In billing, No Surprises and other complexities

April 2023—*Another administrative layer and "up in the air" is how lab billing experts describe what the No Surprises Act requires of laboratories and where things stand. When they met online March 3 with* CAP TODAY *publisher Bob McGonnagle, they talked about this and digital pathology and the problems of no or slow payments. "Compared with five years ago, the number of denials has increased and turnaround time on full payment on a claim has lengthened significantly," said Tom Scheanwald of APS Medical Billing.*

CAP TODAY*'s guide to billing/accounts receivable/RCM systems begins* ***here****.*

Matthes

The main themes in last year's discussion of billing and revenue cycle management were the No Surprises Act, the increase in prior authorization demands, and, with that, the problem of denial of payment or extremely slow payment. Kurt Matthes, can you tell us what's top of mind for you on the No Surprises Act?

Kurt Matthes, vice president, reengineering and service, Telcor: Laboratories need to have a mechanism for providing a patient with an estimate of what their liability could be. Labs' customer service team members need to understand when, how, and where to present estimated liability when a patient contacts them and have a mechanism to produce the information, provide it to the patient in a readable format, and document it—yet another administrative layer for labs to go through.

Suren Avunjian, is this going smoothly? Or is it turning out to be a nightmare of matching up estimates against bills and then having the ire of patients? How is it for your customers?

Suren Avunjian, co-founder and chief executive officer, LigoLab Information Systems: We've dealt with this since the start of the advance beneficiary notice days, so we've had the infrastructure and rule engine for over a decade and a half. Having the LIS and RCM platform as an integrated single source of truth puts us in a position to solve this nightmare from multiple angles. On the front end, the client and patient portals enable interactive engagement with the stakeholders and the ability to capture all the order details, calculate and display the estimates, and streamline the sign-off process. In the case of self-pay, the platform can calculate the exact pricing for the clinical lab services performed. If it is pathology lab work, the pricing is approximated since additional fees may be incurred per the pathologist's direction. Regarding co-insurance fees, the patient responsibility amount mainly depends on the relevant insurance provider's determination.

Tom Scheanwald and Matt Zaborski, what is your take on the No Surprises Act as it relates to your customers?

Matt Zaborski, VP of sales and marketing, APS Medical Billing: The setting where the service is delivered is key. If you're an independent laboratory, you might have more control over those resources, like your LIS, to produce good-faith estimates. But when you're a hospital-based pathology group, the hospital or other facility you're servicing is the custodian of that process. Creating better synergies and integration with those clients, specifically the physicians the laboratory is servicing, is key.

Is it going more smoothly than you might have imagined, or is it turning out to be problematic?

Matt Zaborski (APS Medical): It's up in the air. The Centers for Medicare and Medicaid Services and the Department of Health and Human Services have been lenient in enforcing the good-faith estimate. Some groups are waiting until they have to comply.

Tom Scheanwald, president and chief operating officer, APS Medical Billing: We've had conference calls with hospital systems in which we have clients and they're still struggling with pulling the information from various departments for a given patient's care. It's not as clear-cut as Congress thought it was when it put the law into effect. There's still uncertainty about it.

Matt Zaborski (APS Medical): There's the never-ending issue of, What services will I be providing? Will I need an IHC stain? An ER/PR and HER2? It's impossible to tell, and you're not allowed to guess. You have to look at the H&E-stained slide before you can order advanced studies. Pathologists and laboratories don't fit in the box in many ways. It will be interesting to see how it develops. Hopefully the time they're taking and the extended leniency period proves that HHS took a hard look at what is required of whom.

That's a good point.

Tom Scheanwald (APS Medical): I had a discussion with people in a business office of a hospital and their CFO. They're trying to put together a good-faith estimate on patients who have a colonoscopy as an outpatient procedure at the hospital. Pretty straightforward. They're looking for how much the pathology charges will be. And we all understand pathology; it's not a set price. It's built on number of specimens, special stains, other conditions that warrant additional studies, and a case can go from $100 to a couple thousand dollars depending on what the pathologists find. Trying to get across that that's how billing works for pathology is difficult; it doesn't click with how other specialties bill.

Harley Ross, what has been your experience at XiFin as people grapple with this?

Harley Ross, chief commercial officer, XiFin: The challenge remains that in addition to the charge, location, and specimen, we still see downward pressure on basic blocking and tackling around interoperability with payers and scrubbing of patient demographics and getting the eligibility right, especially with so much employer-sponsored health insurance and the expansion of the Medicare Advantage and Medicaid footprint. For us, the focus on that and what we see with our client base, especially as the public health emergency ends and we don't know how that will land, is going to be making sure that outside of supporting the No Surprises Act, you're getting it right and you're not gating on the back end or creating a bad experience with your patients or having lower payments. The attention is on automation and continuing to dial in this type of activity. It's interesting for us to be talking about electronic data interchange transaction sets in 2023, but it's still a challenge. There's an emphasis on scrubbing data and getting it right, and it starts with how you automate that at the point of service.

Ross

This plays a big role in the prior authorization as well, doesn't it?

Harley Ross (XiFin): Yes, and we are happy to see that CMS is finally focusing on electronic prior authorization. It couldn't happen soon enough. It is an administrative burden on all labs that have any type of requirement there. And with data scrubbing, you have to have a solid charge fee and payer master construct in place to make sure you can clearly identify this, which adds to the administrative burden.

The other dynamic is that laboratory benefit management companies, like Avalon Healthcare Solutions, are coming into the space, and you're not sure what the payer policy is and you can't get clear answers. Unfortunately for the lab industry, we're still burdened with a punitive prior authorization process that doesn't allow us to control our own destiny, and that hasn't changed in the past year. If anything, it has become more complicated because it's not clear where lab benefit management companies and payers will land.

Pathologists see many things becoming more complex, and I think many laboratories and pathologists

think these complexities they're asked to deal with are an excuse for slow pay or no pay. Would you agree with that, Tom?
Tom Scheanwald (APS Medical): Yes. Compared with five years ago, the number of denials has increased and turnaround time on full payment on a claim has lengthened significantly. I don't understand the reasons for it, but now we have carriers going through first-, second-, third-level appeals. It can take up to 150 days to get resolved and paid. In no other profession does it take that long to get paid.

Kurt, talk about your experience with slow pay. I'm confident that this complex and frustrating payment system is a part of why pathologists might lean toward retirement. Would you agree with that?
Kurt Matthes (Telcor): Yes. We see that across our customer base too—a growing need for groups to have a strong process in place for appealing claims and serving up the documentation the payer requires for it to roll through the level-one, level-two, level-three process. A lot of the smaller pathology groups don't have the staff to deal with the increased burden of having to appeal claims.

At Telcor we take a hard look at the automation behind it and the integration points on how to compile the appeal, classify it, understand what needs to be put in place, and with an integrated solution, like a document management module, have the material to build the package and serve it up in an automated fashion, keeping costs down. That strategy needs to be analyzed on a continuous basis because you may be effective on a level one with one group but not with another. You need to have the analytics to see where you are and aren't getting paid so you can figure out what works and refine your strategy.


Avunjian

Suren, you deal with pathology practices big and small, but many of them are not blessed with a lot of staff to help solve these problems. What are you building into your systems to help with this?
Suren Avunjian (LigoLab): One of our approaches to solving staffing issues is leveraging a rule and automation engine designed to adapt to any lab operation, large or small. This approach gives our partners a chance to stay ahead of workflow-related challenges via preloaded rule sets. For example, payer mapping combined with local and national coverage determination rules capture potential denials up front. Transforming the denial aspect of billing workflows into a front-end process results in a first-pass pay rate as high as the upper 90th percentile. Our primary focus for automation is not the reduction of staff but to increase compliance and revenue acceleration and collection by severely lowering the rate of claim denials and appeal work. Driving maximum transparency and attacking the challenge with a large rule set that's able to capture potential denials before they're submitted is a healthier and more sustainable approach to the RCM process.

Harley, when someone engages with XiFin, what do you do to help them solve the challenges?
Harley Ross (XiFin): It's less about systems and services and more of a strategic discussion. Laboratories are deciding whether to drop a patient to self-pay on the front end, and payers are winning because the patient pays for the out-of-pocket expense and does not get the benefit of it being applied to their high deductible. Because of the administrative overhead, time to reimbursement, and the pressure to get reimbursed, some laboratories are making that decision at the point of service. They think, I have a cleaner client experience, a cleaner patient experience, and I'm not incurring the labor and expense and time to revenue. That's the sad fact we're facing as an industry.

At XiFin, we feel strongly about advocating against this. The payers should be doing their job. From a market access perspective, we pride ourselves on advocacy and take that approach with CMS and key payers and say,

How do we make this better so it doesn't impact patient care? You shouldn't be putting the burden back on the patient. Payers are winning out by being punitive; it's the unintended consequence of payers getting away with this behavior.

Kurt, do you see any movement among your clients and the people they're working with toward a better resolution?
Kurt Matthes (Telcor): Absolutely. From procedure to procedure, lab to lab, payer to payer, it's a nonstandard process. Automating it can be difficult because of the variability across scenarios. Anyone who tells you they've solved the problem is not aware of the reality of the process labs deal with. That doesn't mean there aren't opportunities to improve the process. You can provide visibility to what's required and integration options and make workflow easier to respond to situations requiring authorization. There still exists labor for labs and authorization vendors to call a payer or access a website. True automation and a true resolution are yet to be seen. I've heard that pharmacy solved this a long time ago. With laboratory, our industry is not there yet.

Pathology practices are consolidating and getting bigger, and systems are employing pathologists to a greater extent than we've seen before. Tom, is there a silver lining in the sense that once a large health system has integrated pathology, the system can then help with billing and collection problems? Or is that a pipe dream?
Tom Scheanwald (APS Medical): I don't see how pulling it in and having a health system perform billing and collection functions will solve the problem. All of this gets lost in a big health system.

There's consolidation because pathologists in smaller practices are retiring and practices can't find replacements. There's a shortage of pathologists, particularly in areas of the country where it may not be popular to live. Digital pathology and telehealth will come in big with pathology and change what we do today. Everyone has clients who are working a lot of hours because they don't have enough staff. I don't see it getting better in the short term.

We see it at pathology meetings—people who went every year now say they can't get away, or 90 percent of a department would go to the USCAP meeting and now a significant number stay back to meet the service commitments of the department.
Tom Scheanwald (APS Medical): That's why I believe the industry will go through fundamental changes over the coming years. The traditional physician who sits at the scope reviewing slides at a desk will change. It will be a model in which telehealth and digital pathology come into play and a group will cover an even broader area.

Matt Zaborski (APS Medical): That model is successful in teleradiology. The groundwork is there.

Harley, have you seen any positive effects of the new CPT codes for digital pathology?
Harley Ross (XiFin): We have not seen the traction. It is being viewed only from a data collection perspective rather than a reimbursement perspective until they get to the point of allowing it to occur. I'm in Tom's camp; the industry will have to change and there needs to be a macro event. We might be there—interest rates, inflation, workforce readiness, and the aging-out issue might be the driving forces that get us across the finish line. Until they start materially reimbursing for digital pathology, we're seeing a little adoption but not enough to move the needle.

Zaborski

Tom, what's your opinion?
Tom Scheanwald (APS Medical): How fast it goes will be a function of supply and demand, and that will fall

primarily on the number of pathologists available. At the same time, revenues will continue to decrease because of how the fee schedules are set up and the way commercial carriers follow Medicare's fee schedule. The Medicare fee schedule has seen consistent downward pressure for years. PAMA cuts have been put off, but they can be enacted at any time. The physician fee schedule continues to go down, so revenues will continue to decline. There's no permanent solution to any of this.

Matt Zaborski (APS Medical): We're seeing a snowball effect, like we did with the sustainable growth rate. Year after year it hung over everybody's head and eventually they had to repeal and replace it. It's kind of where we are with the conversion factor; we're heading down the same road.

Kurt, as you listen to this, what advice would you give to your clients at the moment?
Kurt Matthes (Telcor): A lot of our clients are looking at growing their business through acquisition. The digital pathology landscape is still a question mark in my opinion. I agree with the comments about the pressure from an aging population and downward reimbursement—at some point something will push digital pathology toward wider adoption. Is that five, 10, 20 years? It's hard to say. Groups are watching and waiting for the trends to present themselves.

Suren, what are your thoughts on this?
Suren Avunjian (LigoLab): Pathologist burnout is another variable to consider. With over 1,000 pathologist job openings on the market and only 500 or so entering the workforce each year, practicing pathologists are overburdened with case volumes, and the burnout rate is among the highest in the medical field. More than 35 percent of pathologists have reported burnout. Simplifying pathologists' daily work as much as possible and adding automation to remove the redundant steps and clicks can make a significant impact on productivity and job satisfaction. AI and digitalization of the slides and workflow will help relieve the staffing shortages.

In the past few months, most of our new clients have been implementing a digital pathology system up front. From demos to implementation, the topic has heated up. About 80 percent of the pathology labs we partner with require digital pathology integration. Three years ago it would have been a surprise to hear about digital pathology integrations in the prospecting stage; the entire concept was on the periphery. Now it has flipped. It's something to watch for—we can see the adoption picking up.

The field has a lot of players who don't have a central point of contact or even advocacy. Billing vendors work with individual pathology practices and labs. Those practices and labs don't necessarily coalesce, where all the participants—IT companies, billing companies, tech companies, and the labs themselves—get together. It strikes me that that's a fundamental reason why we have oftentimes dire-seeming prospects for the future; there's no unity as the field approaches payers or regulatory agencies. Would you agree with that, Harley?
Harley Ross (XiFin): I absolutely agree. One of the greatest challenges the lab market faces is becoming unified. The interesting part about this is the shifting paradigm in health care. Using the pandemic as an example, we saw more vaccinations and testing done within pharmacies. I think laboratories need to partner with other specialties, hospital associations, and pharmacies to help drive the next level. If we look at our acquisitions in pharmacy with some of the big retail players, you start to see the paradigm shift; it's going into a distributed health care model. So laboratories need to partner with other verticals, other provider types.

Kurt, what's your feeling about this direction of greater, stronger partnerships?
Kurt Matthes (Telcor): It's needed. There are so many nonstandard hoops that labs have to jump through, and having a playing field that everyone can agree on and adhere to would be a huge benefit. From a vendor perspective, it's one thing to be nimble with integration points and how you communicate and work with data exchange, but it's another when you have to do that 20 different ways for 20 payers or 20 other vendors in the industry. It gets to the point of saying, Let's stop this and come to the table, talk about it, and figure out how best to do this. But it doesn't seem like everyone is ready to engage in that conversation.

Suren, it seems everyone is in the same boat. We have an aging population across the board. Hospital

and health systems' IT department vacancy rates are high. It's hard to talk about partnership when people are too busy to do anything else. Do you see some of that?
Suren Avunjian (LigoLab): Yes. Before I co-founded LigoLab, I worked at a private laboratory, and we expanded our IT department out of necessity and essentially became a software company within the laboratory. This goes back about 22 years when end-to-end solutions didn't exist and we had to build, license, and integrate many solutions. The lesson we learned is that the most successful laboratories have to transform into technology companies. We took the tough route and tried to build as much as we could in-house, but at some point the cost of development and scope of the implementation got exponentially more complex going from innovation to maintenance mode. These days there are information system partners who can help with this transformation. You have to choose your battles and select partners wisely because if you're going to be a great lab, it will be hard to also be an exceptional software company at the same time.

Scheanwald

Tom and Matt, to some degree there needs to be greater cohesion, with more parties in agreement while marching in one direction. Do you agree?
Tom Scheanwald (APS Medical): I do. Partnerships are critical. Everyone has to work together to accomplish that goal. And I think everyone is trying to but, like you said, everyone's plate is full. You can't call someone and say, "I need you to drop everything you're doing now and do this for me." You can't even do it in your own company because there are many priorities at the same time. I don't know what the answer is, but partnerships and working together are critical.

Matt Zaborski (APS Medical): Everybody is competing for the same resources, on the payer and physician side. The more strategic partnerships, the greater the strength. I was at the Florida Society of Pathologists Conference in February and saw a pathologist medical and lab director who was on his way to Washington to do a little lobbying. He said there are 50 people for the payer standing there all day, every day, and he can get there only once a month. You have to work with people who see things the same way and have the same goals if you're going to make progress.

We have a different economy in the United States than we did a year ago. Are the general business environment and higher interest rates affecting your business, Kurt?
Kurt Matthes (Telcor): It affects every business. It's determining the right strategy for how you continue to engage with your customers and their needs to keep your relationship equitable and profitable. The pressure of goods and services being inflated makes that interaction more intricate. Customers and vendors are trying to find ways to be more efficient. The competition for human resources is real everywhere, not just in our industry. Even if inflation comes down, the other reimbursement pressures aren't going away.

Harley, how is the economic environment affecting XiFin and its customers?
Harley Ross (XiFin): We're not immune to this, and part of that is because you can't get enough good people—it's not just about retaining them. All these forces are coming together. It's a hard business world to navigate at this moment. Laboratories already had other pressures, and now there's larger macroeconomics they can't control. You have to be savvy with your strategy, do more with less, and that's not going away anytime soon.