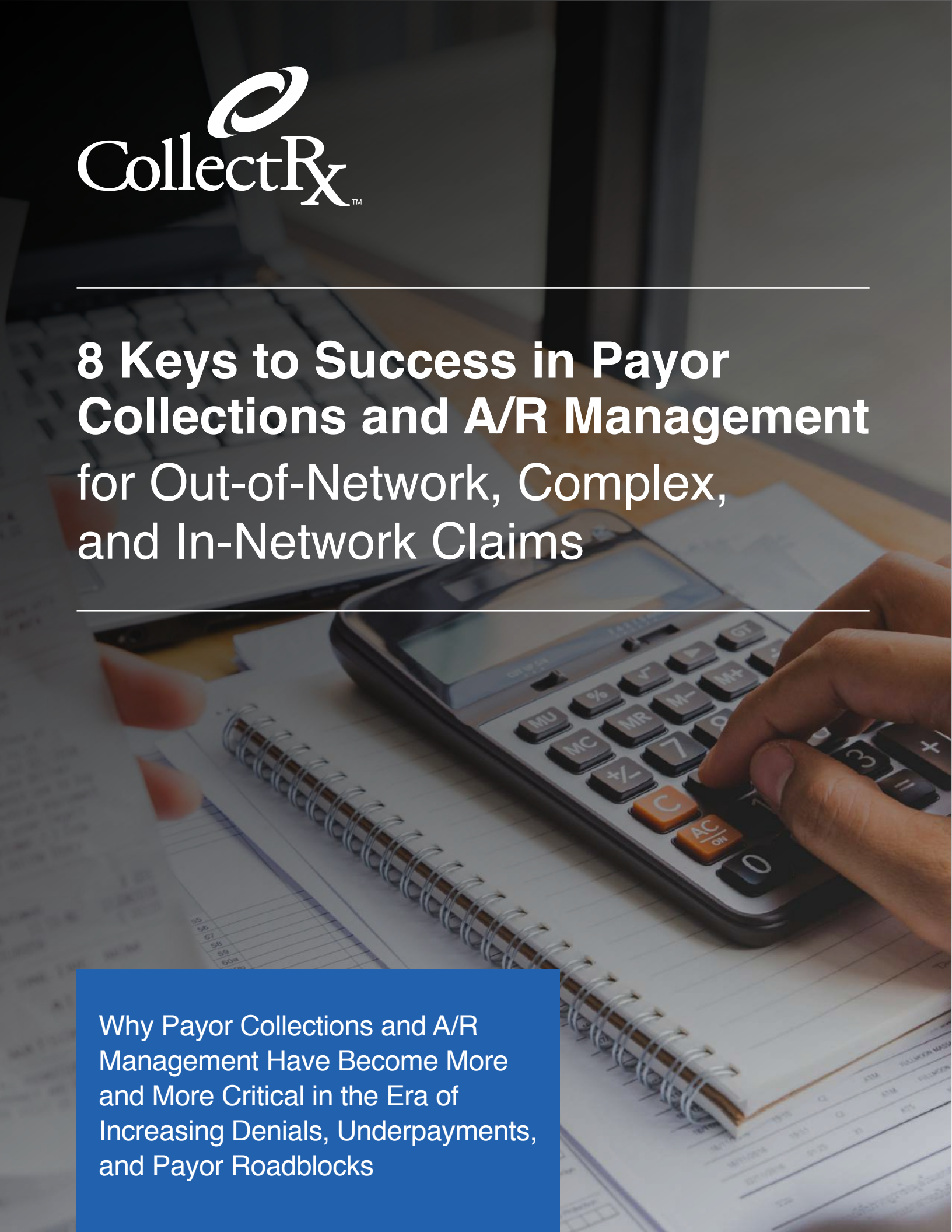
CollectRx™

8 Keys to Success in Payor Collections and A/R Management

for Out-of-Network, Complex, and In-Network Claims



Why Payor Collections and A/R Management Have Become More and More Critical in the Era of Increasing Denials, Underpayments, and Payor Roadblocks

CollectRx
The Out-of-Network Experts™

Introduction

Today, providers are experiencing increasing denials, underpayments, and plan complexity, and decreasing allowed charges, reimbursements and payor accountability. It has become more and more important to implement a robust A/R management, payor collections, and revenue integrity program to ensure that providers are receiving the payments they are entitled to for every claim.

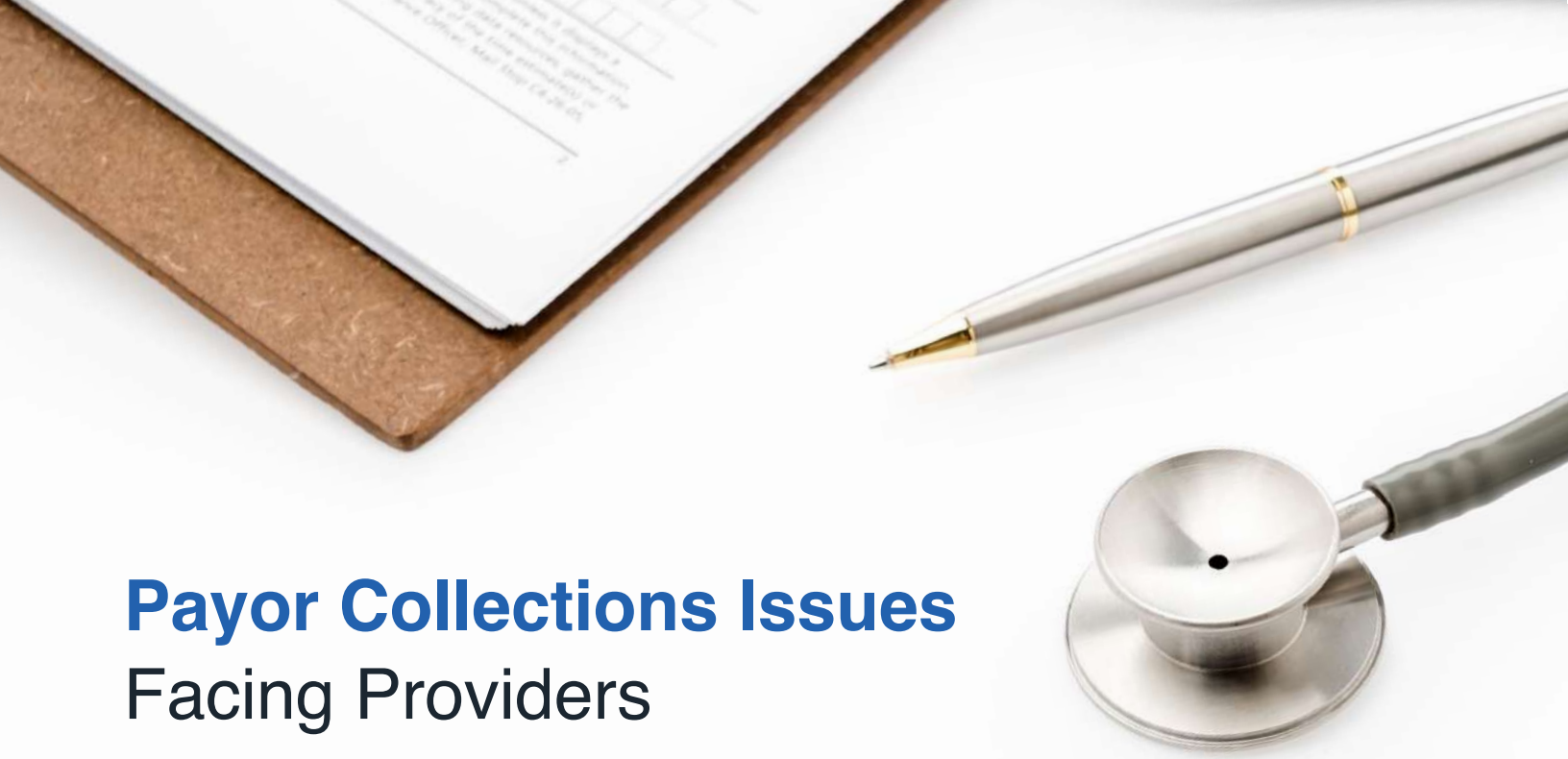
For most providers, the tasks of ensuring that the appropriate payments are received and reconciled have become significantly more challenging, due in part to aggressive payor tactics, a lack of technology solutions that reconcile first payments, appeals, and second payments within the billing system, and limited payor-side expertise.

The result?

Potentially millions of dollars are being left on the table every day. The complexity of plans and the claims system as designed by the payors makes it difficult if not impossible for providers to collect the reimbursements they are entitled to from the payor and to clearly understand if they are accurate.

Getting paid correctly and on time by payors is becoming more complex. As it does, the burden is on providers to adapt to a never-ending stream of new guidelines, financial rules, and reimbursement tactics practiced by the payors as they work to reduce payments and force providers and facilities to accept increasingly reduced rates. And the cost to recover that revenue is skyrocketing.

Read on to discover the eight keys to ensuring that providers receive the appropriate payments in a timely manner and are able to hold the payors accountable for reimbursing for services provided to their subscribers. Learn how you can optimize your payor collections process and reduce both your days outstanding and your A/R balances.



Payor Collections Issues
Facing Providers

There are multiple issues facing providers today when it comes to their collections. According to Collect Rx's revenue cycle data:

- Between 5 and 10 percent of revenues are lost while following up on A/R because providers lack the time and technology to manage unprocessed claims, missing documentation requests, and denials.
- Whether it's in-network, out-of-network, or Medicare, many providers overlook claims that were not properly processed per the contract, by usual and customary, or the fee schedule. This results in large amounts of money being left on the table.
- In terms of out-of-network claims, an estimated 30 to 40 percent of revenue is lost on each claim because staff lacks the data, time, and expertise to properly maximize out-of-network reimbursements.

5% - 10% of **A/R is Lost** in **Unprocessed Claims**	• Unprocessed claims • Missing documentation • Denials
Underpaid Claims are **Not** Properly **Appealed**	• In-network • Out-of-network • Medicare
30% - 40% **Loss** in **Individual** Out-of-Network **Claims**	• No data • No time • No expertise

Billing Systems are **Geared Towards Billing, Not Collections**

- A/R tracking done in spreadsheets
- Claims slip through the cracks

Lack of **Reporting**

- KPI analysis
- Staff productivity
- Claim status

- A billing system is made exactly for that… billing. It's not robust enough to handle the collections process, so most providers resort to organizing through spreadsheets, causing claims to slip through the cracks.
- Providers struggle to manage their revenue without proper reporting on KPIs, staff productivity, and claims status.

All of these holes in payor collections add up to a gigantic loss in revenue for providers.

US Department of Labor say that around **14%** of all **submitted medical claims** are **rejected.**[1]

Only **1%** of **Medicare Advantage denials** are **appealed,** but of those that are, **over 75%** are **successful.**[2]

In 2017, **ACA plans denied 19%** of in-network claims but **fewer** than 200,000 of the almost **43 million denials** were ever **appealed.**[3]

Almost **10%** of **hospital claims** are **denied,** but **over 60%** are thought to be recoverable.[3]

Another major issue providers are increasingly experiencing today is the growth in denials and underpayments. This issue spans all payor types, and includes out-of-network, Medicare, Medicaid and even in-network.

Reasons cited for not appealing?

- Complexity of the appeals process
- Estimated cost per claim to appeal of over $1,200
- Lack of time, resources, and expertise

[1] www.aarp.org/health/medicare-insurance/info-09-2009/health_claim_game.html
[2] oig.hhs.gov/oei/reports/oei-09-16-00410.pdf
[3] www.kff.org/private-insurance/issue-brief/claims-denials-and-appeals-in-aca-marketplace-plans/
[4] www.healthleadersmedia.com/finance/claims-appeals-cost-hospitals-86b-annually

Keys to Success for Payor Collectors

Keys to Success #1:
Understanding Payor Tactics

As with out-of-network claims, the first key is understanding the payor tactics to reduce reimbursements and create collections headaches that result in providers accepting underpayments and denials. It is critical to be clear on how the payors operate and the tactics payors use to reduce and delay payments like claim denials and documentation delays. Avoiding these tactics early will maximize your reimbursements and reduce your outstanding A/R in the long run.

Claim Edits and Denials	• NCCI and non-covered edits • Authorization, Med Necs, Covered Services
Documentation Delays	• Requests for additional information such as Medical Records & itemized bills • Adding to processing time of the claim
Medical Necessity	• Documentation issues • Authorization issues
Unprocessed Claims	• No response or reason given from Payor • "Lost claims" assigned to the wrong department
Indecipherable EOBs	• Generic and misleading remarks • Unclear edits and reductions create confusion

Keys to Success #2:
Leveraging State-of-the-Art Technology

Leveraging state-of-the-art technology is critical to success. Both data and automated workflow rules will ensure that you are not leaving money on the table as the payors utilize their tactics to reduce your reimbursements.

WORKFLOW

Automating manual processes such as scanning payer web sites, 835 data, all accounts in your A/R to identify at-risk accounts faster will yield significant results as it reconciles every account from assignment to zero balance, to make sure that nothing slips through the cracks and that the correct payment is in the bank.

DATA

Being able to analyze comparable claim-level data and track the tendencies and trends of the insurance companies and their vendors is a huge lever in improving your reimbursements.

CODING TECHNOLOGY

Coding technology optimizes workflow so providers experience lower costs as well as a reduction in turnaround times, denials, and A/R. Based on OIG audit methodology and AHIMA's best practices standards, it should support accurate and compliant coding.

ANALYTICS

Being able to dive deeply into the metrics is a critical component of strategic planning. Analytics and reporting allow you to evaluate payors, procedures, and payments in the aggregate and provide the best information to your client.

Keys to Success #3:
Reconciling Data

One of the strongest procedural enhancements providers can make to optimize payor reimbursements is implementing an in-depth reconciliation process throughout collections. At Collect Rx, we have found that there can be many missed opportunities throughout the revenue cycle that result in between 5 and 10 percent of missed revenue in A/R follow-up alone. Putting multiple checks in place and using workflow tools can ensure that every single claim has been followed up on and processed by the insurance company, and that there is money in the bank.

Here's an example of a common mistake made by many providers – failing to reconcile billed claims to payment.

DAILY BILLED CLAIMS	20
Claims Processed Successfully	17
Claims Not Processed	3
Lost Revenue / Encounter Not Charged	$3,000
Total Lost Daily Revenue	$9,000
Total Lost Monthly Revenue	$180,000

In this example, the provider billed 20 encounters and 17 of them were successfully processed by the insurance company. The other 3 encounters were never processed by the insurance company. If each of these encounters were worth $3,000, this would result in $9,000 of missed revenue just that day. If this error occurred every day, it could result in a $180,000 loss of revenue throughout the entire month.

The point is, even missing just one charge per day can add up to significant dollars lost in the long term.

Keys to Success #04:
Workflow Optimization

The fourth key is workflow optimization.

Understanding workflow is critical because the most common issues on the back end of collections are caused by breakdowns in the early parts of the revenue cycle, like clinical denials or incorrect 837 data. It's critical to dissect your workflow and identify weak links on the front end, to help increase cash flow and reduce aged A/R on the back end.

Keys to Success #05:
Data Analytics

The fifth key to success is data analytics.

The issue with any billing system is that it is limited to the canned reports provided. It is imperative, however, that you analyze your data frequently; do root-cause identification, trends, projections, and revenue impact on a weekly and monthly basis (or ad hoc as needed) to help you make more informed financial decisions quickly and manage the cost to collect. Having a flexible system that allows you to evaluate input and results holistically will result in insights that can drive substantial revenues.

Keys to Success #06:
Out-of-Network Expertise

The sixth key is specialized out-of-network expertise.

The opportunity to increase out-of-network payments is so great that it can have an outsized impact on your bottom line. Think about it.
There aren't a lot of opportunities to increase reimbursements rates. Medicare, contracted, and fee-schedule rates are already fixed. Out-of-network is the only area left where you can increase payor collections and improve the bottom line.

Keys to Success #07:
Provider-Centricity

At Collect Rx, one of the biggest complaints we hear from providers is they do not have access to their collections information. They are unable to retrieve their own EOBs or reports.

By creating a provider-centric collections program, providers are more comfortable that they are receiving the payor reimbursements that they are entitled to.

With most billing systems not providing the end-to-end claim view or waterfall of collections, providers rarely have a comprehensive view into individual claims or into their collections in total.

With optimized payor collections, the ability to either integrate smoothly into the providers' systems or to provide access to the system or scheduled reports is game-changing.

Keys to Success #8:
Patient Experience

Finally, there is the eighth key: helping providers build a stronger relationship with patients.

Understanding that every interaction with patients is critical to the provider, up-front financial counseling and utilization of customized patient statements from most practice management systems help to create a better patient experience.

Benefits of an Optimized Payor Collections and A/R Management Program

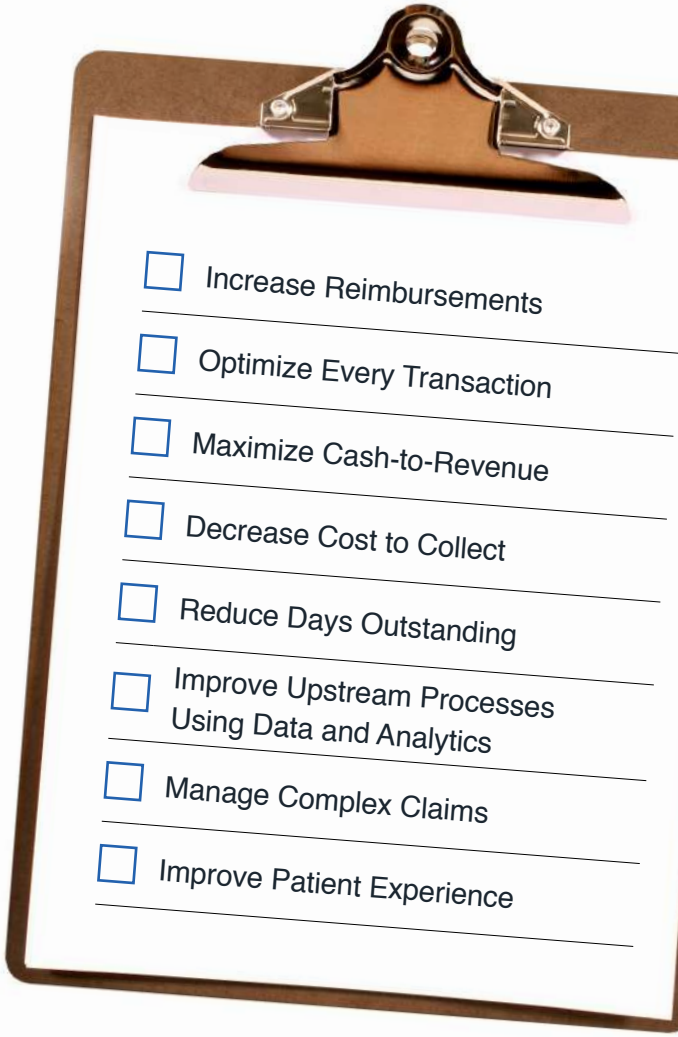
A robust out-of-network and collections program has a number of tangible benefits to your organization.

First, a program that leverages best practices will increase reimbursements and combat the decline in rates mentioned earlier.

Second, it will allow you to optimize every transaction, and ensure that your providers are getting the payments they're entitled to from payors.

Third, it will allow you to maximize cash-to-revenue, decrease collections costs, and reduce days outstanding. Data and analytics will allow you to improve processes upstream, and help you manage your complex claims.

And perhaps most importantly, it will improve patient experience as payors become more accountable to their subscribers and providers become empowered to provide the services they need.



COLLECT RX

John Bartos, J.D.

Chief Executive Officer

John Bartos is a veteran in the field of healthcare and information technology. As President of DrFirst, Inc. and Executive Vice President of Prematics, Inc., Mr. Bartos has specialized in providing cost containment services to health insurers and various products and services to hospitals, health systems, and other healthcare providers. Previously, Mr. Bartos was an attorney at Kirkpatrick & Lockhart, LLP (now K&L Gates), where his practice focused on litigation.

Mr. Bartos' clients have included a wide range of for-profit and not-for-profit health insurers, including Blue Cross Blue Shield of Florida, Humana, Capital BlueCross, Kaiser Permanente of the Mid-Atlantic Region, CareFirst, and BlueCross BlueShield of Massachusetts. Mr. Bartos has also worked on behalf of numerous hospitals and health systems, including Henry Ford Health System and MedStar Health, along with hundreds of physician practices.

Mr. Bartos is a graduate of Princeton University and received his J.D. from the American University Washington College of Law, where he graduated Summa Cum Laude and was a member of Law Review.

Collect Rx is the leading provider of solutions that help providers maximize reimbursements on out-of-network bills, reduce patient billings, and eliminate the hassle of dealing with the insurance companies. Utilizing its proprietary CRXIS™ business intelligence engine and subject matter expertise, Collect Rx has delivered proven results for more than 2,500 providers across the nation.

As an innovator in data-driven professional services for healthcare providers' most complex billing issues, Collect Rx is the only company in the country that is laser focused on maximizing out-of-network collections, serving a variety of different provider groups including hospitals, surgery centers, labs, physician groups and behavioral health centers, among others.

For more information, please visit us at www.CollectRx.com.

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