

Evaluating ROI: Outsourcing Key Business Office Operations

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Ambulatory surgery center billing is likely the most complex revenue process in America today.



Outsource Option #1



Secure payor contracts that address your facility's case mix.

Key contracting concepts:

- ✓ Know your payor mix and prioritize negotiations accordingly.
- ✓ Identify your top 10 to 15 procedures.
- ✓ Ensure reimbursement covers your costs and build in a reasonable profit margin.
- ✓ Seek carve-outs for high cost cases and implants.
- ✓ Allow ample time for negotiations.

Payor Rate Summary Elements

- ✓ Payor name
- ✓ Affiliates/plans
- ✓ Rate effective & end dates
- ✓ Annual rate increase
- ✓ Claim form type
- ✓ Rate structure(s)
 - Discounted fee-for-service (% of billed charges)
 - Group method
- ✓ Carve-outs
- ✓ Implant reimbursement
- ✓ Unlisted (non-grouped) procedures
- ✓ Multiple procedure payment guidelines
- ✓ Case rate or maximum per case
- ✓ Timely filing limit
- ✓ Prompt payment clause
- ✓ Fee increase limitation

Outsource Option #2



Authorize the service, verify the benefits, and accurately enter patient demographics.

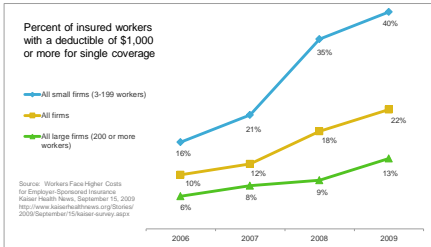
The most common causes of claim rejections due to patient verification and/or registration errors are:

- ✓ Incorrect subscriber/member ID number
- ✓ Patient coverage not active at time of service
- ✓ Incorrect relationship to patient (subscriber is someone other than patient but relationship is listed as "self")
- ✓ Missing or incorrect insurance address
- ✓ Missing physician NPI number
- ✓ Missing patient address (information not pulled down into all applicable screens in patient accounting system)

In-House Must Do



Collect co-pays and deductibles . . . at the time of service.



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Implement these steps to immediately impact patient collections:

- ✓ Get the tools you need to determine how much patients will owe.
- ✓ Set payment expectations prior to the date of service. Train all staff to firmly but gently communicate with patients about patient financial responsibility issues.
- ✓ Offer multiple payment methods – cash, check, debit, credit.
- ✓ Ensure all ASC personnel responsible for the check-in process follow-through on asking for payment at the time of service.

Sample Patient Responsibility Worksheet

	CODE	GRP	COST	RATE	TOTAL	
1	29888	6	\$5,000	100%	\$5,000.00	
2	29888	6	\$5,000	50%	\$2,500.00	
3	29888	4	\$2,500	20%	\$500.00	
4	29888	6	\$2,500		\$0.00	
5	18889	11	\$1		\$0.00	3 procedures max
Total					\$8,056.25	
Insurance Type			United Healthcare			
Insurance Allowable			100%			
Insurance Allowable					\$8,056.25	
IMPLANT'S - GRP 11 - NO SEPARATE REIMBURSEMENT						

Allowable Charge					\$8,056.25	
Deductible Total			\$2,000.00			
Deductible Met to date			\$0.00			
Deductible Remaining				PAY ON DAY OF PROCEDURE	\$1,900.00	
COPAY				PAY ON DAY OF PROCEDURE	\$0.00	
Remaining to be paid					\$6,856.25	
Insurance to Pay			80%		\$5,485.00	
Patient % Responsibility			20%		\$1,371.25	

ESTIMATED PATIENT TOTAL RESPONSIBILITY			\$2,811.25	
AMOUNT DUE ON DATE OF SERVICE (DEDUCTIBLE + COPAY)			\$1,900.00	
AMOUNT PAID ON DATE OF SERVICE			\$1,000.00	
ESTIMATED REMAINING AMOUNT DUE INCLUDING COPAY			\$1,311.25	

Employee providing estimate : _____ Date: _____

Outsource Option #3



Coding services and entering applicable charges.

Why a certified coder?

- ✓ Avoiding fraud (knowingly bilking the system) and abuse (ignorance is **not** bliss) is paramount under health care reform.
- ✓ Establishing dialogue with physicians to ensure proper collaboration is not an option any more ("push back" can, and should be a **two-way street**).
- ✓ Increasing specificity is just around the corner (ICD-10).

Outsource Option #4



Claims transmission.

Pressing the send button doesn't mean claims will get paid.

- ✓ Monitor claims transmissions reports.
- ✓ Address all errors – form type, field errors, payor nuances, incomplete data, incorrectly keyed data . . . the list goes on.
- ✓ Identify trends. Why are you rejecting me?
- ✓ Establish close working relationship with clearinghouse to work through errors in their systems and/or the payors' systems. EDI often feels like rocket science!

Outsource Option #5



Post payments by line item.

You risk leaving money on the table if you don't:

- ✓ Load contracts into your patient accounting system.
- ✓ Ensure account balances reflect anticipated net receivables.
- ✓ Investigate all discrepancies between what was paid and what was expected.
- ✓ Establish relationships with payors to work through errors in their systems.

Outsource Option #6



Track denials.

Uncover the **root cause** of recurring issues by:

- ✓ Assigning denial codes to each fully and partially rejected claim.
- ✓ Creating a trending report.
- ✓ Analyzing potential causes of denials.
- ✓ Focusing on **process improvement** – in your place of business and with your payor organizations.

Sample Denial Management Report

Date Received	Payer	Acct. #	DOS	Billed Amount	Expected Amount	Denial Code	Denial Reason	Action Taken
03/01/10	Aetna	1792	01/25/10	\$13,406.65	\$11,985.95	6	Submit medical records	Mailed to payer
03/05/10	UMR	1804	02/05/10	\$2,200.00	\$1,010.38	4	Submit accident information	Info rcv'd from patient; submitted to payer
03/09/10	BCBS	1814	02/01/10	\$7,816.15	\$3,564.00	6	Submit medical records	Mailed to payer
03/09/10	UMR	1804	02/19/10	\$2,200.00	\$1,584.00	4	Submit accident information	Info rcv'd from patient; submitted to payer
03/12/10	Aetna	948	02/18/10	\$3,300.00	\$1,848.00	26	Work related illness/injury not covered	Billed work comp carrier
03/17/10	UMR	1853	02/16/10	\$1,100.00	\$928.03	4	Submit accident information	Info rcv'd from patient; submitted to payer
03/17/10	UHC	1888	02/23/10	\$1,100.00	\$1,081.00	35	Duplicate claim	Appealed
03/17/10	UMR	1789	02/04/10	\$1,100.00	\$952.00	4	Submit accident information	Sent letter to patient - waiting for response
03/24/10	BCBS	1726	01/08/10	\$3,300.00	\$1,282.50	21	Need additional information from patient	Sent letter to patient - waiting for response
03/24/10	BCBS	1547	02/18/10	\$4,400.00	\$1,710.00	22	Need additional information for DOS	No details given; office closed on Friday; call on Monday
TOTAL				\$39,922.80	\$25,545.81			

Outsource Option #3



Patient collections & bad debt management.

Avoid tendency to focus on "high" dollar amounts only. Your patients will return – you want those that honor their financial commitments to represent your repeat customer base.

- ✓ Generate statements every 2-3 weeks.
- ✓ Send one notification bill, one reminder, one final demand.
- ✓ Turn over to collection agency.
- ✓ Ensure all slow pay and bad debt accounts are flagged in system for scheduling/registration to view prior to allowing patients to be seen in future.

Why Outsource?



- Current driving factors:
- ✓ Continuing economic downturn and declining reimbursement - We're required to **do more with less!**
 - ✓ Small or non-existent applicant pools
 - ✓ Identifying, attracting and training the right mix of staff members with the appropriate level of knowledge, experience and expertise
 - ✓ Retaining **qualified** personnel
 - ✓ Maintaining **uninterrupted** work flow when in-house employees are ill or on vacation
- Future driving factors:
- ✓ Continual changes in coding, billing and collections **regulations**
 - ✓ **Escalating** employee benefits **costs**
 - ✓ Need to reduce organization's **liability exposure**
- Administrators need:
- ✓ Economies of scale
 - ✓ Expertise
 - ✓ An extension of their existing team



Evaluating ROI



Costs	Benefits (value/quality)
<ul style="list-style-type: none">Salaries, wages & benefitsCapital expenses (computers & other office equipment)Coding auditsClearinghouse feesPaper claims/statement processing feesTelephoneITOffice space (rent/utilities)	<ul style="list-style-type: none">Increase in collectionsIncrease in physician satisfactionDecrease in patient dissatisfactionDecrease in error/denial ratesDecrease in A/R daysGrowth via knowledge (not insular)Free up space/resources for revenue generation

Evaluating ROI

Where do you start?

- ✓ Assess true costs.
- ✓ Undergo an operations audit.
 - Are \$ being left on the table?
 - How are you comparing in relation to similar organizations?
- ✓ Identify:
 - Current practices, policies, procedures against industry benchmarks.
 - Where organization excels.
 - Where organization requires assistance.
- ✓ Weigh costs against benefits (dollars currently spent in-house versus value and quality of services should outsourcing occur).





WHEN YOU ACHIEVE BILLING EXCELLENCE IN YOUR ASC – YOU PROSPER GREATLY!



Questions?

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