EvidenceCare

Better Care. Fewer Clicks.

EMPOWER YOUR PHYSICIANS TO IMPROVE REVENUE

April 5, 2022

AGENDA

- Opening and Welcome
- The Financial State of Today's Hospitals
- Market Forces
- Empower your physicians
- Q&A

TODAY'S SPEAKERS

Carol Howard
VP, Clinical Revenue Cycle Integration
EvidenceCare

Chris Spady
VP, Revenue Cycle
Erlanger

THE FINANCIAL STATE OF AMERICAN HOSPITALS

https://www.aha.org/the-snapshot
https://www.kaufmanhall.com/sites/default/files/2022-02/NationalHospitalFlashReport_Feb2022.pdf

"America's hospitals and health systems continue to face historic challenges, including unprecedented financial pressures."

American Hospital Association™
Advancing Health in America

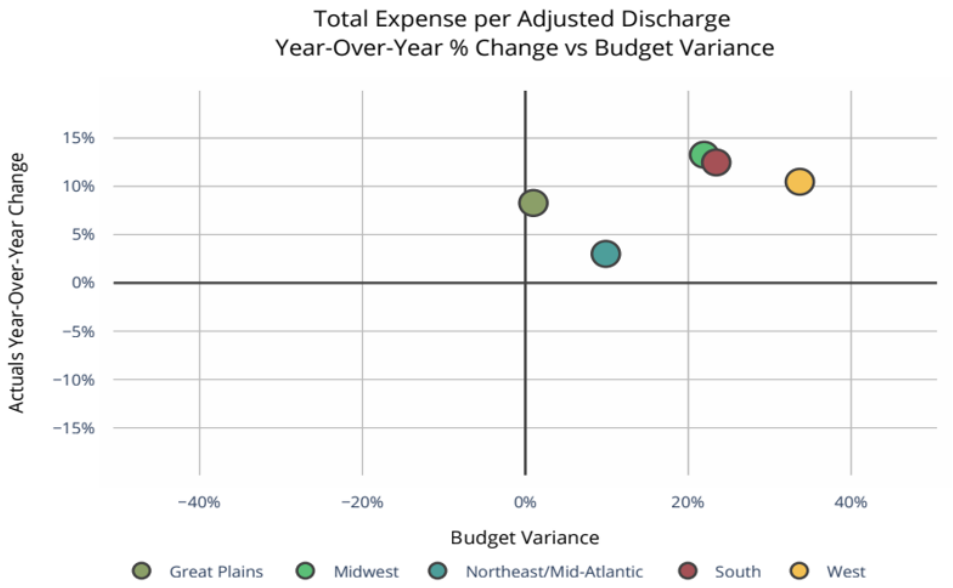
January 2022 compared to January 2021:

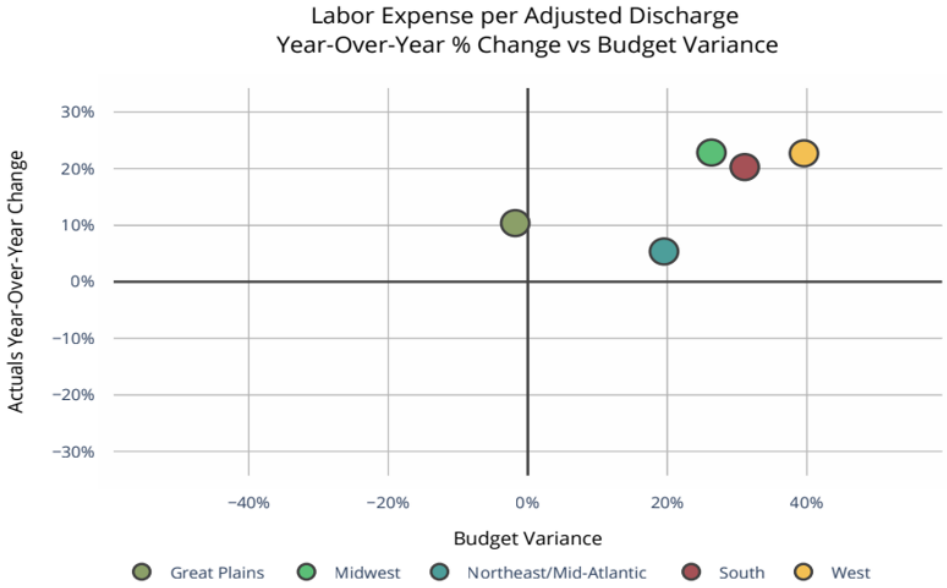
- **Gross Operating Revenue was up 9.3%,** IP Revenue increased 9%, and OP Revenue rose 9.4%
- Total Expense per Adjusted Discharge was up 10.9%, **Labor Expense per Adjusted Discharge increased 14.2%,** and Non-Labor Expense per Adjusted Discharge was up 5.9%.
- The median change in **Operating Margin was down 23.7%** versus January 2021 and 73.3% compared to before the pandemic in January 2020

THE FINANCIAL STATE OF AMERICAN HOSPITALS

https://www.aha.org/system/files/media/file/2021/09/AHA-KH-Ebook-Financial-Effects-of-COVID-Outlook-9-21-21.pdf

Total Expense and Labor Expense per adjusted discharge rose YOY for all regions.





"Value-based payment… is the future.

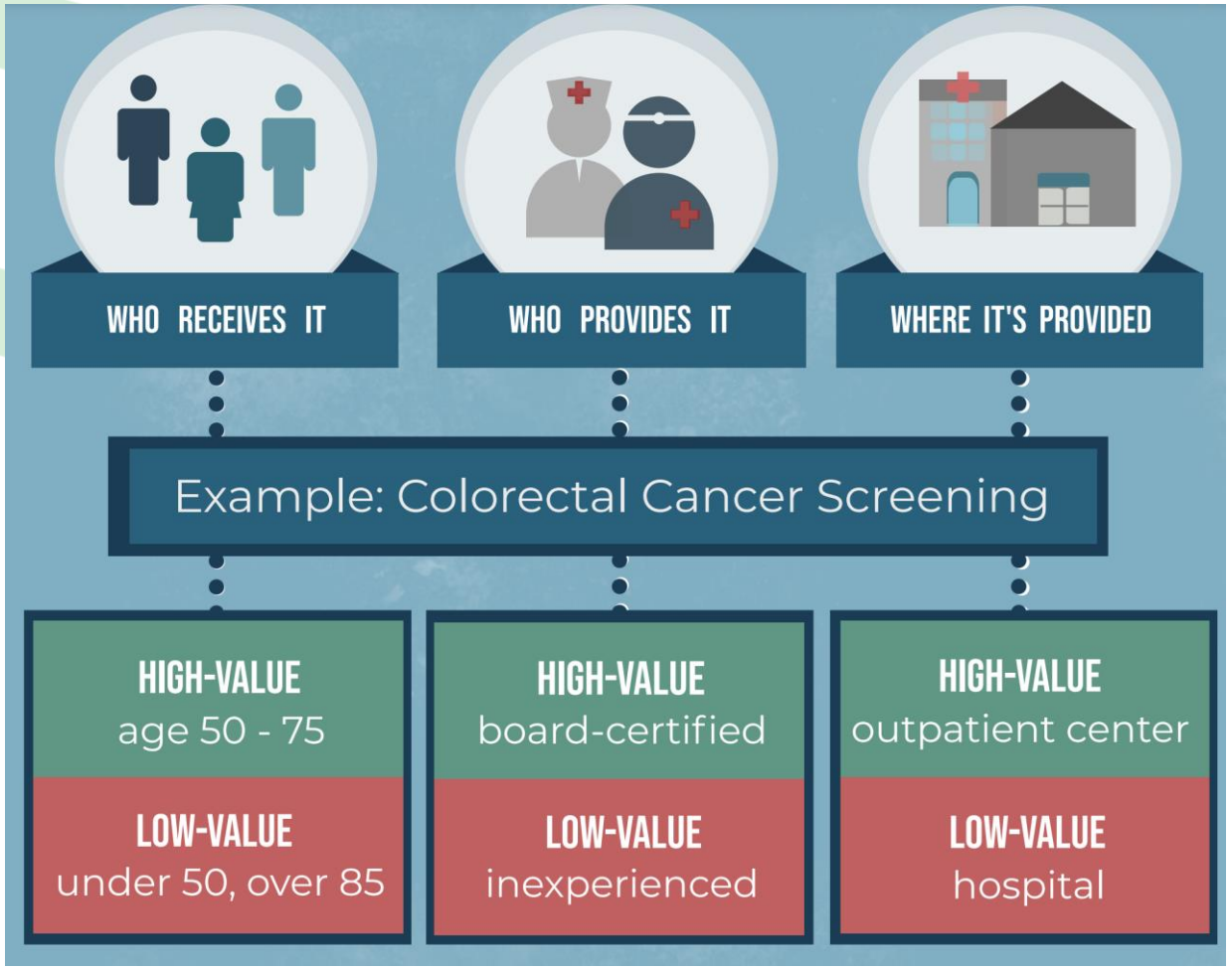
So, make no mistake—if your business model is focused merely on increasing volume rather than improving health outcomes, coordinating care, and cutting waste—you will not succeed under the new paradigm."

Seema Verma

Former Administrator for CMS

MARKET FORCES

Is your revenue cycle prepared?



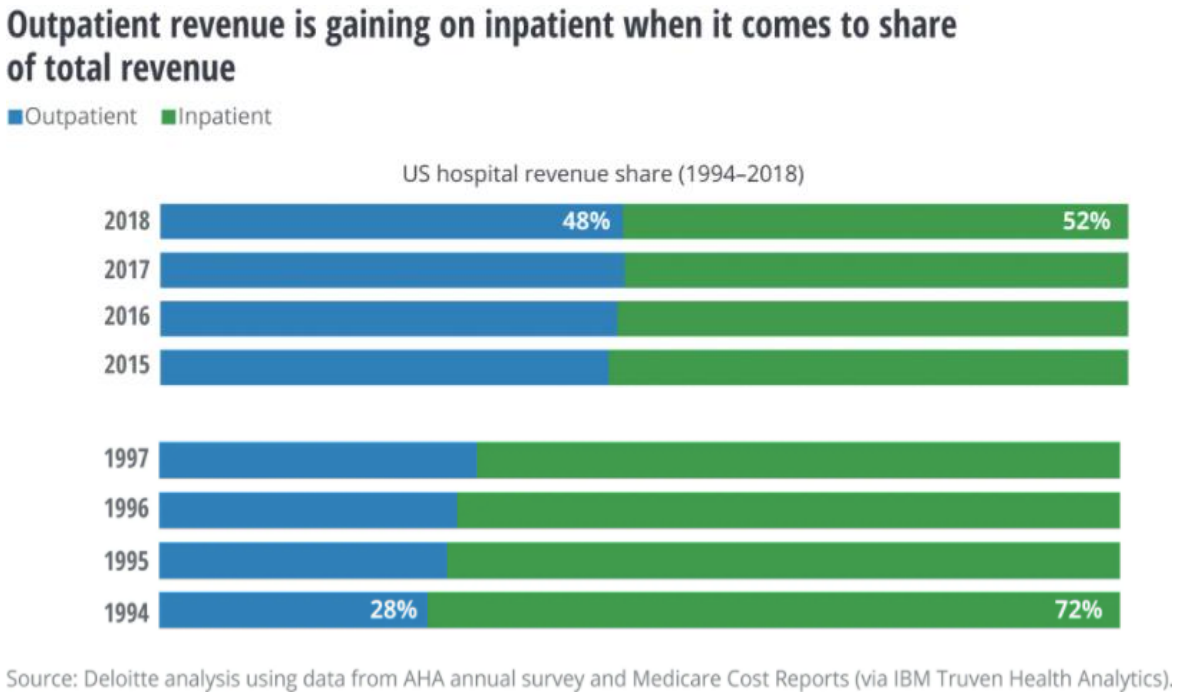
MARKET FORCES

Is your revenue cycle prepared?

Shift to outpatient care/site neutral payments

Payor changes, Value based care

Denials and post payment audits



Source: Deloitte analysis using data from AHA annual survey and Medicare Cost Reports (via IBM Truven Health Analytics).

Physician experience

- Our physicians have been experiencing high work volume, longer hours, personal risk and societal pressure to meet extraordinary demands for healthcare
- Advances in technology have changed the way health professionals interact with patients. There is more accountability that comes with changing patient and societal expectations. All have added to the demands placed on physicians
- In many hospitals, inadequate staffing levels aggravate this situation
- Morale among doctors is generally declining—a survey showed 54% of physicians reported morale as low or very low
- —and burnout is rising (prevalence about 66–80%)
- Physicians' wellbeing must be recognized as a care quality indicator for all health systems
- Improving the working lives of clinicians can optimize the performance of health systems, improve patient experience, drive population health, and reduce costs.

6 Ways to Empower your Physicians

1 PARTNERSHIP AND COLLABORATION

- Look at relationships and collaboration with a broad spectrum of industry stakeholders
  - Retail pharmacies, payers/employers, technology companies, surgical centers, imaging centers and more
- Internal collaboration with physicians, revenue cycle, and managed care - break down silos
- Involve your physicians in your efforts
- Physicians are critical stakeholders who should be engaged in decisions especially around cost and documentation efforts

2 MANAGE COSTS

Who oversees managing costs?

- Think beyond supply chain
- Have you thought about how you can involve the physicians?
- Compare physicians on how much they are spending by DRG, Service Line. Low-value testing?
- Ordering high costs items

3 VALUE BASED CARE MODELS

- Prevent avoidable admissions
- Prevent unnecessary consults, reduce PAC utilization, ensure accurate clinical documentation, and improve star ratings
- Connect patients to wrap around services and deploy SNF, telemedicine and HH to reduce SNF LOS and hospital readmissions

4 TELEHEALTH, RPM & HOSPITAL AT HOME

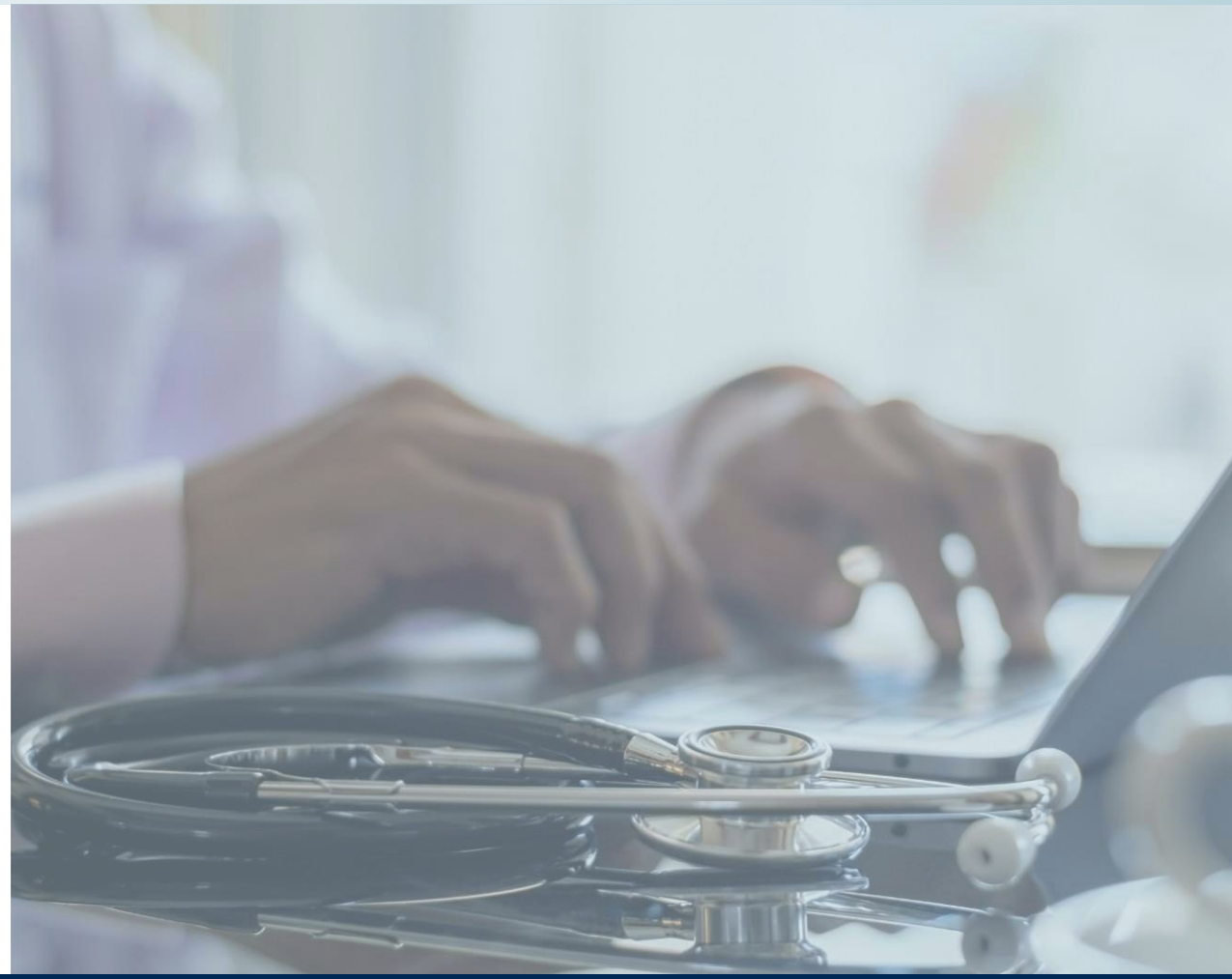
- Before 2020, we saw less than 2% of our patients virtually. During COVID that was up to the mid-20s%. Now in the 16%–17% range.
- Use of RPM increasing.
- Garnering the investments needed to build out the capability to deliver care in the home (AHCH program)
- Work with physicians to build these programs
- Reduce excess hospital capacity and the accompanying fixed costs for ambulatory and create more inpatient

5 PHYSICIAN LEADERS/ADVISOR

- Leverage physician advisors, CMO, service line chiefs to combat insurance issues/process issues
- Processes around documentation and status decisions will have less chance of succeeding if physicians are not fully on board
- Doctors are not taught this in medical school, and we think it's kind of silly, but you just must keep chipping away at them
- Implement up-front review processes using UR or technology
- Success requires the involvement of someone who can speak to physicians and surgeons about standardization and documentation.

6 CONSIDER EFFICIENT TECHNOLOGY ENABLED SOLUTIONS

- There are options out there to assist your physicians with better decisions, documentation, and workflow.
- Pulling together disparate systems or sharing data across organization stakeholders to support **better decision making**
- Process automation (prior auth), natural language processing (CDI). Machine learning/AI for automated completion of documents and CDS.
- Ensure patients are in the **most appropriate** level of care (or sent home)
- Going beyond data and **performing analytics**



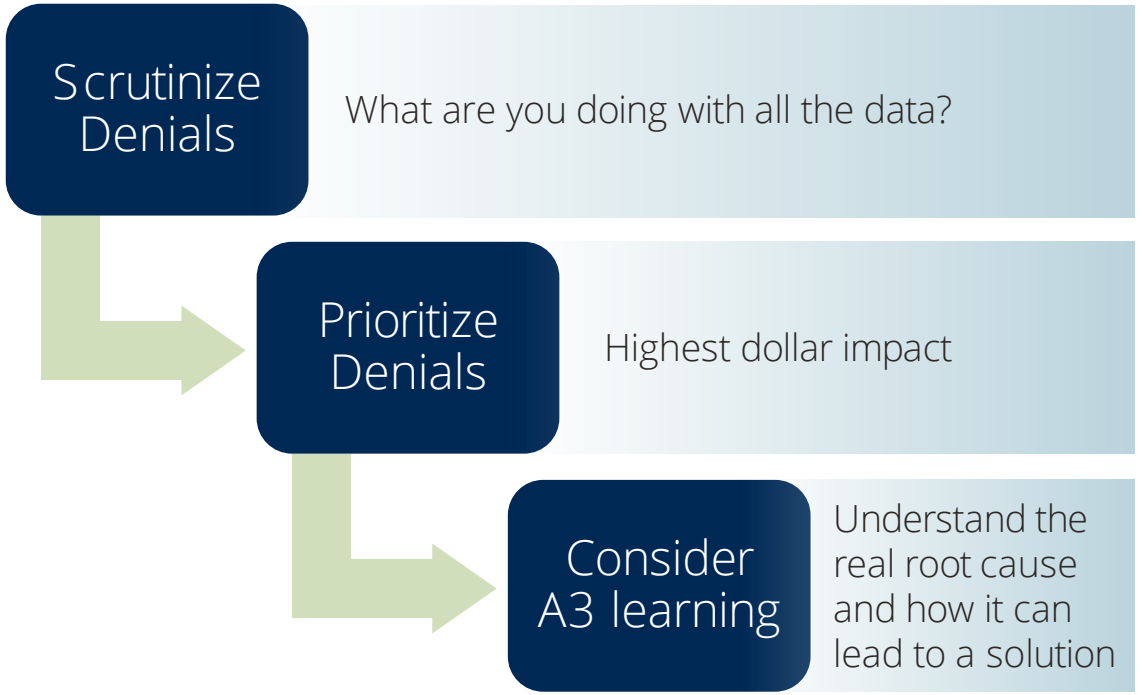
GOING BEYOND THE DENIAL DATA

Analyzing and Managing Denials

Top Denials

- Medical Record request
- Patient lacks coverage
- Authorization missing
- Untimely Filing
- Missing information
- Lack of medical necessity

Denial Next Steps



HIGH REVENUE DENIALS

Level of Care

Level of Care Decision

Admission order errors >20%

Retrospective review by UR untimely

Code 44 or provider liable claims

Costs to involve a physician advisor $250 per referral

Physician needs criteria at point of decision

Documentation

Physician documentation does not support inpatient LOC

Denial overturn success fell 10% for commercial payers and Medicaid over the past two years

Roughly $118 per claim is spent to appeal

Payor Denials

Increasing Initial denials rates by 10% or greater

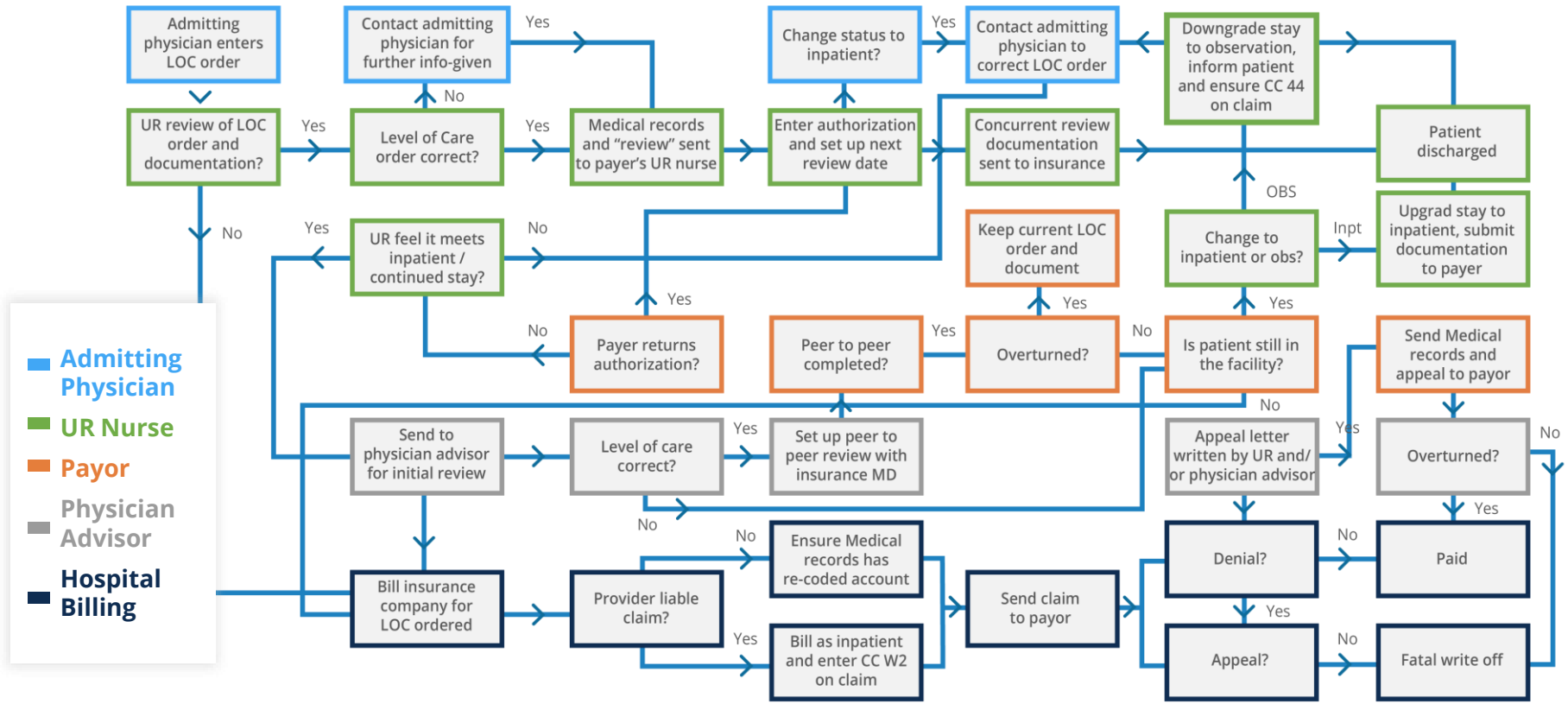
40% of initial denied dollars are due to lack medical necessity

Fatal denials reaching as much as 3% of NPSR

Denials contribute to Increased AR days

Stagnant cash flow

UTILIZATION REVIEW PROCESS FLOW



What is the root cause of the denial?

There could be many...

- Admitting physician orders the wrong level of care
- Documentation does not support
- UR nurse uses the wrong subset or guideline
- Peer to peer not completed

A TECH-ENABLED SOLUTION

Empowering Clinicians at Point-of-Care

ROI: Denial Protection

- Protecting Against Denials
- Documenting Medical Necessity
- Advancing Appropriate Patient Care
- Ensuring Appropriate Revenue Capture

REAL TIME TECH TO IMPROVE COSTS & LOS

- Use technology to provide cost transparency to physicians
- Real time versus retrospective
- Working DRG showing GMLOS in front of the physician when they go into the record
- If cost savings is significant enough negotiate with managed care companies for shared savings programs
- Incentivize the physicians

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THANK YOU!