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PRODUCT SPOTLIGHT

HOT TOPICS IN 2010

RECOVERY AUDIT CONTRACTING: RAC products should help providers prep for audits

RECOVERY AUDIT CONTRACTORS are creating apprehension among healthcare providers. The threat of an audit means increased reliance on efficient, accurate care and billing information. Can vendors help? Providers are going to have to be able to collect data in a way that they can prepare for those appeals," said Paul Pitcher, director of financial services at KLAS. But the market for RAC products remains somewhat undeveloped as providers await complex audits and more information on what to expect. "We've reached out initially to the providers to say, 'Tell us about your RAC solution,' and we've gotten a lot of response saying that they aren't doing that yet," Pitcher said. Experts say identifying risks and knowing data are essential parts of the RAC preparation process. Vendors that offer solutions and services to make these processes easier are likely to rise to the top of the market.



REVIEW: "Lee Memorial relies on HealthPort to manage the up-front steps of RAC compliance to HealthPort: receiving request letters, retrieving records, scanning documents and sending copies to the RAC. HealthPort also conducts an initial record review. By outsourcing this step, our staffing burdens are dramatically reduced, and HealthPort is chiefly responsible to meet initial RAC deadlines. HealthPort also provides us with a robust RAC database. Also used to track appeals, RACPro supports our internal review of cases, and extensive RAC reporting for financial risk analysis and appeals outcome auditing." - Stanley Padfield, system director, HIM & patient information privacy officer, Lee Memorial

REVENUE CYCLE MANAGEMENT: More vendors are offering their own RCM solutions

A PRACTICE MAY BE SMALL OR LARGE, but its challenges are essentially the same: get patients in the door, establish a clinical record, ensure smooth billing and receive prompt payment. As direct as the process looks on paper, every step has its own pitfalls, and each warrants close attention. To help connect the dots, more and more vendors are offering their own suites of revenue cycle management solutions, whether the task at hand is maximizing reimbursements or removing roadblocks from the billing process. "Billing is always one of the biggest issues" said Brad Lund, executive director of the 700-member Healthcare Billing & Management Association. "Whether you're an anesthesiologist who averages \$2,000 a visit or a pediatrician who averages \$80, a similar amount of work goes into it." Each change to the national health landscape presents its own set of hurdles; Lund cites HIPAA implementation and the continuing push for electronic medical records as just a few examples that make revenue cycle management suites, whatever their brand, an indispensable part of the modern practice. "Today it's these," Lund said. "Tomorrow we've got to deal with ICD-10 and 5010. We've got a big challenge ahead of us."



REVIEW: "With the use of Horizon Enterprise Revenue Management, Gwinnett has decreased medical record duplications from 8 percent to just .31 percent. "We went from being very average to being one of the top performers in the country on the medical record duplication metric." - Cathy Dougherty, assistant vice president, revenue management, Gwinnett Health System, Lawrenceville, Ga.

DENIALS MANAGEMENT: RAC program puts providers on alert

THIS YEAR'S NATIONWIDE LAUNCH of Medicare's Recovery Audit Contractor (RAC) program is forcing healthcare providers to go on the defensive. The old process of preparing a bill and making sure it gets paid has gotten much more complicated, says Paul Pitcher, a financial services analyst for KLAS. Hospitals are now being forced to justify their billing processes or face a loss of reimbursements. While some of the smaller providers are making do with spreadsheets, Pitcher says most forward-thinking hospitals are looking to claims management software to expedite the process. This, he says, has given rise to the denials management tool, a new subset of claims management technology. Healthcare IT vendors have taken notice as well, and are either adapting their RCM tools to handle RAC audits or developing new solutions to handle RAC and other audits coming down the road.



REVIEW: "Between MedAssets Claims and Denial Management solutions and our own outstanding staff, we have addressed systemic issues that were broken in our claims processing, leading to excessive denials. We can address the causes internally, or with payers, effectively and promptly. Our clean claims rate is now more than 90 percent and our cash improvement is significant." - Dee Chaisson, vice president of revenue cycle, JPS Health Network

BUDGETING/FORECASTING: Business analytics tools aid hospitals in planning ahead

HEALTHCARE DOESN'T COME WITHOUT a price tag, and while consumers try to map out their annual medical expenses, so, too, should healthcare providers try to plan their budget. The recent closure of St. Vincent's Hospital in New York City and ongoing bankruptcy battles in other states prove that all hospitals aren't successful in this task. Fueled by the recession and quality incentives, vendors are bringing financial planning and budget forecasting solutions to the market. According to Lynne Dunbrack of Health Industry Insights, they're applying business intelligence tools to revenue cycle management platforms to help providers measure everything from procedure costs to supply chain expenses to labor management. "It really comes down to you can't manage what you don't measure," she said. "You need to know what the risks are going to be." The key to budget planning, Dunbrack says, lies in applying analytical tools to project expenses throughout the fiscal year. This involves tying the hospital's financial platform into its clinical operations, as well as outpatient and follow-up services. Interoperability is a must, she says.

REVIEW: "We use the MedAssets budget system to efficiently connect fiscal management to our clinical managers and directors. It allows us to move information in a way that gets important non-financial statistics to fiscal management and push back important financial performance and productivity indicators to the people who manage them. The MedAssets budget system lets us put budget responsibility directly into the hands of clinical managers, who, because of the system, can be directly engaged in and fully understand their budgets well in advance of being held responsible for meeting them. For directors and vice presidents, the budget system gives them easy access to the information they need on multiple levels of aggregation. It allows fiscal management to systematically test changes in revenue and expenses against changes in underlying volumes and present expected results in light of volume changes.

The budget system has proven capable of being fairly simple when needed but still has the capability of doing much more complex data manipulation when fiscal managers want to pursue it." - James Eaves-Johnson, Decision Support and Budget Coordinator, Mercy Iowa City

DOCUMENT MANAGEMENT: Converting files keeps providers in line with ARRA

NOW MORE THAN EVER, healthcare providers are taking a close look at how their financial records are created, accessed and stored. The influx of federal incentives through the American Recovery and Reinvestment Act, as well as requirements for ICD-10 and HIPAA conversion and the Centers for Medicare and Medicaid Services' Recovery Audit Contractor program, are bringing record-keeping out of the back office and into the spotlight. "It's all about documentation now," said Bob DeLuca, a former chapter president for the Healthcare Financial Management Association who now works for IMA Consulting. "A lot of doctors will say, 'I didn't train to do this. I trained to save lives.' As a result, it's an after-thought in the industry. Clinical documentation and coding companies are overflowing with work, and hospitals are farming it out of the workplace." That said, DeLuca warns that chief financial officers could pay a heavy price if their records aren't up to par. "One individual case can cost a hospital \$10,000," he added. "As hospitals' bottom lines are eroding, they have to be concerned about this."



REVIEW: "Softheon's EHR Exchange workflow solution has significantly improved communication with the payer organizations, and extensively reduced our administrative costs associated with DRG, HEDIS, RADV and plan to use it during any RAC audits. Through a revenue sharing arrangement with Softheon, we will be able to reduce the HIM department's overall costs." - Tracy D'Errico, RHIA, Director of Health Information Management, Southampton Hospital, Southampton, N.Y.

CHARGEMASTER MAINTENANCE: Automation tools save money

HEALTHCARE PROVIDERS CAN'T LEAVE a single dollar on the table. That's the motivation behind many organizations' decision to spurn traditional chargemaster consulting services in favor of automated maintenance solutions, according to Paul Pitcher, director of financial services for KLAS. "There's still a lot to be achieved with these products, but I would say that maybe half the hospitals are using chargemaster tools now," Pitcher said. "In the past, a lot of organizations would use consulting services, but as soon as those consultants went out the door, the data grew old." Automation is a function of cost, he noted, and there's value for providers in a tool that updates itself regularly, achieving what a consultant could achieve once every few months.



REVIEW: "University Hospital has been using Craneware for more than five years. During that time, we've had exceptional client service from the support staff with calls and emails being responded to immediately. The software, particularly Chargemaster Toolkit, supports our mission to achieve revenue integrity - enabling us to update the chargemaster in minutes, receive accurate reimbursement and accurately charge for expenses, which helps us maintain our competitive edge in serving our market. With the increased visibility into our chargemaster maintenance processes, University Hospital has identified approximately \$3.4 million - stemming from pricing discrepancies and previously unbilled charges. Craneware's continuing education on

their products and sharing industry best practices has enabled University Hospital to continually find ROI with Craneware solutions." - Brian Patterson, chargemaster coordinator, University Hospital, Augusta, Ga.

TIME, ATTENDANCE AND SCHEDULING TOOLS: IT solutions help hospitals manage their workforce

A SURVEY CONDUCTED late last year by CareerBuilder indicated that one out of every five healthcare employers is dealing with low morale in the workforce, with increases in stress and workloads cited as the primary causes. To combat this problem - and to improve efficiency as well - many healthcare providers are turning to automated time, attendance and scheduling tools. The solutions are designed to give employees the opportunity to manage and arrange their own schedules while allowing administrators to match employees to proper jobs and reduce overtime.

SUPPLY CHAIN MANAGEMENT: New standards will give providers, suppliers an edge

WITH SUPPLY COSTS RANKING in the top three of healthcare provider expenses, a hospital that automates its supply chain management stands to save a lot of money and improve efficiency. Recent surveys indicate 30 percent to 40 percent of a hospital's budget is wasted on overstocked or out-of-date supplies or emergency orders for understocked items. Pam Poshefko, of IMA Consulting, says supply chain management tools will help both providers and their vendors if they're standardized - and that's where global location numbers and reduced our administrative costs associated with DRG, HEDIS, RADV and plan to use it during any RAC audits. Through a revenue sharing arrangement with Softheon, we will be able to reduce the HIM department's overall costs." - Tracy D'Errico, RHIA, Director of Health Information Management, Southampton Hospital, Southampton, N.Y.

and global trade item numbers come in. GLNs, which identify the location of every healthcare provider in the nation, are set to be adopted nationwide by the end of this year. GLNs, which identify every medical product, are due to be implemented by Dec. 21, 2010. "It's very much like a UPC number for the healthcare industry," said Poshefko. "Hospitals don't want to invent their own systems, so they're looking to standardization." Helping to push adoption of supply chain standards is the industry Group Purchasing Association announced its readiness to accept GLNs ahead of the Dec. 31, 2010 "sunrise date." "This is a quiet change that will have an enormous impact," said HIGPA President Curtis Rooney. "Right now, there is no reliable system in place to know where essential healthcare providers are located. The adoption of GLNs by GPOs is the first step toward better ensuring that the right products are delivered to the right location. Poshefko sees this measure reaching even further. She said supply chain management tools can be linked into the electronic medical record, allowing providers to better coordinate supplies and their costs with clinical outcomes. As these standards are put into place, she said, hospitals will need to adapt legacy materials management systems - and vendors who offer those solutions will likely see a surge in business.



REVIEW: "Saint Thomas has partnered with TriMedx for medical equipment management and clinical engineering since 2006. Over the course of the partnership, TriMedx has saved Saint Thomas and its four affiliated hospitals \$3.5 million through reduced expenses, cost avoidance and hard-dollar cost savings. The relationship with TriMedx gives us greater economies of scale for replacement parts, helps us mitigate risk through a large risk pool and provides access to shared best practices. Beyond the tangible benefits, TriMedx has built strong relationships with department heads and clinicians throughout the system that makes our jobs easier and improves patient care." - Bill Cline, vice president, supply chain management, St. Thomas Health Services, Tennessee