

CLAIMS EFFICIENCY GUIDE

FOUR WAYS

health care providers can increase
cash flow as they journey through the
post-reform landscape



1. LOOK

UPSTREAM



Patient Registration

70%

of billing data
originates
at registration¹

&

the national
average error
rate is

46%²

Charge Capture

3-5%

of reimbursable
charges are
never billed³

&

FAILURE

to report costs
accurately can
hurt future CMS
reimbursements

BUT...

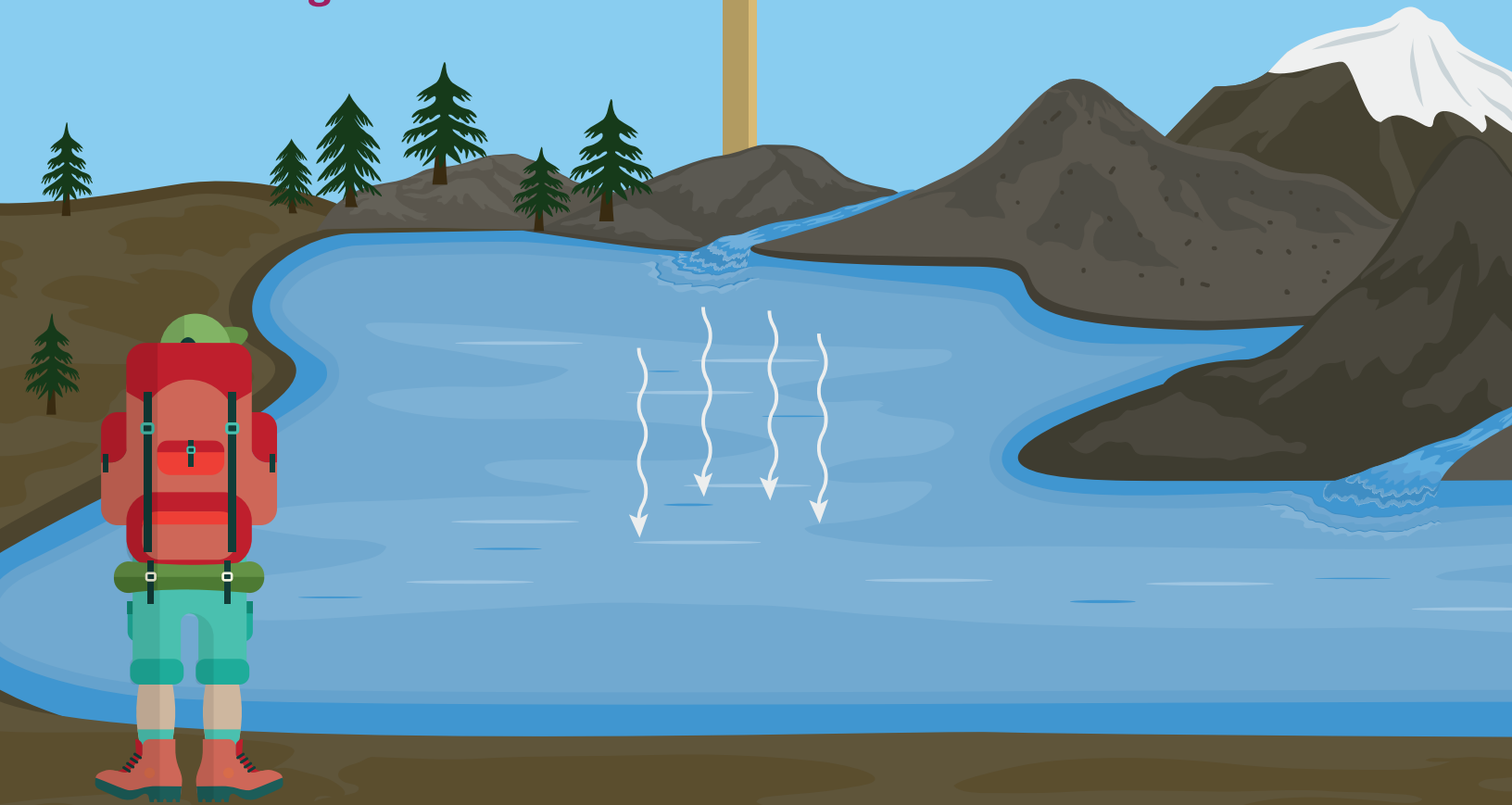
50%

of denials are
preventable with
accurate registration ²

BUT...

Automated systems
can capture

100% of charges



Action steps:

- Give front office staff technology tools and training to improve processes and reduce errors.
- Link all revenue cycle management systems so every department receives the same edits.
- Use an automated audit program to detect missing charges and coding errors.

2. AUTOMATE PROCESSES

More than

40%

of payments are still
made with checks ⁴

More than

10%

of documents are
transmitted both on
paper and electronically ⁴

Cost to accept checks ⁴

Manual / Paper

Electronic

\$1.83 vs. **\$0.30**

per claim

per claim

Manual / Paper

Electronic

\$2.25 vs. **\$0.23**

per claim

per claim

Claims error rate ⁵

Manual / Paper

Electronic

28% vs. **2-3%**

per claim

per claim



- Action steps:**
- Implement electronic claim remittance advice and cash posting.
 - Accept payments via EFT (electronic funds transmission).
 - Eliminate manual and electronic redundancies.
 - Use a proactive clearinghouse and claims processor.

3. STAY ON TOP OF PAYER RULES

Include small, ongoing changes such as CMS quarterly updates...

10%

of RAC recoupments are from improper coding





Be prepared for audits

The cost to manage a RAC audit ranges from

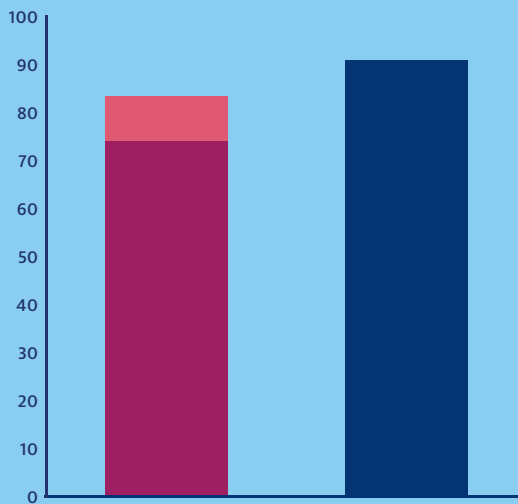
\$10,000 To \$100,000+

- Action steps:**
- Use technology or an outsourcing partner to proactively monitor and implement payer updates and regulatory changes.



4. ELEVATE PERFORMANCE

Clean claim rate



75-85%⁶

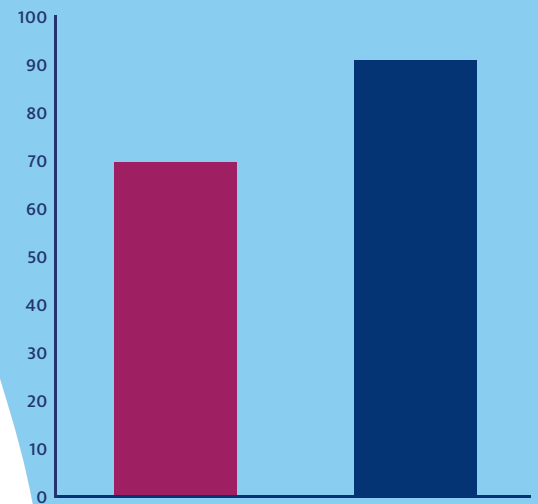
Where hospitals are

90%

or more

Where hospitals should be

First pass pay rate



70%

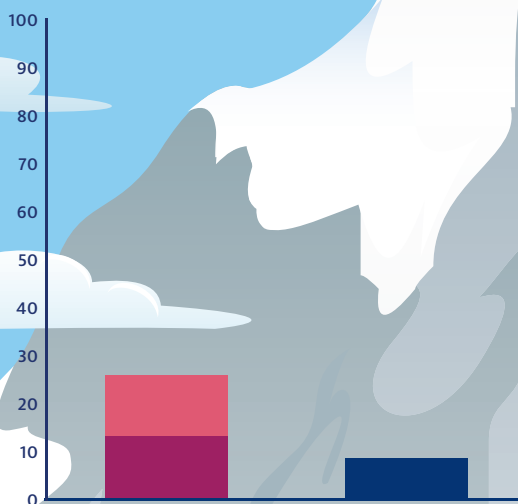
Where hospitals are

95%

or more

Where hospitals should be

Denials rate



11-24%⁷

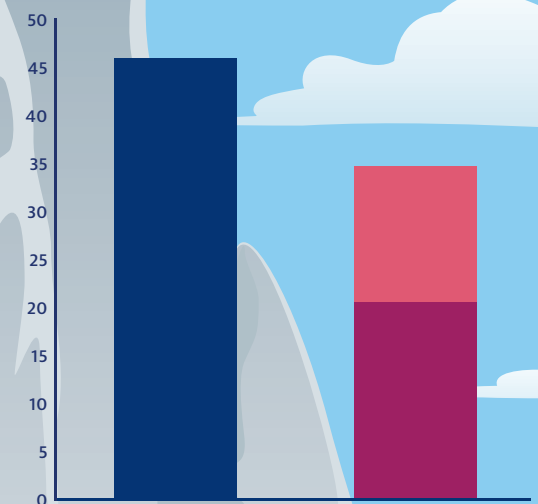
Where hospitals are

2%

or less

Where hospitals should be

Time to pay rate



45⁸

Days

Where hospitals are

20-35⁹

Days

Where hospitals should be



Action steps:

- Track key metrics trends
- Invest in a claims processing solution with robust editing capabilities
- Call an nThrive expert at (678) 323-2500

- 1 Patient Access Resource Center: HCPro Quarterly Benchmarking Report 12/10; Healthcare Informatics Research Series Data; NAHAM; Modern Healthcare
- 2 "Survey: Many medical practices missing opportunities to optimize revenue," by Tamara Rosin, Becker's Hospital CFO, February 19, 2015
- 3 "New Partnership to Help Faculty Practice Organizations Recapture Lost Revenue," University Health System Consortium, August 2010
- 4 2013 U.S. Healthcare Efficiency Index: Electronic Administrative Transaction Adoption and Savings, revised May 5, 2014
- 5 How to Select the Best Clearinghouse – 7 Things You Must Know! www.clearinghouses.org, accessed February 24, 2015
- 8 "How to Improve Your Clean Claims Rates," by Mary Guarino, Healthcare Information and Management Systems and Society, October 19, 2010
- 9 GAO report, <http://www.gao.gov/new.items/d11268.pdf>
- 10 "11 Statistics on Hospitals' Accounts Receivable," by Bob Herman, February 25, 2013, <http://www.beckershospitalreview.com/finance/11-statistics-on-hospitals-accounts-receivable.html>
- 11 "Use These 10 Benchmarks and 10 Best Practices to Improve Your Billing and Collections Efficiency," Becker's ASC Review, October 29, 2008
- 12 Letter from the American Hospital Association to Marilyn Tavenner, Administrator, Centers for Medicare and Medicaid Services, January 14, 2014