

Optimize near-end AR through better insurance discover and pre-bill processes

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by Juli Forde

In a recent [interview](#) on CNBC regarding financial losses due to COVID-19, **Richard Pollack**, president and CEO of the American Hospital Association (AHA), described the triple threat that hospitals face. “First, it’s the rising number of uninsured people because of people losing jobs,” he said. “We take care of everyone that walks through our doors. The second is the increased expenses we’ve had to absorb in terms of both preparing for and caring for COVID patients and the communities we serve. And third is reduced revenue by having to shut down regular operations.”

Amid the pandemic, the U.S. healthcare system is struggling to maintain financial solvency. An [AHA report](#) published in June found the financial strain of COVID-19 on hospitals and health systems will continue through at least the end of the year, with total losses expected to be at least \$323 billion in 2020. According to the AHA, hospitals and health systems currently report average declines of **19.5% in inpatient volume and 34.5% in outpatient volume** relative to baseline levels. The AHA emphasizes that unprecedented financial pressures and losses pose a serious threat to the survival of the nation’s hospitals.

The vast drops in patient volume and the relentless difficulties in obtaining reimbursement have produced a tenuous financial reality. As the crisis escalated in late March, large hospitals in the Northeast experienced a 26% decline in average per-facility revenue based on estimated in-network amounts as compared to the same period in 2019. Similar impacts are being experienced across the country. And considering fluctuations in case rates and the potential for a widespread surge later this year, the financial impact could be even more significant.

The world we are facing is unlike anything we’ve faced before. How can you work with your providers, facility, revenue cycle partners, and colleagues to implement changes that mine every aspect of your accounts receivable (AR)? We have a dangerous situation developing, but we also have an opportunity. Crises force us to evaluate what we’re doing and determine whether it’s really the best

approach. Look at your revenue cycle practices and consider how you can optimize technology solutions, people, and other available resources.

Despite the grim outlook, revenue cycle leaders can take proactive measures to increase patient volume and realize revenue. They must seek proven best practices and solutions to effectively mine past AR. These include strategies for insurance discovery and verification, accurate and thorough data exchange, innovative self-pay practices, and solutions for near-end, stale AR.

Insurance discovery and verification

Most healthcare facilities have some type of insurance verification process that precedes claims processing. The best practice is to go beyond a clearinghouse function and labor-intensive manual processes. Advanced technology can search multiple data sources to produce a patient’s Social Security number, date of birth, and other information required to get a clean claim out the door. This facilitates the claims process, minimizes manual labor costs, improves staff efficiency, and reduces denials.

Revenue cycle teams are increasingly relying on patient data validation software to ensure accurate collection of information to support billing and claims processing. These tools help billing teams avoid misclassification of patients as self-pay when insurance coverage exists. And, software support helps billing teams move payment processes to the front end of the revenue cycle and reduce inaccuracies that cause claim denials downstream.

Insurance discovery. Insurance discovery is especially important during COVID-19, with the rapid expansion of telehealth and a higher incidence of incomplete demographic and insurance information. Patients, physicians, and pre-billing practices are often disconnected, all operating in different environments. Insurance discovery tools can reap a 40% insurance discovery rate in your uninsured population. How would shifting 40% of your uninsured self-pay patients to a government or commercial payer impact your AR? Looking at ways to mitigate volume loss can increase collection on the encounters you have, paving a more reliable path to reimbursement.

Deductible monitoring. Over the past five years, rising deductibles have negatively affected cash flow. Proactively monitoring and managing deductible fulfillment is another opportunity that can make a huge difference in cash flow, particularly in your on-demand population—urgent care, emergency department, and unscheduled surgery.

Some data tools offer the ability to see how close a patient is to meeting their deductible. By dropping the claim after the deductible has been met, the organization reduces AR aging and realizes higher collection rates.

Patient propensity to pay assessment. Many billing teams are leveraging technology to improve payment performance by assessing patients' propensity to pay. If payment options such as charity care and adaptive financial assistance are targeted to patients' circumstances, they are more likely to pay in full, which helps providers achieve optimal revenue. The first step is to procure the patient's propensity-to-pay data, and then create a program that pairs the data with patient engagement strategies before, after, and at the point of care. Keep in mind that your intention is to help the patient successfully meet payment obligations. The ideal payment plan will enhance both revenue and patient satisfaction. According to a [case study published by HFMA](#) in December 2018, those who put this practice in place saw an increase of 83% revenue gain per account for uninsured claims.

HRSA COVID-19 Uninsured Program. This program provides an opportunity to submit a claim to a government program and receive reimbursement at the Medicare rate. However, it is important to first verify a patient's uninsured status through an insurance discovery tool before moving forward. Remember: The program is intended for patients who are in fact uninsured. Once a claim is submitted, there is no opportunity to appeal or bill the patient if the claim is denied or underpaid.

Coding and compliance

Revenue loss is related to five key factors: documentation, coding, lost encounters, struggles with appeals, and compliance. Complete and accurate coding is a critical area of concern when it comes to ensuring compliance and preventing lost revenue. Facilities are so concerned about overcoding that coders often undercode at an excessive rate. Here are three best practices to consider:

1. Procure a quarterly outside coding audit by multiple vendors to gain a clear perspective.
2. Use a nationally recognized coding tool—important for auditing purposes.
3. Maintain monthly CDI and coder in-service training, especially real-time efforts to ensure compliant documentation and coding.

The importance of these practices cannot be overestimated. Appropriate documentation and coding are essential to ensuring compliance and revenue integrity.

AR and collections

AR and collections opportunities require best practices, including monitoring and analysis. Consider automating your claims status checks and implementing a solution that can provide insurance verification and deductible monitoring. In addition:

- Establish daily key performance indicators for staff. Develop protocols for selection of claims to be worked.
- Publish performance among the team. Develop incentives and rewards.
- Establish efficient and effective appeals actions handled by highly trained staff.
- Rely on medical necessity and regulatory safeguards for negotiations and appeals with commercial payers.

Consistent monitoring and analysis can promote optimal revenue results by helping your organization negotiate with payers, adapt to changes in coding or denial policies, and recoup dollars. Monitor aging AR and denial reporting, as well as payment disallowance ratios by financial class, and consider engaging a financial analyst to identify and track trends.

Opportunities to positively impact patient volume

Although the challenges of COVID-19 continue to place the nation's healthcare system at serious risk, hospitals and health systems can positively impact their patient volume. Demonstrate your commitment to earn patients' trust and protect their health through education on safe options for seeking care. These actions improve patient satisfaction, increase patient volume, and capture new revenue. Moreover, technology and data are available to help mitigate volume loss and achieve optimal AR.

Author bio

Forde is the channel director, healthcare billing solutions, at ZOLL Data Systems. Her career in emergency medicine reimbursement began more than 20 years ago as practice administrator for a large multisite emergency physician group in North Texas. Forde was a founder of and served as senior vice president of operations for Nicka and Associates. Most recently, she has served as the chief marketing officer for Gryphon Healthcare and president of Rev4ward. Forde has served on committees for the American College of Emergency Physicians (ACEP), the Emergency Department Practice Management Association (EDPMA), and the Urgent Care Association (UCA). She is currently a member of the EDPMA Board of Directors and is one of a select few nonphysician members of the ACEP Coding and Nomenclature Committee.

