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Improving Revenue Cycle Performance with the Power of Proof



Documenting routine communication to prevent denials, increase efficiency, and maintain accountability in the revenue cycle

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A day in the life of a healthcare administrative professional involves exchanging phone calls, voicemails, faxes, papers and electronic communications with multiple insurance companies, physician offices, and internal departments. It is a daily struggle to effectively organize and document routine communication for evidence in payment disputes. In fact, industry sources show that hospitals lose up to three percent of revenue to denied claims, 90 percent of which could be prevented through improved documentation.¹

There is growing attention focused on the rising cost of healthcare, specifically on the administrative costs associated with healthcare claims and billing that account for nearly one out of every three dollars patients spend on healthcare.² At Erlanger Health System, we sought a technology solution to decrease these costs and recover lost revenue by reducing delays, rework, and inefficiencies in the claims reimbursement process.

Communication Challenges

In the Resource and Utilization section of the HIM Department at Erlanger, we were increasingly challenged in our efforts to

manage routine communication internally among our own departments and externally with payers and physician offices. We witnessed firsthand the inefficiencies in our efforts to document routine communication for evidence in payment disputes.

Documentation efforts consisted of hand-written notes from phone calls or voicemails, faxes that were often lost or misfiled, and the partial contents of web pages printed from online authorization or eligibility attempts. Because communication took place through multiple venues and across various departments within our five-campus system, the concept of a central repository for all communication events seemed virtually implausible.

Of growing concern was also the revenue forfeited each month to preventable denials. As part of our denial management program, we monitored the percentage of denial days per 1,000 patient days each month, attempting to track patterns to aid in revenue recovery for legitimate claims filed with contract payers. In 2000, our denials were at 8 percent, much higher than our budgeted rate.

Through focused efforts at streamlining our processes, we were able to reduce our denials to 2 percent over a period of several months. This effort, however, required additional resources such as FTEs and staff

time to manage an abundance of paperwork. We were then challenged as a department to produce the same results without dedicating as many resources toward the effort.

Communication Management Solution

In mid-2000, we began to evaluate process alternatives to increase efficiency and establish proof of communication to back up our work. In February 2001, we implemented TRACE by The White Stone Group, Inc.

TRACE (“TrackingAllCommunication Events”) is designed to improve efficiency and productivity by capturing, indexing, and archiving routine communication events such as authorizations and pre-certifications required by managed care providers.

The system creates an audit trail of communication surrounding each patient visit. Whether communication is processed by phone, fax, or electronic means, TRACE builds a Digital Communication Record (DCR) of each event, indexing records by patient ID for retrieval through a user-friendly browser interface.

TRACE has allowed us to maintain established communication processes throughout our health system, with payers, and with physician offices. The change is

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that we now have a digital record of each communication event to support these processes.

Digital archives of phone calls, inbound and outbound faxes, web pages, and e-mails are located in a central tracking system, accessible system-wide by all authorized staff members. The web-based technology means that nurses, concurrent review personnel and patient financial services staff can easily access the system to retrieve records of both internal and external communication.

Staff can view, route, print and resend communication records from their PCs instead of re-faxing and routing hard copies. This eliminates the need to print and file much of our paperwork, saving time and improving the accuracy of documentation.

Denials Prevention and Management

With the system's digital tracking system, we were able to simplify the process of resolving billing disputes that stemmed from mistakes, misunderstandings, and other administrative or technical problems in the authorization and precertification process.

When we receive a denial, staff can use the web-based tracking system to search and retrieve digital archives of communication for evidence in an appeal. As a result, we can favorably resolve many billing disputes before the contractual appeal time window

closes. By October of 2001, the percentage of days denied had fallen from approximately 2 percent to 0.57 percent.

Modest declines in the number of days denied soon accelerated, and by July 2002, the number of days denied reached a record low of 0.39 percent. By mid-2003, average monthly figures for percentage of days denied settled into a band of between 4.0 and 5.0 days per month, less than half the average of 10 days that the metric had been only a year before. As a result, we were able to prevent more than \$3 million in denials that would have otherwise been non-recoverable.

In addition to this metric, we kept track of specific instances where the system was instrumental in successfully overturning denials. From May 2001 to April 2005, we identified 20 overturned denials that are directly attributed to the use of TRACE, totaling nearly \$400,000 in retrievable charges.

Streamlining Communication

As an objective and indisputable source of proof, TRACE provides information to help us resolve issues more quickly, eliminating the "he said, she said" scenario that previously accompanied the claims reimbursement process. The system establishes accountability to improve productivity among departments and with our payers and physician offices.

In the first year of implementation,

improved productivity allowed us to restructure the case management department, reducing the number of full-time-equivalent staff responsible for payer communications. Instead of spending hours on paperwork, case managers were able to focus their efforts on strategic initiatives such as concurrent review, patient throughput, and capacity analysis.

In early 2002, three FTEs were reassigned to other responsibilities in the hospital, representing payroll and benefits savings of more than \$500,000. The payback directly attributable to TRACE through denial and benefit savings totals nearly \$1,000,000, in addition to the revenue recovered as a result of denials prevention.

By using TRACE technology to document routine communication, Erlanger has received a strong return on investment in efficiency gains, denial avoidance, and overturned denials. TRACE has maximized our ability to leverage communication to back up billing, maintain accountability and maximize staff efficiency throughout our health system.

1. *Hospital Accounts Receivable Analysis* (1997-1999), Aspen Publishers, Inc., Frederick, Md.; Healthcare Advisory Board interviews and analysis
2. "Improving Health Care Efficiency through Electronic Information Technology." *The PNC Financial Services Group*. September 2006. ■



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