

What am I leaving on the table?

Using analytics to maximize reimbursement

2015 HFMA Region 5 Dixie Institute

February 19, 2015



Learning Objectives

This is an overview of the value of analytics over traditional business intelligence and how analytics can help hospitals manage risk and uncertainty in an ever changing environment

Intended outcomes

- 1 Be able to explain the power of analytics to restructure your approach to information
- 2 Understand how analytics helps to uncover new insights and to save avoidable dollars in the future
- 3 Take analytics to your business and develop best practices to implement action plans

Speakers

Lisa Sasso

Position: Financial Manager

Organization: Orlando Health

Experience: 28 Years

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Lisa is currently a Financial Manager at Orlando Health and previously held several roles in the IT department since 1998. Lisa is responsible for managing the Revenue Management Analytics and Quality Assurance team, implementing special projects, supporting revenue management applications and coordinating EDI transaction sets. Lisa is a CHFP and has been an active member of the Florida Chapter of HFMA for the past several years serving in various roles such as Education Co-chair, Registration Chair, Policy Chair and ANI Conference volunteer.

Jonathon Hess



Position: Senior Manager

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Jonathon is currently a Senior Manager at Deloitte Consulting LLP, responsible for leading the product development and strategy of Deloitte Consulting LLP's Revenue Intellect Solution; a vendor agnostic, modular analytics solution that focuses on at the process and performance improvement. Jonathon has been with Deloitte Consulting LLP for over 16 years and has primarily focused on improving the financial performance of hospital and physician organizations. He is an HFMA member and has presented at Minnesota and Virginia – Washington D.C. chapter events.

Organizations face risk and uncertainty

Risk & Uncertainty

Every company and organization must manage uncertainty and risk in daily operations with limited information

Economic Landscape 1

- Macroeconomic environment
- Employment
- Inflation

Government & Regulation 2

- Leadership changes
- Regulation changes
- Incentives / Penalties

Demographics 3

- Age / Gender / Ethnicity
- Population volume
- Education
- Preferences

Market Competition 4

- Industry size, growth
- Players / Position
- Disruptions

HealthCare Providers

Providers are not immune to the uncertainty that exists in these frameworks and face unique challenges within each

Economic Impact 1

- Patient coverage and employment
- NHEA and rising out of pocket healthcare costs
- Credit outlook for industry

Government Impact 2

- Affordable Care Act
- ICD-10
- CMS programs
- Quality Care versus Fee4Service

Demographic Impact 3

- Birth rates and aging population
- Medicare & Medicaid
- Coverage volume by area

Market Impact 4

- Innovation
- Industry Consolidation and M&A activity
- Non-traditional service platforms

Analytics

Analytics can help organizations – and healthcare providers are no different - pull pertinent information from each of these frameworks to help them make strategic decisions

Find the right information to drive business decisions

The quantity of information and data makes it difficult to drive quality insights



6 billion
mobile phones
1.75 Billion
smartphones



60 billion
intelligent devices



*Number of information
bits in the world has
exceeded the
number of stars
in the universe*

Amazon & Google know more about our daily activity, sleeping and consumption habits than our physicians do...

Common Data Complaints

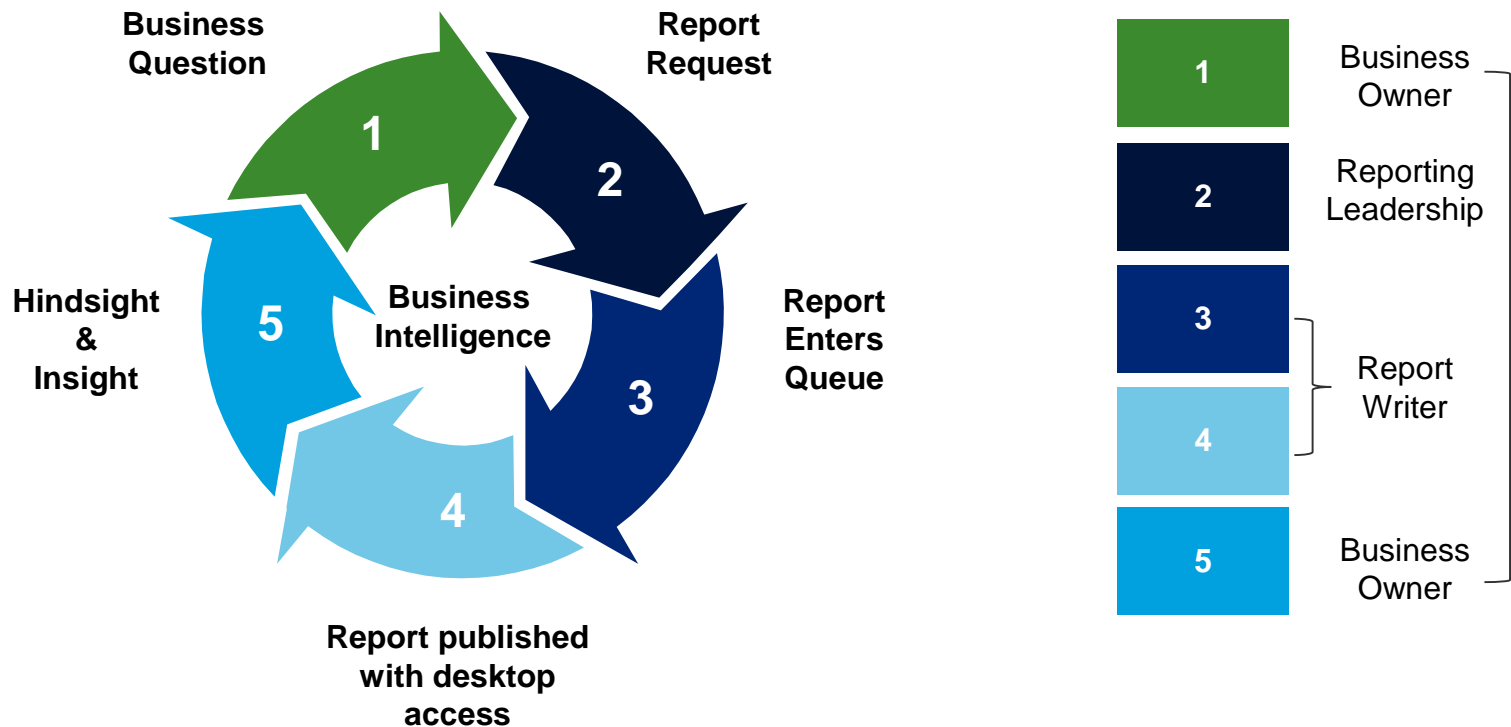
- 1 The information you **have** is not the information you want
- 2 The information you **want** is not the information you need
- 3 The information you **need** is not the information you can obtain
- 4 The information you can obtain **costs** more than you want to pay

How do providers determine what information matters from what they have access to?

Traditional business intelligence can only get us so far

Standard insights on historical performance are limited by process and time constraints and involve many stakeholders

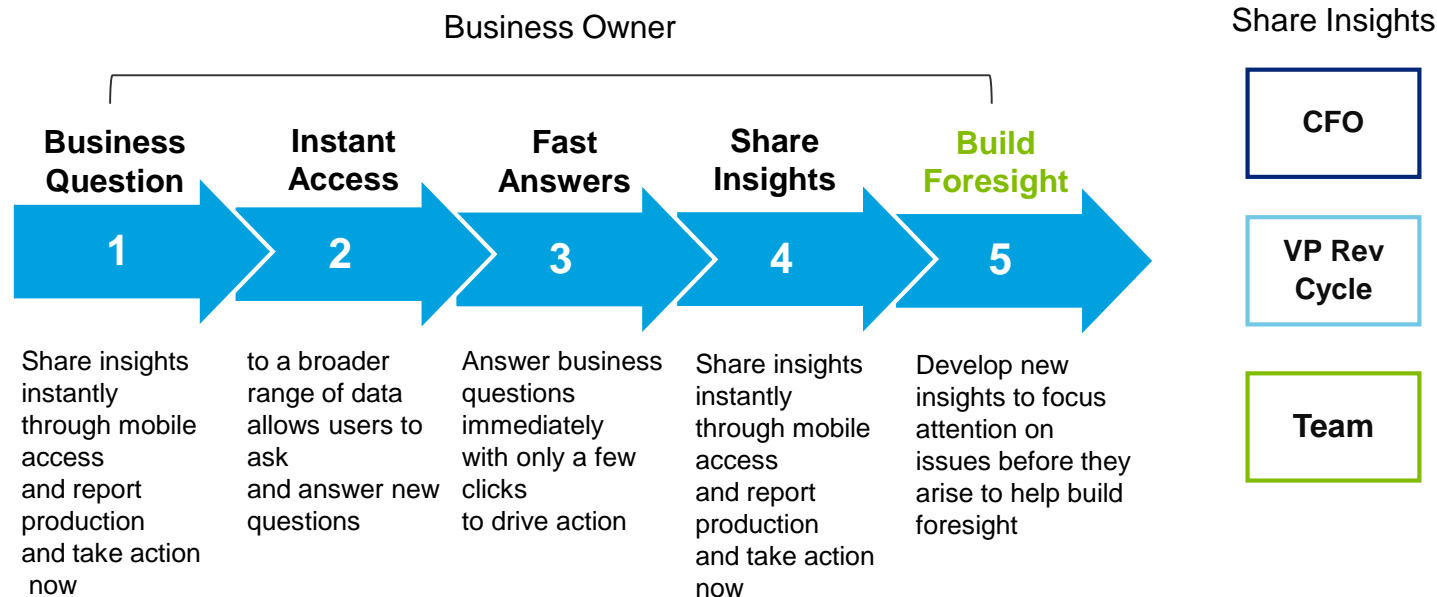
Traditional Business Process



Analytics provides another level of understanding

Individual business owners can uncover new insights, prioritize attention and drive action with analytics

Analytics



Analytics provides more insight than traditional business metrics and provides foresight into issues before they occur

An analytical based approach can improve revenue cycle performance

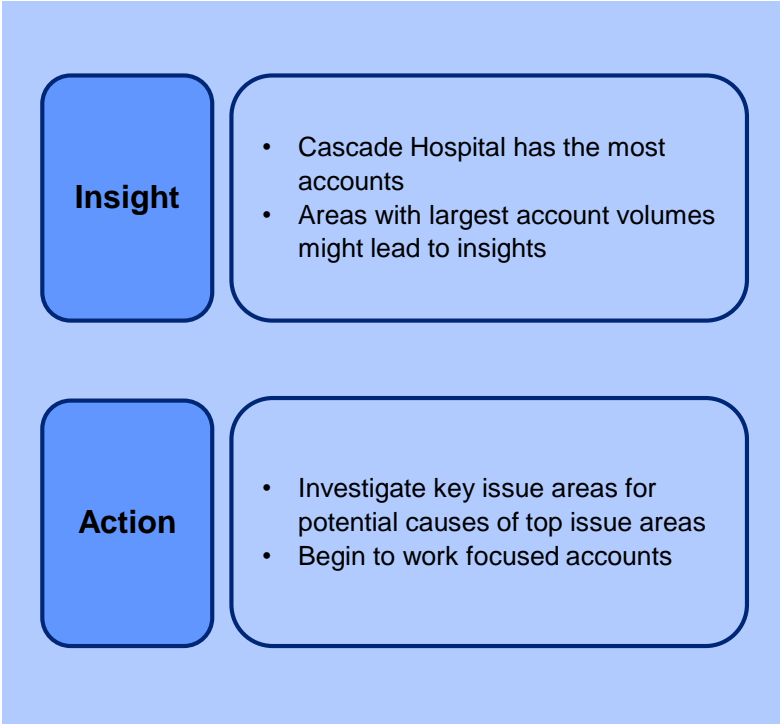
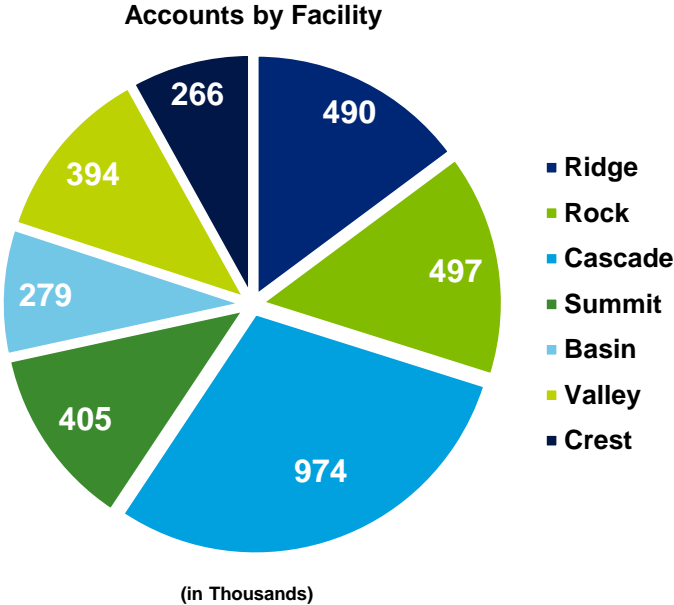
Tracking accounts by facility can only get us so far



Registration

Traditional Business Intelligence

Traditional approaches can allow for basic profiling but do not always lead to strongest action possible



An analytical based approach can improve revenue cycle performance

Using analytics to solve business questions will help managers to pull new insights about rev cycle

Patient Access

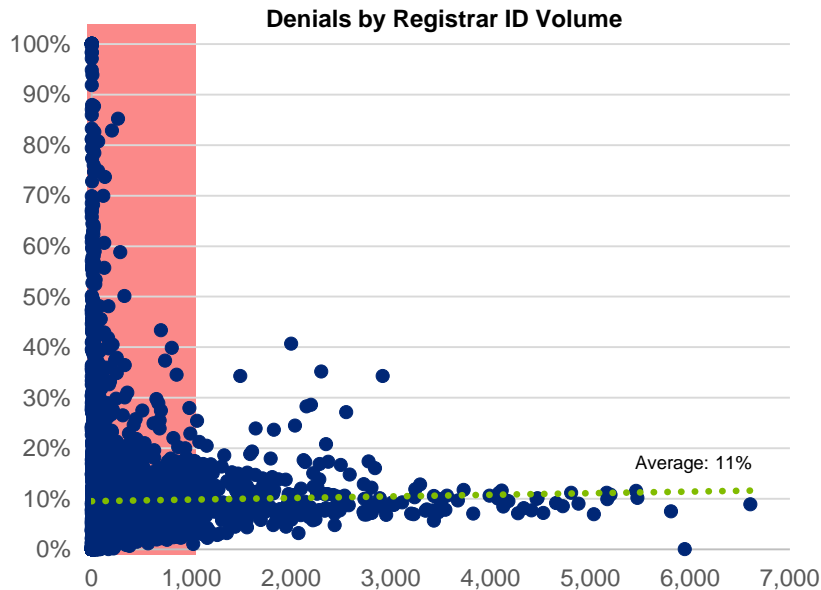
Charge Integrity

Patient Financial Services

Registration

Analytics

In an attempt to cut registration costs, a provider decentralized its registrars. A closer look at the denial rates for registrar IDs uncovered some unintended consequences of that decision



Insight

- **More is better:** the more registration per user, the lower the denial rate per user
- The higher denial rate for staff who did less than 20 denials a week, cost this organizations **\$7.2M** in registration write-offs

Action

- Increase average registrations per week per user to build experience and promote consistency
- Consider impact on reimbursement for both cost and revenue strategies

An analytical based approach can improve revenue cycle performance

Tracking denial rate by payor does not always capture the entire problem

Patient Access

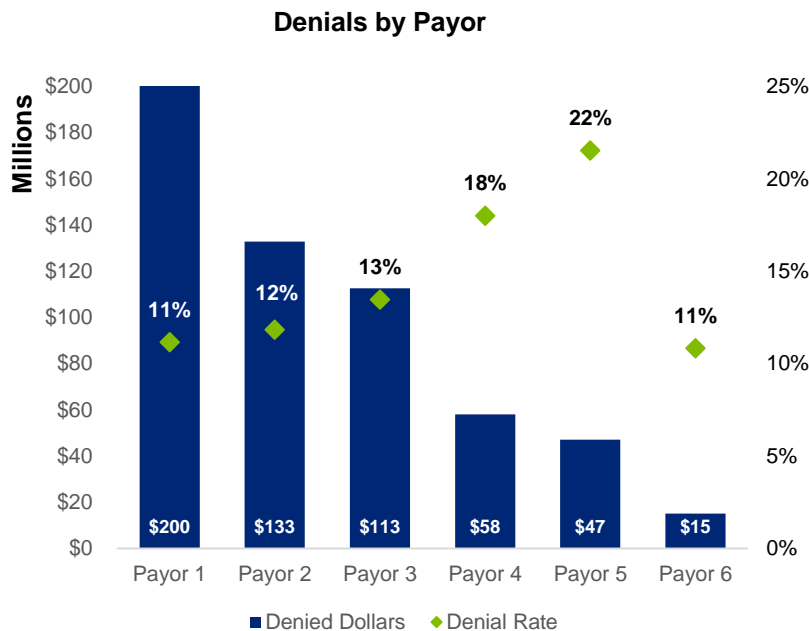
Charge Integrity

Patient Financial Services

Patient Financial Services

Traditional Business Intelligence

Tracking denial rate by payor uncovers repeat offenders at an aggregate level



Insight

- Payor 1 is responsible for a third of denied dollars but has a relatively low denial rate compared to other payors
- Payor 4 and Payor 5 seem to have disproportionately high denial rates

Action

- Investigate root cause issues of denials
- Inform payor negotiations

An analytical based approach can improve revenue cycle performance

Using analytics can help identify commonly overlooked pain points

Patient Access

Charge Integrity

Patient Financial Services

Patient Financial Services

Analytics

A provider tracking denials by payor does not identify avoidable dollars until investigating specific payor plans. Comparing denied dollars by payor plan identifies 1,000 accounts driving up denials

Payor Plan	Count	Gross Charges (\$M)	Denied Dollars (\$M)	Denial Rate
All Payor Plans	112,626	1,122	133	11.8%
Payor A's Medicare Advantage Plan	1,283	17	14	85.5%

Insight

- **Missing the accounts that matter**
- Avoidable denials are left on the table because they're hiding in the aggregate

Action

- Group avoidable denials by payor plan to uncover 'paper cut' accounts
- Identify, prioritize and allocate resources to open AR payor / plan accounts that historically created high value underpayment

Orlando Health

Orlando Health is one of Florida's most comprehensive private, not-for-profit healthcare Organizations since 1918



People



- ❖ 9 Facilities
- ❖ 2,200 Affiliated Physicians
- ❖ 14,000 Employees

Care



- ❖ 1983 Licensed Beds
- ❖ Graduate Medical Center
- ❖ Level 1 Trauma Center

Discharges FY14



- ❖ IP: 95,325
- ❖ OP: 629,368
- ❖ ED: 250,465

Financial Metrics: How we ended FY14

- ❖ Total Cash: **\$ 1,698B**
- ❖ Cash to Net : **100.2%**
- ❖ Operating Margin: **6.0%**
- ❖ Days Cash on Hand: **169**
- ❖ AR Days: **50.2**
- ❖ Community Care: **\$298M**
- ❖ Bills Transmitted: 990,850
- ❖ Call Handling: 71,279 Calls

Analytics - Our never ending journey to find opportunities before your boss finds them for you!

Collect, Process & Analyze

Why Orlando Health uses analytics



- 1 To Generate Insights
- 2 Identify trends and anomalies
- 3 To inform
- 4 Fact based decision making
- 5 Monitor
- 6 Competitive edge, leverage business strengths
- 7 Streamline Internal Operations
- 8 Clearer ways to drive more revenue

Denial Management & Prevention

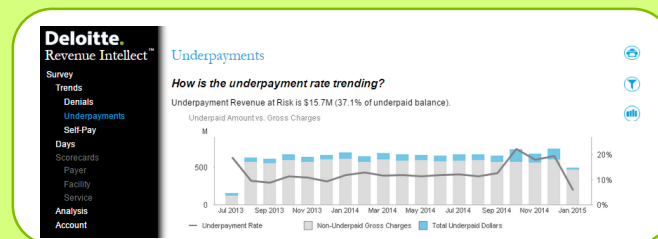
Orlando Health improved our approach and strategy for managing denials by utilizing analytics

Key Considerations

- 1 Focus on understanding and utilizing information
- 2 Compliance
- 3 Quality
- 4 Reduce administration cost and rework

Key Strategies

- 1 Team Structure
- 2 Process Change
- 3 Analytics Software Solution
 - Dashboard
 - Centralized Reports – Summary & Detail



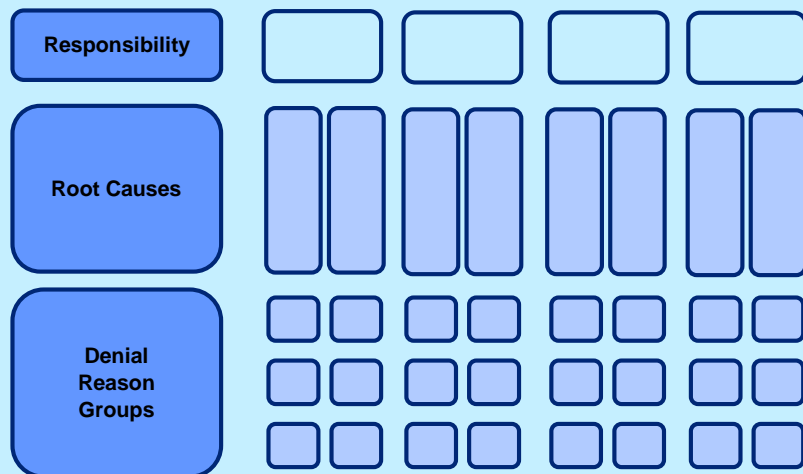
Using analytics to identify your opportunities

We have found some of the following strategies and best practices useful in managing denials

Groupings are foundational

Group denial reason and remark codes for analysis, identification of root causes and assignment of responsibility

- Denial code groupings drive management reporting to identify high-level issues
- Denial code groupings support root cause analysis to resolve issues and reduce denial rates
- Denial code groupings support routing of claims for more efficient follow-up



Best Practices

Below are some lessons learned from our experience grouping denials

- Focus on a limited number (<20) of denial reason code groupings
- Group first to “owner”, or responsible party then to denial reason
- Group denials into recoverable and unrecoverable buckets
- Use both reason, remark codes for grouping/assignment

Documenting and sharing business best practices will help to promote consistency and standard methodology across systems

Review denials based on root cause area

Having aggregated denials according to responsibility and root cause area, analytics can uncover actionable insights

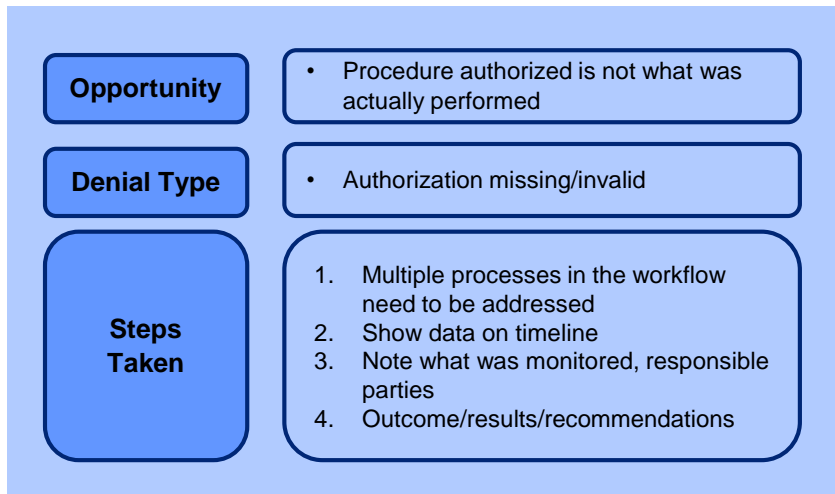
1. Root Cause High Level Area Map to CAS Codes
2. Then group by Reason for the Denial
3. Group by Avoidable and Recoverable



Patient Access

Registration related denials

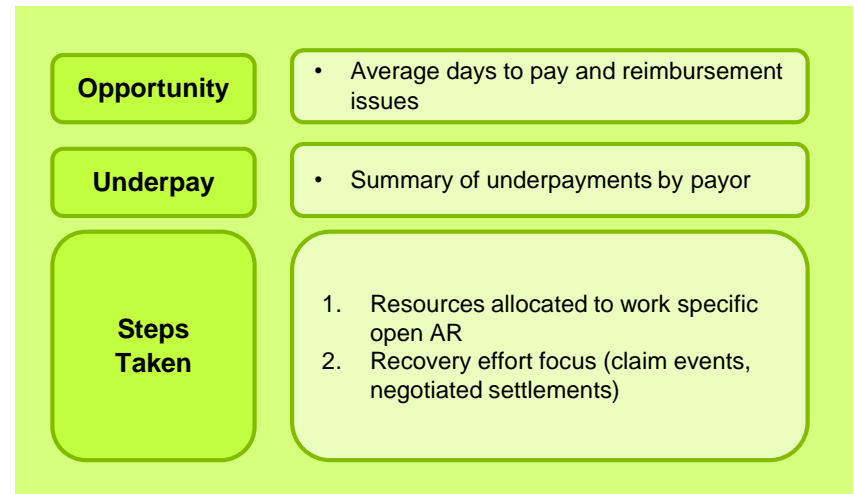
Uncovered large opportunity in **High Dollar Radiology** procedures



Patient Financial Services

Underpayments by Payor

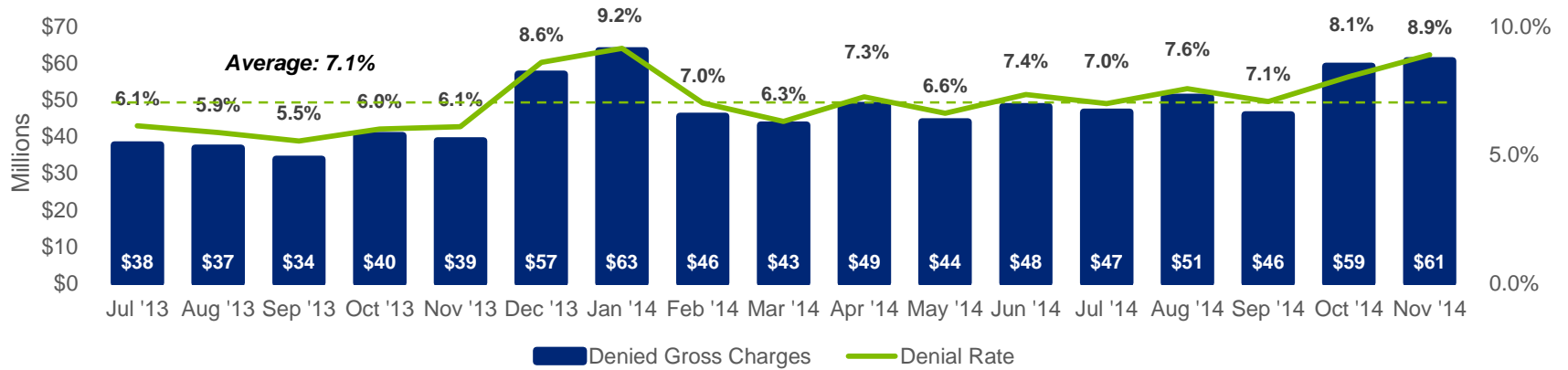
Identified underpayments by payor across time to better understand reimbursement pain points



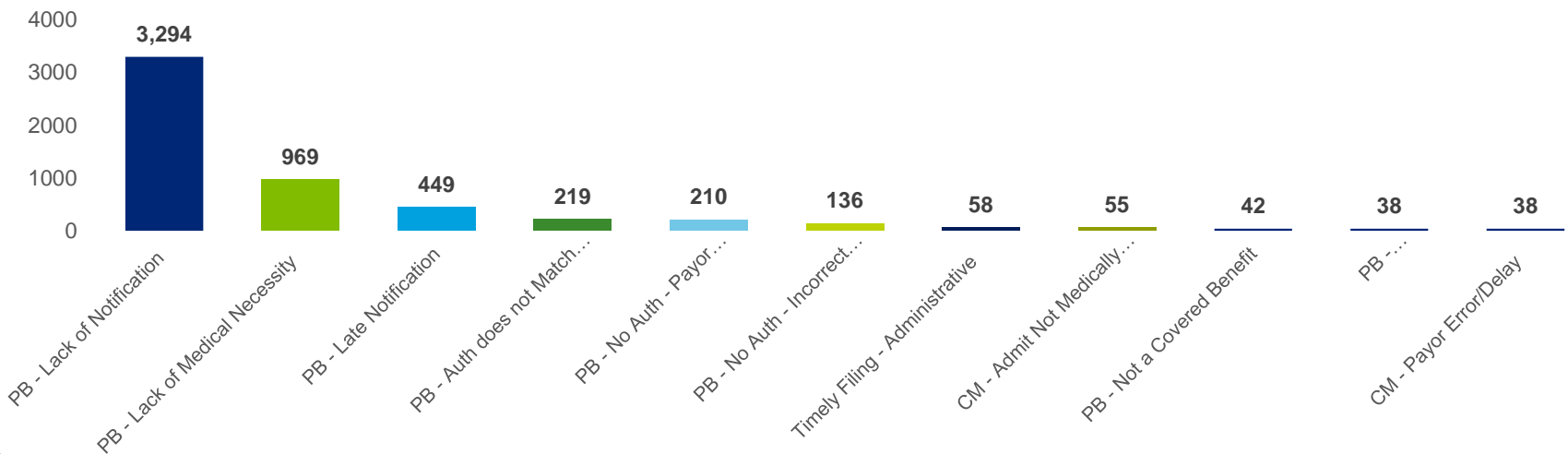
Patient Access Denial Discovery Analysis

Measuring historical denial rate and root cause areas uncovered disproportionate outliers

Denial Rate Full Denials



Top Appeal Root Cause



Patient Access Denial Deep Dive

Investigating root cause area helps to refine search and discovery of key issue drivers

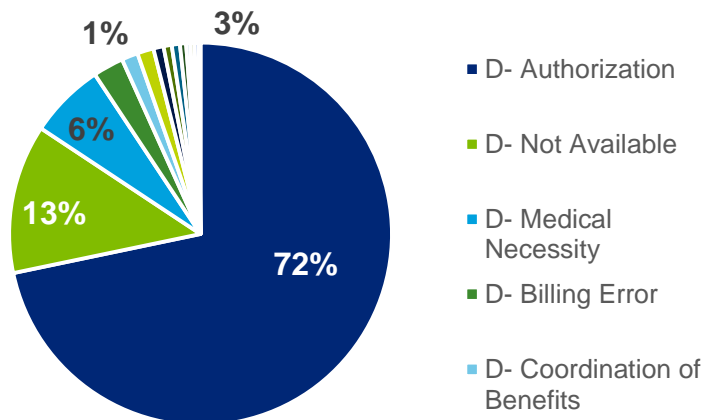
Analysis

- Authorization related denials accounted for **72%** of denied accounts within the analysis
- These accounts also made up **61%** of denied dollars
- Tracking Authorization denials across time can identify areas that require further investigation and drive action

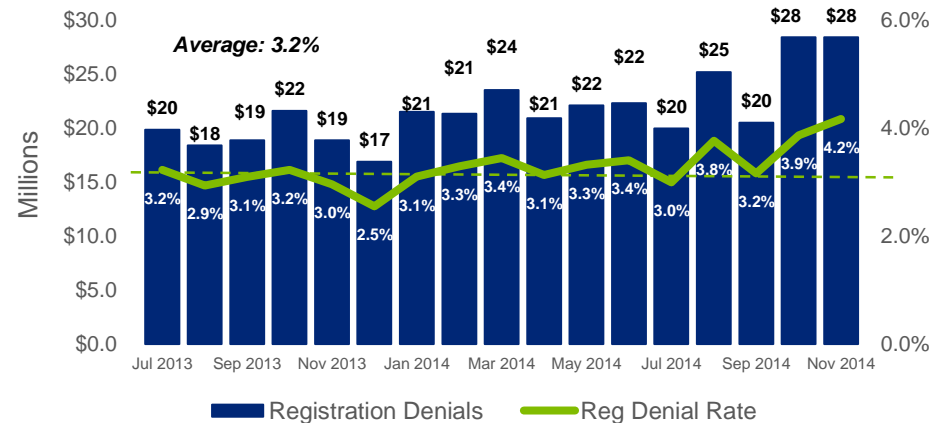
Denial Type¹

Denial Type	Volume	Outstanding AR
D- Authorization	416	\$1,018,023.09
D- Not Available	73	\$226,537.14
D- Medical Necessity	37	\$257,995.92
D- Billing Error	15	\$42,114.57
D- Coordination of Benefits	8	\$4,401.34
D- Non-Covered Benefit	8	\$16,768.25
D- Coding (Procedure Codes)	5	\$8,318.45
D- Timely Filing	4	\$71,556.68
D- Documentation	4	\$12,747.28
D- Other	3	\$9,329.70
D- Eligibility	2	\$3,373.24
U- Payer Contract Dispute	2	\$1,526.53
D- Registration	2	\$346.08
D- Coding	1	\$1,496.53
Grand Total	579	\$1,674,534.80

DMU AR – Denial Reason



Registration/Auth Denials²

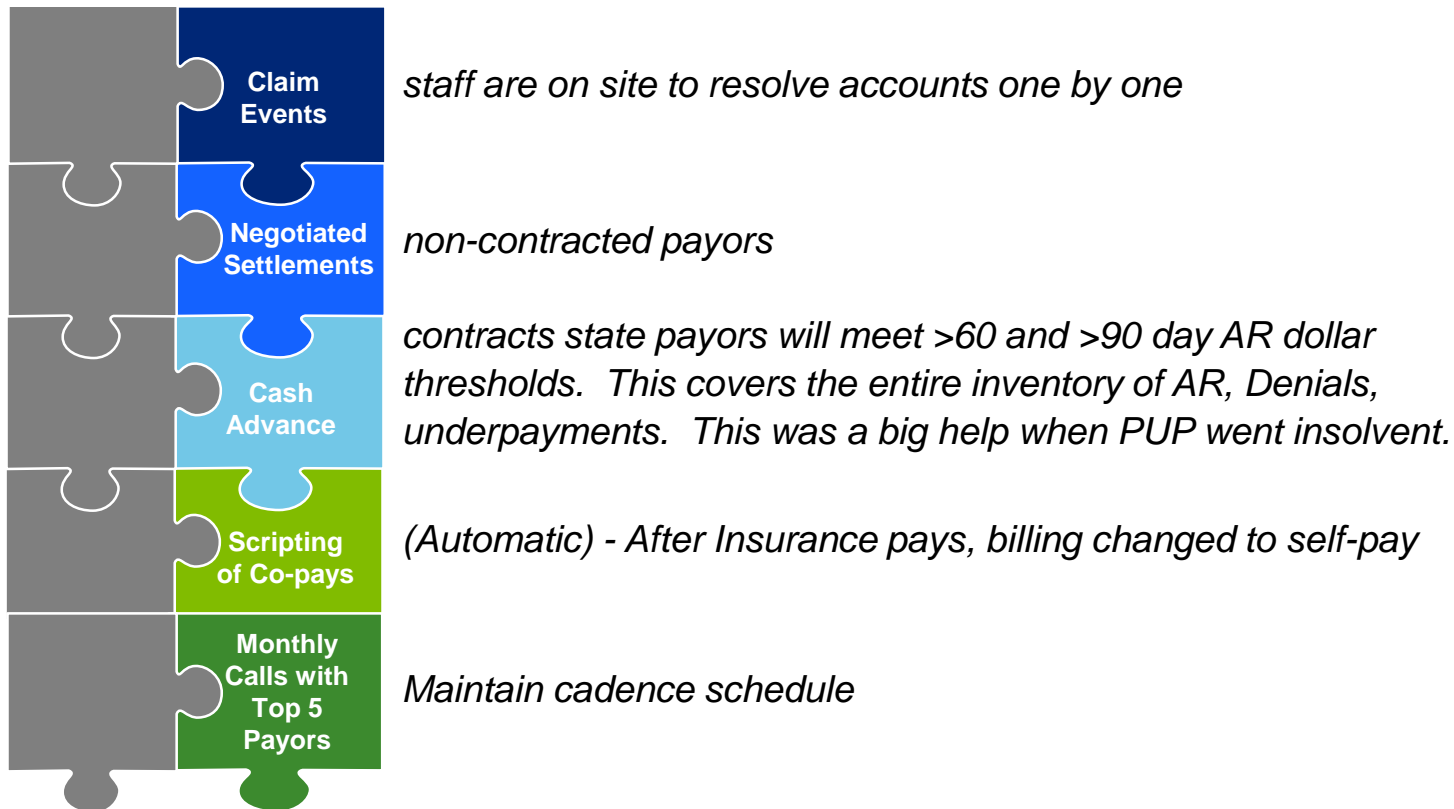


18 1 Denial Type analysis covers one payor

2 Denial rate analysis is for all payors full denials only

Patient Financial Services Action Steps

Focus on utilizing analytics to prioritize and set action plans in place to address issues

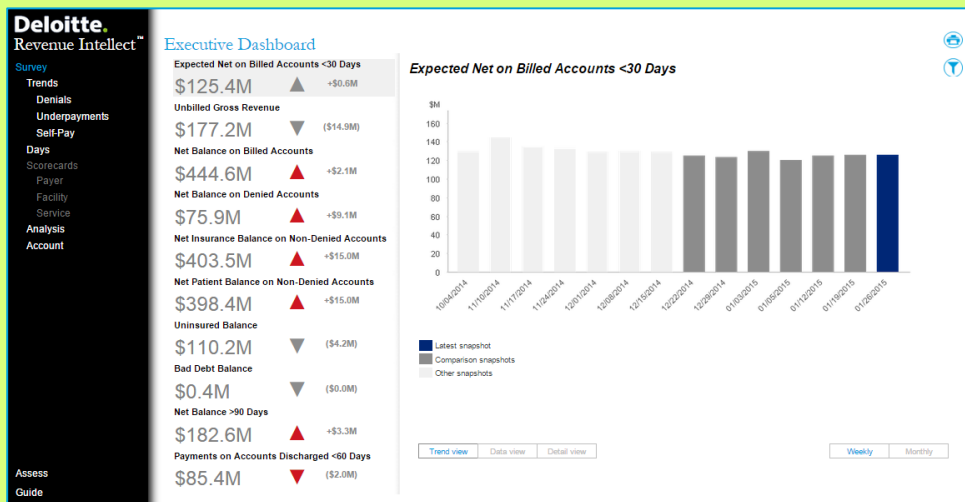


Lessons Learned

A few things to keep in mind...

- 1 More is not always better
- 2 Analysis paralysis
- 3 Leadership engagement – Buy-in & Support
- 4 Continuous Learning Cycle & evolution

Questions



References:

- (1) “Moody’s: US not-for-profit hospital outlook remains negative for 2014; revenue growth to decline,” *Moody’s*, November 25, 2013, <https://www.moodys.com/research/Moodys-US-not-for-profit-hospital-outlook-remains-negative-for> PR_287519, accessed Nov. 22, 2014
- (2) Tom McGee, *Deloitte M&A Trends Report 2014: A comprehensive look at the M&A market*, June 2014, http://www.deloitte.com/view/en_US/us/Services/additional-services/merger-acquisition-services/77212ac570e36410VgnVCM2000003356f70aRCRD.htm, accessed Dec. 1, 2014
- (3) Ion Skillrud, Wendy Gerhardt and Maulesh Shukla “The great consolidation: the potential for rapid consolidation of health systems” Deloitte Center for Health Solutions. October 24, 2014
- (4) Bill Copeland “*Good for what ails us: The disruptive rise of value based care*” Deloitte Center for Health Solutions. June 17, 2014
- (5) Deloitte Research “*Global LSHC Overview*” October 24, 2014
- (6) Bernstein, Peter *Against the Gods: The Remarkable Story of Risk* Jon Wiley & Sons, 1996.
- (7) Deloitte Tools “*Data Center – Digital Universe*” January 2014
- (8) Deloitte Research “*Deloitte Analytics: Big Data and Analytics*” September 22, 2013

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