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# Maryland AAHAM: Revenue Integrity vs. Revenue Cycle October 21, 2020

Presented by:

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Kohler Healthcare Consulting, Inc.

# Presented by:

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- **Lauren (Rose) Shea, CPA, CPC, FHFMA** is a Managing Director with Kohler HealthCare Consulting, Inc. and has over 20 years of charge master, charge capture, and charge compliance experience. She possesses strong organization, leadership, liaison, and project management skills. She understands the linkages between the charge master and electronic medical record systems. Ms. Rose has worked closely with revenue integrity teams both within and beyond Maryland, acute as well as rehab hospitals and end stage renal dialysis facilities. She has experience with training, mentoring, and directing individuals new to revenue integrity. She often serves as a “translator” between teams working on charge master projects, including but not limited to Clinical, Compliance, Finance, Information Technology, Legal, Patient Financial Services, Reimbursement departments.

# Presented by:

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- **Elizabeth “Beth” Franzak, CRCE-I** is an Associate Director with Kohler HealthCare Consulting and has extensive healthcare revenue cycle experience from the payer, provider, and institutional perspective. She specializes in healthcare process improvement, innovation, best practice implementation, physician and clinical integration, compliance and regulatory-based policies and procedures, practice management, system conversions, team development and tactical planning. Beth managed the Revenue Cycle Operations of a comprehensive medical center for 17 years. Those responsibilities also included managing the hospital-based physician practices which included hospitalists, nocturnists, intensivists and neonatologists. In addition, she had oversight responsibilities of the Emergency and Oncology Departments. Her payer experience involved claims operations for Medicaid and Medicare Advantage payers.

# Objectives

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- Confirm key revenue cycle components that form a strong foundation for revenue integrity
- Explore effective revenue integrity strategies that build upon the foundation
- Identify how integrity can stay a priority vs. becoming unintentionally lost in the daily shuffle of revenue cycle



# GOOD NEWS

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Participants are eligible for 1 AAPC CEU for any CPCs in today's audience; contact Lauren or Beth after presentation for a certificate.

# Polling Question #1

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- My current primary role and/or area of expertise is within:
  - Revenue Cycle
  - Revenue Integrity
  - Both Revenue Cycle and Revenue Integrity
  - Other

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# REVENUE CYCLE COMPONENTS



# Revenue Cycle Basics

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- “...includes all administrative and clinical functions that contribute to the capture, management, and collection of patient service revenue.”

nThrive

- “... is the entire life of a patient account from creation to payment.”

[Afiahealth.com/understanding-the-healthcare-practice-revenue-cycle/](https://afiahealth.com/understanding-the-healthcare-practice-revenue-cycle/)



# Three Layers of Revenue Cycle

<b>Front</b> <b>(Before Patient Arrives/Upon Arrival)</b>	<b>Middle</b> <b>(During or Immediately Following Encounter)</b>	<b>Back</b> <b>(After Encounter)</b>
Scheduling	HIM/Coding	Claims Processing
Pre/Registration	Charge Capture	Contract Management
Financial Clearance-Insurance verification/authorization of services/Patient upfront responsibilities	Clinical Documentation	Denial Management
Check-In & Out/Upfront Collections	Case Management	Payment Posting
Charge Master, Pricing, Compliance	Utilization Review	Receivables Follow Up

# Processes

Process	Key Components
Scheduling	Ease for patient, user-friendliness
Pre/Registration	Obtaining as much demographic, insurance, other basic information as possible
Financial Clearance	Insurance Verification, authorization, patient responsibility
Check-In & Out/Upfront Collections	Accurate co-payment and deductible collection, prior balances, financial assistance, charity care (community benefit)
Charge Master	A master pricing list that includes services, supplies, devices and medication charges for the services rendered by the physician or the hospital
Pricing/ Compliance	Charges are set up properly, applicable forms are collected. Providers are appropriately credentialed and enrolled
HIM/Coding	Medical records are established and ICD-10/CPT/HCPCS codes are generated
Charge Capture	Electronic capture, manual capture (closely monitored automation is best)
Clinical Documentation	Services are thoroughly documented (orders, execution, outcomes) and signed
Case Management	Care is provided in an efficient and effective manner
Utilization Review	Care is closely coordinated with payer

# Processes, Cont'd

Process	Key Components
Claims Processing	Claims are electronically transmitted to payer; paper billing only when necessary (UB and 1500)
Contract Management	Claims are mapped to contract terms to calculate expected reimbursement
Denial Management	Delayed, non, or partial payments are tracked and resolved if possible
Payment Posting	Receipts are appropriately applied and reconciled, adjustments are applied
Receivables Follow-Up	Bad debts are minimized, collections are maximized

# Polling Question #2

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- Which section of the revenue cycle seems to have the most issues at your own organization or organizations you assist?
  - Front
  - Middle
  - Back
  - All
  - None
  - Not Sure

# “Deep Dive”: Prior Authorizations

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- “It has nothing to do with medical care. It’s all about saving money and putting people through the hassle so they get tired of the hassle.”
- “The key is having someone who can monitor the most important payer contracts, track denials and pre-approval requests, and communicate changes to the physicians and providers as they come up.”
  - [Kenneth Kubitschek, MD, Internist, Asheville, NC; *Keeping Payers, Other Third Parties from Interfering With Patient Care*; MedicalEconomics.com, April 25, 2018]
- For hospitals/health systems, there should be implementation of system alerts for tracking authorization and authorization denials.

# Prior Authorizations, Cont'd

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“CMS believes prior authorization for certain hospital Outpatient Department (OPD) services will ensure that Medicare beneficiaries continue to receive medically necessary care – while protecting the Medicare Trust Fund from improper payments and, at the same time, keeping the medical necessity documentation requirements unchanged for providers.”

The following hospital OPD services require prior authorization when provided on or after July 1, 2020:

- 1. Blepharoplasty
- 2. Botulinum toxin injections
- 3. Panniculectomy
- 4. Rhinoplasty
- 5. Vein ablation
  - <https://www.cms.gov/research-statistics-data-systems/medicare-fee-service-compliance-programs/prior-authorization-and-pre-claim-review-initiatives/prior-authorization-certain-hospital-outpatient-department-opd-services>

# Garbage In = Garbage Out

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- The back-end cannot typically fix what did not occur on the front-end.
  - Accurate demographics – *yes, ask again and check support*
  - Completed paperwork including signatures and date
  - Referrals/authorizations
  - Insurance verification
- Strong/accurate Patient Access supports collections and bottom line.
- Weak/sloppy Patient Access hurts collections and bottom line.
- Any breakdowns within the cycle lead to poor outcomes.
  - Train, re-train, and train staff again!

# Accuracy up “front” is critical (before the patient has received services)

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Scheduling and Pre-Registration



Registration



Financial Clearance (Authorization, Referrals, Pre-Cert, Verification)



Up-Front Collections (Copays, Deductibles, Discounts, Prior Balances, Price Transparency, ABNs and other forms)



Proper Set-Up of Charge Master

# Strong Educated Teams = Best Results

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- Associates need to understand where they fit into the big picture:
  - What a mistake can cause
  - That it's okay to ask questions (corporate culture)
  - Collaboration is encouraged (clinical, financial, etc.)
  - High level theory vs. only specific steps
  - Assumptions are dangerous
- Less rework = lower “cost to collect” and happier patients = happier staff!
- “Healthcare organizations should invest in regular employee education programs that promote proper coding techniques, comprehensive chart documentation, and financial policy reminders. These training sessions have been linked to better return on investment, such as lowering turnover rates and reducing medical errors.”  
*[[revcycleintelligence.com/features/what-is-healthcare-revenue-cycle-management](http://revcycleintelligence.com/features/what-is-healthcare-revenue-cycle-management) – Jacqueline LaPointe]*

# Physician Buy-In For Two types of Business Offices: Centralized Business Office (CBO) or Combined/Consolidated Business Offices

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- “Provider buy-in can be a challenge, as providers can be skeptical regarding the benefits of consolidation. Organizations need to do a good job of demonstrating and communicating the benefits broadly to all stakeholders.”
- “Communication in general is key whether that’s with physicians, nurses, business office staff, administrators, and so on. It’s imperative to make all stakeholders part of the team and avoid inadvertently ostracizing anyone, but instead help them appreciate the benefits and what the end results could be.”
  - [Jack Bishop, *Implementing a Combined Business Office: Exploring the Challenges and Opportunities*, HFMA, September 2017]
- Introduce compliance with work done  “Integrity”
- Highlight the differences between Physician and Hospital = Not as many as there used to be!

# External vs. Internal Resources

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- Whether the staff performing tasks are internal or external, the provider is liable for errors, HIPAA breaches, etc....
- Checks and balances are critical to avoid legal issues down the road.
- Daily reports are helpful to review revenue generated by each charging area.
- Review remittance errors, denials, omissions to tell the story.
- “When it comes to ongoing monitoring for compliance and using caution, ‘Trust, but verify’ quickly comes to mind. Trust you have selected capable vendors through a proper due diligence process and verify regularly that compliance requirements are addressed.”
  - [Stacey H. Jacobson, CHC, CPA, and Dhara Satija, CFE; *Proceeding with caution: Third-Party Service Vendors and Compliance*; [www.hcca-info.org](http://www.hcca-info.org); Compliance Today; October 2014]
- What we see in Litigation: When outsourcing, provider is still responsible to ensure billing is done correctly.

# What is Measured is What Improves

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- Without metrics, the revenue cycle is a compilation of disjointed processes without any sign of success.
- Results are also relative to each other:
  - Discharged Not Final Billed (DNFB)
  - Coding Productivity
  - Days in A/R (<55 days, <20% 90+ days industry standard)
  - Cash on Hand
  - Clean Claim Percentage (for first claim submission)
  - Billing Lags
  - % Denials (<1% of net patient service revenue industry standard)
  - Write-Offs
  - Readmissions
  - Length of Stay

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# REVENUE INTEGRITY STRATEGIES



# Revenue Integrity Basics

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- "The basis of revenue integrity is to prevent recurrence of issues that can cause revenue leakage and/or compliance risks through effective, efficient, replicable processes and internal controls across the continuum of patient care, supported by the appropriate documentation and the application of sound financial practices that are able to withstand audits at any point in time."

## NAHRI's Definition of Revenue Integrity

# Basics, Cont'd

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- “As a holistic concept, revenue integrity is characterized by consistency of actions, values, methods, measures, principles, expectations and outcomes. Applied to the healthcare industry, revenue integrity is the achievement of operational efficiency, compliance, and optimal earned reimbursement.”
  - <https://www.healthcarefinancenews.com/news/revenue-integrity-tops-list-concerns-hospital-executives>

# Why Worry About Revenue Integrity When There Is A Revenue Cycle?

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- Providers must have Defense, cannot only rely on Offense.
- Many reasons, but perhaps the most compelling:
  - This is the opportunity to catch issues yourself before outside auditors do!
  - Set up best practices
  - Train staff on the correct and supported approach
  - Test that all the processes are appropriately coming together
  - Looks better when there is an unintentional issue
- Why not work on preventing fires vs. always being a fireman and putting out fires?
- Effective revenue integrity programs generally improve net revenue – why?



Reduces Extra Work!

# Aren't There Risks?

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- Systematic issues can still be found.
- There is always a compliance risk with proactive efforts, but...
  - When an issue is caught by an internal compliance audit, there is more control over the process and results.
  - It could be a “clean claim” but as you dig deeper, you may uncover that what is planned or done is not based on authoritative sources and research and could lead to significant issues down the road.



# Evolution and Variations

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- Revenue integrity did not start out as what it is today.
  - Limited audits have evolved into comprehensive programs with “big data” and robust plans.
  - Individuals have progressed into teams.
  - Sectors of Compliance or Internal Audit now have their own department.
- There is no “wrong way” to have a revenue integrity program.
  - Structure of program depends on each organization’s resources and philosophies on risk.
  - Level, titles, backgrounds, salaries differ significantly.
- Focus on the Front end/root causes vs. after the fact Compliance issues.

# Charge Master (CDM)

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- Yes, CDM is part of Revenue Cycle but also functions as supporting Revenue Integrity
- Combination of trained staff and software can minimize errors.
- CDM often helps to coordinate the clinical and reimbursement sides.
- Key Factors for Success:
  - Defined policy and procedure THAT IS FOLLOWED
  - Frequent trainings/education
  - Built in audits
- Before making CDM updates, ask questions and obtain authoritative supported answers.

# Polling Question #3

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- The organization where I work - or organizations I assist - have a charge master policy and it is followed.
  - True
  - False
  - Not Sure

# Work Queues (WQ's)

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- WQ's provide the ability to identify and resolve issues before the claim is dropped.
  - But they are only as helpful as the knowledgeable staff working these queues who are supported when asking questions.
  
- Key Factors for Success:
  - Streamlined work queues
  - Monitoring
  - Watch for opportunities to eliminate WQs when appropriate

# Reviews (To Minimize Audits)

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- Revenue vs. Compliance
- Random vs. Targeted
- Comprehensive vs. Focused
  
- Key Factors for Success
  - Structured
  - Results are used vs. “put on the shelf”
  - Root Cause Analyses vs. Results Only

# Benchmarking

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- “Reporting data” (the what) vs. Benchmarking (what does it mean/what is it telling us)
- Dashboards – good, better, best
- Organization vs. Peers vs. Industry Standards
  - Example: “Reasonable, Usual, & Customary” charges can become an issue if not monitored (prevailing cost in geographic area, “80% rule”)
  - Pricing Transparency
- Key Factors for Success:
  - Reliable source
  - Associate “Buy-In”
  - Illuminate strengths and weaknesses

# Is Revenue Integrity the Same as Due Diligence?

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- Revenue Integrity – “Revenue Drill Down”
  - Accurate Coding
  - Appropriate Charges
  - Correct Reimbursement
  - Documentation supports charges

- Due Diligence – “Big Picture”
  - Financial feasibility, cash, assets, liabilities, revenues, expenses, payor mix
  - Market research
  - Legal/regulatory/litigation concerns
  - Plant/environmental
  - Contracts
  - Employees, Contractors
  - Insurance
  - Documentation/Billing/Coding
  - Compliance Effectiveness

# Is Clinical Documentation Improvement (CDI) the Same as Revenue Integrity?

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- Clinical Documentation Improvement
  - Patient Care
  - Quality Outcomes
  - Compliance
  - Risk Management
  - And... Revenue Integrity

- Revenue Integrity – “Revenue Drill Down”
  - Accurate Coding
  - Appropriate Charges
  - Correct Reimbursement
  - Documentation supports charges

*Maybe when CDI first started, revenue was a driver, but it has grown to so much more...*

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# KEEPING INTEGRITY A PRIORITY



# Tone at the Top

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- When the c-suite values revenue integrity, it stays a priority.
- It is easy to tell which organizations keep prominent vs. burying it.
- Patient Safety is critical; “Revenue Safety” also critical!
  - Bad press or litigation are not cheap...



# Polling Question #4

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- The executives in the organization where I work - or organizations I assist - consider revenue integrity a priority.
  - True
  - False
  - Not Sure

# Team Recognition

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- Recognize achievements.
- Celebrate successes!
- Focus on opportunities vs. always dwelling on challenges.
- “The strength of the team is each individual member. The strength of each member is the team.” – Phil Jackson
  - Philip Douglas Jackson, former professional basketball player, coach, and executive in the NBA. 12 seasons in the NBA, winning championships with New York Knicks in 1970 and 1973

## Case Study:

### Leveraging the Strength of Revenue Cycle and Revenue Integrity

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- Telehealth presented a huge challenge:
  - Payer coverage and billing differences
  - Risk of non-compliance
- Providers acknowledged the risk and partnered up-front.
- “You do have to be careful. You can be successful if you’re meticulous, use good resources, have risk managers looking at policies and procedures, and have good technology selection, appropriate documentation and training around telemedicine.” [Neal Sikka, MD, Chief of the innovative practice and telemedicine section at the George Washington University Medical Faculty Associates; *Telemedicine: How to avoid legal risks*; Medical Economics, July 10, 2019]

## Case Study, Cont'd

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- Telehealth now presents an opportunity, but it will not be easy and there could be pushbacks.
- “... now, healthcare systems should reevaluate their digital strategies to ensure telehealth is part of a wide-open virtual front door that not only delivers care in a way that patients expect but works as a revenue multiplier as well..” [*From the front door to the top line*; [https://go.beckershospitalreview.com/from-the-front-door-to-the-top-line?utm\\_campaign=Bright.md\\_WP\\_June\\_2020&utm\\_source=email&utm\\_content=etextad&oly\\_enc\\_id=000616486478J8E](https://go.beckershospitalreview.com/from-the-front-door-to-the-top-line?utm_campaign=Bright.md_WP_June_2020&utm_source=email&utm_content=etextad&oly_enc_id=000616486478J8E)]

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# KEY TAKEAWAYS



# Recap

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- Revenue Cycle didn't become less important when Revenue Integrity programs started.
- Revenue Integrity programs can catch key deficiencies in revenue cycle and other processes throughout the provider resulting in lost revenue or compliance issues.
- Revenue Integrity programs are successful when considered a priority.

# THANK YOU

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## Questions/Answers?

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