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HEALTHCARE

THE ROLE OF REVENUE INTEGRITY IN REDUCING REVENUE LOSS, PAYMENT DENIAL RISK

Announcer: Welcome to Navigant On Healthcare, offering insights for healthcare leaders striving for success in an evolving industry.

Host: Welcome to Navigant On Healthcare. I'm your host, Alven Weil. Today, we are joined by Andrew Hancock and Amanda Pallozzi of Navigant. Andrew is a revenue cycle managing director responsible for project delivery and oversight with a special focus on Epic, net revenue improvement and optimization and conversion risk mitigation. Amanda is an associate director who has managed various revenue cycle initiatives aimed to mitigate professional and hospital-based operational and financial impact, due to next generation electronic health record conversions. Thanks to both of you for joining us today.

Amanda: Happy to be here.

Andrew: Happy to be here, as well.

Host: So, the topic for today's podcast is revenue integrity. And I thought we might start off with a quick definition of what revenue integrity is. And then, transition into an overview of the importance of having a comprehensive revenue integrity program within the revenue cycle.

Andrew: Yeah, sure Alven. I can take the first question here and then allow Amanda to add some additional thought. So, a revenue integrity department, what they typically are — a function within the revenue cycle, focused on both the net revenue improvement, as well as ensuring that all gross revenue is captured. Typical functions that normally fall within the revenue integrity department would be denial management, avoidable write-off prevention, underpayment recoveries, gross revenue capture, as well as CDM maintenance. Oftentimes, the departments report up through the leader of the revenue cycle, whether that's the vice president or another senior leader. And consists of a leader, as well as several analysts that will focus either on gross revenue capture, or on preventing that revenue leakage.

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About Navigant

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So, Alven, in regards to the importance of revenue integrity departments within organizations, it's really about allowing the organization to maximize their net revenue through reducing net revenue leakage around some of the areas that I mentioned before, denial prevention, underpayment and avoidable write-offs, as well as insuring that they are capturing all the appropriate gross revenue. So, I think what we find from a Navigant perspective is that the highest performing organizations have implemented revenue integrity functions and departments. It really allows those organizations to maximize the effectiveness and efficiency of the revenue cycle directly, but also coordinate those activities with interdependent areas, such as clinical departments, contracting, physician offices, etc.

From the Navigant standpoint, we know that some of those other outlying areas can have significant impact on the revenue cycle's ability to collect and optimize cash collections. And so, it's important that organizations create a department that allows for streamlined outreach and coordination with some of those outlying areas.

Amanda: The one thing that I would add to everything that Andrew just covered is that the revenue integrity department is really kind of the center of bringing together all of these groups. And helping to organize the communication, the reporting, holding individuals accountable so that this isn't a one-time project that you pick up for a couple months or maybe one year and it goes away. It is really something that's longstanding and making sure that everybody is receiving consistent communication, consistent messaging around what your key performance indicators and what your goals are — how to achieve those goals together as an organization instead of individual entities within that organization. So, what is happening up front with your clinical areas or a good example that we run into a lot would be like your UM, or your utilization review team, and how do those individuals and what they're working on ultimately end up impacting the business office, and then, subsequently, the organization's net revenue. How can all of those individuals kind of work together to make sure that they're driving improvement regularly through the bottom line?

Andrew: Yeah Amanda, I think that's a great point, in regards to creating a department that can withstand the test of time. I think oftentimes we see organizations that may focus on write-off prevention and some of the other topics that we've mentioned in more of a task force-based approach. And I think task forces are a key component of it, but I think what can happen is if you don't solidify a department around some of those efforts, is that the trends come and go. And maybe some weeks or some months, the topics are at the forefront, but then they can quickly slip, and you can see metrics trend in the wrong direction. So, I think that's a great point around making sure that there's a long-term focus by creating a team that can focus on those key performance indicators.

Host: So, Amanda and Andrew, what are the most common causes of lost revenue and what should a healthcare provider look for?

Amanda: So Alven, I can go ahead and jump in and take this one. So, really, what we look for, and I hate giving this answer, but it really depends from organization to organization. I think what I can speak to and I know Andrew can as well is some themes that maybe we see consistently across organizations. So, when building a revenue integrity department and you're looking for those areas that could have a high impact in your net revenue benefit due to that lost revenue there, we typically look at starting at two areas to dive in deep. And that would be your CDM charge capture, as well as looking at your avoidable write-off on the back end.

Now, when looking at these, you're obviously going to identify some themes within each of these groups here, but, what we like to focus on, and how we like to kind of separate and divide is: "What are some quick wins in the organization that we can start rallying groups together with and start working through those?" Versus: "What are some of these longer standing that are going to take months, potentially, because of the changes to work flows, processes, potentially people or technology, as well?"

So, for example, the charge capture is a great one that we can frequently come in and we start looking at not only the CDM component, but we'll look at charge capture method across the organization. So, who's capturing charges? How are they capturing those charges?

Do they understand when they should be capturing certain charges? And more oftentimes than not we realize that a lot of clinicians are still very confused about what they should be charging for. And so, with their primary focus, rightfully so, taking care and providing excellent quality care to their patients, I think we see charging become an afterthought, right? And so, there's a potential of them not entering charges and missing charges. Which subsequently leads to net revenue impact down there. But there are also some areas that we focus on when we're doing that initially that don't from organization to organization we can see an improvement in that revenue benefit that aren't necessarily directly related to manage care contracts.

So, for example, in your emergency department, right, there are frequently many opportunities for charging improvements there. We see opportunities around EKG charging, trauma activation charging, supplies... I think, personally, supplies across the organization are a great area to start looking and one that we pick up pretty quickly and start looking at, as well as some of those things like injections and infusions, and things that are more of that outpatient or observation patient in the hospital that aren't necessarily DRG-based or based on certain contractual terms that we're looking at.

And then, like I said again, the avoidable write-offs is another area that we can easily identify some pretty quick wins in that area, as well. Whether it's small balance write-off late charges for example. What's your late charge policy? Are things automated? Are you spending a lot of time looking at those? How much are you writing off there? As well as some of those other items. Do you have any automatic write-offs? We'll take a look at that pretty closely to see what we can do to save some of that lost revenue. So, Andrew, I didn't know if you any additional things you wanted to add.

Andrew: Yeah, I think what I would just add is I think the major hitters for net revenue leakage are the ones that you typically see: missing authorizations, timely filing, eligibility incorrect. What I think is the key component of identifying those opportunities, as well as diagnosing the root causes, is making sure that there's the data and the reporting available that supports it. I think it's key from the standpoint of how do you implement changes making sure that the individual's focused on those buckets, specifically on the write-off and denial prevention, are really getting down to the individual areas or departments that may be causing the back end denial and eventual write-off, and making sure that those workflows are addressed systemically as well.

And then, I think what I would just add on the gross revenue side is I think what we often see is that some organizations may or may not have the appropriate internal controls in place to ensure that departments are appropriately reconciling their revenue either from a clinical department on the hospital side or in the physician office of making sure all of the individual visits or encounters have appropriate charges, E/Ms or potential office procedures added to the visits. And so, making sure that there is an approach or a process to ensure the individuals in those settings are appropriately looking at their visits for the day and ensuring that all appropriate revenue has been captured.

Host: So, guys, what are the key components of developing a successful revenue integrity program?

Amanda: Well for me, I'd have to go back to what Andrew was talking about during the first question that you had asked us. It's really critical to have the right stakeholders involved to kind of bridge communication across the organization, as well as to hold those individuals accountable over time, right? We want to make sure that this is something longstanding. To Andrew's point, it's not a task force, or something that is coming in and out inconsistently. But really making sure you have those organizational leaderships and stakeholders that are focused on this, it's a priority for them, and they're ready to hold individuals accountable for the goals that you've set forth around this revenue integrity program from the department.

The other thing is really about the consistency. Making sure that this isn't something that comes in and out. I think, frequently, what we end up seeing is many programs fail to take off or end up starting to fall apart after our group goes in there, because they're not consistent in their communication or making sure that their meetings continue on and getting their reports out. Really holding people accountable for meeting their goals, and/or speaking to why they're unable to meet those goals longterm, so that they can have additional assistance deployed to make sure that they can assist them to get results moving forward in the future.

And then, lastly, it's really about measuring, right? It's kind of coupled with that consistency, is making sure that when you set goals at the beginning of every year for this department is the consistency in those reports. Making sure people understand those reports — people can speak to those reports. They're having conversations about these reports and how they're related to the goal. And, if people don't understand all of that it's very hard to achieve those goals, or to have people driving towards those goals if they're not being held accountable, or it's not a priority of the organization. Andrew, do you have anything to add there?

Andrew: Yeah, I think the only thing, or a couple items I guess I would add, Amanda. I think, first, is thinking about the phasing and implementation approach. So, I think oftentimes revenue integrity programs can be overwhelming in the different areas that Amanda and I have spoken to. So, I think looking at your organization and identifying the priorities where you think that you realize the most value, and, I think as Amanda had mentioned, I think that goes back to the reporting and other things of where are the quick wins that we can really get some momentum behind the department?

So, I would say that's first, in regards to success factor. And then the second thing I would also mention is just around leveraging the technology appropriately. Whether that's reporting suites, whether that's leveraging your EMR, and all of the bells and whistles that it may provide, but making sure the technology helps support the department, versus the department trying to do all the analytics and root cause analysis outside of any type of technology system. So, I think that allows to ease the burden of effort and ensure that processes are created as well as reporting packages that are delivered to be maintained over time versus being a manual process that has to take place by analytic teams on a week-to-week, or month-to-month basis.

Host: So, Andrew and Amanda, how do you measure the success of a program? Or in other words, what are the key performance indicators?

Andrew: We have a short list of areas, in regards to metrics, for each of those key buckets that Amanda and I keep referring to. So, the gross revenue side, as well as the net improvement. So, I think as we look at the gross revenue capture, we have key indicators that we like to review and assess, in regards to the performance. And I think a short list of those would be charge lag performance, as well as revenue reporting and reconciliation compared to volumes and revenue historically. Secondly, I would say is around pending charges, or a professional billing pre-accounts receivable. So, do you have any, or are any accounts or charges that are stuck in charge review workqueues or pending charge workqueues to ensure that charge are flowing through the system timely? And then, I think another big area to monitor and track is missed charges.

So, whether that's from an internal system or internal module within your EMR. Whether that's leveraging a nurse auditing tool or individual outside of the system. But making sure that there's clear reporting around missed charges and comparing that to benchmark performance. And then, on the net revenue side, I think the big three areas are denials, volumes from a dollar and quantity standpoint, write-offs from a gross revenue and a net revenue standpoint. And then, lastly, is looking at your underpayment recoveries. So internally or externally dollars and quantity of visits and charges that are being identified as missing appropriate reimbursement.

Host: So, Andrew and Amanda, without divulging any specifics about the hospitals and health systems you've worked with, can you discuss and speak to some of the results that you've seen?

Andrew: Yeah, I think that one, I guess I would reflect on an individual health system that I worked with a couple years ago. They were a multi-facility system over 1,000 plus beds, 1,000 plus employed physicians, and they had a lot of success in our partnership and working with them to stand up a full revenue integrity program that was focused both on the hospital and the professional side. It incorporated those areas that we've talked about. So, charge capture and CDM management, denial prevention, write-off reduction, as well as underpayment recovery. And through our work in partnership we were able to develop the appropriate infrastructure that included nine plus people that were rolled up within the revenue integrity team.

Many of those were transfers within the organization and not new STE's to really reallocating resources to align with the specific functions that we've talked about today. And then, based on the efforts and where we were able to align staff, we were able to see a write-off reduction of over \$10M in the first year. We were able to see \$2M in underpayment recoveries by focusing on some of the accounts where some of the payments weren't flowing through appropriately, according to payer contracts. And then we saw a lot of other impacts as well as anecdotal support around training and education for a lot of those departments from a gross revenue side.

So, we were able to work with the organization, the clinical department to ensure that department managers and physician office managers had the appropriate support to know their revenue, to monitor performance and to be empowered, in regards to bringing up questions, as well as potential issues where revenue may not be captured appropriately. So, I think by and all a very successful implementation with the client and I think they've continued to see huge dividends from the infrastructure that they were able to establish.

Amanda:

So, a client that I was working with over the past year, is somewhat similar to what Andrew was speaking to with his client example. I think the one piece that was different is they had segmented functions that we would typically recommend or see rolled into a comprehensive revenue integrity department. But, looking at it within terms of prioritizing the list and being able to achieve the net revenue benefit as quickly as possible, what we decided to do with this client is under the umbrella of this revenue integrity department, we decided to start with the CDM charge capture or what we call the revenue management program, which is really more about charging, and that upfront piece. They also had a denials management and prevention program that we worked closely with during this time as well as an underpayment structure that we included in all of these conversations, as well.

So, within the CDM and charge capture portion, this was completely new for this organization and something that they had not done before. And so, what they ended up doing is getting approval for six new positions that were specifically dedicated to this. And so, that includes a director and a manager of department, as well as an analyst that focused on specific areas within that CDM or charge capture piece of it.

And, what's really important is, if we're starting to look at the charge capture piece and the CDM piece, is that you are hiring or looking for people that have very specific expertise in these areas. Wanting to maximize that revenue, not just from a growth, but from a net, takes people that have individual experience and knowledge within certain clinical areas to be able to drive that additional revenue. So here, it took us about I want to say from six months, starting to put together job descriptions, policies and procedures, hiring those individuals and getting those individuals trained and brought on for that program really to even just get started and up and running, before we started pulling together our what we called our revenue management steering committee.

And from there they started holding monthly meetings across the organization focused on specific areas both clinical, as well as patient aspects, back end parts of the revenue cycle managed care, finance, all of those areas that we've discussed earlier, and their stakeholders. We started talking about: Where is there revenue leakage? Whether it's from the charge capture portion of it, starting to talk about from our denials and prevention group. Where were they seeing denials and avoidable write-offs there? As well as, where there are opportunities around those underpayments? And so, that group was meeting on a monthly basis. We also had a lot of work groups, sort of task forces, as Andrew mentioned, that came out of that larger group that the revenue integrity department was leading.

And from there, what we were able to achieve was over 3,000 errors in charge code billed that were found and corrected. We found 4,500 opportunities of charge codes that could be consolidated and standardized across the organization. We found some opportunity to automate alt codes within the system so that individuals did not have to review all of these accounts prior to the claim going out. Like I mentioned before, we had created six new positions in that revenue integrity department. We were able to accelerate \$17.5M in gross cash revenue pretty quickly upon the inception of hiring those six individuals. And that all goes to that, the pre-accounts receivable and working that out and getting that on the claim and out to the payers much faster.

And then, achieved over \$13M in net revenue over this project. And that was specifically around avoidable write-off improved the communication and visibility of revenue capture at the cost center and service line level. So, I think this was something completely new for the client that they hadn't been looking at their revenue to volume or acuity trending month-over-month, or year-over-year before, to really see what opportunities are out there. So, we created reports for them around that, a standard dashboard that went out to the group to look at all of these indicators, help them establish some goals there. And then, we also identified over 100 charge capture opportunities, like I had spoken to before. Some of those included the pretty standard ones received from most organizations and then, there were some unique ones to that client that we were able to identify and pull some work groups together. In this case, specifically, we found quite a bit in the cardiology, or the heart and vascular area, that we were able to isolate and start pulling a group together to improve their net revenue, specifically in that area.

All-in-all, a very successful project. Again, it just takes consistency and them being able to hold these individuals accountable and to keep these processes in the long-term without us there.

Host: Amanda, Andrew, thanks so much for sharing your expertise today.

Andrew: Great. Thanks, Alven. We appreciate the time and look forward to future discussion.

Amanda: Absolutely. Thank you, Alven, so much.

Announcer: That concludes today's episode. Be sure to check in with us for future installments on the Navigant On Healthcare podcast series on navigant.com/healthcarepodcast. Navigant On Healthcare is a podcast series produced by Navigant's healthcare practice. If you enjoyed this episode, please share with friends and colleagues on social media. Learn more at navigant.com.