

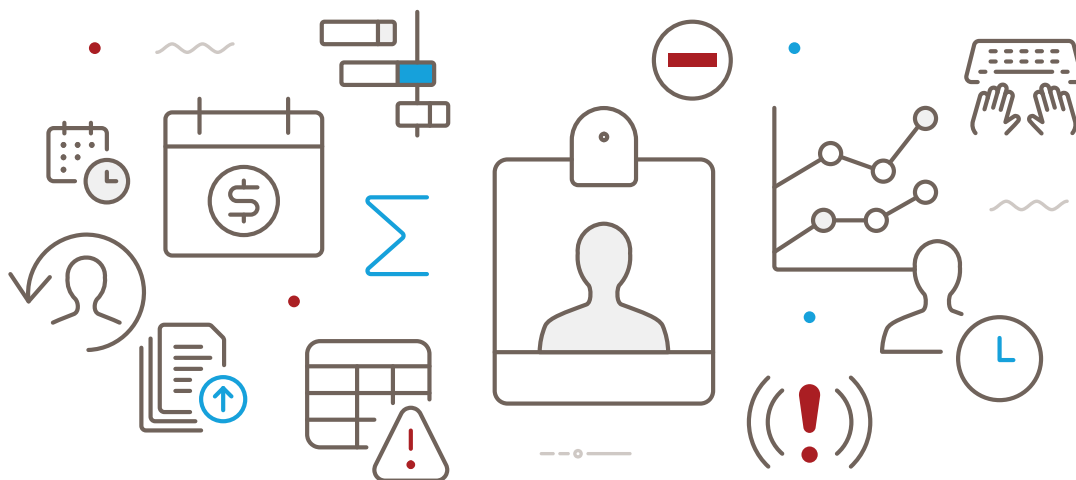
A person wearing teal scrubs is seated at a desk, typing on a laptop. A green cup is visible in the background. The image is partially obscured by a white overlay with a red top bar and a dotted pattern on the left side.

Operational Excellence in a Difficult Budget Season

Building Revenue Through
Optimized Processes

CONIFER
HEALTH SOLUTIONS®

Healthcare providers are facing enormous challenges right now, and none more so than physician practices. While net patient revenue and provider productivity have improved, those gains have been offset by skyrocketing inflation, increased costs, and ongoing staffing shortages—both clinical and administrative. According to a July 2022 report by Kaufman Hall, “Total direct expense per provider FTE rose to a new high of \$619,682 for this period, up 2.2% quarter-over-quarter and 7% year-over-year.”¹ At the same time, per-physician compensation decreased, and staffing levels continued to fall. Leading to physicians leaving private practice entirely.



Increasing Administrative Burdens

Besides the challenges that have come with the post-pandemic “new normal,” practices continue facing the same challenges they struggled with prior to COVID-19—and those challenges are significant. The combination of the pandemic along with administrative burdens has been a primary driver of physician burnout, according to the AMA.² It’s a problem the AMA is attempting to address in its “Recovery Plan for America’s Physicians” initiative.³

While this new initiative is important, it will take time to make an impact. Were it not for the industry’s current staffing challenges, practices might simply hire more workers to help alleviate administrative workloads. But that’s 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. This is especially true when it comes to coding, where issues frequently cause claims to be rejected or denied. This,

in turn, leads to additional work for staff, poor cash flow, delayed or incorrect reimbursement, and write-offs.

According to the American Medical Association (AMA), the number of physicians working in private practice fell by 54% between 2018 and 2020—the first time the number has dropped below 50% since the AMA began tracking.⁴

Along with coding, another of the top administrative burdens is prior authorization. According to the 2021 CAQH Index

Administrative Burdens Related to Prior Authorizations⁸



41

the number of prior authorizations
the average practice completes
each week



88%

of physicians who describe the
burden from prior authorizations
as "high" or "extremely high"



~2

the number of days per week
most practices spend completing
prior authorizations

report, prior authorizations⁵ are "one of the most costly and time-consuming transactions to conduct."⁶ They are also a barrier to optimal care as 93% of physicians say the prior authorization process causes delays in care.⁷

In some cases, administrative burdens such as these are so significant they contribute to physicians' decisions to sell their practices to hospital systems. Whether independent or employed by a larger organization, there are steps physician practices can take to achieve operational excellence in these difficult times. The first and most important is to put proactive processes in place on the front end to prevent interruptions to revenue on the back end.

An Ounce of Prevention

There is no doubt that prevention is the key to good health. It is much harder and more costly to address health issues after they have occurred than it is to prevent them in the first place. The same can be said for the revenue cycle. The place to begin is to ensure data integrity by shoring up processes like eligibility verification, patient payments, prior authorization, and coding. Streamlining and improving efficiencies in these areas will go a long way toward protecting your revenue.

The first step is to automate eligibility and coverage processes. Missing or incorrect eligibility information are top reasons for rejected or denied claims.⁹ Automation technology can reduce manual processes like calling payers or searching payer websites for coverage information. This gives overburdened, scarce staff more time to focus on patients or other strategic initiatives.

Self-pay collections—another area of opportunity—has gotten even more challenging since the start of the pandemic. As high deductible health plans have become more common, patients have an increasing responsibility for their healthcare expenditures (11.5% in 2020¹⁰). Providing patient responsibility estimations to patients prior to or at the time of service can help. By giving patients this information, they are able to make more proactive, informed decisions about how to pay for their service. It also enables a more effective conversation with patients about what they owe, while giving staff the opportunity to collect payments up front. Collecting on the front end necessarily reduces the need to chase revenue on the back end.

To ensure a strong coding function, deploy appropriate technology that proactively flags potential errors so they can be corrected prior to submitting a claim. As part of the AMA's provider recovery initiative, the organization's 2023 CPT code revisions seek to make coding less burdensome.¹¹ However, 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 78,000.¹² This means continuing education will be critical to keeping the coding team up to speed. Physician practices may want to consider using incentives and paying for coders to maintain certification as a way to improve coding quality and to reduce turnover in this critical area.

Payer management is yet another opportunity for operational improvements—one that many physicians may overlook. As payer denials continue to rise, it is essential that practices stay on top of increasingly complex payer requirements, especially those regarding prior authorization, timely filing, and appeals

processes. The challenge here is that it can be a full-time job staying abreast of these requirements. One option is to assign that responsibility to specific staff members. When no one owns a process, that process often goes overlooked and leads to revenue and cash flow problems down the line.

Predictive Analytics

Another opportunity for achieving operational excellence is to leverage predictive analytics to help proactively identify problematic trends. Predictive analytics, when combined with business and artificial intelligence tools, gives physicians greater insight into both practice performance and payer behavior. Using these insights, physicians gain a better understanding of each payer's propensity to pay or deny claims.

Understanding payer reimbursement patterns around a variety of claim types allows physicians to leverage their staff more strategically. For example, if certain payers do not typically remit payment for care delivery until day 14 (regardless of the claim type or when it was submitted), there's no reason a staff member should work an account until day 15 or 16. This type of insight helps physicians more effectively utilize scarce staffing resources.

Creating the infrastructure needed to capture and analyze sufficient amounts of data to attain this type of insight can be challenging. Partnering with a revenue cycle technology company with an advanced level of payer expertise can help. Conifer Health is a great choice, as it has extensive experience managing payer relationships. This includes conducting regular monthly payer meetings to discuss issues and identify resolutions. For example, uncovering an issue with claim adjudication can help determine when to uphold or down-code appeals. This type of proactive intervention can help improve revenue performance.

Conifer's expertly designed workflows improve revenue cycle performance and drive physician practice profitability. With Conifer, physicians typically achieve:¹³

- **35 A/R days** compared to common performance of 60 – 75 days
- **<20% of A/R days over 120 days**, compared to the typical 30%+
- **>115% cash collections** compared to baseline
- **6 – 10% Initial denial rate** compared to typical performance of 12 - 15%

A New Approach

Physician practices are under more financial pressure than ever before. Yesterday's approach to operational efficiencies simply will not work in today's new, post-pandemic reality. Given current trends and payer behaviors, physician practices need to focus on greater effectiveness and efficiency within administrative functions. Automating processes and improving data insights offers physicians the ability to protect and grow revenue, even in these challenging times.

Key Takeaways

- Staffing challenges aren't going to get better anytime soon.
- Inflation and expenses are going to continue to be an issue.
- Even with these challenges, physician practices can grow revenue and protect their bottom line by improving operational excellence and reducing administrative burdens.
- Top opportunities for improvement include:
 - Eligibility and coverage verification
 - Self-pay collections
 - Coding
 - Payer management
- Leveraging predictive analytics can help practices better understand reimbursement trends, practice performance, and other areas that need to be proactively addressed.
- Partnering with a revenue cycle technology company can help practices achieve their strategic revenue goals faster and with fewer resources.

Sources

1. https://www.kaufmanhall.com/sites/default/files/2022-07/KH_PFR_2022-07.pdf
2. <https://www.healthcarediver.com/news/american-medical-association-CPT-code-set-administrative-burden-burnout/631585/>
3. <https://www.ama-assn.org/amaone/ama-recovery-plan-america-s-physicians-reducing-physician-burnout>
4. <https://www.fiercehealthcare.com/practices/physicians-departure-from-private-practice-has-accelerated-since-2018-ama-says>
5. <https://www.ama-assn.org/system/files/mathematica-ama-white-paper.pdf>
6. <https://www.caqh.org/sites/default/files/explorations/index/2021-caqh-index.pdf>
7. <https://www.ama-assn.org/system/files/prior-authorization-survey.pdf>
8. <https://www.ama-assn.org/system/files/prior-authorization-survey.pdf>
9. <http://cthima.org/wp-content/uploads/2018/12/CTHIMA-Payer-Denial-Trends-Rocky-Hill-Dist-12.13.2018.pdf>
10. <https://www.chcf.org/publication/us-health-care-spending-who-pays/#related-links-and-downloads>
11. <https://www.healthcarediver.com/news/american-medical-association-CPT-code-set-administrative-burden-burnout/631585/>
12. <https://www.healthcatalyst.com/insights/changes-icd-10-pcs-codes-cms-updates-effective-october-2022>
13. Conifer PRCM Data



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®