

Profitability Starts Within

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Orthopedic surgeons often inquire about ways to enhance the profitability of their practice given downward trends in reimbursement. Adding service lines such as imaging, therapy, and durable medical equipment and investing in entities such as surgery centers and specialty hospitals are popular topics among surgeons and their advisors.

But before investing in additional service offerings and management responsibilities, surgeons should review their practice operations to ensure that they are running in ways that optimize revenue and profitability. After all, if your own house isn't in tip-top shape, does adding additional expense and responsibility make sense?

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One of the best areas for internal review is business office automation. Technology can improve the reimbursement cycle and thereby increase revenue, decrease denials and adjustments, and provide a better understanding of the financial health of the practice.

Tools to Deploy at Reception Desk

The reception desk benefits from numerous tools that allow the practice to confirm and store patients' insurance information and ensure that benefits are in place when services are provided—combating denials for "patient not eligible" or "no coverage in effect." Secure portals such as that offered by MedFusion (www.medfusion.net; Medfusion, Inc., Raleigh, NC) allow patients to enter their demographic and insurance information online. This information feeds into the practice management system, which staff can review and update, but the staff's keying of large

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volumes of data is eliminated. A practice with a billing system that does not offer or work with such a module can still acquire patient information before the first visit by posting registration forms on its Web site—forms that patients can download and complete. If patients then return the forms via fax or mail, staff can enter the data prior to the visit, minimizing data entry errors and allowing for verification of information provided.

Obtaining a patient's information before a visit allows for a check of eligibility and benefits. Historically, eligibility checks were conducted patient by patient by phone or, more recently, the Internet. Practice management systems now allow practices to perform daily *batch* eligibility checks. This timesaving approach allows for simultaneous eligibility checks of *all* patients in the practice, not just its new patients. With eligibility and benefits information on hand, staff can obtain additional insurance information or collect cash up front for patients whose insurance benefits do not check out. This is especially critical for practices with therapy services, as many plans have instituted additional deductibles, copays, and increased coinsurance percentages for such services.

Scanning insurance cards ensures that, should a claim be denied for eligibility-related reasons, the billing team has a clear image for reference during the appeal. Newer scanners capture both sides of the insurance card in one swipe and take up minimal space—perfect for crowded front desks. Given recent tightening of edits from payers such as Medicare, denials are on the rise, and staff need ways to quickly fix errors and resubmit claims to avoid a burgeoning accounts receivable (A/R).

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Real-Time Adjudication of Claims

For practices that allow for charge entry on patient departure, real-time claim adjudication, like that offered by RealMed (www.realmed.com; Real Med Corporation, Indianapolis, Ind.), means instantaneous claim payments and a boost in cash flow. Practices with a large percentage of Blue Cross Blue Shield (BCBS) patients will find RealMed particularly helpful, as this clearinghouse hooks into many state BCBS claims systems. Patients wait briefly in the reception area before receiving an explanation of benefits (EOB) from their plan, and then they're on their way. Not only are claims released for payment that day, but patients with balances, such as coinsurance or deduct-

ible balances, can be given their EOB on the spot, and payment can be requested as well. (Most practices fail to collect most of their patient-responsibility dollars on site and instead use statements as collection tools, with each costing between \$10 and \$15, according to industry averages.) A real-time system is also helpful when BCBS plans prohibit collecting deductible and coinsurance sums before claim submission.

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More on Managing Patient-Responsibility Balances

Managing patient responsibility balances, such as deductibles and coinsurance amounts, has become an ever-important issue for practices, as deductibles have skyrocketed because of changes in benefit structures. Elective surgery often means a deductible of more than \$1500, and many practices now require full or partial payment of this amount before the surgery. Payment plans are often difficult and costly to execute—hence the interest in prepayment. Failing to manage patient-responsibility balances results in larger A/R and increased use of collection agencies, which often charge a 20% to 40% collection fee. Companies like GE Healthcare's CareCredit (www.carecredit.com, CareCredit, Inc., Costa Mesa, Calif.) provide a solution: Patients apply for a "loan" to cover health care costs. Once the loan is approved, CareCredit sends a check to the practice, and patients then repay CareCredit in monthly installments. In essence, the practice gets out of the banking business. The best feature of this system is that patients can apply online—the result being a reduction in paperwork and forms for the practice.

Tracking and Reconciling Surgeries

Proper tracking and reconciliation of surgeries offer another opportunity for practices to improve cash flow. Physicians rightfully want confirmation that their work is billed and reimbursed in a timely manner. Surprisingly, many practices do not schedule surgery in their practice management system, even though it affords an automated reconciliation regarding whether all scheduled events have been entered for billing. Smart practices take things one step further and create a spreadsheet on a shared drive to track billing, payment, and appeal (if required) of surgical cases. Such availability of data allows physicians to answer the ever-popular question "Did I get paid for that really complicated case last month?" and promotes responsibility for billing staff to ensure that surgical cases are worked completely and quickly.

Automated, Electronic Billing Transactions

Saying *Health Insurance Portability and Accountability Act* may make physicians groan about government regulations and all those new forms, but HIPAA ushered in an era of automated billing transactions that have benefited practices. In addition to sending the majority of primary claims electronically (worker's compensation being the exception in most states), practices can now send many secondary claims electronically as well, further reducing paperwork and payment delays. Moreover, in some states (Kansas and Maine) electronic standards have been developed for submitting Workers' Compensation claims and progress notes electronically. Stay tuned for news of such developments in your state.

Electronic Remittances

Even more exciting is the widespread adoption of electronic delivery of EOBs. When plans send practices payment and denial data electronically, this information can be automatically posted to patient accounts—thereby eliminating or minimizing staff data entry errors and reducing the posting delays that can result when the office work load is heavy or the practice is understaffed. Note that staff must still review payment information; that is, electronic remittance does not mean that practices will accept whatever payment is rendered. As before, staff review the data and appeal when appropriate, but now less time is spent typing, and more time is available for making phone calls and writing appeal letters. In the past, practices had to track denials manually and monitor adjustments; now that they are receiving denial information electronically, they can report on denial reasons by referring to the denial codes included in the payment file. This information can then be used to improve operations or as leverage in managed care contract negotiations.

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Electronic Funds Transfer

Hand in hand with electronic remittance is electronic funds transfer—having payment wired directly into the practice's bank account. Wait times are thus reduced, along with the risks in having staff handle checks and make deposits. Large national payers such as Medicare and BCBS offer this service, and in many instances, Medicare EFT is now mandatory. Several other national payors, such as UnitedHealthcare, Cigna, and Aetna, are currently transitioning providers across the country—*watch your EOB statements for notification.*

Use More of Your Management Software's Features

Making the most of the practice management system that you already own (and paid tens of thousands of dollars for) is also a critical goal. Most systems offer the ability to load contracted rates for various plans for comparison at time of payment posting. Insurance companies often underpay claims, but, without exact figures loaded for comparison, “eyeballing” rates for accuracy can lead to overlooked opportunities. Too often, this comparison feature is not used because the staff believe that gathering contract-allowable information is too difficult and time-consuming. Many plans now post contract allowables on their Web sites in password-protected sections that physicians can access.

Another key feature in newer practice management systems is the ability to flag and route accounts to various staff for review or action. Using this system, a payment poster can, for example, identify a denial that needs coding review for a bundling denial, flag the account as such, and route to the coding specialist in the practice. The account immediately appears in the e-mail inbox of the coding specialist for review and action. Note this is an internal inbox from the billing system’s messaging system, not external email over the internet as confidential patient information is included. The automated process—no more photocopying EOBs multiple times and distributing among staff—promotes timely action while allowing management to analyze and quantify the number of accounts flagged, routed, and worked.

Using a Scanning Archival System for Explanation of Benefits

Last but not least, using a scanning archival system is important. Scanning EOBs received on paper allows for storage that does not take up a lot of space. More important, staff can quickly and easily retrieve scanned EOBs and print and submit them as needed for secondary claim submissions, appeals, and so forth. Having digital images means that EOBs can be accessed by staff at multiple locations and by a practice’s third-party billing vendor. Reviewing EOBs regularly is recommended to ensure that vendors take appropriate follow-up action.

SUMMARY

All these technology solutions enhance practice profitability and staff efficiency and are reasonably priced. If your

Table. Reimbursement Automation Checklist

1. Secure, online patient registration
2. Batch eligibility checks
3. Insurance card scanner at reception desk
4. Real-time claims adjudication
5. Credit card and debit card payment options
6. Check-clearing terminal
7. Online patient financing
8. Reconciliation of surgeries by missing ticket report (requires scheduling surgeries in system)
9. Tracking surgical payment progress (shared-drive spreadsheet)
10. Secondary-claim electronic submission
11. Workers’ Compensation claim electronic submission (limited number of states)
12. Electronic remittance for payers, at least Medicare, and Blue Cross Blue Shield
13. Tracking and reporting of denials
14. Electronic funds transfer
15. Loading payer allowables into practice management system
16. Flagging and electronic routing of denials
17. Reporting on accounts reviewed and worked by reimbursement staff
18. Scanning explanations of benefits

office is not taking advantage of these tools, put them on your list of discussion points for the next partner meeting. Keep in mind, however, that tools on their own cannot *solve* reimbursement issues—financial success requires organized operations and well-trained staff. And, of course, financial success in additional lines of business is more likely when the practice itself is well run and profitable.

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