



Tales from the Trenches

BUILDING THE IDEAL RCM

“Magic Wand” ideal
system can be a
reality by utilizing this
proven framework

ENVIRONMENT

AdvancedMD

UTILIZING THE IDEAL FRAMEWORK

Rarely in life do we have the opportunity to build things from a “green field” starting point.

This is particularly true of a revenue cycle management system for your practice.

The idea is that I take you to a remote location and stand you in the middle of a green field with nothing around. You have no constraints, no presuppositions, no required approvals or buy-in, no technology limitations, no budgets. I hand you a magic RCM technology wand and you wave it to conjure up your perfect system. It magically appears, ready to be installed in your practice.

While you might humor me briefly to fanaticize the ideal system,

reality will quickly set in, and you will no doubt be looking for answers to some key practical questions, like:

I’m not the world’s RCM expert – what are the latest pieces that an ideal system should include?

Is the technology even available?

What will this cost? My budget isn’t a fantasy.

How much time will this take to implement?

Should I insource or outsource?

Conjuring up the ideal system is a useful exercise, if for nothing else, to push the limits beyond current boundaries and envision something better. That’s what we’ve attempted to do over the past several years, working with thousands of practices across the country, and pushing our technology development team to stretch for that next level of performance. The result is an RCM environment framework that is leading edge and optimized, but also addresses each of these questions.





WHAT TO EXPECT

In this eGuide we will first outline the key components an ideal RCM system should include, & how each of them can work & interoperate.

The environment we present is based on proven, currently-available technology that is affordable for practices of all sizes and can be implemented in a reasonable timeframe.

We will then turn our magic wand to the question of implementing the solution: Whether to insource or outsource medical billing, with a head-to-head comparison of the two approaches.

The Framework

The ideal RCM environment is built around three key concepts:

1. Strong foundation
2. Eliminate manual processes at every opportunity
3. Six leading critical components of RCM

Strong Foundation

Regardless of what type of RCM process you ultimately end up with, two critical foundation pieces must first be in place to ensure optimum results long-term.

Cloud-based Software.

To move to the next level, your core practice management system must be fully and natively cloud-based, meaning that the entire software suite runs in a secure hosted site provided by the vendor, not on servers in your facility. For improved workflow productivity, a unified (fully integrated) PM+EHR system along with patient engagement tools is paramount. This is important for many reasons, including speed and efficiency, mobile access, security, and low-cost maintenance and update. A small but critical benefit from this unity can include electronic charge capture by the clinical staff that pushes charges immediately to the billing staff.

Common Data Platform.

The system must natively share and access data across functions: patient demographics, scheduling, insurance information, and clinical EHR data. A single database structure is the gold standard. Less effective are separate databases that have been “integrated” or that “talk to each other”.

ELIMINATE MANUAL PROCESSES AT EVERY OPPORTUNITY

Manual intervention is an RCM productivity and profitability killer! The ideal system will have proven, reliable automation for all key RCM functions, with automated handoffs that eliminate the need for human touch.

Manual workarounds surface in the details of RCM processes. These create inefficiencies, errors and higher cost and frustration for the practice. For example, if a vendor provides the majority of RCM functionality, but has a few seemingly minor holes in the solution, it can bog down the overall system. This may include issues such as breaking into clinical workflows to answer RCM questions, tracking down missing pieces of data, or verifying compliance.

Another manual process to eliminate is updates to reporting, documentation and billing requirements released periodically by regulatory agencies. These updates should be automatically completed on time at the cloud level by the vendor, with the clinic's approval.

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LEADING CRUCIAL COMPONENTS OF RCM

Now we get to the heart of the ideal RCM. Going back to your ideal green-field magic wand RCM system, these are the five crucial components you would want to build on top of the firm foundation that has already been laid.

1. Near flawless claims processing.

The billing system must have a proven track record of nearly flawless first-pass clean claims submission integrating the new guidelines. The billing software vendor or billing service company must be able to demonstrate this level of accuracy on an ongoing basis and provide evidence of successfully implementing previous regulatory updates without reducing their clean claim accuracy numbers. Ensure that the system has been proven across thousands of customer installs and ask for example comparisons that closely match your practice type.

2. Handle each claim start to finish.

The system must efficiently handle the entire lifecycle of every claim without additional input from the practice. This starts with first filings and any necessary secondary filings, which should be very low. The solution should also have a robust and aggressive system for working denials and appeals, processing exclusions, and unpaid claims.

More advanced systems support “smart” updates in the form of learning and applying payor-specific billing requirements based on billing payment/rejection experience.

3. Automated payments & posting.

Once claims have been processed, the solution must automatically and accurately post payments. This includes processing and matching each incoming payment to the proper account and ensuring accurate posting for patient balance accounting.

The most cost-efficient solutions utilize an automatic and electronic remittance (ERA) system for lower cost and faster time to revenue. This should include an online self-service patient bill pay and statements capability, automated payment reminders, and a well-defined process for dealing with patient collections.

4. Patient portal.

Patients today are looking for simple access to their personal health record and interaction with the practice online. The system must include a robust patient portal that is simple, informative, and provides multiple ways to interact with the practice. Mobile access is increasingly important.

5. Automated & customizable reporting.

The ideal RCM system will have the ability to pull data from across the functional areas of the practice (e.g. practice management and EHR) into a single report or dashboard. This is where the common data platform foundation really pays off.

REPORTING SHOULD BE AVAILABLE AT THREE LEVELS:

- **Simple, pre-built reporting to regulatory agencies such as CMS.** The reports should be pre-built, updated to reflect the latest requirements, and capable of being sent electronically directly to the respective agencies or registries.
- **Easily-customizable reporting for management purposes.** You must be able to slice and dice the data you need to manage and improve operations, and have it presented in an easy-to-understand, actionable format.
- **Advanced regulatory reporting.** For example, automated tracking of clinical quality measures and value-based care.

Word of caution: if your billing service company or in-house billing team cannot run accurate reports easily, your business operations and ability to make informed business decisions will suffer.

IMPLEMENTATION: INSOURCE OR OUTSOURCE?

With the ideal solution defined, now it's time for the crucial question: Do we build and manage the system ourselves, or outsource to the experts?

At this point, it's best if we put away the magic wand, & focus instead on the implications of each approach. There are pluses & minuses for either, mostly depending on what the specific goals & capabilities are of your own practice.

OUTSOURCE

Outsourcing works best for organizations that take a strictly hands-off approach to RCM or have limited staff expertise and resources. This is a good fit if you feel the need to focus almost exclusively on quality patient care without the distractions of the “business” side of the practice. There are pluses, minuses and imperatives to this approach:

PLUS

- Fewer distractions with the “business” side of the practice
- Billing and collections (and follow-up) are in the hands of the experts
- Often higher reimbursement success rates because of payor-specific and specialty-specific expertise
- No personnel issues – hiring, training, etc.
- Cost? Included in both columns: carefully evaluate the “all-in” cost of staffing/running it yourself vs. what the vendor charges. If their success rate is high, it can be financially advantageous.

MINUS

- Keeping on top of day-to-day performance of the practice may be more difficult.
- Less direct control of fixing/improving workflows and handoffs.
- If your billing is highly specialized, you will need to find a vendor with that specific skillset.
- Cost? Included in both columns: if performance commitments aren't being met, it could be more costly.

IMPERATIVES

- Vendor must fully implement the ideal RCM as outlined. Any holes in their process can create inefficiencies and manual processes that will affect both their performance and yours.
- Hold vendor accountable for performance through incentives with “teeth.”
- Evaluate vendor's track record for at least five years

INSOURCE

Insourcing is a better option for organizations that want more control over the RCM process or who already have staff with the skills for managing the specialized billing and coding required for their specialty. A highly competent staff with the right specialized skills can perform at a very high level with access to the advanced technology and tools available in an ideal RCM type environment. Here are the tradeoffs for this approach:

PLUS

- Greater control and visibility into daily performance and operations.
- More timely/detailed analysis and reporting possible on specific areas of needed improvement.
- Ability to customize and focus on specialty-specific aspects of RCM.
- Cost? Included in both columns: a well-trained, expert staff can perform at high levels with possibly lower overall cost than paying for an outsource service.

MINUS

- Potentially higher distraction from clinical care to deal with “business” issues.
- Staffing and management: staff will need ongoing supervision, training, replacement, etc.
- Tracking and assurance that regulatory items are complete. However, the ideal system will take care of most of this.
- Cost? Included in both columns: staff must consistently meet performance goals and stay ahead of changes and skill upgrades in order to remain cost effective.

IMPERATIVES

- Fully implement the ideal RCM as outlined. You must have confidence that your staff and IT support is up to the task.
- Hold staff accountable for high levels of industry and specialty benchmarked performance. Don't fall into the trap of “everything is running smoothly” without comparing actual bottom-line financial results.

Thanks for reading this eGuide on building the ideal RCM environment.

While we're not able to give you an actual magic wand, we hope envisioning the ideal solution and exploring tradeoffs in implementing it in your practice has been helpful in guiding you to that ideal sweet spot for your practice.

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