Healthcare Revenue Cycle Management

Mark Brousseau

Brousseau & Associates

December 16, 2011 1 PM ET

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Featuring Keynote Speaker
Mark Brousseau

President of Brousseau & Associates

Webinar Host
Joe Gregory, VP Marketing

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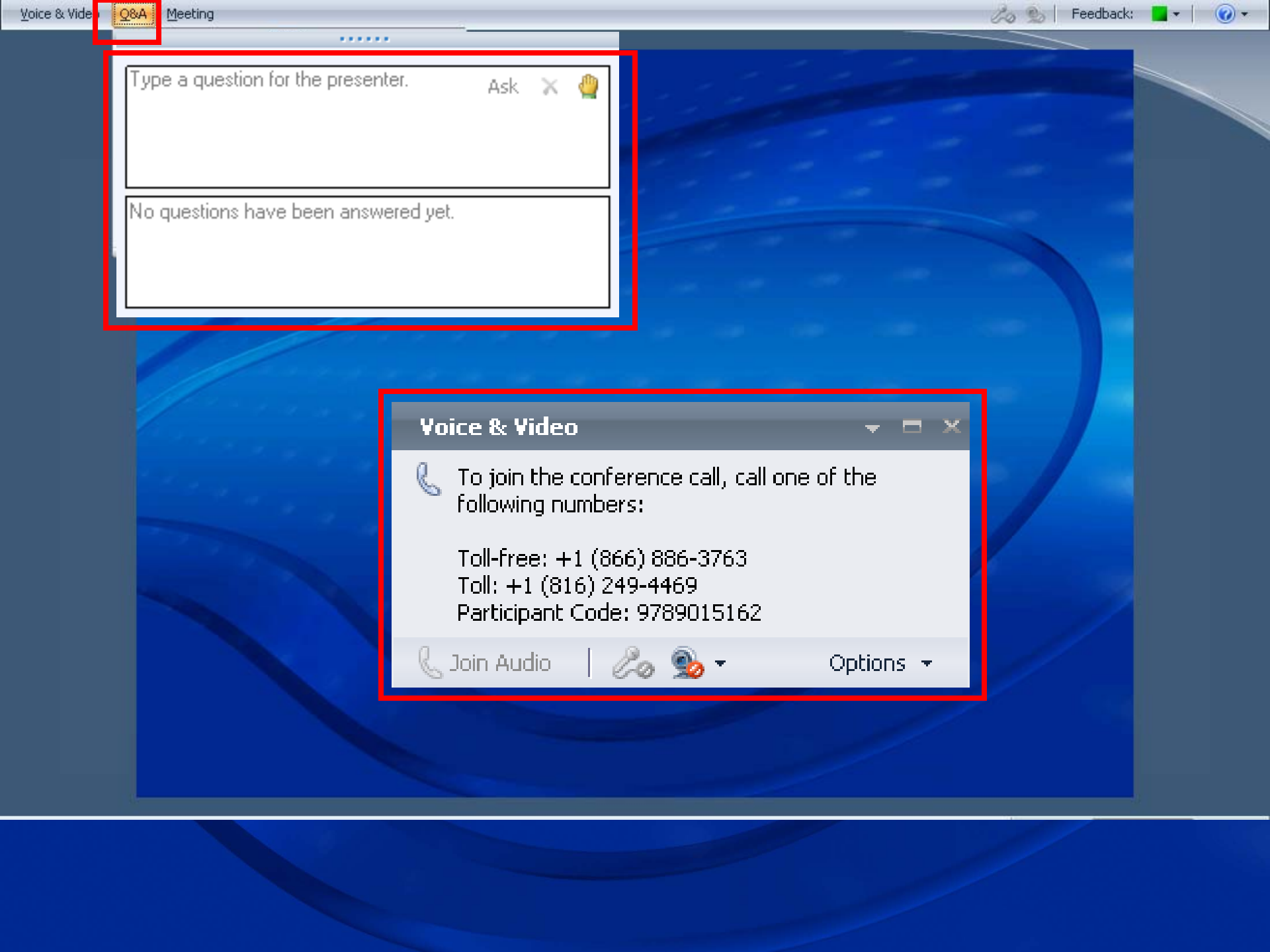
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Options

Agenda

I. Introductions

II. HRCM landscape and market

III. Opportunities for financial institutions

IV. Industry solutions

V. Q&A

Poll Question #1

- How familiar are you with healthcare revenue cycle management?
  - I'm our bank's expert
  - Familiar
  - Somewhat familiar
  - I know a little about it
  - Not familiar at all. I'm hear to learn.

Orbograph Industry Positioning

Two Main Business Areas

New Technologies for Core Markets

Financial Industry

Revenue Cycle Management

Healthcare Industry

New Markets for Core Technologies

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Orbograph Acquires CorrectClaimsNow (CCN)

- Field-proven technology solution
  - Able to convert images into machine sensible data
  - Operate a cloud based on demand service
  - Provide multi-layered (Channel & End User) info portal
- 15 years of expertise
  - Deploying effective, recognition-centric solutions
  - High volume, “mission critical” financial environments
- Existing relationships with over 1000 financial institutions, many thinking of adding RCM services for their healthcare clients
- Backing of a large, successful parent company

Why Join Forces with CCN?

- Expertise in healthcare payments processing
- Field-proven technology solution
  - Able to index, compare, merge claim & payment data
  - Balance by claim & EOB/837 based on business rules
  - Apply processing / denial rules by Payer
  - Link to payment archive
- Experience in large-scale secure data archives
- Existing customer base

Mark Brousseau

Keynote Speaker

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Industry Overview

- Federal and state legislative laws promise sweeping change.
- Providers are facing more requirements to invest in facilities, equipment, and information technology in order to compete.
- The electronification of the industry is accelerating.
- A lot of focus on PHR/EMR, but what about healthcare administrative systems?
  - Specifically, payments & remittance
  - PHR/EMR initiatives can be more successful with the “money trail” as a foundation to build upon
- Annual savings in this area alone are an estimated $35 billion, eliminating more than 2.5 billion pieces of paper.*
- Banks can help the push towards administrative simplification.

*Estimate by the HFMA, HFMA Roundtable

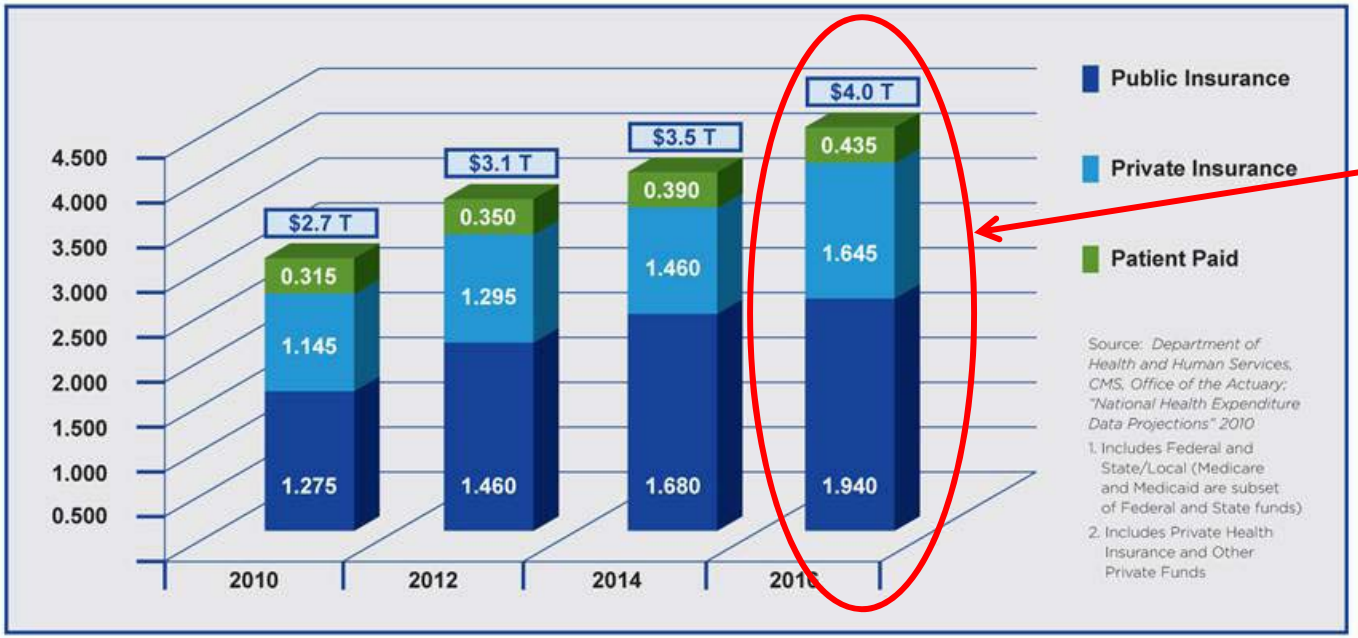
The Healthcare Payments Landscape

- Most provider revenue is still generated from payers.
  - Patient out-of-pocket payments are estimated to grow to $420 billion by 2017.
- Many providers don't know who to charge, and how much to charge, at the point of care.
- Providers write off nearly 50% of patient receivables.
- Physician bad debt is estimated between $14-$30 billion (3-7% of net revenue).
- Improving receivables management is becoming crucial to provider profitability.
  - This is no longer just an automation topic.

Sources: Department of Health and Human Services, CMS, Office of the Actuary; McKinsey

Healthcare Needs an Overhaul

No other comparably sized U.S. industry segment has such weak administrative standards, lousy adoption of existing standards and disjointed, legacy operating platforms.



20% of the U.S. GDP!

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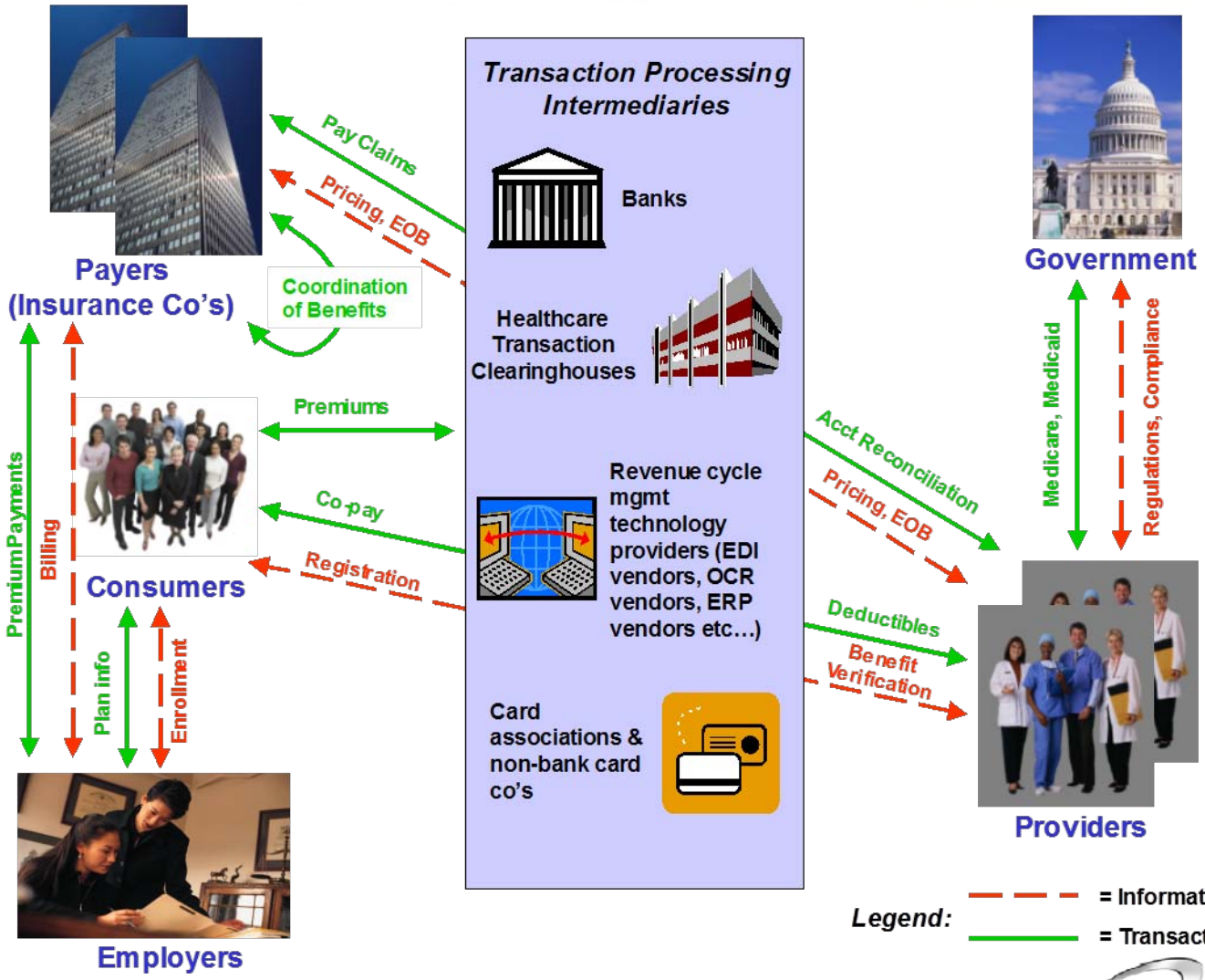
Revenue Cycle Complexity



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Lots of Industry Stakeholders

- 750,000+ physicians
- 5,200+ hospitals
- 3.8 million in-patient visits annually
- 20 million out-patient visits per day
- 1 of every 11 U.S. citizens works in the healthcare industry

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Healthcare Needs an Overhaul

- 15 cents of every dollar spent on healthcare goes to claims processing, payment processing, billing/revenue cycle management, and bad debt.
  - This represents $300 billion a year!
- 60-80% of payments are made with checks.
- 40-60% of claims are submitted electronically.
  - Physicians, hospitals and labs spend more than $100 billion a year on the *submission* of claims.
- There are numerous medical billing systems that cannot ingest the standard electronic 835 unless the file has been formatted to fit into the system.

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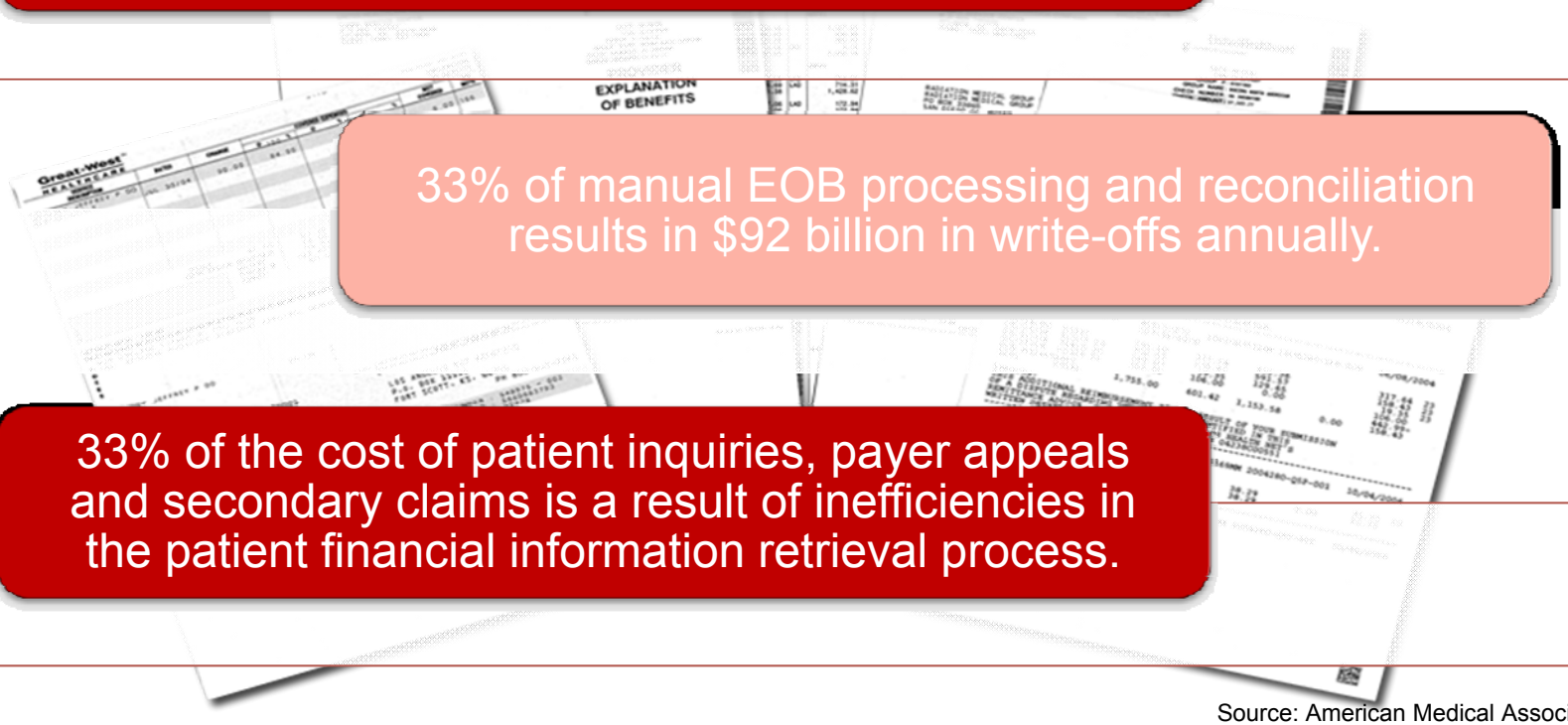
Healthcare Payments Inefficiency

50% of all EOB remittance advices – approximately 4 billion EOBs – are processed on paper.



33% of manual EOB processing and reconciliation results in $92 billion in write-offs annually.

33% of the cost of patient inquiries, payer appeals and secondary claims is a result of inefficiencies in the patient financial information retrieval process.

Source: American Medical Association

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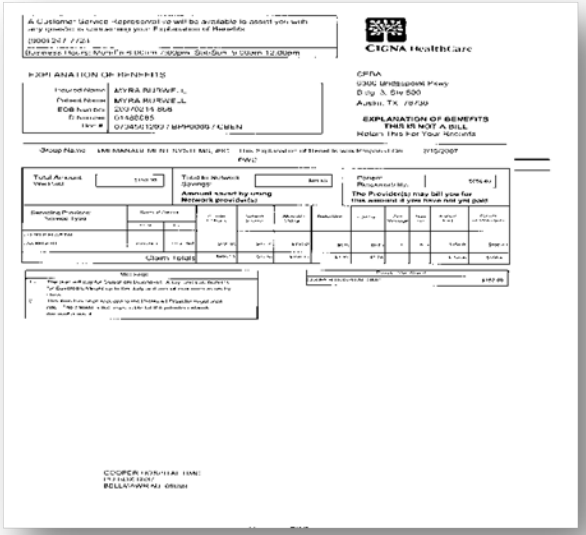
Provider Pain Points


CIGNA HealthCare

EXPLANATION OF BENEFITS

THIS IS NOT A BILL

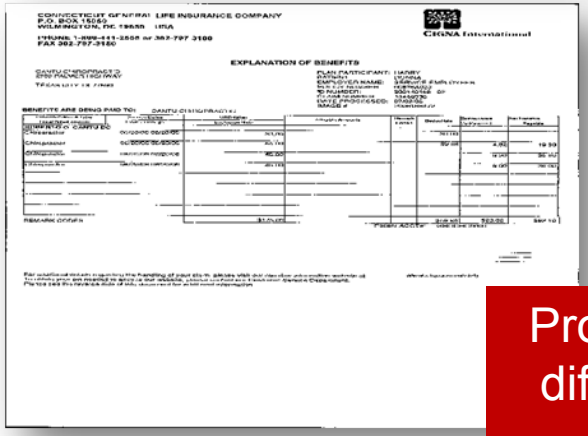
CONNECTICUT GENERAL LIFE INSURANCE COMPANY

CIGNA HealthCare

Provider Explanation of Medical Payment

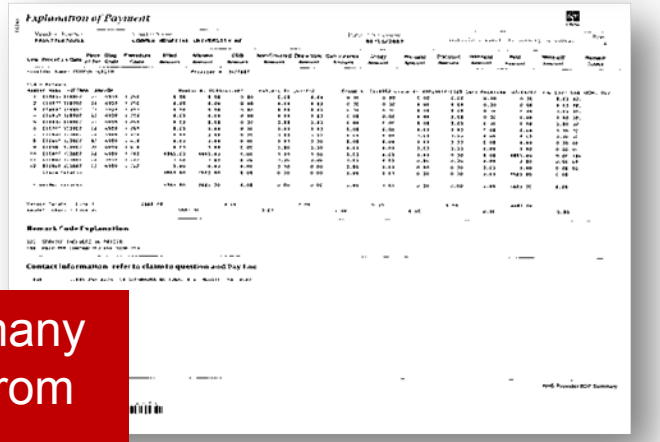
Understanding this Benefits Statement

Payment Summary


CONNECTICUT GENERAL LIFE INSURANCE COMPANY

CIGNA International

EXPLANATION OF BENEFITS


Explanation of Payment

CIGNA

Providers can receive many different EOB formats from the same payer.

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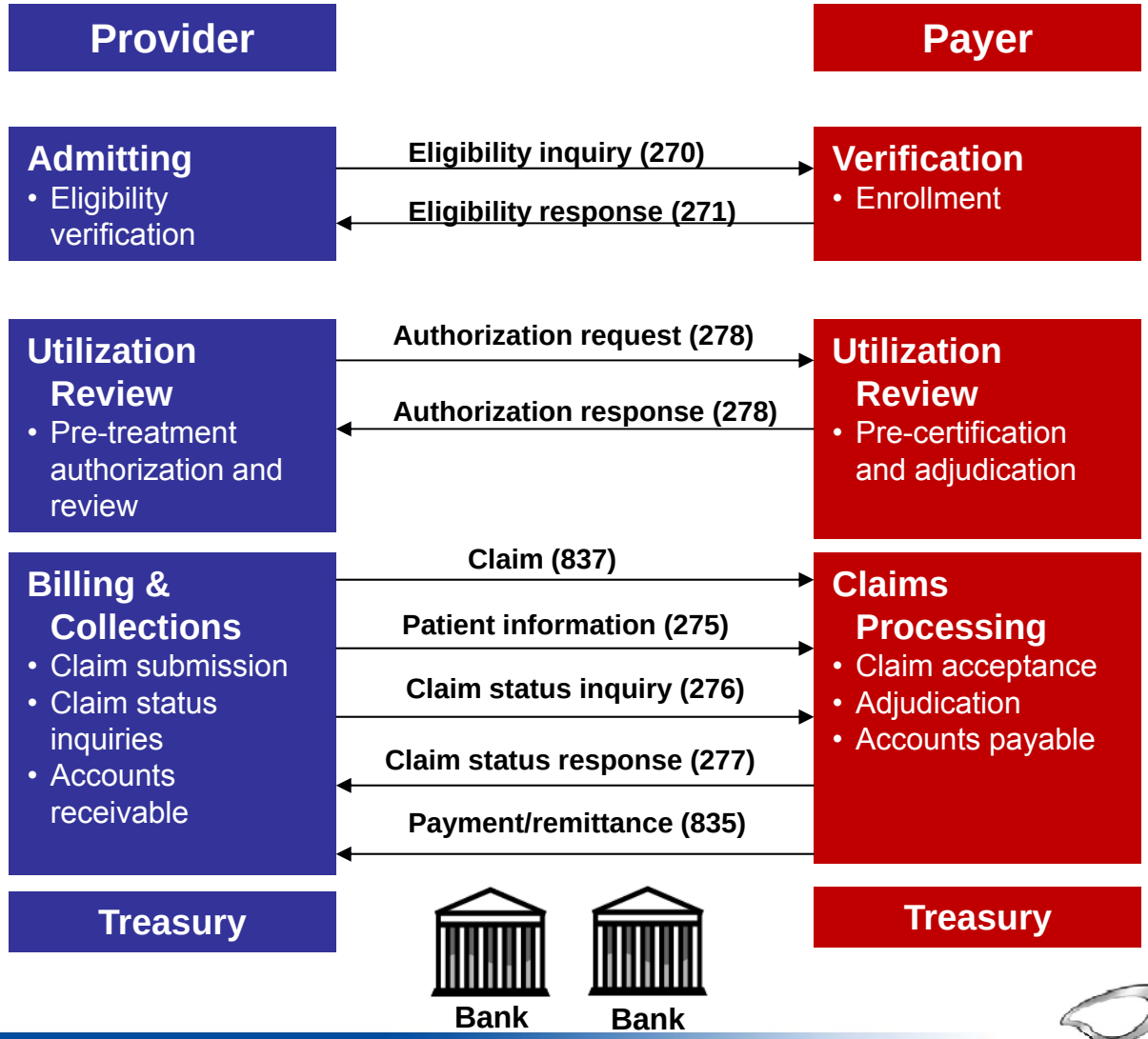
Provider Pain Points

- Average time to reconcile payments is 22.5 days
  - More than three weeks from the time a payment is received until the money is deposited
- Escalating administrative costs due to payments reconciliation, denial management, rebilling disputed claims, and standardizing of 835s
- Financial losses due to a high percentage of write-offs
- The process of matching remittance payments received to the actual services provided is a major problem
- No visibility into the true collected revenue of the organization
- Decreased cash flow
  - Limited IT funds; spending focused on patient care
- Reduced productivity

Electronic Options Exist



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Enter: Administrative Simplification

Administrative Simplification is the name tagged to Section 1104 of H.R. 3590, also referred to as the Patient Protection and Affordable Care Act.

Some of the goals of Administrative Simplification include:

- Reduce clerical burden
- Increase electronic transaction adoption
- Standardize operating rules for:
  - Eligibility (270/271)
  - Claims status (276/277)
  - Claims payment and remittance (835)
  - Enrollment and referral authorization
- Ensure compliancy of standards

Payer Requirements in Section 1104

- Federal health reform requires payers to adopt EFT and ERAs – the onus will be on payers, not providers.
- One of the more complex and challenging requirements is the union of electronic payments and electronic remittances.

Issues that payers should be considering:

- Is your organization producing a compliant ANSI X-12 835?
- Is your organization using HIPAA-compliant procedure and remark codes within the 835?
- How many adjudication platforms will this solution have to connect to?
- How is your relationship with your providers?
- Will providers trust you to securely host their banking information?
- Will providers enroll with each individual payer they do business with?

The Savings Opportunity

- There are approximately **$161 billion in savings** opportunities possible over the next 10 years through full adoption of integrated electronic payments and remittance advices.*
- HITECH Act offers incentives to organizations that implement and utilize EHR, but by 2013 penalties apply for compliance failure.

Operating Rule	Adoption Date	Effective Date
Eligibility (270/271)	July 1, 2011	January 1, 2013
Claims Status (276)	July 1, 2011	January 1, 2013
EFT	July 1, 2012	January 1, 2014*
Payment and Remittance Advice (835)	July 1, 2012	January 1, 2014*
Health Plan Identifier	July 1, 2012	January 1, 2014
Health Claims and Attachments	January 1, 2014	January 1, 2016**
ICD-9 to ICD-10 Crosswalk (Section 10109)	No date specified	No date specified***

Notes:

* Health plan certification of compliance required by Dec. 31, 2013

** Health plan certification of compliance required by Dec. 31, 2015

*** Review Process by Jan. 1, 2011 and ICD-10 Required by Oct. 1, 2013

* UnitedHealth Center for Health Reform and Modernization

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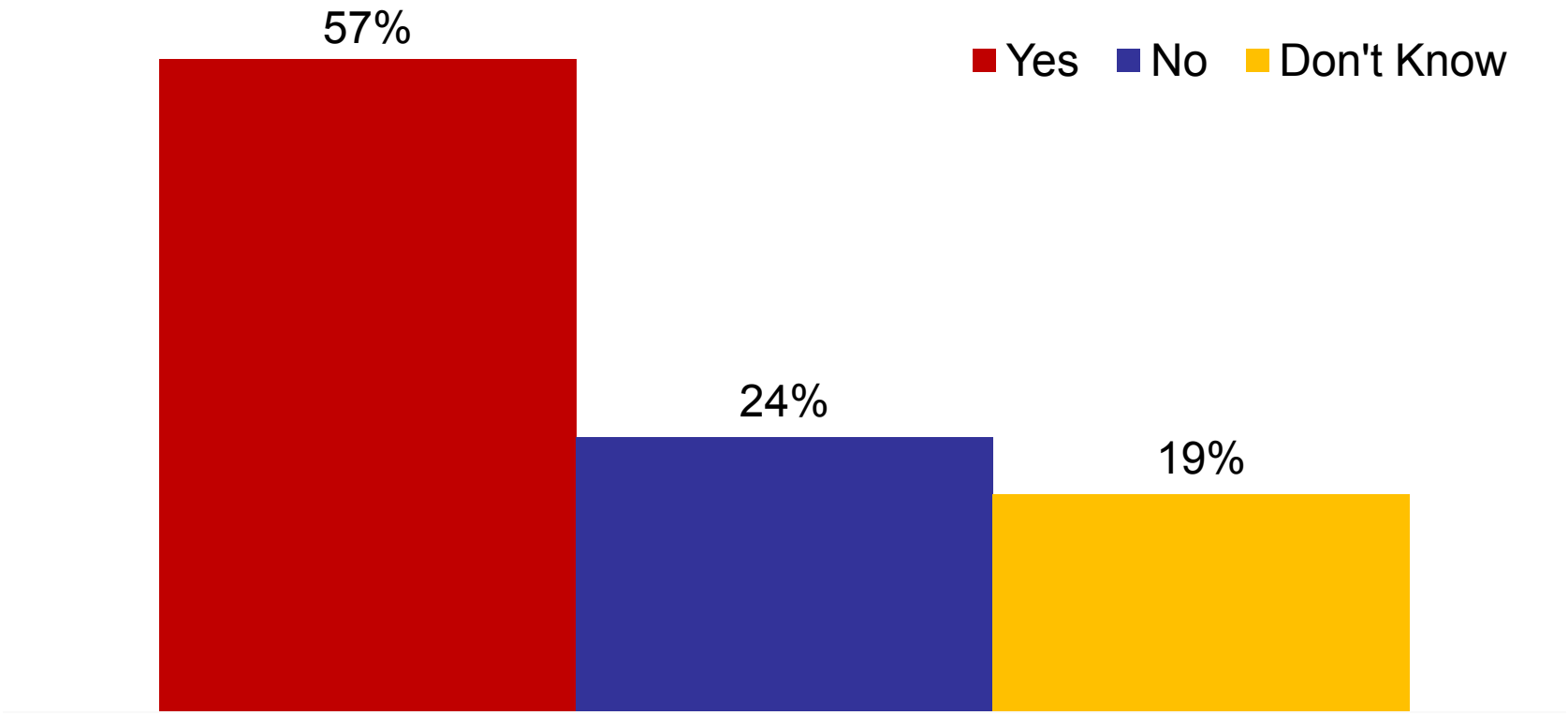
Obstacles to Simplification

Provider Obstacles	Payer Obstacles
Rely heavily on third parties for patient collections, lockbox, administrative / financial record keeping and clearinghouse(s)	The post adjudication workflow is built around paper. In house, EFT provider adoption efforts have largely failed
Patients are confused – not sure when and what to pay • Patient payments − average days outstanding ~ 90 days •Patient payments − bad debt $60B annually and growing	Claims are processed on 1 to 4 legacy, adjudication platform(s). Implementing HIPAA v 5010
Payer paper checks and remittances are expensive to handle and process. ~ $10 per payment package to post and reconcile	“For profit” organizations are facing margin compression.
Payer and patient payments are disjointed	Not known for great provider relations
Lots of systems issues, limited resources: ICD – 10 Meaningful Use requirements PMS unable to auto post HIPAA ANSI X-12 835	Commercial, fully insured membership is declining as more employers/members move to high-deductible Health Plans

The Impact of Health Reform



Providers think health reform will drive electronic payments adoption

Source: TAWPI 2010

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Poll Question

- How big an impact do you believe federal health reform will have on increasing EFT/ERA adoption?
  - Significant
  - Marginal
  - None
  - Not sure

Patient Payments to Medical Groups

Average amount due per office visit	**$109.96**
Percent of revenue due to high-deductible health plans	**15.0%**
Number of billing statements sent per account before an outstanding balance is paid in full	**3.3**
Percent of total accounts receivable from patients written off as bad debt expense during last fiscal year	**11.3%**
Percent of total patient bad debt turned over to collections recovered and booked as revenue during last fiscal year	**15.8%**

Source: Medical Group Management Association 2010

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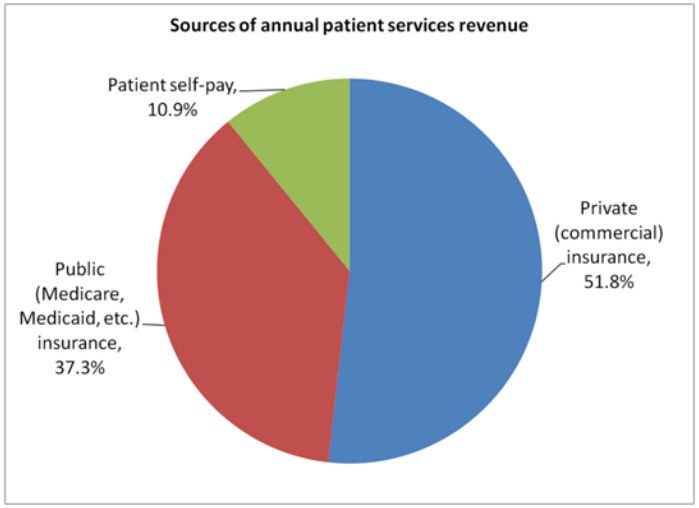
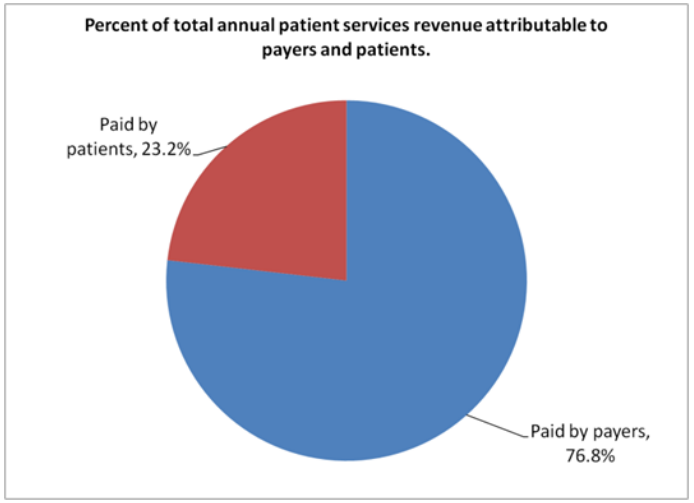
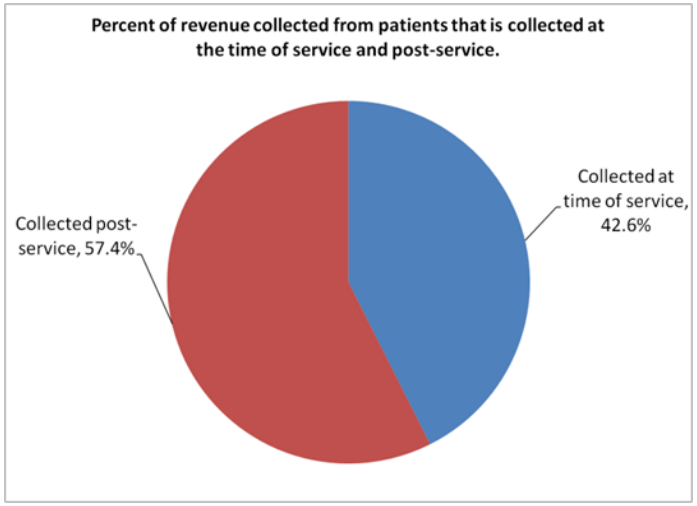
The Role of Patient Payments







The percentage of patient payments continues to grow, but still represents a small percentage of provider revenues.

Source: Medical Group Management Association

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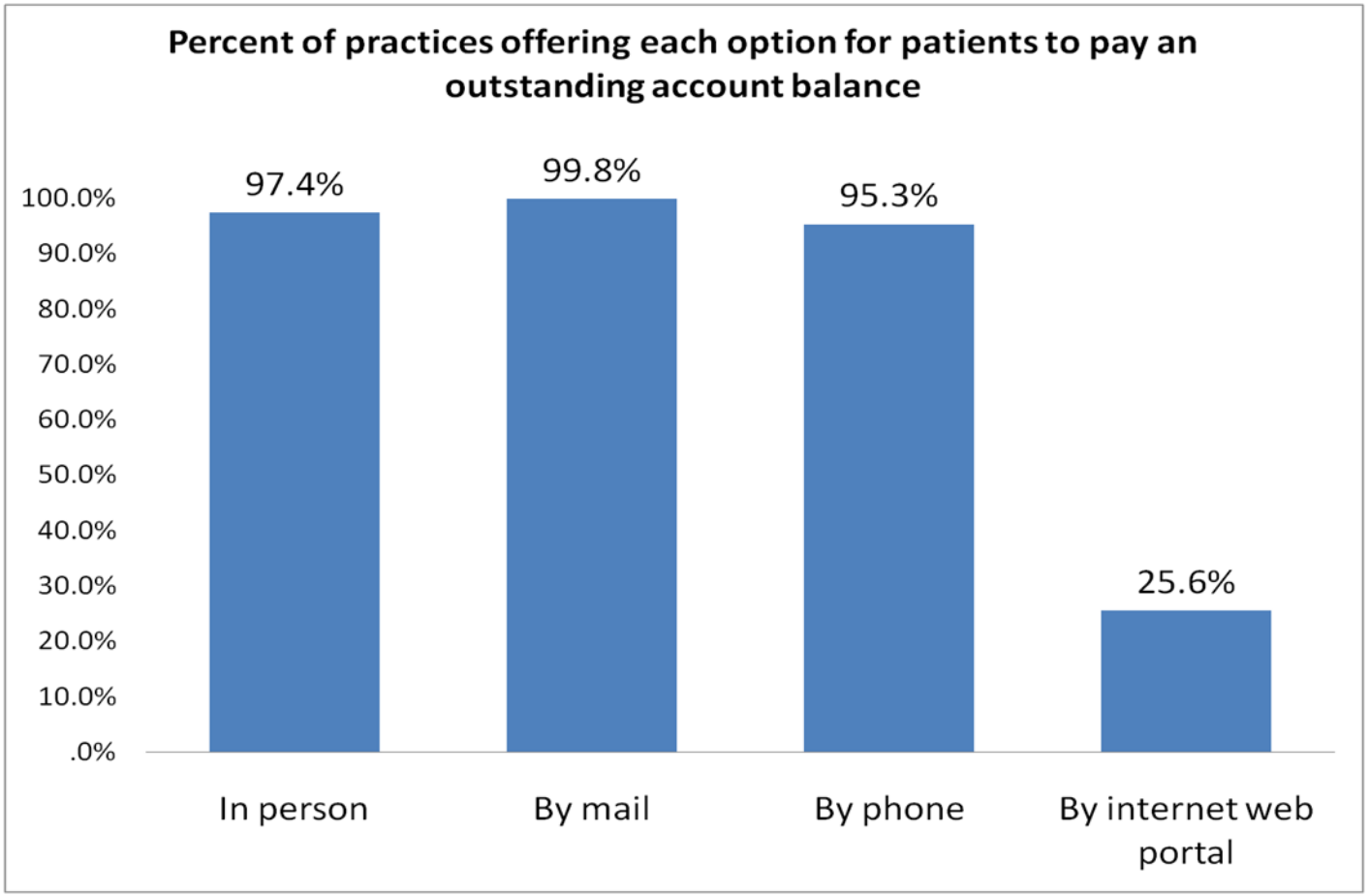
How Practices Accept Payments



Source: Medical Group Management Association 2010

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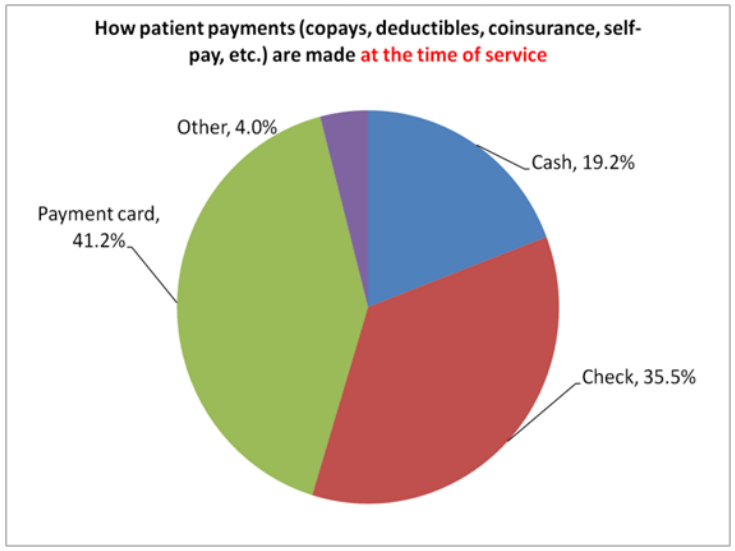
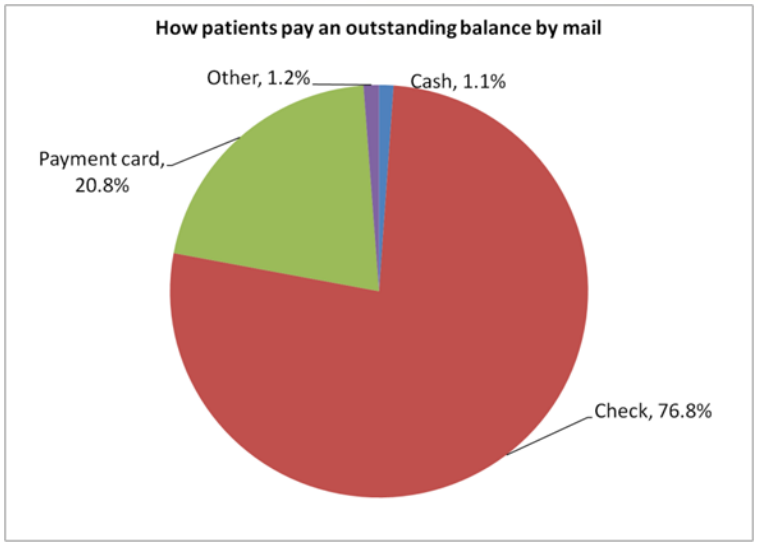
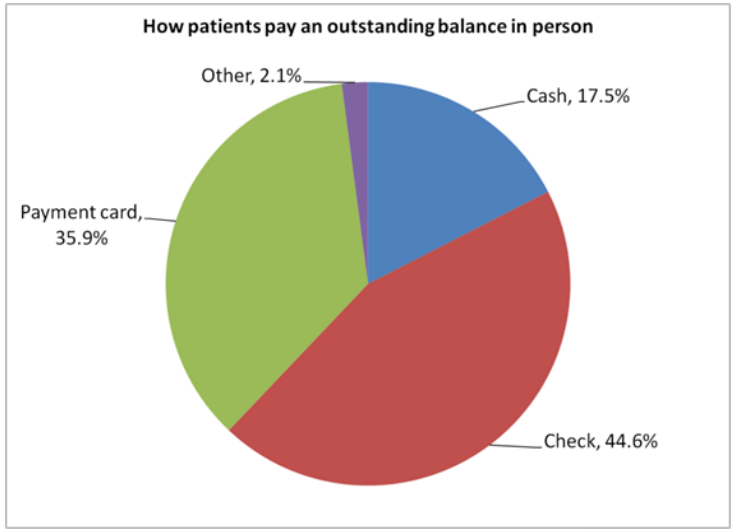
Patients Still Paying By Check







Payment cards are making inroads – particularly at the time of service – but patient payments remain largely check-based.

Source: Medical Group Management Association

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The Role of Banks

- Healthcare accounts for 5.5% of large corporate cash management revenue
- Healthcare leads all industries in contribution to revenue growth in cash management
- Healthcare providers use a broad range of cash management products and are heavy users of lockbox and remote deposit capture
- Healthcare financing is increasing as a specialty area for many banks
- Banks have an opportunity to help drive both ERA and EFT adoption

The Role of Banks

- More banks are offering EOB processing services.
- Banks and third-party processors are expanding their healthcare offerings to include ERA and EFT.
- New reimbursement methodologies will evolve that require advanced funds-management capabilities for:
  - Funds distribution
  - Cash management for outcomes-based contracts
  - Risk-pool reconciliation
- Providers increasingly will look to banks to help with reconciling payments.
- Banks will need to understand their responsibilities.
- Payers must keep tabs on the steps banks are taking.

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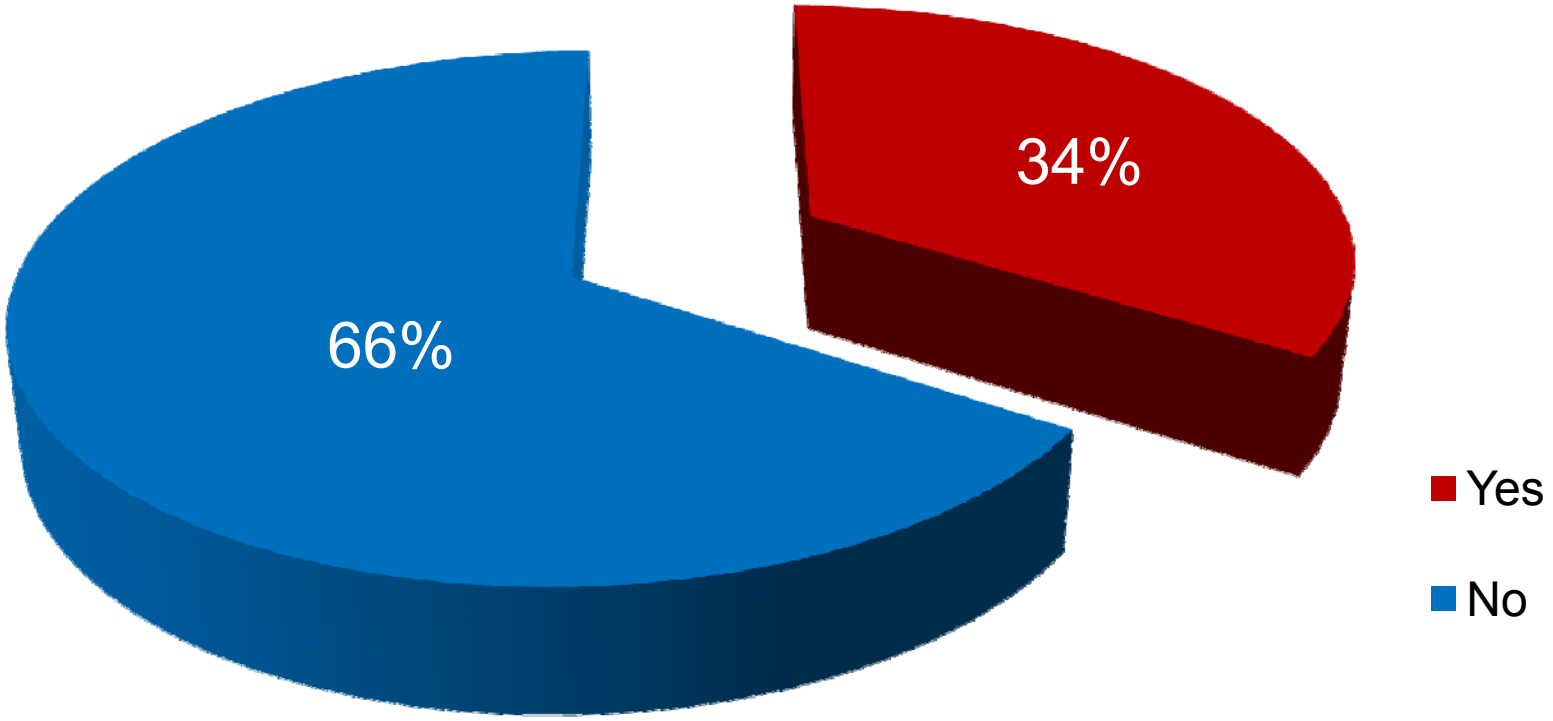
Bank Opportunities

Use of a lockbox to receive patient payments



Source: TAWPI 2010

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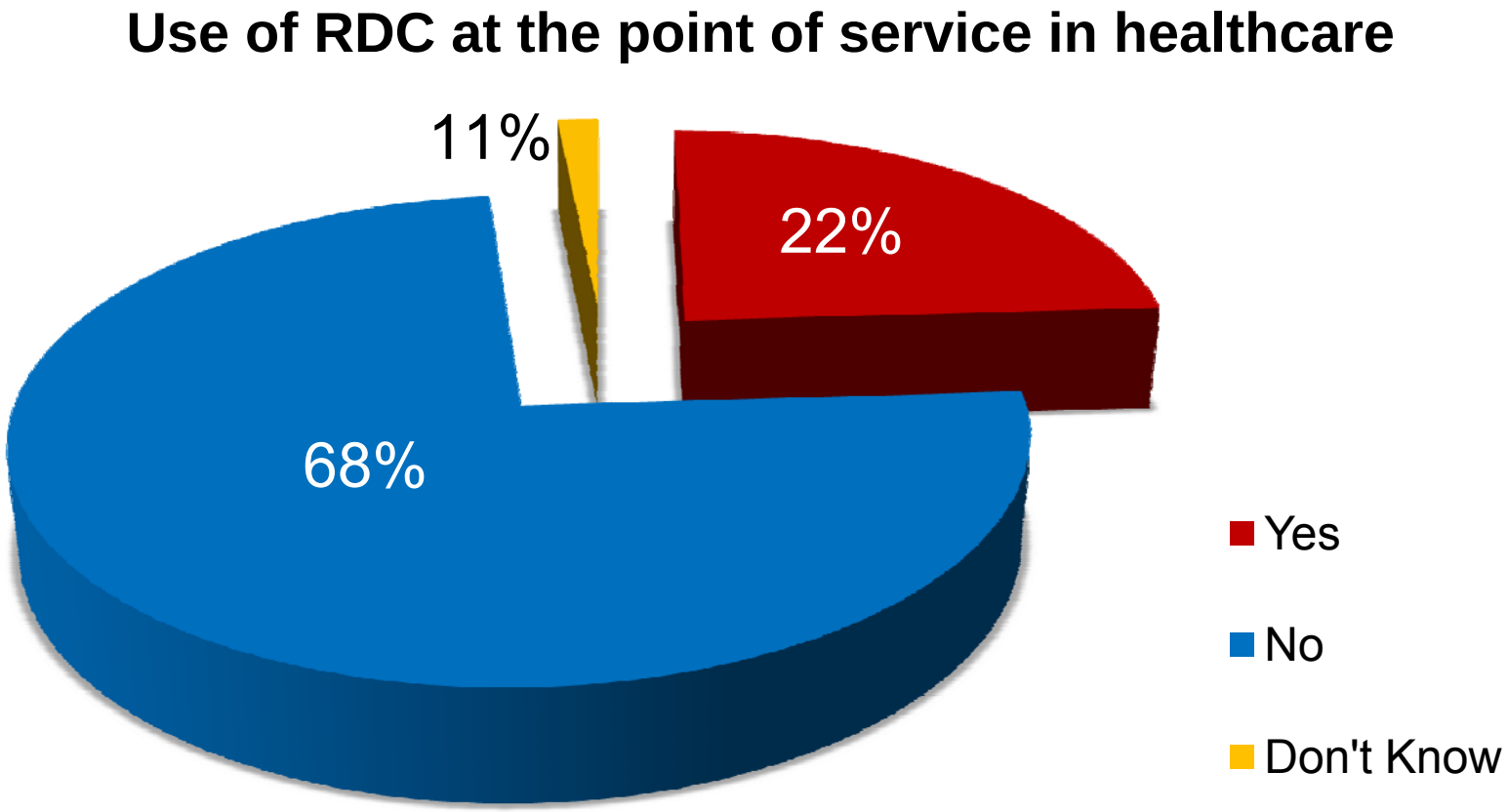
Poll Question

- How has your volume of healthcare-related lockbox transactions changed over the past 12 months?
  - Significantly higher
  - Slightly higher
  - Unchanged
  - Slightly lower
  - Significantly lower

Bank Opportunities



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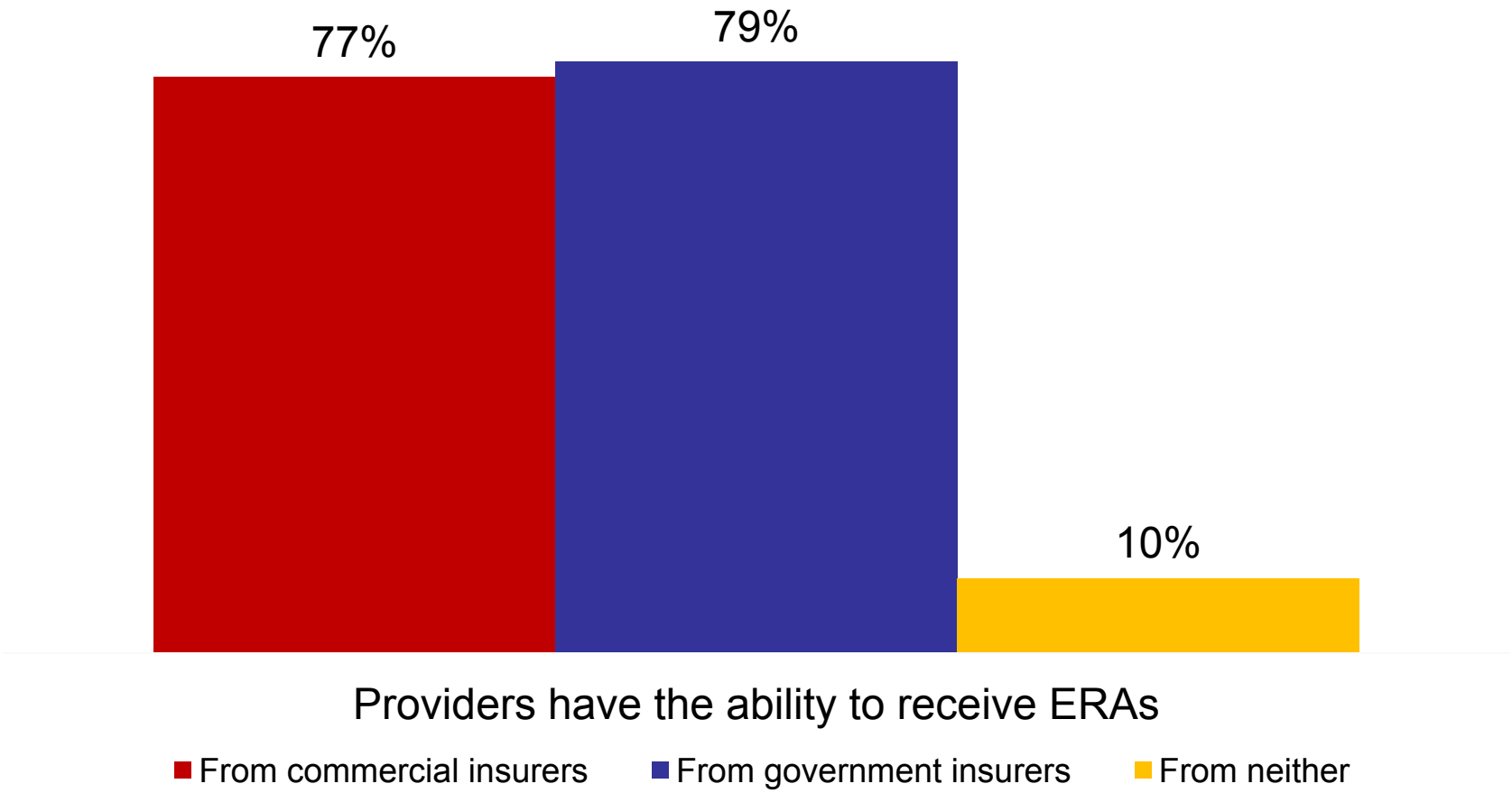
ERA Adoption



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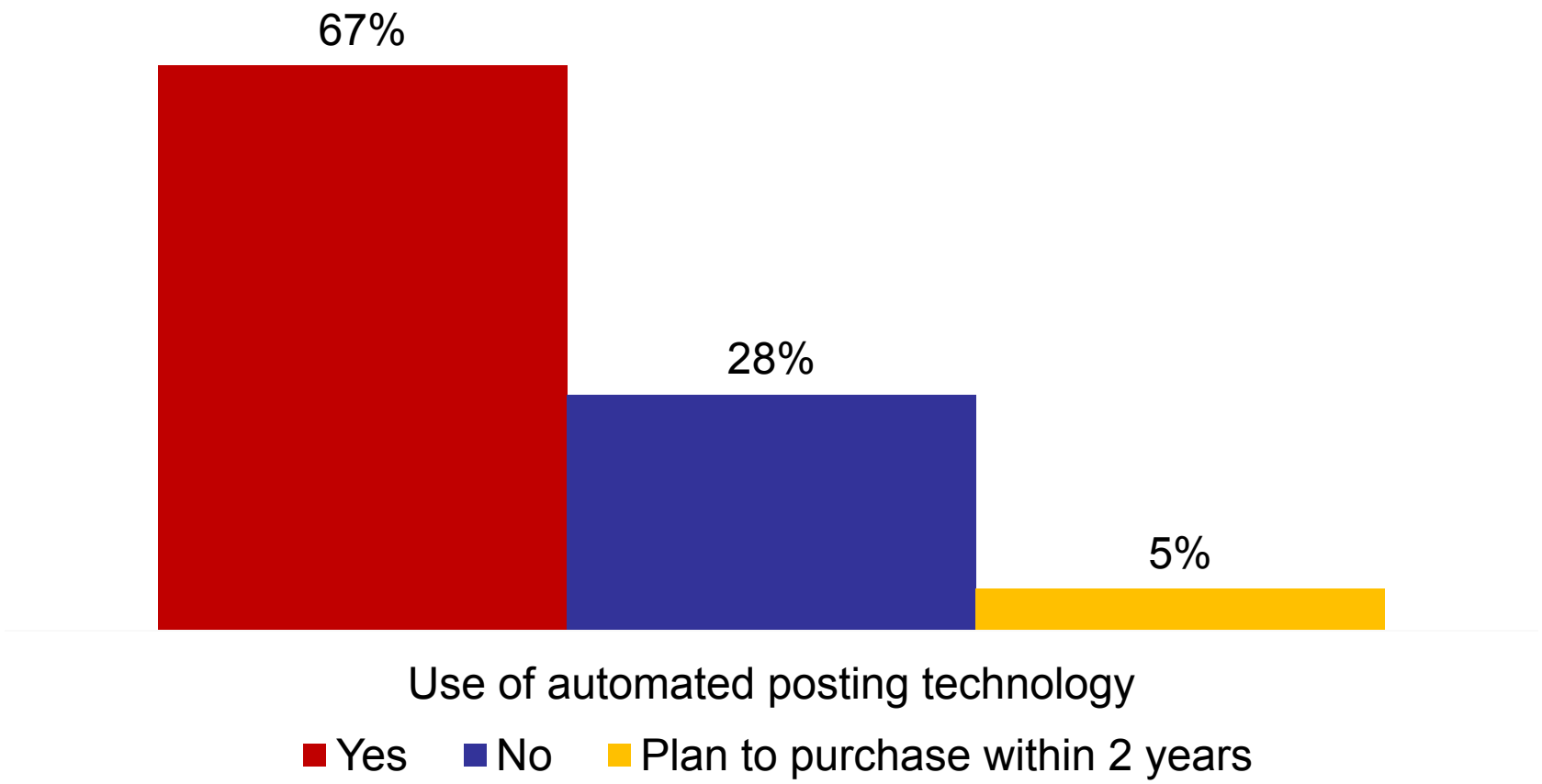
Automated Posting Adoption



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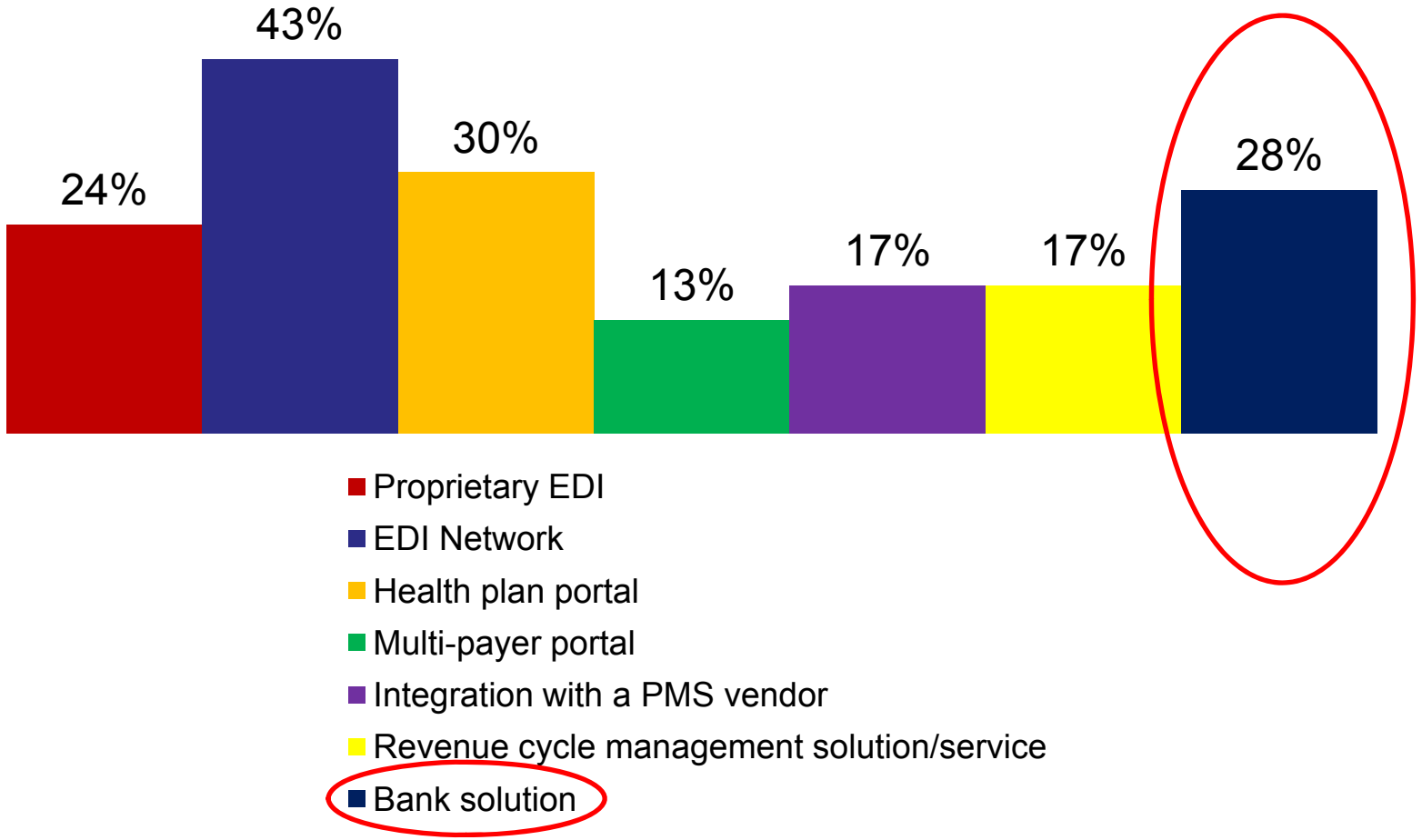
How Providers Receive ERAs



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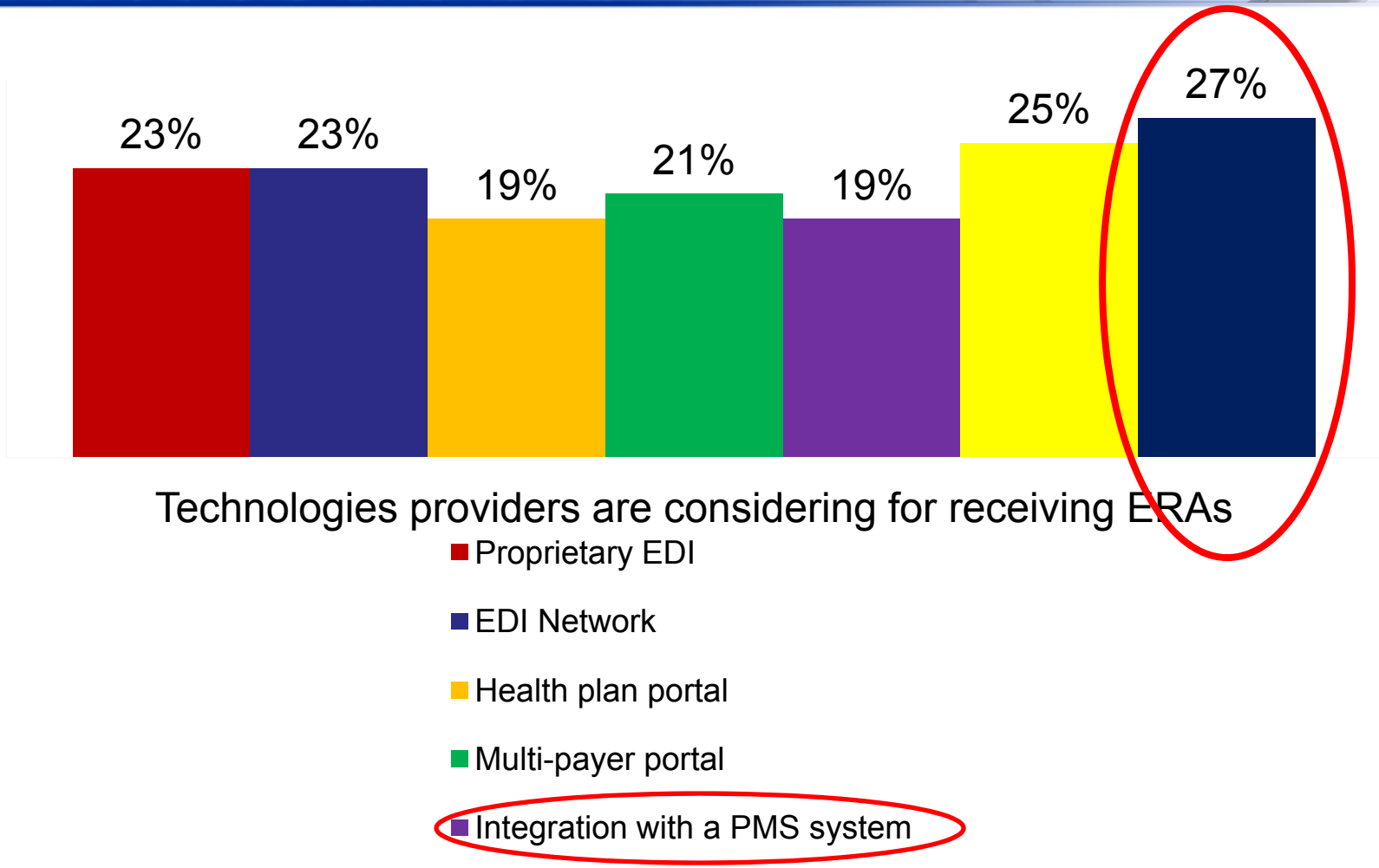
Bank Opportunities



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Conclusions

- Healthcare revenue cycle management remains inefficient.
- The ERA/EFT landscape is rapidly evolving.
  - Health reform will drive EFT and ERA adoption.
- Providers want solutions for Straight Through Processing.
  - Automated claims submission workflows
  - Collaboration tools to manage exceptions and reconciliations.
- Multiple solution approaches and delivery models will co-exist.
- Healthcare finance managers are increasingly recognizing the impact of automation on the working capital management.
- Standards should evolve for matching claims and payments.
- Banks and third-party processors have an opportunity to assist with both healthcare payments and remittances.

Bryan Bruton

Orbograph Technology Business Executive,
Healthcare Solutions

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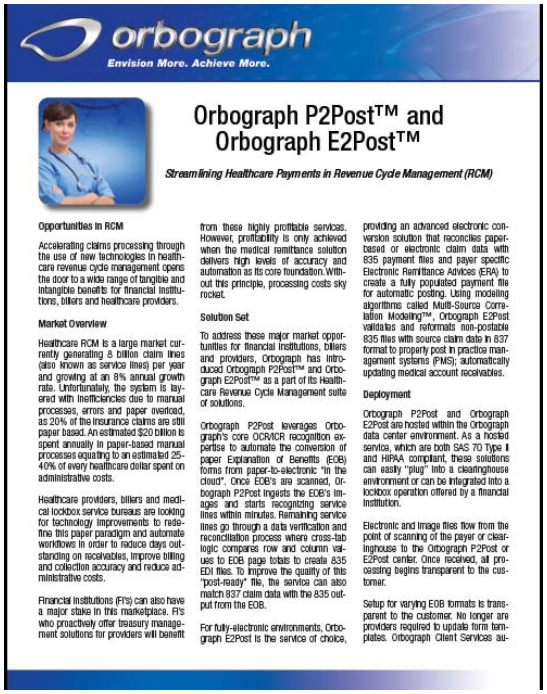
The Revenue Cycle Management Suite

Orbograph's RCM Suite delivers value to the provider by facilitating automated reconciliation of charges and payments by service line



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Orbograph P2Post™ and Orbograph E2Post™

Streamlining Healthcare Payments in Revenue Cycle Management (RCM)

Opportunities in RCM

Accelerating claims processing through the use of new technologies in healthcare revenue cycle management opens the door to a wide range of tangible and intangible benefits for financial institutions, billers and healthcare providers.

Market Overview

Healthcare RCM is a large market currently generating 8 billion claim lines (also known as service lines) per year and growing at an 8% annual growth rate. Unfortunately, the system is layered with inefficiencies due to manual processes, errors and paper overload, as 20% of the insurance claims are still paper based. An estimated $20 billion is spent annually in paper-based manual processes equating to an estimated 25-40% of every healthcare dollar spent on administrative costs.

Healthcare providers, billers and medical lockbox service bureaus are looking for technology improvements to redefine this paper paradigm and automate workflows in order to reduce days outstanding on receivables, improve billing and collection accuracy and reduce administrative costs.

Financial institutions (FI's) can also have a major stake in this marketplace. FI's who proactively offer treasury management solutions for providers will benefit from these highly profitable services. However, profitability is only achieved when the medical remittance solution delivers high levels of accuracy and automation as its core foundation. Without this principle, processing costs sky rocket.

Solution Set

To address these major market opportunities for financial institutions, billers and providers, Orbograph has introduced Orbograph P2Post™ and Orbograph E2Post™ as a part of its Healthcare Revenue Cycle Management suite of solutions.

Orbograph P2Post leverages Orbograph's core OCR/ICR recognition expertise to automate the conversion of paper Explanation of Benefits (EOB) forms from paper-to-electronic "in the cloud". Once EOB's are scanned, Orbograph P2Post ingests the EOB's images and starts recognizing service lines within minutes. Remaining service lines go through a data verification and reconciliation process where cross-tab logic compares row and column values to EOB page totals to create 835 EDI files. To improve the quality of this "post-ready" file, the service can also match 837 claim data with the 835 output from the EOB.

For fully-electronic environments, Orbograph E2Post is the service of choice, providing an advanced electronic conversion solution that reconciles paper-based or electronic claim data with 835 payment files and payer specific Electronic Remittance Advices (ERA) to create a fully populated payment file for automatic posting. Using modeling algorithms called Multi-Source Correlation Modeling™, Orbograph E2Post validates and reformats non-postable 835 files with source claim data in 837 format to properly post in practice management systems (PMS); automatically updating medical account receivables.

Deployment

Orbograph P2Post and Orbograph E2Post are hosted within the Orbograph data center environment. As a hosted service, which are both SAS 70 Type II and HIPAA compliant, these solutions can easily "plug" into a clearinghouse environment or can be integrated into a lockbox operation offered by a financial institution.

Electronic and image files flow from the point of scanning of the payer or clearinghouse to the Orbograph P2Post or E2Post center. Once received, all processing begins transparent to the customer.

Setup for varying EOB formats is transparent to the customer. No longer are providers required to upstate form templates. Orbograph Client Services au-

Solution Addresses Market Needs

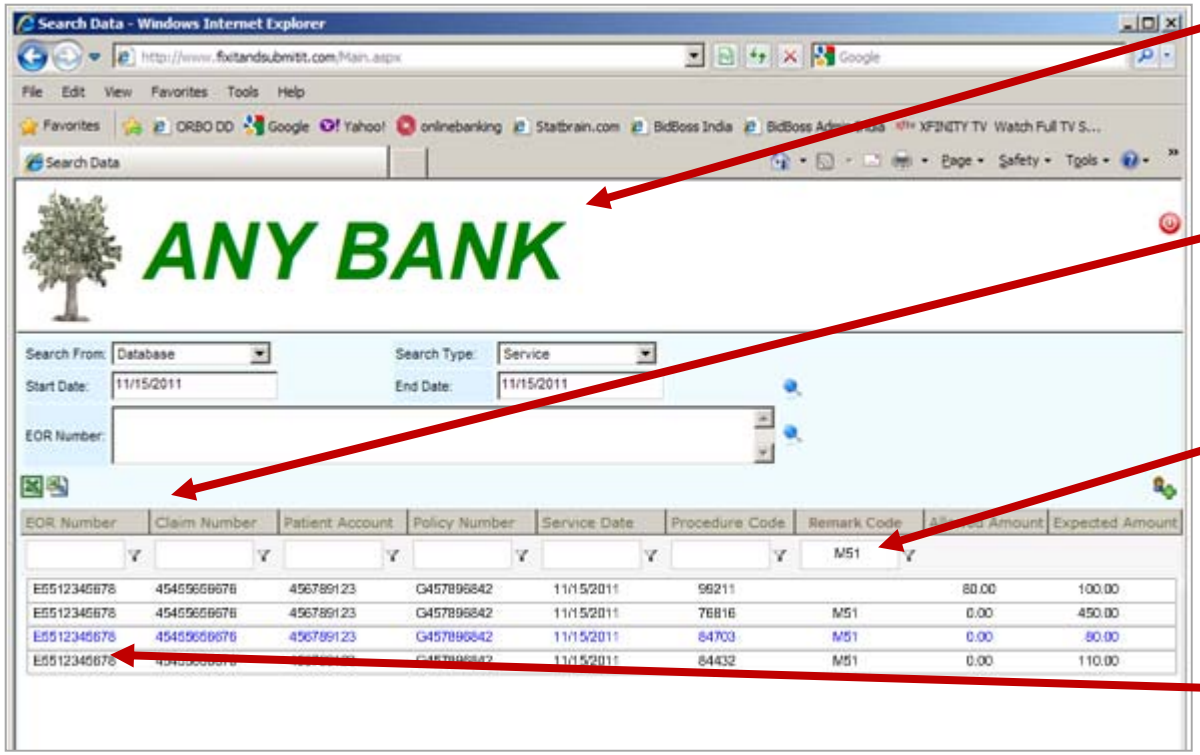
Convert EOB images into electronic payment files and matches them to claim files

Match electronic claim files (837) with electronic payment files (835)

- HIPAA/HITEC compliant archive
- Search tools for working denials and exceptions
- Business analytics for payment trending
- Completely hosted service

Value Beyond Just Posting

With access to a searchable data archive, providers can more efficiently process exceptions



"Private Label" by Bank

Fields selected for review

Search Criteria

Detail by service line

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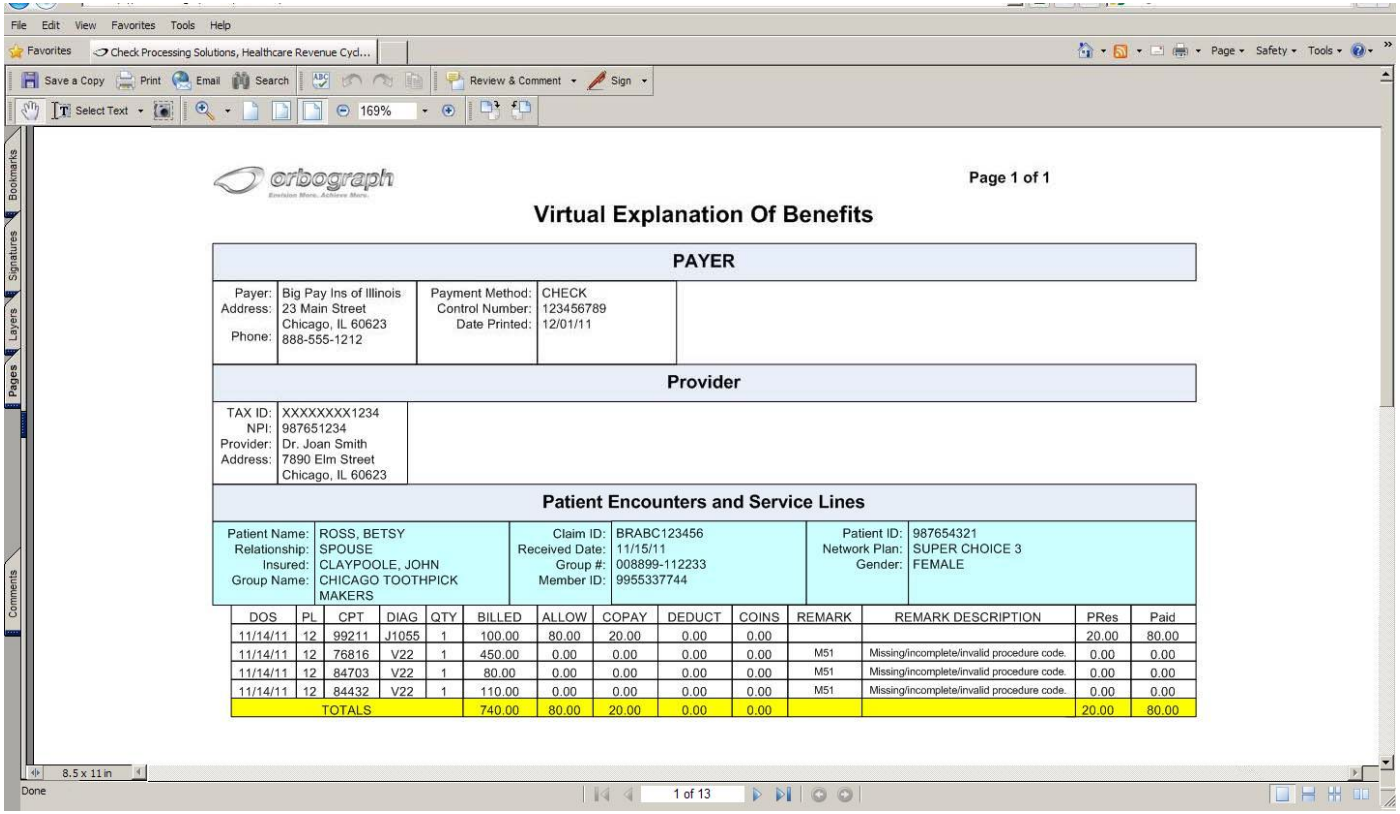
Human Readable EDI Files

Electronic files can be displayed as readable documents



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Page 1 of 1

Virtual Explanation Of Benefits

PAYER

Payer:	Big Pay Ins of Illinois	Payment Method:	CHECK
Address:	23 Main Street Chicago, IL 60623	Control Number:	123456789
Phone:	888-555-1212	Date Printed:	12/01/11

Provider

TAX ID:	XXXXXXXX1234
NPI:	987651234
Provider:	Dr. Joan Smith
Address:	7890 Elm Street Chicago, IL 60623

Patient Encounters and Service Lines

Patient Name:	ROSS, BETSY	Claim ID:	BRABC123456	Patient ID:	987654321
Relationship:	SPOUSE	Received Date:	11/15/11	Network Plan:	SUPER CHOICE 3
Insured:	CLAYPOOLE, JOHN	Group #:	008899-112233	Gender:	FEMALE
Group Name:	CHICAGO TOOTHPICK MAKERS	Member ID:	9955337744		

DOS	PL	CPT	DIAG	QTY	BILLED	ALLOW	COPAY	DEDUCT	COINS	REMARK	REMARK DESCRIPTION	PRes	Paid
11/14/11	12	99211	J1055	1	100.00	80.00	20.00	0.00	0.00			20.00	80.00
11/14/11	12	76816	V22	1	450.00	0.00	0.00	0.00	0.00	M51	Missing/incomplete/invalid procedure code.	0.00	0.00
11/14/11	12	84703	V22	1	80.00	0.00	0.00	0.00	0.00	M51	Missing/incomplete/invalid procedure code.	0.00	0.00
11/14/11	12	84432	V22	1	110.00	0.00	0.00	0.00	0.00	M51	Missing/incomplete/invalid procedure code.	0.00	0.00
TOTALS					740.00	80.00	20.00	0.00	0.00			20.00	80.00

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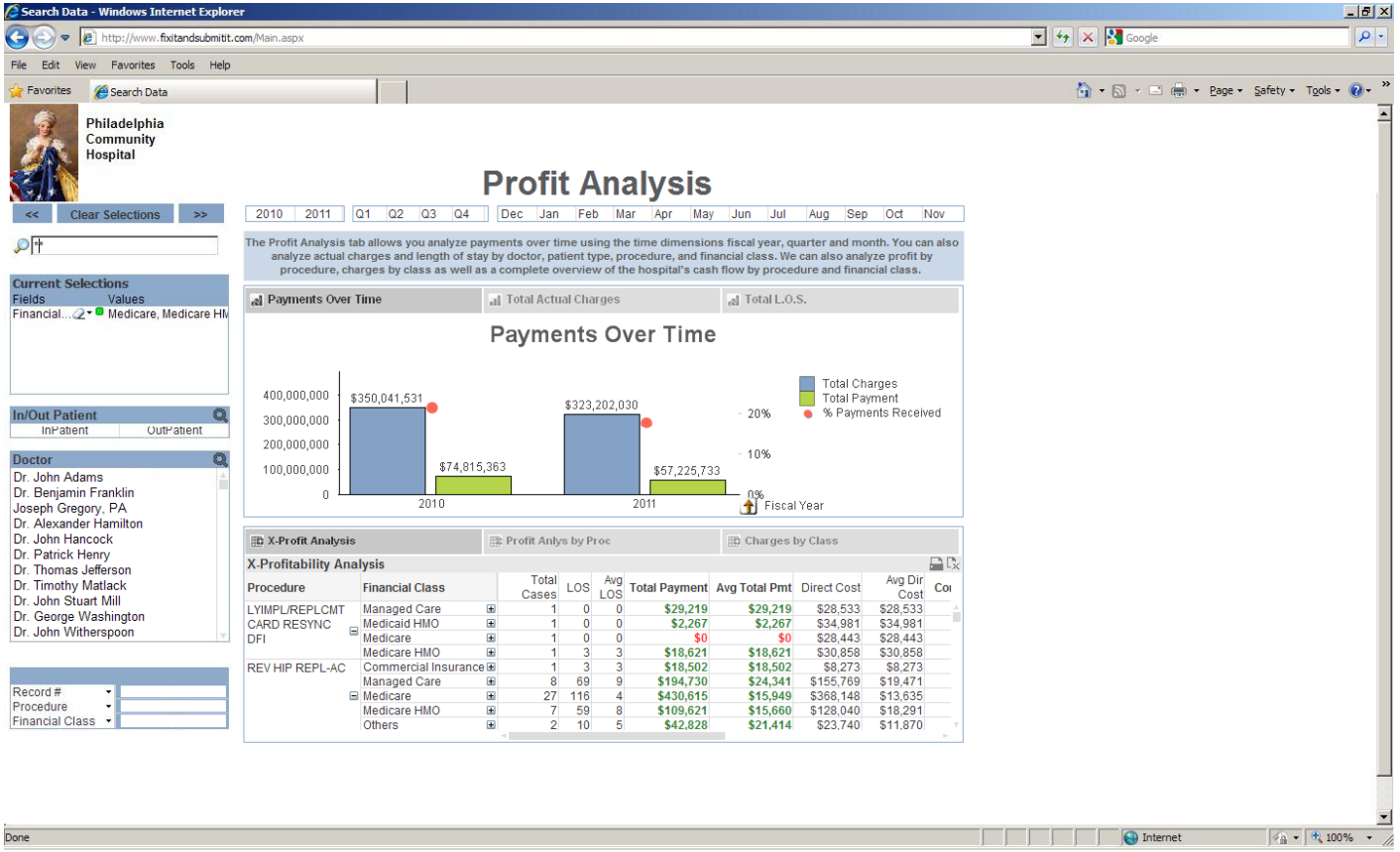
Advanced Analytics

With a window into the entire revenue cycle, banks can become a partner in managing the providers financial health



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Poll Question

- How high a priority is healthcare revenue cycle management to your bank in 2012?
  - Among the top priorities
  - More important than in 2011
  - Less important than in 2011
  - Still developing a plan
  - Depends on what our competitors do

Questions?

Mark Brousseau • m_brousseau@msn.com

Joe Gregory • joe.gregory@orbograph.com

Bryan Bruton • bryan.bruton@orbograph.com

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