



CASE STUDY

Revenue Cycle Management

Providing a Strong Clinical Practice with the Tools to Become Profitable

With the ever-changing requirements for reimbursements and administrative tasks under new healthcare models, practices are placed at serious financial risk if they do not spend time looking at payer contracts and their arrangements, understanding coding to ensure proper and timely reimbursements, and consistently improving operations to focus on quality care for patients. Maximizing efficiencies and maintaining a tight control over reimbursements can ensure the practice's viability.



Executive Summary

A mid-sized oncology practice known for its strong clinical team and dedication to patients was faced with an inadequate revenue stream. Just enough money was coming into the practice monthly to pay the bills, yet given the size of the practice it should have produced much stronger revenue.

A new practice administrator and management investigated every area of the practice, from patient chart auditing to human resources and staffing assignments to finances. In the previous decades of operation, the staff worked just to keep the practice running and was not necessarily focused on revenue management or negotiating with payers for timely payments. By looking at their accounts receivable, the management team found millions of dollars in payments in A/R for more than 90, 120 and 180 days – closing in on approximately 18 percent of their annual revenue.

The physician/owner wanted the practice's physicians to maximize their efforts doing what they do best – taking care of patients. With a unique working model, the physicians strategically utilized the mid-level providers to increase the number of patients seen. The mid-level providers helped the patients understand their treatment plans moving forward. They were integral in maintaining a high level of patient satisfaction and in ensuring a strong reputation in the community.

The practice engaged ION Solutions Business Optimization Consulting team to conduct an overall practice assessment. The practice management team initially looked for help in addressing the lengthy delays in accounts receivable to address the inadequate revenue stream but found more than expected through the consulting agreement.

Investigation

The ION Solutions Business Optimization consultant looked at the areas of concern – days in A/R and revenue management – and they also took the time to work with each member of the practice to investigate processes and find areas for improvement.

This Revenue Cycle Management Assessment looked at several areas within the practice for ways to improve the business and set up the practice for success. The consulting team has the ability to look at everything from managed care contracting, patient scheduling, practice management software implementation and usage, human resource evaluation and risk management evaluation. With an experienced view from an external source, the practice was presented with a list of recommendations for improvements. The recommendations were up to the practice to implement, but as the practice administrator noted, "Our consultant became a resource. If she did not have an immediate answer, she would contact the appropriate parties, even some of our vendors, to get answers. And she performed the evaluation in a way that made our staff feel comfortable and engaged."

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-PRACTICE ADMINISTRATOR

Solution

The practice implemented a number of suggestions including:

- **Cleaning up the backlog, A/R which was more than 18 percent of the annual revenue** - With a systematic approach, the practice developed a new plan of attack to address the unpaid claims – by addressing the unpaid claims on a logical system to get the largest wins first. They also created a team approach to ensure the practice files a complete claim with all needed background, coding and attachments. With a streamlined process, claims are now dropped on a daily basis instead of once or twice a week.

The practice moved from an average of 50+ number of days in A/R into the 30s for average number of days – a significant improvement, which also significantly improved their revenue stream.

While the practice also increased its A/R significantly, it could not be accurately measured as patient volume also increased seen with the practice improvements.

- **Implementing a financial counseling and education session with patients before beginning treatment to discuss out-of-pocket costs** - The practice looked at its drug costs and decided it needed at least a 3 percent margin on treatment regimens to stay above water. With sequestration and reductions from insurance carriers, practices run the risk of not being able to cover the cost of the drugs, much less staffing and operational expenses. The practice now works with two local hospitals for patients with regimens that fall below the threshold because the hospitals can purchase drugs at a lower cost and are able to charge facility fees to payers to maintain profitability. The hospitals appreciate the referrals and recognize that patients may return to the practice after deductibles and certain costs are met.

During the process, staff were trained to look at the full length of treatment plans so patients are not met with new deductibles because of an insurance change with age. The practice also will ensure claims are sent to the proper payer.

Policies were instituted within the practice. Going forward, to allow time for prior authorizations, no patient will be seen within 72 hours unless it is an emergency. In addition, nursing staff will understand which treatments will be approved by patients’ insurers so the practice will be adequately reimbursed.

- **Reassessing staff strengths** - Some individuals were moved by the practice management into different positions to focus on efficiencies. A detailed-oriented person would handle certain tasks, like ensuring proper coding and documentation management, that better fit his/her skill set, making for a more engaged employee.
- **Maximizing use of the Nucleus® inventory management system and cabinet and how it integrates with the EMR** - The practice optimized inventory tracking and management of patient dispenses and set up a way to reduce inventory on hand.

Benefits

- Practices work with a professional consultant who understands the workings of a community oncology practice, all while proactively engaging staff to ensure an accurate assessment.
- The Business Optimization Consulting team has decades of combined experience in oncology practice management, human resources and logistics management, and brings a deep understanding of the needs of an independent oncology practice.
- With the additional resources of AmerisourceBergen, the consulting team can access experts in the fields of payer contract management, practice technology for both medications and practice management, government reporting requirements and other essential needs of a practice.

Conclusion:

Oncology practices can no longer operate with outdated processes that worked for decades. Reimbursement schedules from payers and patients' financial responsibilities for treatment can quickly place a practice underwater. Maximizing efficiencies and maintaining a tight control over reimbursements can ensure the practice's viability.

In today's healthcare environment and with the rising costs of oncology treatments, it takes both clinical and business expertise to create a strong, fiscally stable oncology practice. Often practices need that outside view, a complete picture of where their strengths lie and how they can make improvements to operate more efficiently.



Mid-sized oncology practice, with a strong operating policy towards efficient utilization of mid-level providers.



Accounts receivable over 90/120/180 days, which totaled approximately 18% of their practice revenue.



Improvements in billing and coding processes as well as an increased patient volume significantly improved the practice's revenue stream.

Our Business Optimization Consultants can assist your practice with maximizing efficiencies and maintaining tight control over reimbursements.

For more information, email us at consulting@iononline.com