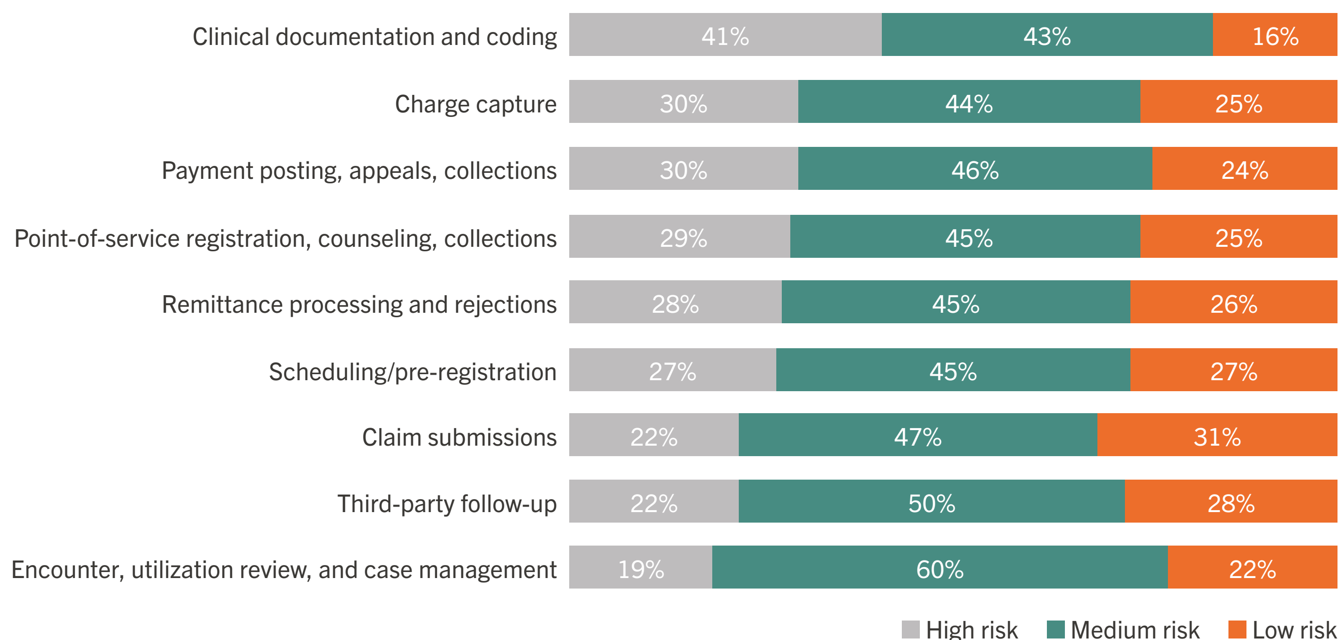
Under ICD-10, the coding accuracy scores for DRG assignment are much lower than they were under ICD-9, the previous system, according to Legg. "Every ICD-10 update has more and more specific codes, but I don't think hospital coding documentation is keeping up with the rate of specificity," she said. In 2018, the national benchmark for DRG assignment was 72 percent. Under ICD-9, the benchmark was 95 percent. "There's a lot of room for improvement," said Legg.

*The findings in this white paper are based on online research conducted in October 2018 among 102 respondents employed in leadership roles within finance, revenue cycle, reimbursement and HIM in U.S. hospitals and acute-care facilities.

"Clinical documentation has improved since clinical documentation improvement (CDI) programs were developed, but it is still an underlying issue in revenue cycle."

Deborah Vancleave | Vice President of Revenue Cycle | Mosaic Life Care

Figure 2. Clinical documentation and coding are the key areas of vulnerability for lost or decreased revenue.



Though the HIMSS study shows that providers think their inpatient-coding accuracy meets or exceeds the industry's 61 percent average, a question remains on whether it's enough. Poor coding integrity leads to the two top challenges hospitals face every day: insurance carrier denials (49 percent) and inaccurate reimbursements (47 percent) (Figure 3).

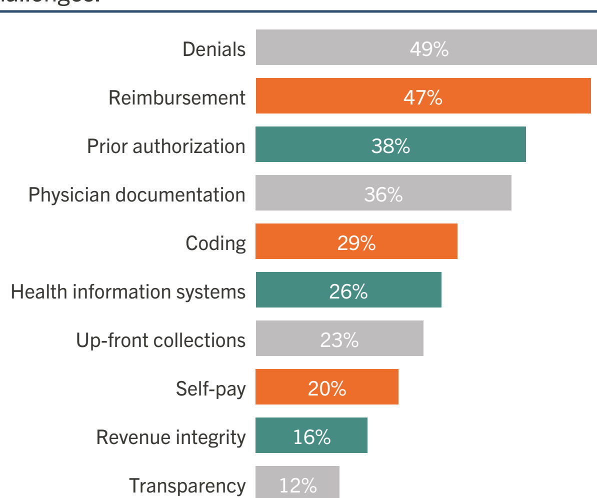
"Clinical documentation has improved since clinical documentation improvement (CDI) programs were developed, but it is still an underlying issue in revenue cycle," said Deborah Vancleave, Vice President of Revenue Cycle at Mosaic Life Care, an integrated healthcare system headquartered in Missouri. "The key is to ensure coding teams are established and engage in constant communication with providers," she said.

To achieve high DRG accuracy, Mosaic Life Care has implemented solid programs, processes and new staffing roles, including:

- Coder credentialing and 100-percent review of new coders' work
- Daily, weekly and monthly coding guideline reviews
- CDI programs that include DRG reconciliation, in-person meetings to discuss complex cases and constant communication between coders and CDI staff
- Coding/CDI education from the Association of Clinical Documentation Improvement Specialists (ACDIS) and the American Health Information Management Association (AHIMA), and more

- Monthly internal coding reviews and yearly external coding audits
- A physician liaison and a dedicated inpatient coding/CDI manager
- Coding/CDI query templates
- Provider education
- CDI rounding
- Coder and CDI scorecards

Figure 3. Denials and reimbursements are the top revenue cycle challenges.



Breaking down barriers to improvements

The HIMSS Media research underscores the barriers hospital leaders named in improving revenue cycle performance. Respondents chose departmental and data source silos as the top barrier to better revenue cycle performance (51 percent), followed by finding qualified staff (47 percent) and integrating multiple revenue cycle tools (44 percent).

Vancleave knows the barriers well. “The inability to hire fully trained coders, the need for high-coding productivity to ensure discharged not final billed (DNFB) is contained, the time and budgets required for continuing coder education, competing priorities, coding in multiple systems and how the electronic medical record (EMR) interfaces with computer-assisted coding solutions – these are among the issues,” she said.

Vancleave said reimbursement and payer contracts are where hospitals are most vulnerable. Faced with high-deductible health plans, hospitals are struggling to collect the increased patient share of the cost. “Patient financial experience is the core that drives every improvement throughout our revenue cycle,” she said. “Patients are expecting a hotel-type experience from the moment they enter the lobby through the billing for those services. In this era of instant gratification, healthcare organizations must respond appropriately.”

All told, constant changes to reimbursement models are forcing healthcare organizations to think outside of the box. Other revenue cycle vulnerabilities

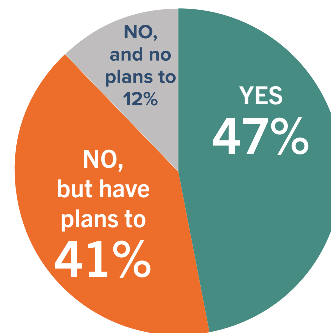
"The opportunity is there for hospitals to bring in the correct amount they are entitled to, and that can often be more than what the hospital has billed for."

Laura Legg

focus on the patient experience. "Patients need to understand their out-of-pocket cost in advance, but it is increasingly difficult to obtain this information accurately from payers," said Vancleave.

Complicating matters is the new Centers for Medicare Services price transparency rule, Vancleave pointed out. Under the rule, hospitals are required to publish a list of their standard charges online. To prepare for the change, hospitals are developing strategies to educate their staff on how to discuss the patient's financial responsibility to prevent payment issues.

Figure 4. Nearly half of hospitals and acute-care facilities have a revenue integrity program.



3/4 of these adopters note it has positively impacted one or more of the following:
- *Net collections*
- *Gross revenue capture*
- *Reduction in compliance risk*

Driving revenue cycle performance improvements

The HIMSS Media study shows that nearly half of hospitals and acute-care facilities (47 percent) have established a revenue integrity program with three-fourths noting positive impact on:

- Net collections
- Gross revenue capture
- Reduced compliance risk

The more than 40 percent who don't have a revenue integrity program have plans to deploy one (41 percent) (Figure 4).

Revenue integrity departments are addressing issues in a more proactive way than ever, according to Legg. "A good program goes across the entire revenue cycle, from patient registration and scheduling, to claim adjudication," she said. "A good revenue integrity program can increase revenue and lower compliance risks, such as over-coding and having a higher DRG assignment and DRG relative weight than what the documentation in the patient record demonstrates."

"The opportunity is there for hospitals to bring in the correct amount they are entitled to, and that can often be more than what the hospital has billed for," said Legg. "Program staff need to look at all the functions and processes across the entire revenue cycle to ensure compliance and ensure processes are performed correctly so the end result is a clean claim."

Vancleave said hospitals must have a solid revenue integrity program to prevent revenue leakage. In 2017, Mosaic Life Care created an aggressive five-year strategy and long-range plan that includes an entire systems overhaul of its revenue cycle, creating 21 projects and 25 initiatives for process improvement.

Staffing and tools were the biggest challenge Mosaic faced until it implemented an extensive tool suite and completely restructured its revenue cycle department, adding staff to support all business service lines, clinical documentation and more. “One of our overarching pricing principles is to remain the lowest-cost facility in our region,” said Vancleave. “With our new pricing module, we are able to ensure we are in compliance with our guiding principles.

Implementing robust contract management software that provides payer scorecards is essential to collecting the maximum reimbursement according to contracts, Vancleave pointed out. Regarding recovery solutions, presumptive charity tools are critical to identifying potential patient charity cases prior to third-party recovery. Potential charity accounts must be scrubbed prior to placement.

The important thing providers should do is to leverage their choices and choose a state-of-the-art solution. “The days of manually choosing and auditing records are in the past,” said Legg. “Recovery auditors and insurance carriers can look at thousands of claims in just a few minutes though technology. Hospitals can do that too. It’s important for healthcare providers to know they can leverage that technology in their revenue cycle solution.”

Revenue cycle leaders must stay informed, Vancleave noted. Connecting with industry experts, vendors and peers is essential for success. Legacy EMR system peer groups, industry associations and one-on-one leadership interactions are very valuable in today’s fast-paced environment.

There are great opportunities out there to increase revenue and lower compliance risks, according to Legg. “Looking at claims to ensure accuracy before submitting them to insurance carriers will make sure denials are eliminated or decreased,” she said.

The bottom line is this: With the right processes and third-party partner support, hospitals can help stop revenue loss and collect more of the money they deserve for the care they provide.

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