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# Revenue Integrity

*Evaluating Current State, Identifying Opportunities, and Implementing Best Practices*

January 31st, 2024

# Agenda

- Introduction

- Healthcare Industry Challenges

- Revenue Integrity Leading Practices

- Lessons Learned and Key Takeaways

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# Introduction



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# Healthcare Industry Challenges

- Healthcare leaders always face a variety of business and operational challenges – some are new, some are pre-pandemic, and some are post-pandemic:

  - Supply costs continue to be at all time high

  - Revenue Cycle Metrics are off track from historical baselines

  - Revenue Integrity continues to be a second thought for most organizations

  - Continued staffing and labor expense challenges

  - Inflation driving increases in non-supply areas (i.e., utilities)

  - Price Transparency and its influence on managed care contracting along with payors use of provider manuals to further restrict reimbursement

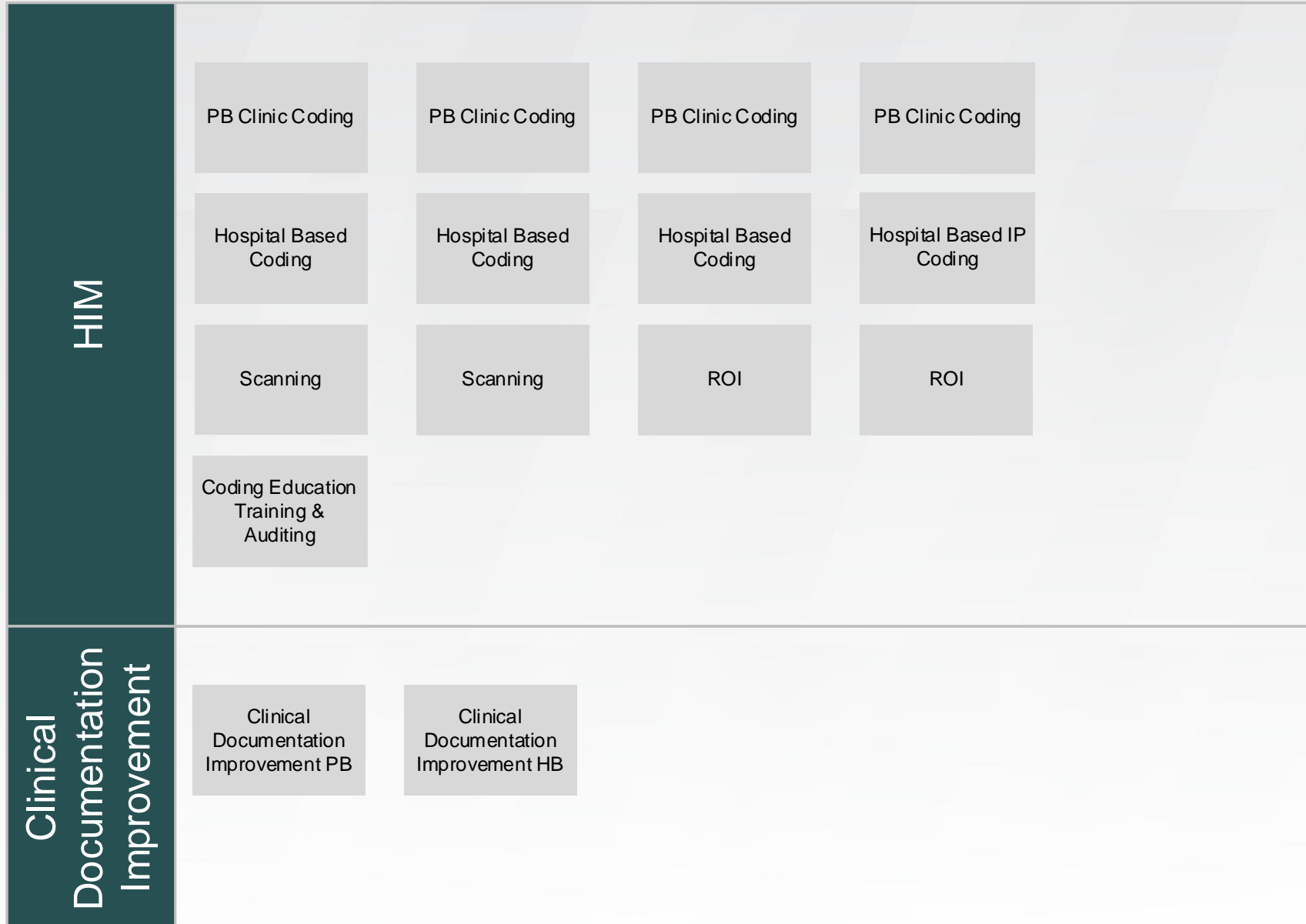**FORVIS**

# Healthcare Industry Challenges

## Operating Margin Index CYTD by Month
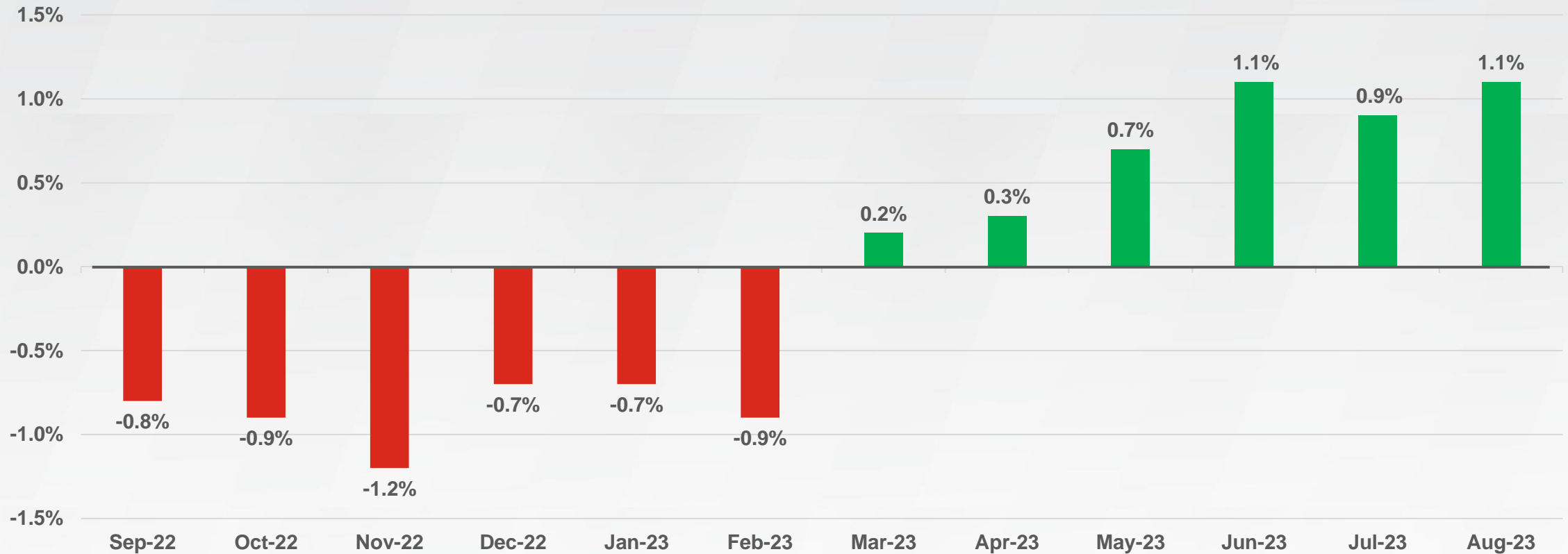


*Kaufman Hall, National Hospital Flash Report (October 2023)*

Throughout 2023, operating margins remained below historical levels. While conditions have stabilized in 2023, the industry and operational challenges continue to significantly impact financial profitability
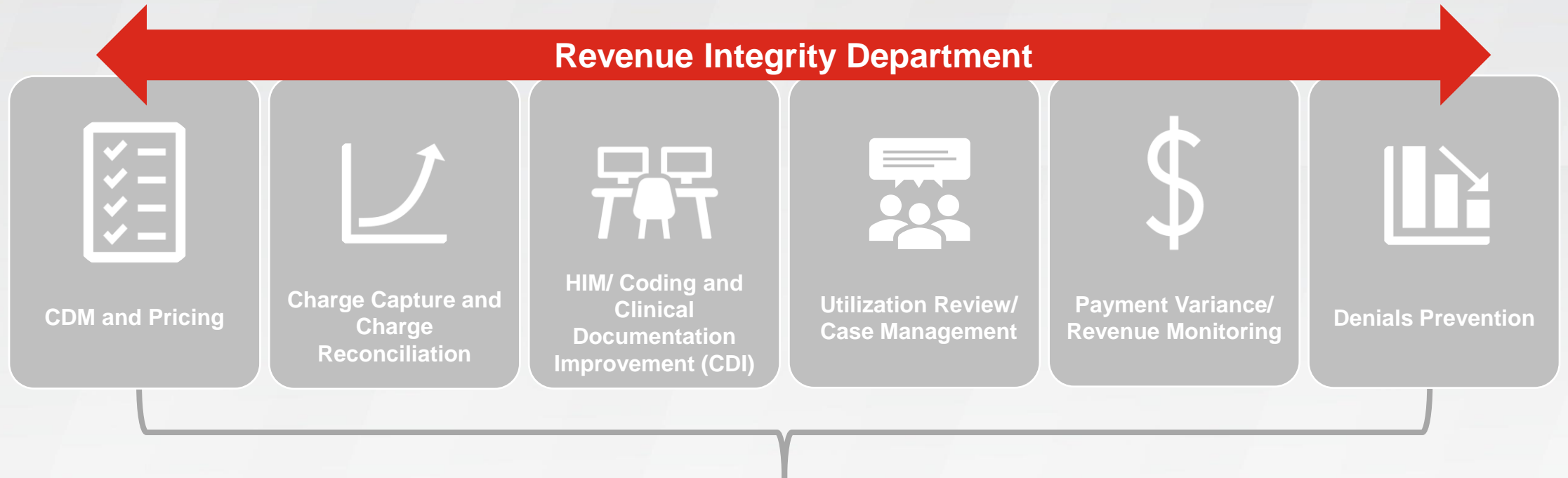
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# Revenue Integrity Functionalities – HIM/ Clinical

| | | | | |
|---|---|---|---|---|
| **HIM** | PB Clinic Coding | PB Clinic Coding | PB Clinic Coding | PB Clinic Coding |
| | Hospital Based Coding | Hospital Based Coding | Hospital Based Coding | Hospital Based IP Coding |
| | Scanning | Scanning | ROI | ROI |
| | Coding Education Training & Auditing | | | |
| **Clinical Documentation Improvement** | Clinical Documentation Improvement PB | Clinical Documentation Improvement HB | | |

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# Revenue Integrity Functionalities – Non-Clinical

**Revenue Integrity/Charge Capture**

| | | | | |
|---|---|---|---|---|
| Charge Description Master | Contract Management | Claims Integration & Solution | Denials Management | Analytics |
| Charge Capture Training & Auditing | Payment Variance | Price Strategy | Cost Validation for Supply and Pharmacy | Reporting |

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# Revenue Integrity Department

**Revenue Integrity Department**

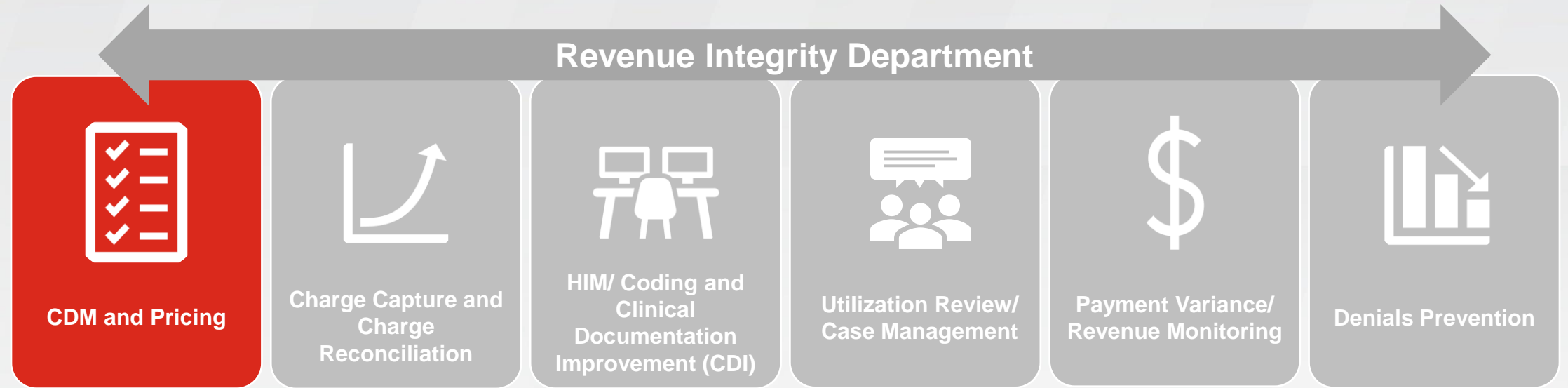| CDM and Pricing | Charge Capture and Charge Reconciliation | HIM/ Coding and Clinical Documentation Improvement (CDI) | Utilization Review/ Case Management | Payment Variance/ Revenue Monitoring | Denials Prevention |

**New Revenue Integrity Department**

- Development and gain approval of business case for new Revenue Integrity Department
  - Importance of Revenue Integrity Department – portfolio development
  - Financial/ Budgetary Impacts
  - Clinical Revenue Integrity Impact
  - Operational Impact
- Organizational Restructure
  - Understand current staff roles & responsibilities (keep, transition, remove)
  - Understand current processes

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# Revenue Integrity Department

**Revenue Integrity Department**

| CDM and Pricing | Charge Capture and Charge Reconciliation | HIM/ Coding and Clinical Documentation Improvement (CDI) | Utilization Review/ Case Management | Payment Variance/ Revenue Monitoring | Denials Prevention |
|---|---|---|---|---|---|

## CDM and Pricing

- Responsible for updates to department charges and charge codes (on-going and annual life cycle updates)
- Develop and implement a procedure-based price strategy that focuses on market position and strategic pricing
    - Acquisition cost inclusion for supplies and pharmacy
- Responsible for updating price transparency machine-readable file and shoppable services file
- Develop and maintain policy and procedures:
    - CDM Maintenance
    - Price methodology in-line with organizational pricing strategy
    - New business request form

# CDM – High-level Areas

- The types of errors commonly seen within a CDM are:
  - Deleted/invalid CPT/HCPCS codes
  - CPT/HCPCS description errors
  - Unit errors
  - Pricing errors
  - Hard-coded modifiers
  - Missing common services/procedures
  - Revenue code errors
  - Payor specific coding requirements
  - Price is less than OPPS wage adjusted rate

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# CDM – In-depth Review

| Department Gross Revenue | Areas of Review |
|---|---|
| **Nursing** | Levels of care |
| | Bedside procedures |
| | Observation charges |
| | Observation pricing |
| **Surgical Services** | Charge structure; level charges and/or time-based charges |
| | Rev Code |
| | Pricing reasonableness & relationships |
| | Anesthesia charge structure |
| | Recovery charge structure |
| **Injections & Infusions** | Established charge codes |
| | Volume of use |
| | Departments providing injection & infusion services |
| | Pricing reasonableness & relationships |
| **Lab** | Lab Panel Charges |
| | Reference or Send out Lab Charges |
| | Exploding Charges |

| Department Gross Revenue | Areas of Review |
|---|---|
| **Radiology** | Inclusion of family CPT codes (with contrast, without contrast and with & without contrast) |
| | Contrast charges |
| | Radiopharmaceutical charges |
| | Pricing reasonableness & relationships |
| **Pharmacy** | Policy to bill for waste |
| | Potentially missing HCPCS codes |
| | Self-Administered Drugs (SAD) revenue code 637 |
| | Revenue code reasonableness |
| | Pricing structure (hard coded in CDM or mark-up at time of use) |
| | Pharmacy mark-up formula |
| | Policy to bill for waste |
| **Materials Management/ Surgical Supplies** | Potentially missing HCPCS codes |
| | Revenue code reasonableness |
| | Pricing structure (hard coded in CDM or mark-up at time of use) |
| | Supply/Implant mark-up formula |
| | Chargeable supply versus non-chargeable supply |

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# Price Strategy

**Market Comparison**

**Hospital Procedures**

**Pharmacy**

**Supply**

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# Price Strategy

**Market Comparison**

- Compare hospital's market position and procedure line pricing across competitors
- Identify where hospital is priced overall and within high-dollar departments

**Market Comparison**

**Hospital Procedures**

**Pharmacy**

**Supply**

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# Price Strategy



**Market Comparison**

**Hospital Procedures**

**Pharmacy**

**Supply**

**Hospital Procedures**

- Assess net margin contribution for procedures

- Assess current prices for logical relationships (ex. consistent pricing for bilateral procedures, pricing for level charges, such as emergency department and clinic visits, etc.)

- Compare pricing to Medicare and top commercial fee schedules

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# Price Strategy

**Market Comparison**

**Hospital Procedures**

**Pharmacy**

**Supply**

**Pharmacy and Supply**

- Assess current mark-up methodologies for pharmacy and medical supplies
- Is cost x mark-up regularly updated (i.e., monthly)? How is the CDM charge or charge that goes onto the claim updated (i.e., automatically updated from pharmacy module to CDM)?
- Acquisition cost x mark-up to current charge validation

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# What is Price Transparency and what are the requirements?

## Machine-Readable File (MRF)

- Comprehensive file that includes hospital items and services

- Negotiated rates/ reimbursement for packaged services and line level charges

## Shoppable Services File (SSF)

- At least 300 shoppable services for service that can be schedule (non-urgent); includes 70 CMS-specified shoppable services

- Negotiated rates/ reimbursement for all expected charge lines for a select procedure

## Estimator Tool

- Hospital can offer price estimator tool in lieu of the shoppable services file

- Allows healthcare consumers to obtain an estimate of the out-of-pocket amount that the hospital anticipates the individual would be obligated to pay

- At least 300 shoppable services for service that can be schedule (non-urgent); includes 70 CMS-specified shoppable services

# Price Transparency – Machine Readable File

| Machine Readable File | General Data Elements (as applicable) | |
|---|---|---|
| | | Does the file include all individual items and services (including service packages) provided by hospital? |
| | | Does the file include the gross charge for the items and services provided by the hospital? |
| | | Does the file include the payer-specific negotiated charges with name of the third party payer and plan clearly associated for the items and services provided by the hospital? |
| | | Does the file include the de-identified minimum negotiated charge for the items and services provided by the hospital? |
| | | Does the file include the de-identified maximum negotiated charge for the items and services provided by the hospital? |
| | | Does the file include the discounted cash price for the items and services provided by the hospital? |
| | | Does the file include the following information?<br>1) Hospital name<br>2) License number<br>3) Location name(s)<br>4) Location address(es) |
| | | Does the file include the version number of the CMS template and the date of the most recent update to the standard charge information? |

**New Requirement for 2024**

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# Price Transparency – Machine Readable File

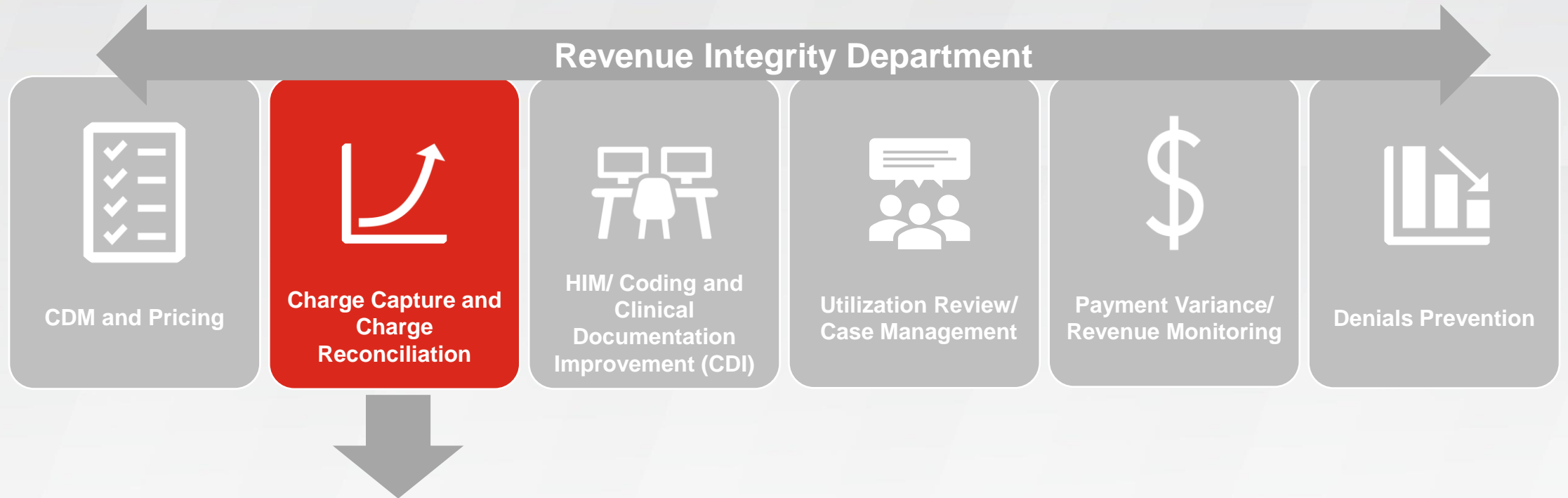| | | |
|---|---|---|
| **Machine Readable File** | **Standard Charge/ Negotiated Charge Data Elements** | Does the file include the payer and plan names? |
| | | Does the file include the method used to establish the standard charge? |
| | | Does the file include whether the standard charge indicated should be interpreted by the user as a dollar amount, or if the standard charge is based on a percentage or algorithm?<br><br>If the standard charge is based on a percentage or algorithm, does the file also describe the percentage or algorithm that determines the dollar amount for the item or service? |
| | | Does the file include a description of the item or service that corresponds to the standard charge established by the hospital, including:<br>1) A general description of the item or service;<br>2) Whether the item or service is provided in connection with an inpatient admission or an outpatient department visit |
| | | Does the file include coding information, including:<br>1) Any code(s) used by the hospital for purposes of accounting or billing for the item or service;<br>2) Corresponding code type(s). Such code types may include, but are not limited to, the CPT code, the HCPCS code, the DRG, the NDC, Revenue Center Codes (RCC), or other common payer identifier |

**New Requirement for 2024**

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# Price Transparency – Machine Readable File

| Machine Readable File | Accessibility and Formatting | |
|---|---|---|
| | | Is the file posted on a publicly available website in a prominent manner? |
| | | Is there a link in the footer on the hospital's website, including but not limited to the homepage, that is labeled "Price Transparency" and links directly to the publicly available web page that hosts the link to the file? |
| | | Is the file information digitally searchable? |
| | | Is the file available free of charge? |
| | | Is the file accessible without having to register or establish a user account or password? |
| | | Can the file be accessed without submitting personally identifiable information (PII)? |
| | | Does the file use the following naming convention specified by CMS, specifically: <ein>_<hospital-name>_standardcharges.[json\|csv]? |
| | | Does the file abide to the following guidelines:<br>A .txt file in the root folder that includes:<br>1) The hospital location name that corresponds to the machine-readable file;<br>2) The source page URL that hosts the machine-readable file;<br>3) A direct link to the machine-readable file (the machine-readable file URL); and<br>4) Hospital point of contact information. |
| | | Has the standard charge information in the file been updated within the past 12 months? |
| | | Is the date the information was last updated clearly indicated? |
| | | Does the file conform to a CMS template layout, data specifications, and data dictionary? |

| | New Requirement for 2024 |
|---|---|

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# Revenue Integrity Department



## Charge Capture/ Charge Reconciliation

- Ensure consistent, timely, and accurate charge capture and resolution of pending charges
- Institutionalize charge reconciliation processes
    - Generate reports and review clinical documentation to verify accurate charging has occurred
- Develop policy and procedures to:
    - Establish guidelines across the organization (clinical, coding, IT, and Revenue Integrity departments) for timely, accurate, and complete charge capture for services rendered
    - Ensure revenue integrity department revenue monitoring and accountability as an ongoing process
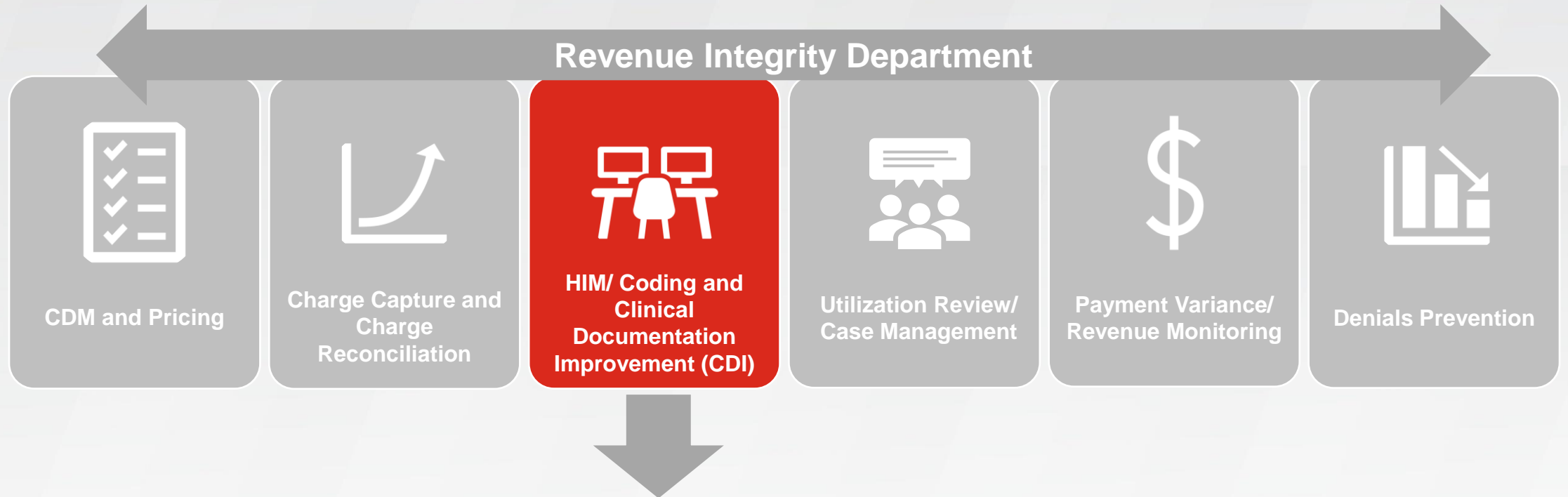
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# Charge Capture



**missed charges**  →  **lost revenue**
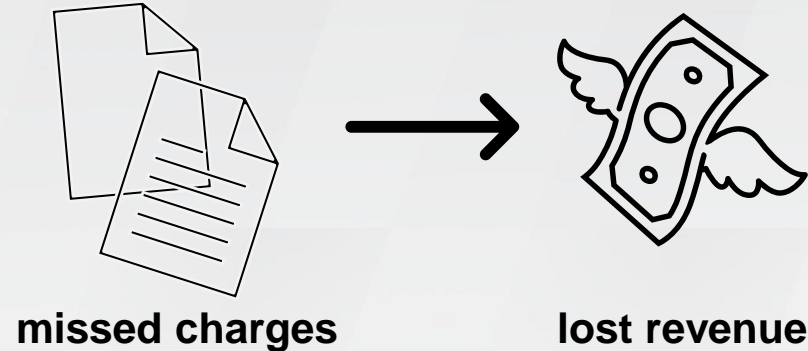
## Identifying Errors And Ensure Accuracy

- **Daily Reconciliation** → confirm appropriate charges are being posted by utilizing system reporting (i.e., # of patients seen, # of visit levels, charge sheets, order to charge reports, open encounters, etc.)

- **Charge Sheets** → reviewing and updating charge sheets and EHR charge screens annually at a minimum

- **Revenue and Usage** → look for trends (i.e., reviewing to see if services you are providing are being captured by department)

- **Late charge reports** → trends in late charges

- **Chart Reviews/Audits** → perform ongoing chart reviews/audits to identify missing or incomplete documentation or missed/inaccurate charge capture
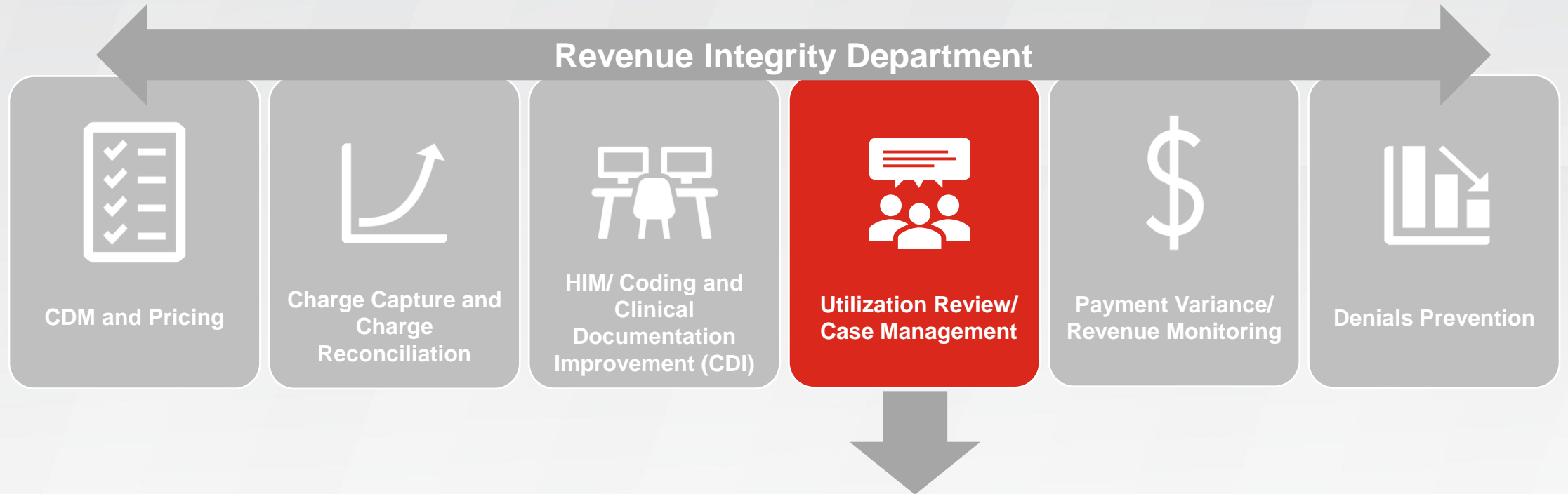
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# Revenue Integrity Department



Revenue Integrity Department

**CDM and Pricing**

**Charge Capture and Charge Reconciliation**

**HIM/ Coding and Clinical Documentation Improvement (CDI)**

**Utilization Review/ Case Management**

**Payment Variance/ Revenue Monitoring**

**Denials Prevention**

**HIM/ Coding and CDI**

- Analyze, abstract, and code for the hospital to submit a bill for services rendered; clarifying documentation with provider for coding accuracy as needed

- Refresh quality audit program to review medical record documentation for completeness and accuracy; provide education and training as needed to clinicians and coders

- Develop policy and procedures to:

  - Ensure consistency, completeness, and accuracy of health records and coded encounters for improved data quality, patient outcomes, and claim reimbursement

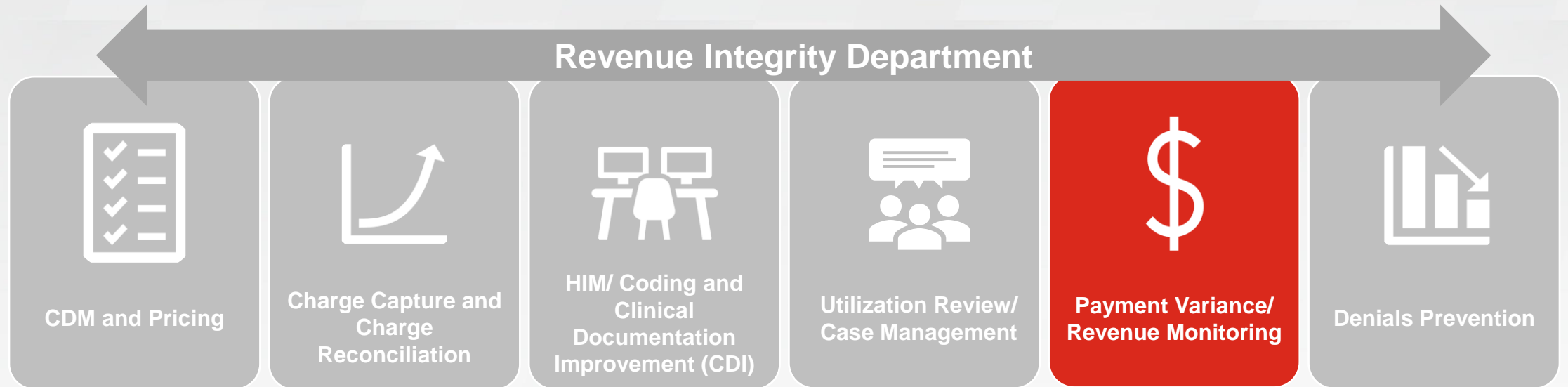- Develop and implement monthly coder productivity reporting

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# Revenue Integrity Department



**Revenue Integrity Department**

- CDM and Pricing
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- Denials Prevention

**Utilization Review/ Case Management**

- Develop policies and procedures to:
  - Define staff roles and responsibilities, staffing models, and ratios
  - Standardize clinical review criteria and processes
  - Provide recommendations for the UR committee structure
- Develop key performance metrics, build documentation to support data collection, and develop dashboards
- Assist with the integration of a Physician Advisor role including education, policy and procedures, process/ role mapping
- Implement denials management processes including peer to peer support and tracking of denials managed by UR/ CM

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# Revenue Integrity Department



Revenue Integrity Department

CDM and Pricing

Charge Capture and Charge Reconciliation

HIM/ Coding and Clinical Documentation Improvement (CDI)

Utilization Review/ Case Management

Payment Variance/ Revenue Monitoring

Denials Prevention

# Payment Variance/ Revenue Monitoring

*Providers lost 1 to 3% of their net revenue annually due to underpayments from commercial payors[1]*
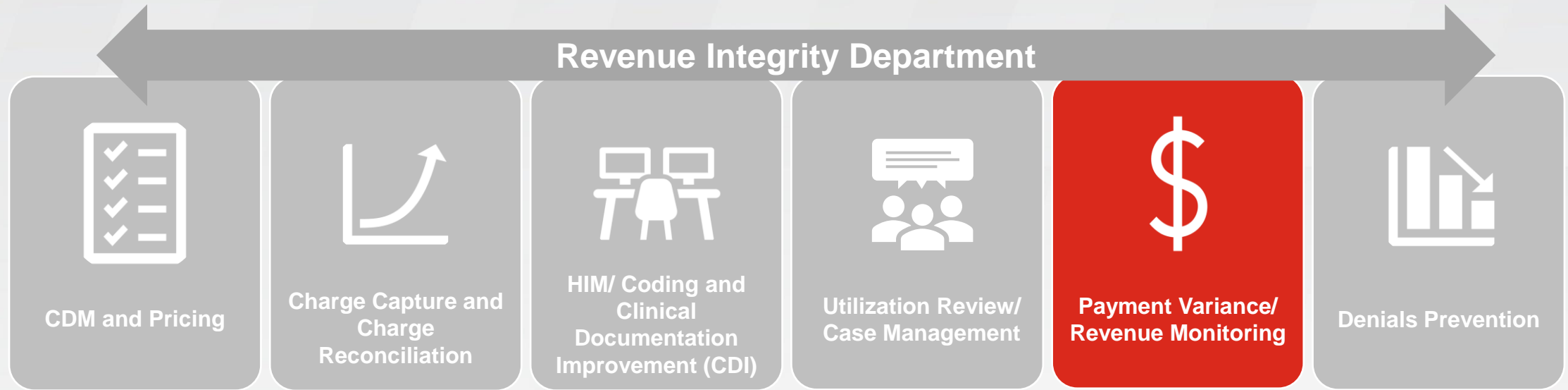
## Common Reasons for Underpayments

Incorrect codes are billed, or appropriate clinical documentation was not provided

Payor did not load new rates

Payor incorrectly calculated allowed amount

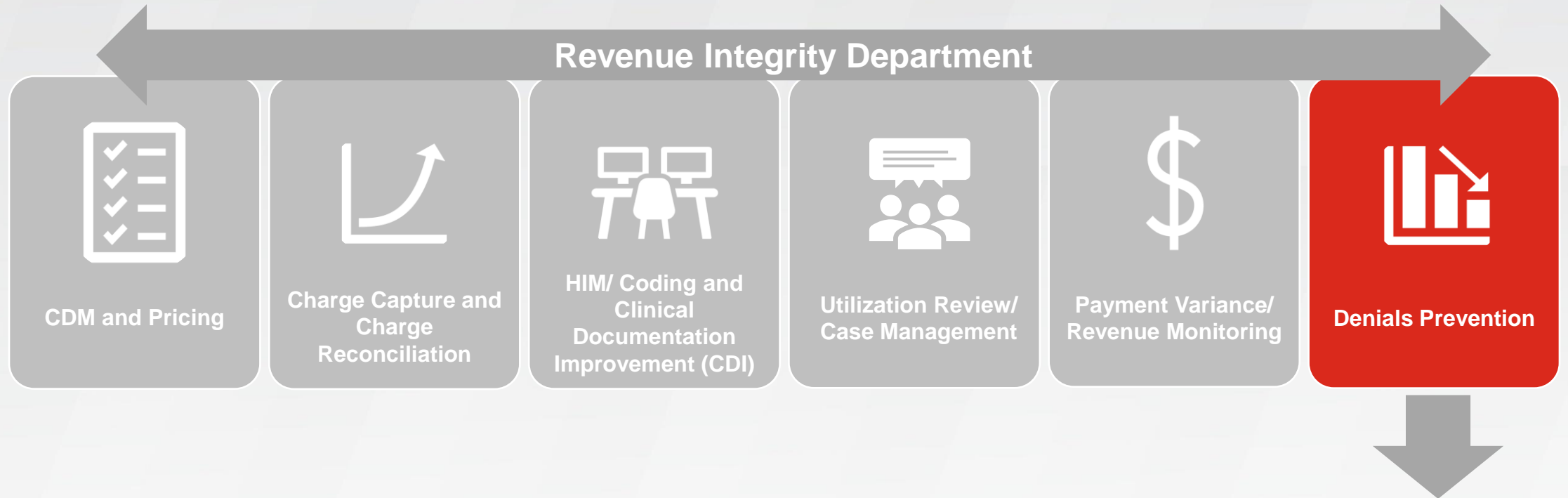Difference in how provider and payor interpret contract terms

[1]https://www.beckershospitalreview.com/strategy/look-beyond-the-common-variance-report-to-find-and-capture-revenue.html

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# Revenue Integrity Department



Revenue Integrity Department

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## Payment Variance/ Revenue Monitoring

- Coordinate with Managed Care on future contracting as appropriate
- Analyze and research overpayments and underpayments with payers
- Review, analyze, and initiate appropriate action for payment variance resolution
- Develop and implement plan and job position to optimize payment variance software

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# Revenue Integrity Department

**Revenue Integrity Department**

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**Denials Prevention**

- Develop infrastructure to move to denial prevention while continuing to manage denial follow-up
- Develop and implement effective denial strategies and process improvements
  - Identify root causes and build dedicated system edits and work queues
  - Research, write appeals, and resubmit claims
- Develop denial prevention infrastructure that incorporates UR based denials into the revenue cycle denial management strategy

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# Lessons Learned and Takeaways

- Do not be afraid to evaluate current organizational processes to identify pain points and gaps

- Standardize reporting and processes but do not lose sight of organizational goals

- Support and train staff to develop team environment

- Regardless of what EHR system(s) your organization utilizes do not assume the various modules have a definite link

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# Thank you!

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