Taking the Lead in Revenue Cycle Transformation

Kamron Lachney
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Change Healthcare

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Today’s Speaker

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Vice President, Hospital Operations

Kamron Lachney serves as VP of Hospital Operations for McKesson/Change Healthcare. He is currently responsible for acute related revenue cycle management, which includes coding, revenue integrity, systems management, billing, follow-up and denials. Kamron also possesses an Epic Certification and has been deeply involved in many Epic implementation start-ups, integrations and turnaround projects. Kamron has more than 15 years of experience in both acute and post-acute settings at four of the largest and most prominent systems in the nation, including Memorial Hermann Health System in Houston, Ochsner Health in New Orleans, Kaiser Permanente, Mid-Atlantic Region, and WellStar Health System in Atlanta. Just this past year alone he has published and presented over ten articles related to revenue cycle with tips, tricks and how to on improving your operations and financial stability.
Agenda

• Shifting to Value-based Care
• Understanding Your Revenue Cycle
  – Challenges
  – 5 Signs It’s Time to Take the Lead
    ▪ KPIs
    ▪ Self-Pay
    ▪ Mergers/Technology
    ▪ Staffing
    ▪ Patient Experience
  – End-to-end Solutions
• Q & A
An Industry Shift
Payment Models Shifting
From fee-for-service to value-based reimbursement

50% Increase over 7 years
Number of Physicians Accepting Non Fee-for-Service Payment Arrangements

Episode Based
- Pay for Performance
- Bundled Payments
- Global Payments for Discreet Populations

Population Based
Alignment of Reimbursement Incentives with Clinical Outcomes to Control Costs and Enhance Patient Care

Source: Leavitt Partners, % Increase 2012 - 2019
Hospital Leaders and Physicians Under Pressure to Perform

- Compliance Fatigue
  - ICD-10 implications
  - Achieve meaningful use
  - Minimize audits risks from government and commercial payers

- Reimbursement Pressure
  - Increase physician alignment
  - Protect market share
  - Protect cash flow
  - Control costs

- Transition to Value Based Care
  - Manage increased risk under evolving payment models
  - Manage population health
  - Evaluate/develop sustainable accountable care organization
## How Will Your Hospital Succeed?

Top health system improvement areas

<table>
<thead>
<tr>
<th>Health System Growth</th>
<th>Patient Recruitment &amp; Retention</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Physician Network Development and Alignment</td>
</tr>
<tr>
<td>Clinical Optimization</td>
<td>Care Coordination and Disease Management</td>
</tr>
<tr>
<td></td>
<td>Patient Engagement – Care Management</td>
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<td></td>
<td>Population Analytics</td>
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<td></td>
<td>Actuarial Analysis</td>
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<td></td>
<td>Measured Quality Outcomes</td>
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<tr>
<td>Financial Optimization</td>
<td>Focus on Coding / CDI</td>
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<td></td>
<td>Administrative / Staffing Management</td>
</tr>
<tr>
<td></td>
<td>Data Collection and Workflow Tools (i.e., EMR &amp; PM)</td>
</tr>
<tr>
<td></td>
<td>Medical Equipment &amp; Supplies / SCM</td>
</tr>
<tr>
<td></td>
<td>Revenue Cycle Management</td>
</tr>
</tbody>
</table>
Revenue Cycle Challenges
Poll Q 1

What is your organization’s top revenue cycle priority for the next 12 months?

A. Understand and prepare for value-based reimbursement
B. Prepare for upcoming billing system migration
C. Reduce denials/improve clinical documentation
D. Fill key open positions within revenue cycle
E. Collect on self-pay/bad-debt accounts
F. Improve patient satisfaction scores/overall patient experience
G. Physician practice acquisition and alignment
H. Better utilization of big data/reporting
Poll Q 1 - RESULTS

What is your organization’s top revenue cycle priority for the next 12 months?

- 34% Reduce denials/improve clinical documentation
- 24% Understand and prepare for value-based reimbursement
- 11% Better utilization of big data/reporting
- 11% Physician practice acquisition and alignment
- 10% Prepare for upcoming billing system migration
- 6.6% Improve patient satisfaction scores/overall patient experience
- 6.5% Fill key open positions within revenue cycle
- 6% Collect on self-pay/bad-debt accounts
Where Does Revenue Cycle Management Fit In?

The revenue cycle management market is expected to grow at a compound annual growth rate of 12 percent from 2014 to 2019, and it is one of the functions healthcare providers outsource the most, according to a recent report from MicroMarket Monitor.

Becker's Hospital CFO, January 8, 2015

More than half of the respondents said outsourcing revenue cycle processes will make their organizations more efficient and improve their financial health.

How Much Revenue Cycle is Outsourced by Hospitals Today?

- 36% outsource some RCM today
- 24% of survey respondents currently handle RCM themselves, but are considering eventually outsourcing the full RCM function

Source: Guidepoint and Jefferies LLC, 2015
Unbilled AR Days

Low Performers Falling Behind on Unbilled Days

Unbilled Accounts Receivable Days\(^1\)
\(n=76\) (2011) \(n=31\) (2013); \(n=140\) (2015)

<table>
<thead>
<tr>
<th>Year</th>
<th>Low-performance Quartile</th>
<th>Median</th>
<th>High-performance Quartile</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>10.2</td>
<td>7.2</td>
<td>4.8</td>
</tr>
<tr>
<td>2013</td>
<td>10.8</td>
<td>8.0</td>
<td>5.0</td>
</tr>
<tr>
<td>2015</td>
<td>11.6</td>
<td>7.1</td>
<td>5.7</td>
</tr>
</tbody>
</table>

Net AR Days

Trended Net AR Days from 2006 to 2015

Revenue Cycle Benchmarking Survey Participants
n=60 (2006); n=35 (2008); n=98 (2011); n=47 (2013); n=58 (2015)

5 Signs It’s Time to Outsource Your Revenue Cycle
5 Signs It’s Time to Outsource Your Revenue Cycle

- Leading KPIs Not Meeting Benchmarks
- Rising Self-Pay
- Upcoming Mergers/New Technology Needs
- Staffing Challenges
- De-Centralized Patient Access Functions
Poll Q 2

Including your employed physician practice data is crucial to understanding how your revenue cycle is meeting your KPIs. Select your current internal auditing process for your hospital-employed physicians:

A. Wait for staff or patient to present an issue with billing, then investigate

B. Focus only on clinical documentation assessments, with follow up training by in-house nurse and physician leaders

C. Address each physician individually as claims are denied for root-cause analysis

D. Hold regular physician engagement meetings to review analytics and reports to identify and proactively course correct

E. Conduct regular, external third-party vendor assessments and training
Poll Q 2 - RESULTS

Including your employed physician practice data is crucial to understanding how your revenue cycle is meeting your KPIs. Select your current internal auditing process for your hospital-employed physicians:

- 37% Hold regular physician engagement meetings to review analytics and reports to identify and proactively course correct
- 19% Address each physician individually as claims are denied for root-cause analysis
- 17% Wait for staff or patient to present an issue with billing, then investigate
- 16% Focus only on clinical documentation assessments, with follow up training by in-house nurse and physician leaders
- 10% Conduct regular, external third-party vendor assessments and training
### Top KPIs every revenue cycle leader should be measuring

<table>
<thead>
<tr>
<th>MEASURE</th>
<th>Type</th>
<th>Goal</th>
<th>Sign you may need to seek outside assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Days in Accounts Receivable (DAR) (Days)</td>
<td>Efficiency</td>
<td>32 +/- depending on your organization</td>
<td>&gt;50</td>
</tr>
<tr>
<td>Payer Aging % &gt; 90 days</td>
<td>Effectiveness</td>
<td>&lt;17%</td>
<td>&gt;25%</td>
</tr>
<tr>
<td>Cost to Collect</td>
<td>Cost Containment</td>
<td>&lt;=3%</td>
<td>&gt;5%</td>
</tr>
<tr>
<td>Cash as % of net revenue</td>
<td>Effectiveness</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>Net Collection Percentage (relates to bad debt percentage)</td>
<td>Effectiveness</td>
<td>96%</td>
<td>&lt; 85%</td>
</tr>
<tr>
<td>Bad Debt Percentage</td>
<td>Effectiveness</td>
<td>&lt;4%</td>
<td>&gt;5%</td>
</tr>
<tr>
<td>Clean Claim Rate (First Claim Response)</td>
<td>Efficiency</td>
<td>90%</td>
<td>&lt; 90%</td>
</tr>
<tr>
<td>HCAHPS Summary Star Rating (from Hospital Compare.org)</td>
<td>Effectiveness</td>
<td>4+ stars</td>
<td>1-2 stars</td>
</tr>
</tbody>
</table>
Health System Revenue Cycle Performance – How does your organization stack up?

Every revenue cycle leader should be aware of where they stand.

<table>
<thead>
<tr>
<th>Metric</th>
<th>Low Performance Quartile</th>
<th>Median</th>
<th>High Performance Quartile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appeal Success for Denials: Medicare</td>
<td>25.1%</td>
<td>50.0%</td>
<td>73.2%</td>
</tr>
<tr>
<td>Appeal Success for Denials: Medicaid</td>
<td>25.0%</td>
<td>51.0%</td>
<td>82.6%</td>
</tr>
<tr>
<td>Appeal Success for Denials: Managed Care/Commercial</td>
<td>39.7%</td>
<td>56.0%</td>
<td>70.0%</td>
</tr>
<tr>
<td>AR&gt;90 as a Percentage of Total Billed AR</td>
<td>41%</td>
<td>30%</td>
<td>23%</td>
</tr>
<tr>
<td>AR&gt;120 as a Percentage of Total Billed AR</td>
<td>34%</td>
<td>24%</td>
<td>18%</td>
</tr>
<tr>
<td>DNFB Days</td>
<td>11.6</td>
<td>7.1</td>
<td>5.7</td>
</tr>
<tr>
<td>DNFC Days</td>
<td>7.0</td>
<td>4.1</td>
<td>2.1</td>
</tr>
<tr>
<td>Early-Out Collections Recovery Rate</td>
<td>20.0%</td>
<td>25.0%</td>
<td>30.0%</td>
</tr>
<tr>
<td>Long-Term Collections Recovery Rate</td>
<td>4.9%</td>
<td>10.0%</td>
<td>16.0%</td>
</tr>
<tr>
<td>Net AR Days</td>
<td>54.2</td>
<td>45.0</td>
<td>40.5</td>
</tr>
<tr>
<td>POS Collections as a Percentage of Net Patient Revenue</td>
<td>0.27%</td>
<td>0.57%</td>
<td>1.10%</td>
</tr>
</tbody>
</table>

Consider Outsourcing Billing & Coding as a strategy to help you meet KPI benchmarks

Benefits:

- Increase revenue
- Reduce costs
- Improve compliance/mitigate risk
- Prepare for value-based reimbursement
- Improve patient satisfaction
- Improve overall quality of care
- Lessen the constant training and retraining expenses
- Eliminate Human Resources ongoing issues
Evaluating Your Billing & Coding Teams/Vendors

Criteria:

• Certified coders available in multiple specialties
• Coders achieve a 95% accuracy rate, undergo rigorous training and QA throughout the year
• Robust clinical documentation team, including both nurse and physician auditors
• Detailed reporting, showing trends and recommendations down to the provider level
• Hospital procedure coding, including inpatient DRG coding, outpatient APC coding, diagnostic coding
• Deploys onshore and offshore staff to maximize time zone coverage and cost efficiencies
• Account Management Teams with consistent, clear, regular communication
Self-Pay Collection Recovery

Early-Out Self-Pay Collection Agency Recovery Rate\(^1\)
\(n=22\) (2013); \(n=37\) (2015)

Low Performance Quartile: 6.8% (2013), 20.0% (2015)
Median: 20.0% (2013), 25.0% (2015)
High Performance Quartile: 43.0% (2013), 30.0% (2015)

Long-Term Self-Pay Collection Agency Recovery Rate\(^1\)
\(n=32\) (2013); \(n=52\) (2015)

Low Performance Quartile: 5.2% (2013), 4.9% (2015)
Median: 9.7% (2013), 10.0% (2015)
High Performance Quartile: 17.0% (2013), 16.0% (2015)

## Setting a Self-Pay Strategy

### Inventory Inflow

<table>
<thead>
<tr>
<th>Balance Strat</th>
<th>Statements</th>
<th>Propensity to Pay</th>
<th>Call Attempts</th>
<th>First Call Attempt</th>
<th>Payment Plan</th>
<th>Special Handling</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;$25</td>
<td>0</td>
<td>No</td>
<td>3 (auto)</td>
<td>15 days</td>
<td>No</td>
<td>None</td>
</tr>
<tr>
<td>&gt;$25 &lt;$500</td>
<td>2</td>
<td>No</td>
<td>3 (auto)</td>
<td>15 days</td>
<td>Yes</td>
<td>None</td>
</tr>
<tr>
<td>&gt;$500 &lt;$5,000</td>
<td>3</td>
<td>Yes</td>
<td>3+ (blend)</td>
<td>5 days</td>
<td>Yes</td>
<td>Increase outbound attempts and/or timing based on P2P scoring</td>
</tr>
<tr>
<td>&gt;$5,000</td>
<td>4</td>
<td>Yes</td>
<td>4+ (blend)</td>
<td>5 days</td>
<td>Yes</td>
<td>Increase outbound attempts and/or timing based on P2P scoring</td>
</tr>
</tbody>
</table>

### Balance After Ins

<table>
<thead>
<tr>
<th>Balance Strat</th>
<th>Statements</th>
<th>Propensity to Pay</th>
<th>Call Attempts</th>
<th>First Call Attempt</th>
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</tr>
</thead>
<tbody>
<tr>
<td>&lt;$25</td>
<td>0</td>
<td>No</td>
<td>3 (auto)</td>
<td>15 days</td>
<td>No</td>
<td>None</td>
</tr>
<tr>
<td>&gt;$25 &lt;$250</td>
<td>2</td>
<td>No</td>
<td>3 (auto)</td>
<td>15 days</td>
<td>Yes</td>
<td>None</td>
</tr>
<tr>
<td>&gt;$250 &lt;$1,000</td>
<td>3</td>
<td>Yes</td>
<td>3+ (blend)</td>
<td>7 days</td>
<td>Yes</td>
<td>Increase outbound attempts and/or timing based on P2P scoring</td>
</tr>
<tr>
<td>&gt;$1,000 &lt;$5,000</td>
<td>4</td>
<td>Yes</td>
<td>4+ (blend)</td>
<td>5 days</td>
<td>Yes</td>
<td>Increase outbound attempts and/or timing based on P2P scoring</td>
</tr>
<tr>
<td>&gt;$5,000</td>
<td>4</td>
<td>Yes</td>
<td>4+ (blend)</td>
<td>5 days</td>
<td>Yes</td>
<td>Increase outbound attempts and/or timing based on P2P scoring</td>
</tr>
</tbody>
</table>

### Payment Plans in Good Standing Filtered

### Bad Debt Recommendation Outflow
Consider Using an External Self-Pay Collections Vendor as a Strategy to Combat Rising Self-Pay

Benefits:

- Increase revenue/accelerate cash collections
- Reduce cost to collect
- Improve compliance with consistent phone scripts for collection reps
- Improve patient satisfaction with patient-friendly billing practices, reps with ‘soft skills’
- Optimize technology investments/Leverage vendor systems and expertise
Evaluating Your Collections Team/Vendor

Criteria:

- Go at-risk and use cost contingency pricing model
- List of KPIs willing to meet/exceed
- Have one, single patient toll-free number with transfer back capabilities
- Utilize an industry-leading, automated call distribution system with blended predictive dialing capabilities
- Offer multi-lingual patient service representatives
- Ensure all scripts are consistent and personalized for each provider
- Always use patient-friendly billing practices
- Internally recorded calls for training and quality assurance
- Access to real-time reporting and analytics on call performance, collection rates and more
- List of references/case studies
Poll Q 3

Are you changing HIS platforms in the next 24 months?

A. Yes
B. No
C. Currently researching
Poll Q 3 - RESULTS

Are you changing HIS platforms in the next 24 months?

- 61% - No
- 22% - Yes
- 17% Currently Researching
3. Technology Complexity as a result of structural changes

- Acquiring physician practices
- Merging with another health system
- HIS and Practice Management system conversions
- Balance sheet clean-up for future acquisition or bond ratings

CHALLENGES!
Billing System Transition Goals

- Maintain or exceed cash levels to avoid a spike in AR days
- Maintain or decrease AR days and bad debt
- Maintain clean AR on the new system
- Provide management and staff time to focus on system issues, training and go-live preparation
- Reduce hospital staff time spent working between the old system and the new system
- Reduce the time and cost to maintain the old system
Timeline Example: AR Clean Up Prior to HIS Transition

6 months prior engage vendor [January 2017]

GOAL: 40%-60% of accounts should be in 0-30 days to achieve optimal revenue return.
Benefits of Outside Expertise During the AR Wind Down Process

Benefits:

- Increase/protect revenue
- Mitigate downside risk
- Keep staff focused on learning new technology
- Increase new system adoption rate
- Leverage for your team as consultants manage their own staff, manage your team or work side-by-side with you to clean up your legacy AR
- Expert support for this phase alone can identify issues before they become problems; thus, enabling your staff to focus on day-to-day responsibilities
Evaluating Your Billing System Vendors

Criteria:

- System agnostic
- Subject matter experts who can easily transfer knowledge to staff
- Process to recover old AR balances
- Structured timeline with tiered project stages
- Access to real-time reporting and analytics, collection rates
- Understanding of facility and professional fee coding
- List of case studies/references from similar size organizations
Poll Q 4

Does your organization experience any challenges with staffing, such as recruitment, skilled expertise, retention, HR/management issues?

A. Yes  
B. No
Poll Q 4 - RESULTS

Does your organization experience any challenges with staffing, such as recruitment, skilled expertise, retention, HR/management issues?

- 87% - Yes
- 12% - No
4. Staffing Challenges within Your Revenue Cycle Teams

- Cost/Challenges to Recruit, Train, Manage and Retain Skilled Staff
  - Coder expertise by specialty
  - Skillset by technology platform
- High Staff Turnover
- Budget Cuts
- Regulatory Changes
- Cost of Doing Business
Increased Staffing Needs

Staffing Growth a Response to National Health Care Trends

**Median Number of FTEs by Revenue Cycle Function**

<table>
<thead>
<tr>
<th>Function</th>
<th>2013</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scheduling</td>
<td>10.0</td>
<td>11.5</td>
</tr>
<tr>
<td>Pre-registration</td>
<td>9.0</td>
<td>9.0</td>
</tr>
<tr>
<td>Registration</td>
<td>35.0</td>
<td>35.0</td>
</tr>
<tr>
<td>Front-End Financial Counseling</td>
<td>3.0</td>
<td>4.0</td>
</tr>
<tr>
<td>Back-end Financial Counseling</td>
<td>2.0</td>
<td>4.0</td>
</tr>
<tr>
<td>Coding</td>
<td>12.7</td>
<td></td>
</tr>
<tr>
<td>Billing</td>
<td>9.0</td>
<td>8.5</td>
</tr>
<tr>
<td>Cash Posting</td>
<td>3.5</td>
<td>5.0</td>
</tr>
<tr>
<td>Collections/ Follow-up</td>
<td>10.0</td>
<td>14.0</td>
</tr>
</tbody>
</table>

Combined 60% increase in FTEs

40% increase in FTEs

50% increase in FTEs

Consider outsourcing as a strategy to help you combat staffing issues

Benefits:

- Vendor focuses on personnel management while you focus on clinical care
- Leverage subject matter expertise (e.g., coding, technology)
- Often more cost-effective to use vendor staff
  - Market rates vary; some areas of the country more expensive to recruit
  - Continual employee retention costs (training, merit raises, etc.)
- Knowledge of strategies to achieve industry best practices
Evaluating Vendors to Fill Key Open Positions

Criteria:

• Vendor can supply staff and/or manage your staff
• Hospital should be able to chose if they want to use onshore or offshore staff (a cost-cutting measure)
• Staff should have experience across all specialties and technology platforms
Poll Q 5

Whether you handle physician scheduling in-house or outsource, do you meet or exceed these industry level benchmarks?

- Speed to answer <60 seconds
- Abandon rate <5%
- Call routing accuracy rate >99%
- Error rate <1%

A. Yes
B. No
C. Unsure
Poll Q 5 – RESULTS

Whether you handle physician scheduling in-house or outsource, do you meet or exceed these industry level benchmarks?

- Speed to answer <60 seconds
- Abandon rate <5%
- Call routing accuracy rate >99%
- Error rate <1%

- 68% - Unsure
- 18% - Yes
- 14% - No
5. De-Centralized Patient Access Functions

- Why the Patient Experience is Important
  - 96% of patient complaints tied to customer service.
  - High correlation between HCAHPS patient ratings and the hospital’s financial performance.

Source1: 2015 Journal of Practice Management
Source2: 2015 Health Affairs
Medical Call Center Outlook

Approximately 2/3 of U.S. Hospitals are using call centers to improve the patient experience.

Call centers can generate an ROI of 3:1.

Driving revenue and patient loyalty.

Call center growth rate expected 2016-2019: 7%.

Being on hold is the top reason for dissatisfaction.

Patient experience is a priority for 70% of U.S. Hospitals.

Consider Using an Experienced Call Center as a Strategy to Help Centralize and Improve Customer Service

Benefits:

- Increase Scheduled Appointments / Reduce Missed Appointments / Optimize Physician Schedules
- Keep Patients in Network / Increase Physician Referrals / Build Patient Loyalty
- Improve Compliance with Consistent Phone Scripts
- Reduce Patient Complaints / Improve Patient Satisfaction Ratings
- Improve Visibility into Employed Practices with Detailed Reporting
- Improve Overall Quality of Care by Reducing Admissions via Care Transition Programs
Evaluating Your Physician Scheduling/Patient Access Team/Vendor

Criteria:

- Existing facility dedicated to only medical call center functions with industry-leading call technologies
- Healthcare-experienced, friendly patient service representatives
- Ability to scale as patient call volume changes
- Full-time access to a hospital direct line for patient help
- Ensure all scripts are consistent and personalized for each provider
- Internally recorded calls for training and quality assurance / ongoing trainings to improve call skills
- Access to real-time quality metrics such as speed to answer, call resolution rate, etc.
- Offer extended hours inbound and outbound to improve the overall patient experience
- Offer multi-lingual patient service representatives
Optimizing Your Revenue Cycle:
How Much of Your Revenue Cycle Should You Outsource?
Revenue Cycle Services Delivery: Option 1 – Traditional Back End

Client Front Office (Before Charge Entry)
- Registration & Scheduling
- Medical Necessity & Authorization
- Insurance Eligibility Verification
- Patient Identity & Address Verification
- Claim Submission

Vendor Back Office (Charge Entry & After)
- Charge Capture & Entry
- Procedure & Diagnosis Coding
- Client Management
- 3rd Party Payer Follow Up
- Patient Billing & Collections
- Call Center
- Payment Posting
- Denials & Appeals Management
- Reporting & Analysis
- Payer Contract Management & Credentialing
Revenue Cycle Services Delivery: Option 2 – Complete Outsource

Vendor Back Office
(Complete Outsource)
Benefits of a Single RCM Vendor

Patient Access
Streamline the front-end financial clearance process

Mid Cycle
Ensure revenue integrity with documentation and coding insights

Business Office
Optimize collection resources and eliminate AR bottlenecks

Advanced Analytics Add Value to Healthcare Data Across the Continuum

- Financial clearance performance metrics and dashboards
- Patient payment estimation accuracy
- Front-end denials and billing delay analysis
- Registrar productivity analysis
- Registration error QA analysis
- Bad debt root cause analysis

- Compliance audit analysis
- Code-level CMI benchmarking
- Physician documentation analysis
- ICD-10 impact analysis
- E&M distribution analysis
- Dual-coding analysis
- Charge capture analysis
- DNFB coding delay analysis
- Chart audit workflow

- AR black hole analysis
- Denial root cause analysis
- Self-pay risk stratification
- Collector productivity scorecards
- Daily work queue analysis
- Enterprise revenue dashboards
- Payer contract scorecards
- Predictive AR risk scoring
- DNFB and unbilled AR analysis
What to Look For: Business Office Vendor Core Services

- **Billing**: Capture and submit all necessary information to effectively release an accurate claim to deliver high rate of first claim pass rate.

- **Insurance Follow-up**: Utilize technology and best practices to effectively collect and reduce lag to collect on response and no response unpaid claims.

- **Cash Posting & Reconciliation**: Lockbox processing to capture and post all cash and adjustments. Reconciliation best practice to ensure all dollars are accurately allocated and accounted for.

- **Correspondence Processing**: Posting and handling of all non-EOB correspondence received on accounts.

- **Payment Variance**: Work variances utilizing a contract management solution. McKesson will use outputs to perform and collect on underpayments.

- **Denials & Appeals**: Leveraging technology and best practices, McKesson effectively prioritizes & resolves denials based on denial category, payer, and other attributes.

- **Credit Balance Resolution**: McKesson will address and focus on all credit balances with a high focus on governmental payers. Along with managing all associated refunds.

- **High Dollar Controls**: Independent workflow and escalation will be placed on all high dollar accounts.

- **Payer Contract Management**: McKesson will assist customers with management of payer contracting based on identified opportunities and payer performance trends.
What to Expect: Maximum Benefit from Vendor

**Reduce Costs & Optimize Revenues**
Dedicated team with deep expertise and infrastructure to improve resource efficiency, maximize productivity, and provide proactive and predictive analytics to drive revenues more efficiently.

**Focus on Quality Control**
Capture and measure key metrics to drive KPIs through customer systems overlaid with industry leading tools to drive performance and visibility. Dedicated quality and training teams to provide oversight and agility relative to root cause solutions.

**Gain Standardization & Compliance**
Consistency across multiple CBOs, including offshore operations driven by technology and workflow coupled with world class experienced employees & McKesson’s gold standard compliance program.

**Improve the Financial Health**
Through technology, service & partnerships, McKesson will implement & optimize the revenue cycle to deliver strong financial results with advanced analytics to provide necessary and concise visibility.
10 RCM Vendor Selection Guidelines

Vendor Should:

- **Financial Health**: Be focused on improving cash flow, increasing collections, reducing bad debt, reducing cost to collect, improving staff productivity

- **Technology Optimization**: Be system agnostic and able to work on platforms other than their own to optimize your current technology

- **Coding Excellence**: Have a commitment to coding accuracy to include: having more than 500 certified coders with rigorous training and QA processes and skilled in multiple specialties, clinical documentation assessments and improvement programs and an a complementary physician education component

- **Risk**: Go at-risk for pricing (% of Net Collections) to ensure ‘skin in the game’ / Pricing model flexibility

- **Flexible Project Options**: Offer episodic/project work like AR clean up, AR wind down during billing system transition or recurring work like ongoing billing and coding

- **End-to-End RCM**: Have experience in and offer end-to-end RCM solutions for peak financial performance and sustainability

- **Reporting**: Produce, deliver and review financial reports down the physician level, be able to speak to trends they are seeing and make recommendations to improve performance

- **Consulting Services**: Offer consulting services such as strategic plan management, physician alignment strategies, practice management payer contract management services and value-based care services like chronic care management to help continue to move your organization to being a top performer and remain competitive

- **Patient Experience**: Have patient-friendly billing practices and the goal of improving the patient experience at their core

- **Client Management**: Have a client management team and centers of excellence who meet with clients regularly to ensure continued partnership success