Simple Best Practices in Coding/Billing/Collections to Maximize Your Lab’s Revenue
Introduction

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# Introducing Change Healthcare

We are…

- One of the largest, independent healthcare technology companies in the United States
- Merger of Change Healthcare and McKesson Technology Solutions
- 15,000 team members, with ~$3.5B in revenue

<table>
<thead>
<tr>
<th>Software &amp; Analytics</th>
<th>Network Solutions</th>
<th>Tech-Enabled Services</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>We serve…</th>
</tr>
</thead>
<tbody>
<tr>
<td>5,500 Hospitals &amp; Health Systems</td>
</tr>
<tr>
<td>800,000 Physicians</td>
</tr>
<tr>
<td>117,000 Dentists</td>
</tr>
<tr>
<td>600 Laboratories</td>
</tr>
</tbody>
</table>

5,500 Hospitals & Health Systems
2,100 Payers
800,000 Physicians
$2.0 trillion Healthcare Claims
117,000 Dentists
6 Million Patient Phone Calls
600 Laboratories
12 billion Healthcare Transactions
Today’s Agenda

△ Introductions

△ Discuss emerging trends that impact today’s revenue cycle … yes including PAMA

△ Evaluate optimal RCM process workflows that focus on optimal outcome and cost containment.

△ Questions and Answers
Why PAMA and the New Normal

△ Outside of concerns related to calculation methodologies, PAMA is conceptually reasonable.
  • An expectation that healthcare costs should scale and the costs should be well aligned
  • CMS and other payers what providers to have an incentive/mandate to innovate

△ PAMA is not without its victims
  • Uniform cost reductions favor larger players who can scale operationally and are more automated
  • Smaller providers are driven to partner with those that can help with scale operations

△ Many segments of healthcare have tread this path before Lab/Path
  • Many provider segments including renal and DME have suffered similar cost cutting measure
  • Those that survive/thrive are uniformly technology adopters with a strong focus on process automation
How to Adapt: Data, Analytics & Automation

\[
\frac{\text{Results}}{\text{Work}} = \text{Productivity}
\]
How Can Technology Be Part of the Solution

1. Interview and verify all patient demographic and coverage info at point of entry
2. Be aware of and execute on all coverage sources
3. Evaluate patient financial need and drive automated assignment to reduce unreimbursed costs
4. Identify payment risk and differentiate collection strategy
5. Leverage patient self-service and digital engagement tools
Potential Impact of Analytics:

- Up to 40% of self-pay accounts have existing medical coverage at time of service
- Solutions must leverage more than often limited hospital data
- Response times must be rapid (under 24 hours) so as to avoid RCM process gaps
- Solutions must be accurate, compliant and capable of removing the noise
Identify and Execute on All Funding Sources

⚠️ Over a 12-month period:
- Screens ~7M uninsured and insurance related denials
- ~60% of claims were found to have billable insurance
- ~80% of claims were paid

⚠️ Primary issue were related to:
- erroneous patient data
- Payer plan and claim routing issues

⚠️ Automation is the only way to scale!

Graph based on actual client performances over a five month period.
Patient Need and the Impact on AR

Bulk of patients who have difficulty paying medical bills are also unaware of hospital/provider financial assistance policies.

ASKED OF THE 27% WHO HAD PROBLEMS PAYING HOSPITAL BILLS IN THE PAST 12 MONTHS AND SAY THEIR HOSPITAL HAS A PROGRAM TO REDUCE BILLS:
(Percentages shown based on total who had problems paying hospital bills)

Did you enroll or sign up for the program, or not?

- Yes, enrolled or signed up for the program: 15%
- No, did not enroll or sign up for the program: 12%

Don't know: 47%

Yes: 27%

No: 25%
## Analytical scoring process

First attempts to retrieve credit and non-credit profiles for each patient and/or guarantor. Resulting data is analyzed verses regional profiles to compare:

- Existence or lack of a credit file
- Types of active and inactive debts and installment loans
- Balances and original loan amounts for hard assets

Based on comparative model analysis, patient records can be assigned:

- Estimated annual income & household size
- Federal poverty level (FPL)
- Payment probability score

### Patient Financial Modeling Leads to Insights

<table>
<thead>
<tr>
<th>Grouping</th>
<th>Description</th>
<th>L1</th>
<th>L2</th>
<th>L3</th>
<th>L4</th>
<th>L5</th>
<th>L6</th>
<th>L7</th>
<th>H</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Credit File</td>
<td>Percent Population Under Poverty Level</td>
<td>35.38%</td>
<td>31.22%</td>
<td>30.78%</td>
<td>25.93%</td>
<td>21.19%</td>
<td>21.22%</td>
<td>17.50%</td>
<td>14.89%</td>
</tr>
<tr>
<td></td>
<td>Average Number of Open Bankcard Trades</td>
<td>0.47</td>
<td>1.16</td>
<td>1.57</td>
<td>1.75</td>
<td>1.81</td>
<td>2.15</td>
<td>2.19</td>
<td>2.67</td>
</tr>
<tr>
<td></td>
<td>Average Number of Open Mortgage loan</td>
<td>0.00</td>
<td>0.05</td>
<td>0.10</td>
<td>0.12</td>
<td>0.12</td>
<td>0.14</td>
<td>0.14</td>
<td>0.19</td>
</tr>
<tr>
<td>Credit File</td>
<td>% of Accounts with Past or Current Mortgage</td>
<td>0.06%</td>
<td>1.36%</td>
<td>2.13%</td>
<td>4.21%</td>
<td>5.17%</td>
<td>6.51%</td>
<td>4.35%</td>
<td>36.19%</td>
</tr>
<tr>
<td></td>
<td>% of Accounts with Current Auto Loan</td>
<td>0.12%</td>
<td>4.89%</td>
<td>6.81%</td>
<td>10.94%</td>
<td>6.21%</td>
<td>12.18%</td>
<td>17.39%</td>
<td>27.77%</td>
</tr>
<tr>
<td></td>
<td>Average Number of Open Credit Cards</td>
<td>0.01</td>
<td>0.33</td>
<td>0.95</td>
<td>1.48</td>
<td>2.29</td>
<td>2.89</td>
<td>3.31</td>
<td>5.31</td>
</tr>
<tr>
<td>Open Credit Card</td>
<td>Credit Card Limit - Median</td>
<td>$300</td>
<td>$500</td>
<td>$800</td>
<td>$1,200</td>
<td>$2,000</td>
<td>$3,100</td>
<td>$3,650</td>
<td>$10,575</td>
</tr>
<tr>
<td></td>
<td>Available Revolving Credit - Median</td>
<td>$0</td>
<td>$15</td>
<td>$173</td>
<td>$322</td>
<td>$420</td>
<td>$901</td>
<td>$1,450</td>
<td>$5,958</td>
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<tr>
<td>Installment Loan</td>
<td>Total Installment Loan Amount</td>
<td>$3,797</td>
<td>$9,263</td>
<td>$12,667</td>
<td>$15,660</td>
<td>$14,125</td>
<td>$21,584</td>
<td>$18,622</td>
<td>$59,000</td>
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<tr>
<td>Mortgage</td>
<td>Total Mortgage Loan Amount - Median</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$47,050</td>
<td>$66,000</td>
<td>$78,527</td>
<td>$135,791</td>
<td>$300,000</td>
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</table>

△ Table is an example from a Change Healthcare client
Systematic screening for patient financial need enables the ability to:

- Direct low-income patients to Medicaid\Exchange\Charity enrollment processes
- Secure long-term funding sources for reoccurring patients
- Identify financial need before investing in FTE and other resources
- Drive uniform and systematic charitable write-offs based on patient need
### Identify Risk To Differentiate Collections

<table>
<thead>
<tr>
<th>Account Volume</th>
<th>Account Balances</th>
</tr>
</thead>
<tbody>
<tr>
<td>#</td>
<td># %</td>
</tr>
<tr>
<td>-----</td>
<td>-----</td>
</tr>
<tr>
<td>10</td>
<td>506</td>
</tr>
<tr>
<td>9</td>
<td>1,270</td>
</tr>
<tr>
<td>8</td>
<td>3,348</td>
</tr>
<tr>
<td>7</td>
<td>5,037</td>
</tr>
<tr>
<td>6</td>
<td>4,394</td>
</tr>
<tr>
<td>5</td>
<td>2,699</td>
</tr>
<tr>
<td>4</td>
<td>1,922</td>
</tr>
<tr>
<td>3</td>
<td>1,142</td>
</tr>
<tr>
<td>2</td>
<td>519</td>
</tr>
<tr>
<td>1</td>
<td>79</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>20,916</strong></td>
</tr>
</tbody>
</table>

⚠️ Systematic screening for patient probability of payment equips you to:
- Differentiate patient outreach campaigns
- Reorder patient call work queues to maximize effectiveness
- Drive optimal letter selection based on profile
- Optimize vendor placement to maximize ROI
A disjointed Patient Experience creates dissatisfaction and adversely impacts outcomes

Patient Experience

- 51% of patients dissatisfied with healthcare consumer experience
- 70% of patients are confused by their medical bills
- 36% of patients find it difficult to remember to pay medical bills
- 56% of patients delay paying medical bills
Optimized Patient AR Resolution Workflow

Provider Billing System
Self-pay AR Management System
Coverage Discovery
Propensity to Pay
Statement Template Selection
AR Correspondence Letter Selection
Outbound Call Campaign Selection
Insurance Update Notice

Digital Engagement Platform
Mail Statements & Correspondence
Call Center

835 Payment Reporting
IVR Phone Payment
Trigger Autopay
Electronic Notification\Statement
Patient Portal

Web Pay
Mail Pay
Phone Pay
Things to Remember & Questions

△ Technology exists today to drive uniform patient screening for insurance, financial need and propensity to pay.

△ Most LIS, PMS and IT systems provide integration infrastructure.

△ Businesses must be willing to leverage analytics and automation to optimize labor and outcomes.

△ When applied, technology affords the ability to act as systematic challenger and safety net to existing processes.

△ Operational cost reductions and revenue increases far out way the cost and effort to deploy.
THANK YOU QUESTIONS?