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Technology's role in enhancing an ASC's revenue cycle and profitability

By Angela Mattioda, vice president of revenue cycle management services, Surgical Notes RCM

More patients, higher debt levels, lower reimbursements, increased competition, labor shortages – it's never been more difficult to run a hospital or health system. A Moody's Investors Services report released in April showed that median operating cash-flow margins at nonprofit and public hospitals dropped to 8.1 percent in 2017 from 9.5 percent in 2016, press reports indicate.

Healthcare leaders are well aware of these pressures, as shown by a recent poll of CEOs at 20 health systems.[1] The poll asked executives about their top concerns, and their responses should come as no surprise to providers navigating today's complex landscape: shrinking reimbursements; a transition from fee-for-service to value-based care; dwindling margins; not enough workers; technology gaps; and an increasingly consumer-focused marketplace.

With these market forces unlikely to change, shifting strategies is one way providers can remain competitive. In its recent forecast, Moody's offered one promising approach: expanding ambulatory services. Even more, however, incorporating the right technology into these expanded outpatient services can help health systems, hospitals and outpatient facilities alike optimize their revenue cycle, which can boost operating margins, improve patient satisfaction and smooth the transition to alternative and bundled payment models.

The revenue cycle defined

The first step in an ambulatory surgery center's revenue cycle is vetting cases. Are all of the cases performed at the center profitable – at least theoretically? How about the managed care contracts and out-of-network cases? Performing a cost analysis on each type of case, developing a strict process for insurance verification and creating a roadmap for obtaining all necessary authorizations are the three most important factors in profitability.

The next steps in the revenue cycle are scheduling and the pre-registration process, which typically requires patients to register in an online system and provide their medical histories. Insurance verification and pre-authorization are next, and these typically require business office staff to work with payers and determine any out-of-pocket costs for the patient.

Once a patient is authorized and on the schedule, many facilities offer financial counseling to review patient financial obligations and the ASC's payment policies. After the procedure is complete, a physician dictates all relevant information to create the necessary documentation for coding and billing purposes, including what was observed while the procedure was performed.

The transcription is then submitted to the coding department, where several code sets are used to identify all details from the surgery. A coding report is then sent back to the ASC, where it is loaded into a practice management system and billing platform. Charge entry is the next step in the process. All staff assigned to these tasks should be well trained and familiar with the center's rules, contracts and common dictation and coding issues, so they can prevent entry errors and reconcile billing. Staff should also monitor key performance indicators like the timeliness of dictation transcription, an often-overlooked metric that can curb the entire revenue cycle process.

After the charge enters the system, the case is scrubbed, edited, compared to similar cases at the clearinghouse and sent to the carrier. If approved, the carrier sends a reimbursement for the case and the payment is posted, which is applied to the patient's balance. Carriers are always looking for a reason not to pay, so cases are routinely denied. These cases are then handled by the denial management department or a third party, which researches and analyzes why these cases were rejected and determines how to resolve the outstanding issues.

The latter process often requires several phone calls and follow-up emails and, ultimately, denied cases are typically resubmitted according to the carrier's policies. The last step in the revenue cycle process is accounts receivable, which manages incoming payments, generates analytics reports and monitors accounts with overdue patient balances and cases that have not yet been reimbursed.

Technology's role

Software tools, automation, increased security and analytics all play an important role in speeding up the billing process and improving profitability. For example, deploying the right technology allows the transcription and coding process to be completed in 12 hours, which allows bills to be sent out an average of three days faster and bolsters cash flow in high-volume centers.

Technology also powers applications that allow business office staff to complete chart packs ahead of surgery dates, which prevents delays. It also allows staff to perform quality checks on data in advance of surgery. If patients have not provided the necessary information, an automated system sends electronic reminders to patients requesting missing demographic information and other details necessary to file a claim.

Typos are another area where technology provides valuable assistance. Transposing numbers and other data entry errors on claim forms can cause rejections and delays. Software-enabled quality checks on the front end of the process can eliminate virtually all claims rejections. Customizable smartphone apps also allow physicians to both streamline and speed the transcription process and access their schedules — all in one place.

For business office staff, cloud-based storage creates a central repository for all documentation necessary for coding and billing, streamlining the process and providing access to all documents. These efforts also eliminate the need to store expensive forms and files: A single case can cost a high-volume center $4 in administrative, supply and storage fees per month.

Technology can also expand and enhance a facility's analytics and reporting capabilities. Generating monthly and ad hoc reports, especially from unintegrated systems, can pull business office staff away from critical tasks. These general reports also fail to identify trends and do not track key performance metrics that help decision makers understand how such information affects revenue.

IT security is also a top concern among healthcare executives — and for good reason. A recent Healthcare Information and Management Systems Society survey of nearly 250 industry decision makers found that online threats pose a consistent source of angst, with 75 percent indicating that "their organizations experienced a significant security incident in the past 12 months."

The survey also found, "The top threat actor was the online scam artist involved in activities such as phishing and spear phishing (29.6 percent). Still others indicated that negligent insiders were responsible for the most significant security incident (16.4 percent) or hackers (15.9 percent). Inasmuch as hackers (e.g., cybercriminals, script kiddies, or otherwise) have been in the news this past year, it is interesting that this was not more of a predominant trend."

How secure are your IT systems? If you're working with a vendor, you may not know. So it's important to ask and make sure these systems adhere to industry standards. Security is another area that underscores the importance of utilizing a single RCM provider. With a single provider, a facility can integrate security features into every aspect of the business. From a user standpoint, a single provider also allows all IT functionality to be integrated through a single interface.

For example, physicians and staff can use a single smartphone app to access a facility's schedule and determine whether the patient's benefits have been verified. If not, they can also send a text message or email to patients instructing them on what to bring on their date of service, as well as letting them know how much they'll need to pay out-of-pocket for the procedure — all with the peace of mind that comes from knowing communications are compliant and secure.

In today's rapidly evolving healthcare landscape, providers looking to tackle challenging market forces must embrace technology. By assimilating Surgical Notes' products and services, ASCs have access to an enterprise revenue cycle solution geared toward maximizing profitability, physician disbursements and business office efficiency. Surgical Notes continues to provide exceptional client care and to develop cutting-edge technology solutions that the largest management companies and over 20,000 healthcare providers trust to strengthen their financial performance. Contact us today for a complimentary revenue cycle assessment. ■

References

[1] Deloitte 2017 survey of US health system CEOs.

Surgical Notes, a leading provider of ASC technology solutions for over 20 years, is trusted by the largest management companies and over 20,000 providers. Surgical Notes is the only ASC software provider able to offer a totally integrated revenue cycle management solution, from procedure to collections, resulting in immediate operational and financial improvements. Our scalable solutions include transcription, coding, billing, document management and chart automation, and central billing office workflow automation.