Do You Have an Effective Revenue Integrity Program? How Do You Know?

To Our Healthcare Clients and Friends:

Over the last several years, the term "revenue integrity" has emerged and is commonplace in today's healthcare environment; however, what does it really mean? What functions are included under the umbrella of revenue integrity? Does your organization have a Revenue Integrity department? If not, where are revenue integrity tasks performed? How are performance objectives measured? In this edition of *Insights*, we will explain the emergence of revenue integrity, discuss why it varies among providers and provide suggestions to help identify "high risk areas" and achieve operational efficiency.

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BACKGROUND

Revenue integrity functions, historically performed in the Business Office, Coding Department, Revenue Management Department, Finance Department and other areas, are going through a transformational process in an effort to avoid revenue leakage, ensure compliance and create operational synergy. This revenue integrity evolution varies by provider, who are quickly learning there is no "one size fits all" or "best practice" model to guide them.

Regardless of model, the objective remains the same, which is to create an effective comprehensive Revenue Integrity program to maximize reimbursement, while remaining compliant with relevant rules and regulations. Often we see revenue integrity efforts being nothing more than a support function to compliance or internal audit. Furthermore, far too often we see revenue integrity efforts only focused on compliance and paybacks with zero attention (and therefore no results) given to revenues leakage and recovery.

CHALLENGES

Where do you start? Building an effective Revenue Integrity program in today's healthcare environment has many obstacles. Below are a few "real life" scenarios showing how any or all of the following obstacles may contribute to an incomplete or ineffective Revenue Integrity program:

- **Lack of budget to hire additional resources** – An effective Revenue Integrity program **will** improve revenue, but can it be done without adding expense? It can, but it involves a reorganization of existing employees from different departments. This entails indentifying the tasks to be included under the revenue integrity umbrella, creating new job descriptions, drafting new policies and procedures, developing a rock solid communication plan and setting different expectations.

- **Lack of subject matter expertise, turnover and not developing talent** – Finding qualified resources is one of the biggest challenges. Technology solutions have replaced many of the revenue integrity tasks traditionally performed by individuals. Consequently, we have fewer qualified individuals with a thorough understanding of revenue integrity core competencies who are too dependant on technologly to solve all the problems. Often the biggest challenge is that they simply don't know what they don't know.

- **Lack of Teamwork** – Too often we hear the phrase, "that's not my job"; however, improving revenue integrity requires a team approach. It also requires training, education, clinician support and executive sponsorship. Change is not easy, especially when you layer in other obstacles such as employee turnover, cultural considerations, technology challenges, government regulations, lack of policies, physical boundaries, etc.

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- **Lack of Key Performance Indicators (KPI's)** – Simply having a Revenue Integrity program doesn't mean it is effective. How do you measure something that was never billed? Unlike metrics in a business office, tasks such as tracking billing, follow up, customer service calls, etc., measuring the value of revenue integrity is complex. Many providers don't even have formal policies, let alone KPI's to review.

These are just a few of the challenges associated with creating an effective Revenue Integrity program, and there are many more (i.e., the challenges created by system conversions). Consequently, it is easy to understand why what works for one provider may not work for another.

INSIGHTS

The term revenue integrity is very subjective and means different things to different people and organizations, which contributes to revenue loss and those dreaded **"black holes."** The endless number of challenges further complicates an already complex transformation. However, regardless of where revenue integrity functions are performed or what model is selected, there are ways to assess the value of your Revenue Integrity program. Aside from ensuring policies and job descriptions exist and accurately reflect current state, objective measurements or KPI's are a critical success factor. Unfortunately, many of these key measurements are not commonplace so a few key measurements to consider are as follows:

- **Average lag time to correct an edit** – Depending on your billing scrubber, these unedited claims could sit in your unbilled receivable. Do you know how many unbilled claims are over 30, 60, 90 days old? Do certain edits take longer to correct? Is the underlying reason being addressed? Is it a coding issue, charge master issue, payer specific issue? What is the value?

- **Number of missed charges and amount** – Missed charges imply auditing is performed. If so:
    - How many charts are reviewed?
    - What is the clean claim rate based on audits?
    - What was the average net revenue lost per chart audit?

- **Denial correction time** – If a claim is denied as the result of incorrect coding or charging, what is the average correction time?

- **Unscheduled outpatient revenue per case** – This is especially important for services performed outside of the emergency room in areas like labor and delivery. Is this something that you track, and if so, is the reimbursement covering the cost of care?

- **How much revenue is recovered on a monthly, quarterly and annual basis** – If you're not measuring and reporting how much money is being recovered then you aren't recovering enough.

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SUMMARY

KPI's such as these serve as a starting point to ensuring essential revenue integrity functions are performed and measured. More importantly, these KPI's provide an objective feedback loop, facilitate communication between departments and serve as tools to guide training and education for high risk areas. While there are no easy short cuts to ensuring revenue integrity success, the value of an effective program typically yields great rewards.

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We are pleased to have the opportunity to present this information to you. If you have any comments or questions, please contact me at 610-742-7094 or rjones@ima-consulting.com.

Truly yours,

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Rob has over 20 years in the healthcare financial management industry. Recently, he served as the Vice President of Patient Financial Services for Mercy Health System. In that position, Rob was responsible for a multi hospital centralized business operation focused on billing, accounts receivable management, customer service, account maintenance, and contract compliance.

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