WHITE PAPER

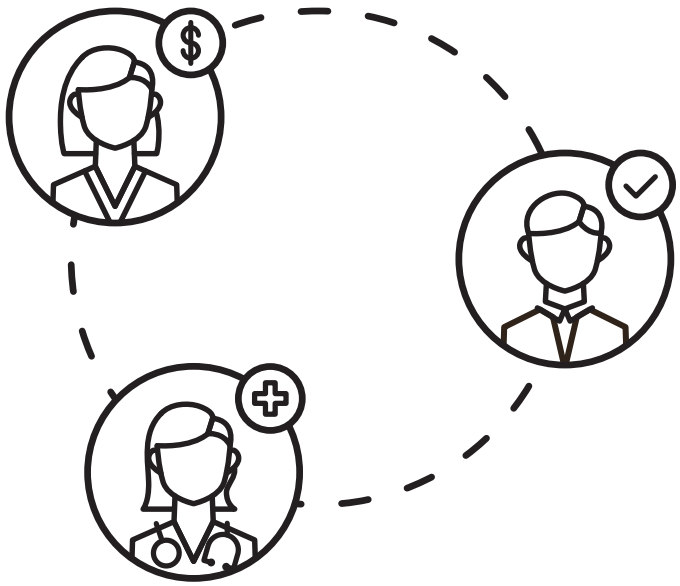
PAYER AND PROVIDER SOLUTIONS FOR THE REVENUE CYCLE OF THE FUTURE

Ensuring more accurate and timely reimbursement

The healthcare industry's transition to value-based payment models is rapidly progressing. Unsustainable, rising healthcare costs—reaching $3 trillion in 2014[i]—are pressing both government and commercial payers to control costs by improving efficiency and reducing waste. Payers, in turn, are pushing providers to take on greater risk and move to value based reimbursement models.

For instance, the U.S. Department of Health and Human Services has undertaken initiatives that will tie up to 50 percent of reimbursement to quality by 2018.[ii] Designed to reduce waste and inefficiencies, these programs aim to reduce variability, eliminate duplication, and improve care quality. Yet, change across our complex health system is never easy, and the industry continues to struggle with the complexities of adapting to fee-for-value reimbursement models.[iii]

At its core, value-based care demands payers and providers better align to meet the needs of patients. This requires both to significantly transform operations, including overhauling revenue cycle processes. In order to better share risk under new models, these organizations must create more accurate billing processes to accelerate reimbursement timelines and save on overall costs. Steeped in fee-for-service models for decades, providers and payers alike are finding that existing infrastructures and workflows are falling short.

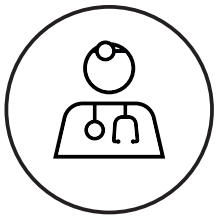


To thrive under value-based care models, providers must evolve revenue cycle management from a fragmented, back office function to an "end-to-end" integrated system with coordination between all parties, accurate upfront patient collections, predictive analytics to correct for human errors, and intelligent workflow software for accurate, clean claims.[iv]

Payers must similarly support intelligent network-based solutions that reduce turn-around times for claims processing, reduce administrative overhead, and help eliminate overpayments and underpayments. Both sides also need to implement integrated payment management capabilities to support emerging models for bundled payments, while improving patient collections.

The Impact of Fee-For-Service on Provider and Payer Revenue Cycles

At first glance, fee-for-service payment models seem simple: The patient visits a provider; the provider offers care; the provider submits a claim to the payer; the payer remits reimbursement. Look deeper, however, and it's easy to find numerous obstacles that delay reimbursement and impede risk sharing models. For example:



- Providers often submit incomplete or inaccurate claims after a bill is submitted to a payer, causing rejections and delays. The potential impact of reworking these issues is substantial. For example, AAFP estimates these rework costs could equate to $25-$30 on average or $13,200 annually for providers that have 370 visits per month and denial rates of 12 percent.[v]
- On the payer side, system errors and workflow inefficiencies often result in inaccurate or delayed payments. When these issues are recurring, provider cash flow and viability are compromised, leading to provider abrasion.
- Patient satisfaction is also at stake. Already frustrated by complex billing processes that are difficult to understand, patients are increasingly frustrated when claims delays or denials require them to follow up with their health plan or provider.

In many ways, value-based reimbursement models exacerbate the scope of these challenges. Heightened risk elevates the need for process improvement that minimizes errors and bottlenecks leading to reimbursement delays.

Thus, the concept of revenue-cycle-management (RCM)—while certainly not new to healthcare—is increasingly important to successful positioning for the future of reimbursement. Each stakeholder must respond by adopting strategies and best practices that eliminate unnecessary costs, protect revenue, improve transparency and enhance patient satisfaction.

Turning Revenue Cycle Challenges into Opportunities

Through collaborative efforts, all stakeholders can improve the reimbursement process and overcome many of the challenges that currently hamper timely and accurate payment.

To start, providers and payers should adopt end-to-end revenue cycle solutions and methodologies to work more collaboratively, eliminate duplicate and unnecessary costs, stop revenue leakage and enhance patient satisfaction.

Collaborative revenue cycle practices that engage payers, providers and patients must replace the siloed approaches of the past for value-based care to succeed.

End-to-end strategies are best supported by revenue cycle management tools that work effectively across paper-based and electronic processes, leverage intelligent network-based capabilities, and incorporate predictive analytics within the workflow. These tools help providers and payers proactively identify and rectify inaccurate or incomplete claims to ensure timely reimbursement. For example, these solutions enable providers to:

- Design workflows to accurately collect patient balances at the point of care
- Discover and confirm insurance eligibility and identify potential billing errors before a claim is filed
- Analyze and improve coding practices to ensure accurate documentation and charge capture for all care delivered

In similar fashion, payers can leverage big data and intelligent network-based solutions to better identify and correct errors by pinpointing specific patterns and proactively resolving issues when billing performance deviates from peer-level benchmarks.

Collaborative revenue cycle practices that engage payers, providers and patients must replace the siloed approaches of the past for value-based care to succeed. New models will require payers and providers to use tools and methodologies to correct mistakes before claims are rejected or pended. In turn, this will accelerate payments and offer transparency between segments—ultimately improving the patient experience while protecting the bottom line.

Interested in transforming your revenue cycle to thrive in a fee-for-value world? Learn how our Intelligent Healthcare Network™ and revenue cycle management tools are bringing together payers, providers and patients to enable smarter healthcare and power the future of care delivery. Visit changehealthcare.com.

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