Transforming Communication Chaos into Communication Clarity:

Improve Revenue Cycle Management,
Patient Experience and Workflow Efficiency

THE WHITE STONE GROUP, INC.

The doctor's office faxes over orders for Mrs. Jones' admission. But when Mrs. Jones arrives early the day of her appointment, no one can find them. After leaving her desk and searching with no results, the admissions clerk tells the patient she must wait for the doctor's office to open and resend the order.

The domino effect of this unfortunate but all-too-common chain of events? Delayed and canceled procedures, furious physicians, frustrated staff and ultimately, unhappy patients. The time wasted costs the hospital thousands of dollars and potential referrals, not to mention valuable patient satisfaction points.

Yet in most hospitals, such communication chaos is the norm. Departments and individuals operate not as a cohesive unit using the same language, but as islands unto themselves, each with their own siloed methods of communicating. Papers go missing, notes are scattered about, staff, patients and outside vendors and customers play phone and email tag.

Entire rooms are devoted to overflowing file cabinets, thousands of hours to filing and pulling files, and millions of dollars to the chaos and rework that ensues. Ironically, this disconnect is even more likely to occur in systems with a high level of technology and communication routes.

Hospitals waste $12 billion a year due to poor communication, approximately 2 percent of national hospital revenues and more than half the average hospital margin of 3.6 percent.

Although such chaos occurs in every sector of the hospital, from clinical to housekeeping, it is particularly endemic within revenue cycle departments. It's not surprising; these professionals constantly juggle the tasks of scheduling, registering and admitting patients, advising patients about benefits and helping them find coverage. They also manage authorizations for reimbursement and collect self-pay obligations, all the while under pressure to provide excellent customer service at every turn.

Plus, a recent report from Healthcare Business Insights found that more systems are incorporating clinical functions such as case management into the revenue cycle committee, increasing communication complexity.[1]

In the midst of the rush to take the next call, process the next fax or greet the next patient it's difficult to pause and consider whether there might be a better way. Chaos is just the way things are in a hospital, right?

In fact, the communication chaos in most hospital systems is so much the norm that although administrators and staff may complain about it, they also simply accept it. "It's just the way things are," they shrug. Most don't even track the costs of this problem because they are too far within the chaotic system itself to realize that change is possible.

Change is more than just possible; it's already happening at hundreds of hospital systems around the country that finally realized the "norm" could no longer suffice.

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They realized that all their piecemeal efforts to improve communication were not working, and it was time to holistically and digitally, develop a common platform to capture data and communication between cell phones, email, desk phones, faxes, smartphones, tablets, and remote communication.

Such a platform contains "middleware" that serves as an information repository for audit trails, claim denials, patient/clinician/staff conflicts, and clinical interactions and ensures that each of these components ties back to the individual patient. Done judiciously, with the right technology and planning, they've found that such efforts can pay for themselves within a year or two through reduced administrative costs, claims denials, and staff and customer frustration. Just as important: it provides a permanent digital "paper trail."[2]

"The fact is that in most hospitals, there is simply too much information being generated and residing in various 'islands' to handle it all well. For some organizations, this concept is truly difficult to grasp. Yet, accepting this idea is the basis for really advancing your communications foundation and mobile strategy."
Amcom. Nine Tips to Bring Order to Hospital Communications Chaos. 2012.

Bringing clarity to the chaos of revenue cycle communication may seem impossible. But if we can capture and organize the clinical aspects of a patient's care through the electronic health record, why not the communication that occurs throughout the revenue cycle?

This is a choice you can't afford not to make. Studies and surveys find that communication chaos does more than just create a bureaucratic morass. It also leads to financial losses in terms of delayed accounts receivables, denied claims, wasted staff time, frustrated customers, rework, cancelled procedures, medical errors and wasted materials.[3]

Researchers from the University of Maryland estimated that hospitals waste $12 billion a year due to poor communication, approximately two percent of hospital revenues nationally, more than half the average hospital margin of 3.6 percent. The authors found that this poor communication contributed to medical errors, patient and provider dissatisfaction, increased lengths of stay, and higher administrative costs.[4] Another study estimated that the healthcare system could save as much as $30 billion a year by using improved telecommunications to better manage patient information, claims processing and inventory.[5]

"A 500-bed hospital loses $4 million a year because of communication inefficiencies. . . information technology and process redesign may help alleviate some of this burden."
Agarwal R, Sands DZ, Schneider JD. Quantifying the economic impact of communication inefficiencies in U.S. hospitals. J Healthc Manag. 2010;55(4):265-281.

Hospitals are at a tipping point in their revenue cycle management. As healthcare reform and value-based purchasing are implemented, the hospital can no longer continue to operate as a series of siloed departments, each responsible for its own part of the revenue cycle. Today, how a nurse or even an admissions clerk interacts with a patient impacts patient satisfaction, which, in turn, impacts reimbursement.

It's time to stop accepting the norm and take control of the chaos. Only then can you bring the same level of quality and organization to your communication culture that your surgeons bring to the operating room.

Track the Steps

Consider the case of the lost orders described earlier. In most hospitals, no fewer than seven people and three methods of communicating are involved from the time the order is sent to the time the patient is admitted (Figure 1). That doesn't include involvement from billing, accounts receivable, and claims management once the patient is discharged, all of whom will also need access to the order data.

You need to capture the data, images, and interactions from each step to maximize revenue cycle management and operations, improve denials management and physician order management, and, most important, increase patient and physician satisfaction. You also need to coordinate workflow across departments with efficient processing, sorting and retrieval.

When Massachusetts-based Lowell General Hospital retired its paper-based order system for an electronic system that seamlessly integrates with the patient chart, it reaped numerous benefits, including improved customer service and physician satisfaction. The hospital now uses this patient-centric system to view all communication, which then becomes part of its revenue cycle clinical history. "There is no more paper chase," explained the hospital's Revenue Cycle Assistant, Michael

Figure 1 | *Order Receipt to Patient Admission*

McAuliffe, "and that increases productivity. . . we've eliminated the rescheduling, cancellations, and delays in service that used to occur."

Managing the Message

Your patients are your primary customers. And, as you know, Medicare now ties reimbursement to patient satisfaction through HCAHPS (Hospital Consumer Assessment of Healthcare Providers and Systems) scores, while several accreditation organizations are also using such scores as part of their evaluation process.

Although you've invested heavily in hiring the right people and training them, how well are they implementing what they're taught? How well do they interact with patients and physicians?

You don't need to be Big Brother to assess performance. Walking rounds offer one approach to managing these interactions. But managers can't be present for every conversation to monitor not only what is said, but just as important, how it was said to a patient or physician. That's where technology comes in, with digital tools that can capture telephone conversations, email interactions and visits to work-related websites. The data is then available for evaluation and assessment, as well as providing a permanent history of all interactions in case questions or concerns are raised.

In addition, when staff know they are being monitored, they have a greater incentive to consistently demonstrate positive, customer-friendly behavior.

Consider the patient who complains about the service received. While your organizational philosophy may be that the patient is always right, that doesn't mean the employee is always wrong. Having a video or phone recording of the interaction enables you to confirm the employee's story. You still soothe the patient, but at least now you don't have to reprimand or even fire an employee you spent so much time and money hiring and training.

By performing quality assurance checks of recorded communication, you can ensure that staff follows internal protocols and provide complete and accurate information to customers. Conversely, if these documented interactions identify problems, you can quickly address them through reeducation and training.

"We had a situation with a staff member from a doctor's office calling and insisting that we schedule her doctor's patients when she wanted it, not when we had openings. She told her doctor we were being unprofessional and inappropriate in our interactions. The doctor called our CEO to complain, who asked me to investigate. I knew we were recording all calls, so I listened to the calls and found that it was the doctor's staff member who was being inappropriate. I sent the audio file in an email to our CEO and two days later that staff member was in our office apologizing to our employees for her behavior."
Stephen Hovan, Vice President of Revenue Cycle, The University of Tennessee Medical Center

Reversing Claim Denials and Underpayments

A study from PNC Financial Solutions found that 20 percent of hospital claims are delayed or denied, 96 percent of claims submitted in an average month must be resubmitted at least once, and insurance companies return claims an average of two times to get the information they need. It also found that 7 percent of claims were never paid, and 20 percent were delayed or denied.[6]

Another study estimated that up to a quarter of an organization's claims are rejected or denied because of inaccurate or missing data, affecting about 5 percent of net revenue.[7] Reducing claim denials just 3 to 5 percent could produce a $5 million to $10 million increase in revenue.[8] Expect those denials to increase exponentially under Medicare's recovery audit contractor (RAC) program. Indeed, the American Hospital Association (AHA) survey of 2,266 hospitals participating in its RACtrac survey found that for the second quarter of 2012, medical record requests were up 22 percent over the first quarter of the year; the number of denials was up 24 percent; and the dollar value of denials was up 21 percent relative to the previous quarter. Yet nearly two-thirds of medical records reviewed by RACs did not contain an improper payment.[9]

The most common and most costly RAC denials were medical necessity denials, primarily for one-day stays in the wrong setting, not because the care was medically unnecessary. Although hospitals

appealed more than 40 percent of all denials, and successfully overturned 75 percent, they suffered a huge hit to their resources. More than half (55 percent) said they experienced increased administrative costs in the first quarter of 2012 related to RACs; a third spent more than $25,000 and 9 percent spent more than $100,000. Figure 2 depicts the time hospital staff spend responding to RAC activity.

Clearly, hospitals need to implement systems that can streamline the denial management process and reduce administrative costs.

Yet, as one consultant notes in a white paper report, many hospitals do not have processes in place to prevent denials from "falling through the cracks." Instead, hospitals too often rely on "homegrown" databases and manual spreadsheets to track performance. They are unable to identify certain types of denied accounts and prioritize them for resolution, have inconsistent account follow-up activity, poor communication among different departments and revenue cycle functions, and little understanding of the root causes of payment denials. They also do not work effectively with payers to speed account resolution. These components can all be linked to communication chaos.[10]

In a 2008 report, the Healthcare Financial Management Association warned providers to "identify areas of vulnerability for denials and communicate throughout the revenue cycle to reduce losses." That means throughout the organization, from the clinical side to the C suite.[11]

"Closed loop communication as it applies to denial management is a process of front-to-back and back-to-front exchange of pertinent information... It is vital to physicians and hospitals to avoid incorrect assumptions that could result in sustained financial loss. It is the foundation to process improvement."
Healthcare Financial Management Association[11]

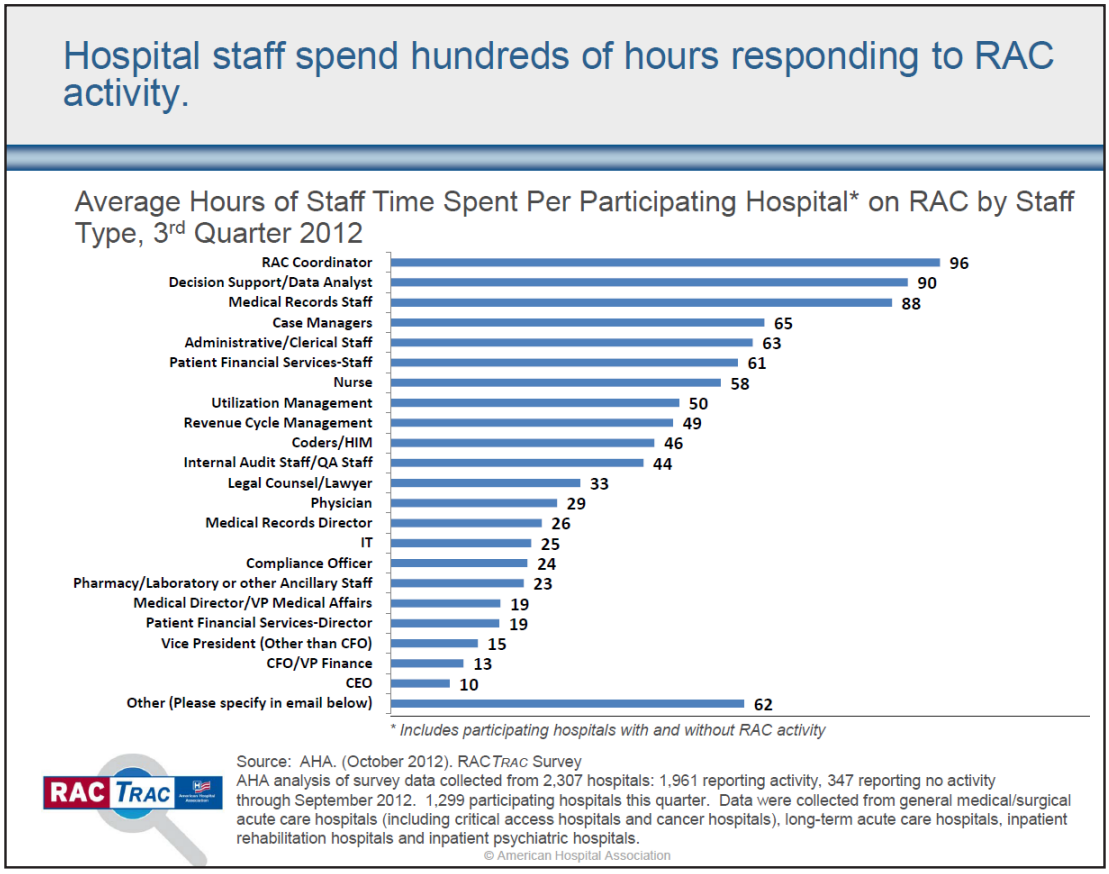

Figure 2 | *Average Hours of Staff Time Spent Per Participating Hospital on RAC by Staff Type, 3rd Quarter 2012*

Among the reasons for denials identified in the report:

Primary insurance information not verified. Up to six out of 10 denial-related errors are made during the patient intake process, often because employees don't collect or validate the information.[7] If the insurance company denies the claim for this reason, can you prove via a voice recording or electronic paper trail that your staff did, indeed, verify the information? If not, you have a gap.

Preadmission denials. The insurance company says your staff never received preadmission approval. Your staff insists they did. Can you prove it with a captured audio of the telephone call or an image of a fax? If not, you have a gap. When Lowell General began tracking employee interactions with payers, it was able to reduce the amount of lost revenue from denied imaging claims alone from $250,000 a month to $5,000 a month, improving the hospital's net reimbursement by nearly $3 million a year.

Medical necessity denial. Did the billing staff obtain the appropriate information from the clinician? Did they contact the physician(s) if there are medical necessity conflicts? Can you document that they did? If not, you have a gap.

Concurrent denials. Can you support the medical necessity of the level of care provided to patients? Is your staff appropriately communicating with providers regarding this and documenting their conversations? If not, you have a gap.

Audit denials. Does your staff have electronic, instant access to original documentation for the hospital stay so they can quickly appeal the audit denial? If not, you have a gap.

Hospitals also lose valuable revenue when employees prematurely write off accounts. Having a record of when this occurs, and who did the write off, can help you regain valuable revenue.

It is also important to confirm that staff collects the correct charge data across the organization, that the data in your system accurately reflects payer contracts, that supplies and procedures have charge description master numbers, that acuity-based charging occurs, that the billing staff can compare contract and charges and receive automatic updates when contracts change. This information must be accurate and available electronically, as well as linked to the patient record. Being able to track and confirm that these steps are, indeed, appropriately implemented can plug potential gaps in the revenue cycle.

"A healthcare provider's revenue cycle is very complex and involves many processes and players across a broad spectrum of activities—from patient scheduling and registration to charging for services to billing and collections. A provider is at risk every day of losing revenue at many points in the cycle, especially in routine areas of operations where inefficiency and a lack of communication between departments are common."
Protiviti. Healthcare Revenue Integrity Strategies: Using High Value Revenue Cycle Assessments to Protect and Improve the Bottom Line. 2012.

At Children's Healthcare of Atlanta, the ability to document and retrieve authorization data helped the hospital overturn more than $2 million in denied claims and prevent an estimated $4 million in denials. As a result, its denials for eligibility and precertification issues are now at less than half a percent.

Pushing the Envelope with Technology

The era of mobile health, or mHealth, when smart phones and tablets replace bulky computers, opens a new frontier in the landscape of data tracking and collection. Organizations that use video, audio, and imaging to track clinical and administrative processes will be able to access that information from anywhere, not just a static office.

In addition, we see greater integration between billing systems and the electronic medical record, with greater ability to import and export data between the two. This coordination also has the potential to improve quality, customer services, and accounts receivable while reducing administrative costs and claim denials.

The bottom line is that hospitals can no longer keep their proverbial heads in the sand when it comes to communication chaos. They must assess the cost of such chaos, design and implement solutions, and do what it takes to move their organizations towards communication clarity. □

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