Cash Acceleration – Successful Strategies for Increasing and Sustaining Cash Flow
Revenue Cycle Seminar

INTRODUCTIONS

Chris Boyer  
NCI  
Director  
Revenue Cycle
KEY AREAS OF INTEREST FOR TODAY’S PRESENTATION

» The history and evolution of Cash Acceleration for Revenue Cycle improvement and optimizing cash flow
» Understanding the limitations of “old school” Cash Acceleration
» Modern day approach to Cash Acceleration
» ICD-10 – Need for planning for Cash Acceleration strategies

Questions, Questions, Questions!

KEY AREAS OF INTEREST FOR TODAY’S PRESENTATION

What questions or topics were you hoping to cover in today’s discussion?
THE HISTORICAL EVOLUTION OF CASH ACCELERATION

THE NEED FOR CASH

Plus ça change, plus c'est la même chose
» Typically “catastrophic” events such as unsuccessful system implementations/conversions or major process/leadership breakdowns which led to serious AR backlogs and significant cash flow decreases required immediate, accelerated focused AR follow-up efforts

» This approach was informally referred to as “Dialing for Dollars”

» Initiatives and tasks, usually partnering with consulting or temporary resources included:
  › Analyze aged trial balance reports to identify accounts requiring resolution
  › Identify temporary staff, space, and equipment requirements
  › Implement a customized approach to collect insurance balances
  › Develop work lists by payer and other management reports as required
  › Train additional/temp staff on appropriate collection techniques
  › Coordinate collection activities within the follow-up team
  › Coordinate transition of accounts to outside vendors
  › Monitor daily activities of staff

» Unfortunately providers did not necessarily improve ongoing operations or fully correct the issues that caused the cash flow problems in the first place, and subsequently periodic Cash Acceleration projects became the norm

» In and of itself, Cash Acceleration should never be considered a long term solution and rarely “cured” ongoing cash flow issues

» The fallacy of Cash Acceleration as a long term solution was based on assumption that once the backlogs were eliminated, that operations could effectively handle the ongoing Revenue Cycle stream

» In order to arm your organization with the ability to sustain cash flow and avoid the typical backlogs and unpaid claims that disrupt cash flow, you need to understand and address the root cause(s) of the disruptions
EXAMINING THE HEALTH OF YOUR REVENUE CYCLE & ROOT CAUSE ANALYSIS

» People
  › High Turnover
  › Continuous Training Mode
  › Vacant Positions
  › High Error Rates
  › Minimal QA

» Process
  › Lack of Standardized Processes Across Enterprise
  › Lack of performance standards, measures, and monitoring
  › Manually Intensive
  › Non-Value Added Tasks

» Technology
  › Use of Core Systems Not Maximized
  › Lack of Automated Tools (automated workstations, online eligibility & verification, etc.)
  › Lack of Adequate/Comprehensive Claim Edits
  › Minimal Electronic/Automated Payment & Transaction Posting

MODERN DAY APPROACH TO CASH ACCELERATION

With today’s more sophisticated and advanced Revenue Cycle, rather than being in a “reactive” mode whereby focused effort to follow up on aged claims, true Cash Acceleration is/should be all about getting paid quickly (and correctly) on the initial claim submission without additional, and in many times unnecessary, re-work.
» In order to focus on getting claims submitted and paid as quickly as possible, need to look at five (5) major areas/functions:

1. Discharged Not Final Billed (DNFB)
2. Point of Service (POS) and Self Pay Collection Strategies
3. Initial Claim Quality
4. Denial Management (especially Denial Avoidance)
5. Partnering with Managed Care Contracting/Payers

» The first step to accelerating cash is making sure the claim is getting out the door as quickly as possible without sacrificing “claim quality”

» Internally need to review the following:

› Bill hold days – best practice is three (3) days or less. If departments not able to meet those requirements which result in late charges, monitor and distribute late charge reports to departments and copy administration. Holding all claims for the benefit of a few can negatively impact overall cash flow

› Internal charge/bill work queues – how necessary and are they being worked consistently

› Medical Records/HIM – always the biggest factor and potential delay and with coder vacancies/availability (especially with ICD-10) make sure you’re being proactive in terms of coding resources (e.g. remote coding, vendor relationships, etc.)
According to HFMA, nationwide uninsured rates continue to fall, but under-insured rates are increasing at even higher rate

Internally need to review the following:

› Tools - need a reliable insurance verification and patient liability estimator tool and ability to accept payments
› Process - payments should be requested in advance at time of pre-registration if scheduled or at time of service if not (primarily Emergency Department). Administrative backing and enforceable delay/defer policies are a must. Policies to address installment and deposit arrangements if full payment not made along with timely follow up on expected payments in place
› Monitoring and Training – all registration personnel need to be adequately trained and performance monitored to identify re-training or additional training needs

It takes more time to research, correct and submit a rejected or a denied claim than it does to submit it correctly the first time.

Internally need to review the following:

› Base system edits – make sure that adequate edits in system to obtain and validate basic registration information
› Registration training/quality – provide initial and ongoing training to all personnel that are involved in the registration process, including those performing “check-in”
› Claim scrubber – utilize/optimize available claim scrubber editing capabilities and make sure vendor actively involved and maintaining and updating payer edits with ongoing review and resolution of held claims
Improving denial rates accelerates payment, reduces collection costs and frees up staff for revenue-generating tasks. Automation helps providers research denied claims, streamline workflow and pinpoint the cause of common claim denials.

Internally need to review the following:
- Reporting – need a robust, automated denial reporting and tracking tool in place not just for working denials but for Denial Avoidance purposes
- Root Cause Analysis – use reports to track and trend denials by service and payer type and devote resources to determining underlying root causes for denials
- Denial Committee – make sure that all key area stakeholders involved in regular meetings to review denials and implement changes to reduce or eliminate denials by addressing the root causes

Some payers tend to delay payment of claims whether by holding onto actual payments longer than necessary or by consistently denying claims in an attempt to mask their desire to delay/avoid payment.

Internally need to review the following:
- Tracking payer performance – need to identify “outlier” payers who consistently delay and/or underpay claims
- Working internally with Managed Care contracting – communicate and work closely within your organization so that contractual issues are identified and utilize any relationships/leverage you can use, and “arm” Managed Care contracting with factual data
- Regulatory compliance – many states have “prompt payment” provisions for health care insurers. If your state has such laws need to pursue relief through the regulations to either force prompter payment or collect additional money/damages in form of interest.
According to the Workgroup for Electronic Data Interchange, account receivable days may increase by 20 to 40 percent post-implementation through a transition period. Additionally, WEDI estimates that rejection and denial rates may increase by 100-200 percent during this same period.

No better time to look at Revenue Cycle due to the significant changes resulting from ICD-10 implementation.

Analyzing the need for operational changes in documentation and coding are foremost on providers’ minds, but need to seriously considered the significant impact to your revenue cycle and cash flow

Utilize advanced Cash Acceleration methodology discussed today
WRAP-UP & ADDITIONAL QUESTIONS