How billing systems profit from analytics and automation

Valerie Neff Newitt

May 2017—The laboratory financial systems of yesteryear were built to deliver on a prime directive: achieve optimal, timely payment. Fast-forward to today and the overriding goal remains largely the same, but the means to the end has become more sophisticated, with billing/accounts receivable/revenue cycle management systems providing capabilities to recover outstanding payments, pinpoint reimbursement bottlenecks, and deliver a diverse range of data. Experts say such capabilities are required armor in the professional joust for more profitable collections and a competitive edge in today's health care marketplace.

"Getting paid is simply the first level of expectation," says Mark Droste, managing director of revenue cycle management at SCC Soft Computer. "Now the higher emphasis is on getting paid with greater efficiency—throwing fewer bodies into the process in order to squeeze out more profits from the gain in system efficiency." Consequently, automation has become an imperative in laboratory revenue management systems.

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"Reimbursement just keeps your doors open," Droste says, "but to grow your business you need analytics. You must ask, 'Who are my clients? How profitable are they? What are they ordering? Are we providing the right test mix?'" This, Droste continues, is the value software companies bring to the table—"analytical reports that drill into every little detail and every layer of the operation, from the location of the physician's office and what their specialty is, to an analysis of reimbursement and payer performance."

Deb Larson, executive vice president of Telcor, concurs. Without such insights, "labs are leaving millions of dollars behind," she says. "If you don't know which payer didn't respond to you, you can't go after the money."

Analytic capabilities that can be built into billing software now run the gamut from month-end numbers to profitability analysis; productivity intelligence detailing how many errors that required correction by payer or client were performed by each billing staff member; expected reimbursement versus actual collection; length of time for collection from various payers; payment denial analysis, including frequency of denials pertaining to payers or CPT codes; and identification of profitable clients, payment bottlenecks, and much more.
Furthermore, these capabilities are designed to generate and analyze information quickly. "It is critically important that labs hone down to that level of information in real time because business is conducted in real time," Larson says.

Droste, too, says billing software must be able to pinpoint where money is stalled at every stage of the revenue cycle. "Everyone can run an error report or a denial report. But the ability to tie it all together and say, 'Here is a six-month-old bill and it is held up because of this specific reason,' that makes all the difference," he explains. "Labs need data transparency to translate it into something actionable and to determine a winning game plan."

In addition to providing pertinent analysis, robust billing systems can streamline tasks, driving greater efficiencies and cost savings. "Earlier there was not the scrutiny we now must place on every bill," explains Bob Dowd, vice president of strategic accounts development at NovoPath. "It is an outgrowth of the fact that test reimbursements by payers keep going down and payments keep being reduced. Additionally, payers are denying payment on increasing numbers of tests, which in many cases must then be paid by the patient directly." Consider, for example prior authorizations, which are growing in number and which, Dowd notes, are a "fairly onerous task," depending on the payer and the state. "And if you are a large lab with patients in all states, you must be cognizant of what requirements are in force in every state you serve," he adds.

Dowd

So how do you keep such costs in check? "You automate," Dowd says, echoing the sentiments of Larson and Droste. Automated solutions can ensure a seamless process for up-front prior authorizations, pre-eligibility checking, insurance validation, co-pay or deductible collection, CPT code validation, and retrieving accurate patient information, of a general nature, from referring physicians, hospitals, nursing homes, and other providers.

Among the more recent examples of billing software automation are electronic alerts for missing information and automatic requests for additional information that are sent to ordering physicians. Comprehensive billing systems can also identify when physician-supplied codes are not payable for diagnoses prior to tests being run, allowing labs an opportunity to obtain corrected codes that will avert denials.

The need for "clean information" is paramount, Droste emphasizes, but billing systems receive data from electronic medical records, physician portals, and other outside sources, and labs cannot control the accuracy of what is sent to them. In its quest for clean information, Droste continues, SCC has "developed a 'demographic bridge' that allows a lab's billing system to look into the doctor's practice management system and retrieve, for example, updates to the patient's insurance demographics, which can be checked for eligibility coverage, and then update the demographics in the lab's system. It is an innovation that gives labs the ability to electronically grab updated information without bothering the physician's staff or patients."

Data culled from modern billing systems may also help labs gain market share. Droste points to the ability to produce side-by-side comparisons of physicians with the same specialty so labs can track their test preferences and group their ordering patterns. "Now we can look at all those doctors ordering for a particular lab and see what kind of tests they are ordering. It is an interesting twist on analytical reporting," he says. "Labs have the data that can help them market a particular test to a practice that shows preference for that genre of test."

Larson

Payer mix can also be assessed relative to market penetration. "When a lab provider takes on a physician office, they see x amount for test volume. But now we are also able to see how much of those tests go to Blue Cross, Medicare, and Medicaid, etc. This is important," Droste says, "because some HMOs, other insurance plans, and even self-pay patients may yield lower reimbursement when compared to other payers. So while a lab does want its fair share of that lower hanging fruit, it also needs to monitor for a good payer mix that takes into account historical payer reimbursement and associated test volume to forecast reimbursement potential and risk exposure by client."

Allowing patients electronic access to billing information can also strengthen a lab's profitability, Larson says. "We have had customers who have collected significantly more money by implementing a patient portal," she explains. "It allows the patient to see what the payer paid, see what they are personally responsible for, pay by credit card, and get their statements by email."

Advances such as these, however, require that labs and billing system vendors be attentive and flexible. "The

world of billing rules changes every three to six months," says Droste, and software vendors must constantly address these regulatory updates. At the same time, labs must be vigilant because "payers make changes to their portfolios and don't necessarily tell labs," adds Dowd. "If you are not on top of it and not watching your own receivables, you stand to lose a lot."

Due diligence has its rewards. "Labs actually get a return on investment on robust billing systems in less than 12 months," Larson says. Adds Droste: "Good business means good medicine. You must have the revenue stream to support your hospital's mission."
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