



How to Take Your RCM Operations to the Next Level

Reducing Resource Dependency
in the Mid-Cycle Through
Automation and Denial Prevention

According to a survey by Kaufman Hall, 75% of healthcare leaders say the COVID-19 pandemic has had an adverse impact on their revenue cycle, including increased payer denials and an increase in bad debt.¹ Some of the impacts, however, were challenges even before the pandemic. Denials are a prime example. The American Hospital Association reports that 89% of hospitals and health systems have seen an increase in denied claims.²



Why is this happening? For one thing, payers are using more sophisticated algorithms and technologies to identify potential claim issues while, at the same time, applying more complex criteria to claims submission and medical necessity.³

While there are many reasons a claim may be denied, issues during the mid-cycle are highly problematic. Research shows that up to 17% of denials originate during these processes.⁴ It's not surprising considering these processes are exceptionally manual, time-consuming, and prone to error. For example, just keeping up with the extensive number of ICD-10 codes is challenging for even the most experienced coder, and this year will see that number grow. The CMS fiscal year 2023 ICD-10-PCS code updates will add 331 new codes and delete 61 others from the existing library of over 78,000.⁵

Portion of Denials that are Generated in the Mid-Cycle⁶

- **9.2%** - Medical documentation
- **6.6%** - Medical necessity
- **4.8%** - Medical coding

Many organizations are also struggling with large backlogs. This may be partly due to staffing shortages, but it can also come from increasingly complex payer requirements that are difficult for staff to stay on top of—requirements such as timely filing, documentation, and medical necessity. These requirements often change without notice.

Current State of Denials⁷

- **~82% of denials** are possibly avoidable
- **31% of denials** are definitely avoidable
- **43% of avoidable denials** aren't able to be recovered
- **17% of denials** occur in the mid-cycle
- **12% was the average denial rate** the first half of 2022, up from 9% in 2016

Were it not for the industry's current staffing challenges, hospitals and health systems might simply hire more mid-cycle staff, but that's likely not an option right now. Even when new staff are brought in, it can take months, if not years, for them to acquire an advanced level of skill needed to be effective in the mid-cycle. This is especially true when it comes to coding. Organizations struggling with high turnover in their revenue cycle teams can see lower clean claim rates and higher rejection and denial rates. These, in turn, lead to additional work for the team on the back end, along with poor cash flow, delayed or incorrect reimbursement, and write-offs.

More than one in four revenue cycle leaders say they would need to hire more than 20 employees to be fully staffed.⁸

To ensure optimal mid-cycle functions, hospitals and health need to consider implementing technologies that can eliminate manual tasks and reduce errors. Automation technology that uses AI (artificial intelligence), machine learning, and RPA (robotic process automation) can help. Of all of these, RPA is perhaps the most promising for mid-cycle transformation.

Robotic Process Automation

RPA is an increasingly popular automation technology that imitates human behavior via rules-based actions that are used to perform transactions and repetitive processes.⁹

This makes it perfect for mid-cycle processes. According to an article in Revenue Intelligence, "A set of scripted processes can access applications and data sources using structured data and logic to automate decisions according to predefined business rules and conditions. Programmed software robots run continuously in the background to ensure the completion of predictable, repetitive tasks without the need for human intervention."¹⁰

RPA in the Revenue Cycle

- **30.8% of hospitals and health systems** surveyed don't use revenue cycle automation¹¹
- **50% of provider organizations** surveyed say they plan to invest in RPA by the end of 2023¹²
- **\$17.6B is the estimated annual savings potential** from revenue cycle automation¹³

One of the greatest benefits of RPA is that it can be used to regularly analyze charts, clinical documentation, and overall coding. And it can complete these analyses with limited human intervention by applying automated triggers to various processes to generate specific actions—actions that used to be done manually. By the time staff gets involved, most of the investigation into the coding issues—root cause analysis—has already been completed. This not only helps reduce errors that lead to denials, but it also helps educate staff and revenue cycle leaders about systemic or process-related problems that need to be addressed.

A New Approach

For many hospitals and health systems, outsourcing can be an attractive solution, especially for those with limited resources with which to invest in new technologies such as RPA. One of the most significant benefits of outsourcing mid-cycle processes is that it helps relieve stress on already overworked staff while quickly eliminating backlogs. This can help improve retention, especially for more seasoned staff.

Many times, outsourcers have access to a larger pool of revenue cycle experts, as well as more advanced revenue cycle technologies. In this way, hospitals receive all the benefits without large IT or HR investments. The return on this type of outsourcing can be realized relatively quickly.

Outsourcing Success Story



Dartmouth Health (DH) is a nonprofit academic health system serving communities throughout New England. DH provides access to more than 2,000 providers in almost every area of medicine to deliver care at its Dartmouth-Hitchcock Medical Center. The health system's business goals were to enhance revenue cycle operational performance without disrupting high-priority strategic initiatives like adding new provider affiliates to the DH system. Specifically, DH desired improvements to cash collections, patient satisfaction, and funding for uninsured patients. Additionally, DH sought Epic knowledge and integration expertise.

DH chose Conifer Health Solutions to assume operational management of the revenue cycle and the Single Business Office (SBO) for the entire health system, including physicians, outpatient surgery centers, and imaging centers.

Conifer Health's top initiatives for Dartmouth Hospital:

- **Implemented a "one-call" customer service model.** Resolved patient billing issues during the initial call, improving patient satisfaction with the billing process.
- **Improved single business office performance.** Implemented automation and workflow, and introduced subject matter experts, solving challenges from a previous vendor.
- **Completed high-priority strategic initiatives.** Focused on revenue capture opportunities and data transparency for the Epic ADT implementation. Utilized crosswalk approach for issue resolution during ICD-10 conversion.

With Conifer Health, DH exceeded its revenue goals, including:

- **101.9%** of its cash collection goal
- **40%** increase in POS collections
- **23%** reduction in initial denial rates
- **20%** decrease in aged A/R over 90 days
- **~2X** cash collected through financial counseling
- **14%** reduction in inbound customer service calls
- **50%** reduction in patient call volume

With Conifer Health's partnership, DH improved every customer service survey response category and decreased the number of executive/administrative escalations. Today, DH generates nearly \$2 billion in revenues and is the largest provider of healthcare and the largest private employer in New Hampshire. SBO Net Days in A/R are at a historic low and DH has been recognized as an Epic Top Performer—Ranking in the Top Quartile in Discharged Not Final Billed (DNFB), Candidate for Bill (CFB), Coding Days, and Billed Lag Days.

"Conifer Health has helped Dartmouth Health achieve significant improvement in patient satisfaction with billing-related issues and key revenue cycle financial metrics."

Dan Jantzen
CFO, Dartmouth Health

The Path Forward

Mid-cycle processes are often ignored when thinking about improving revenue cycle efficiencies. By implementing the latest automation technology in these critical processes, hospitals and health systems can eliminate resource-intensive tasks and lower denials and write-offs while reducing costs and enabling better utilization of scarce resources.

Key takeaways

- Mid-cycle processes are very labor-intensive and prone to error.
- Automating mid-cycle processes can improve coding accuracy, reduce denials and write-offs, and eliminate backlogs.
- By submitting cleaner claims, hospitals can get reimbursed faster and more accurately
- Leveraging mid-cycle technologies is a great way to improve long-term financial viability
- Outsourcing can help hospitals and health systems optimize their mid-cycle processes without the heavy lift and high costs of doing it inhouse

Sources

1. <https://www.kaufmanhall.com/insights/research-report/2021-state-healthcare-performance-improvement-report-covid-creates>
2. <https://revcycleintelligence.com/news/hospital-claim-denials-up-for-most-driven-by-prior-authorizations>
3. <https://www.modernhealthcare.com/revenue-cycle/why-your-denials-are-skyrocketing-and-3-ways-hospitals-can-respond>
4. <https://www.changehealthcare.com/insights/denials-index>
5. <https://www.healthcatalyst.com/insights/changes-icd-10-pcs-codes-cms-updates-effective-october-2022>
6. <https://info.waystar.com/webinar-reg-revamp-your-front-end-revenue-cycle-with-3-pivotal-processes.html>
7. <https://www.changehealthcare.com/insights/denials-index>
8. <https://revcycleintelligence.com/news/healthcare-finance-leaders-facing-revenue-cycle-workforce-shortages>
9. <https://revcycleintelligence.com/news/high-impact-robotic-process-automation-use-cases-for-the-revenue-cycle>
10. <https://revcycleintelligence.com/news/high-impact-robotic-process-automation-use-cases-for-the-revenue-cycle>
11. <https://revcycleintelligence.com/news/third-of-hospitals-systems-dont-use-revenue-cycle-automation>
12. <https://www.gartner.com/en/newsroom/press-releases/2020-05-21-gartner-says-50-percent-of-us-healthcare-providers-will-invest-in-rpa-in-the-next-three-years>
13. <https://www.caqh.org/sites/default/files/explorations/index/2021-caqh-index.pdf>



Your Partner in Care. We provide revenue cycle and value-based care solutions that optimize financial performance, improve business outcomes and elevate the healthcare experience

Visit ConiferHealth.com/LetsTalk

CONIFER
HEALTH SOLUTIONS®