

Declining Reimbursement and the Physicians

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Challenges Providers Face

If you talk with any physician or healthcare executive about the greatest financial challenges they face, declining reimbursement will be at or near the top of the list. Providers are facing higher hurdles to receiving deserved reimbursement as payers cut reimbursement rates and erect stricter criteria for the claim submission and payment processes. This challenge impacts both public and private providers and is true across all payers.

As a consequence, healthcare provider margins are declining, while patient copays are increasing; this, in turn, is leading to further delays in collections and new cycles of eroding margins. Compounding the problem, is an increase in patients who lack insurance or are underinsured and cannot afford their charges — potentially tipping the organization into debt.

Where the Physicians Come In

So where do the physicians impact these issues? Almost everywhere. The physicians' performance within the

revenue cycle is extensive — essentially they are the revenue cycle. Physician alignment is crucial in transforming the revenue cycle and addressing reimbursement up front. Whether inpatient or outpatient, the revenue cycle will impact the physicians' compensation and the bottom line. What this means is that physicians need to be included in any associated initiatives. Bring them into discussions about charge capture, system selection, outsourcing decisions, and government-mandated initiatives such as ICD-10. Educate them on the impact of denials and indeterminate eligibility. Have the physicians sit down next to you as you all look at options in managing the revenue cycle.

In response to the pressure of declining reimbursement and slower processing of payments, healthcare providers need to focus more than ever on improvements to basic healthcare information systems, such as accurate diagnosis and procedure coding and squeezing efficiency out of the revenue cycle. The processes of accurate coding and capturing dollars with the highest efficiency are becoming top-of-mind in financial management and basic necessities

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to surviving as a business. The physicians are the top of the funnel from which all reimbursement begins; therefore, they need to understand the impact their clinical documentation will have on reimbursement.

Combine Business Intelligence with Proper Training

Business intelligence is becoming essential to constantly monitor losses from denials and failed collections and to identify and correct these “leaks” as soon as possible. Reimbursement systems had been cumbersome and costly in the past, relying on large and inadequately trained staff, but these systems are now largely driven by technology. Yet, due to changing and increasingly complex coding and payment systems, the best technology is still insufficient.

Unless staff members, including physicians, are fully trained and knowledgeable, the technology is just a shiny tool bought, installed, and not being used effectively. Compounding the challenge, is the impending adoption of ICD-10; this profound change will impact numerous systems and clinical documentation, and it will require intensive effort to learn and enable.

The financial health of a healthcare organization is dependent on the physicians and their clinical documentation of patient encounters. The focus of physicians is patient care, but without their active involvement in the revenue cycle and reimbursement process, there may not be funds available to care for patients. Physicians need, more than ever, to understand the impacts their actions or inactions have on the bottom line. It is past the time to include them in revenue cycle management.

Some information from this article was obtained from "Creating the Foundation for Financial Health in 21st Century Healthcare Provision", a white paper from Frost & Sullivan commissioned by SPi Healthcare.