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GAFFEY AutoStatus™

How Automated Claims Statusing is Driving Massive Gains in Revenue Cycle Efficiency

BENEFIT: Improve Cost to Collect and Reduce Denials

About the Author: Derek Morkel is CEO of GAFFEY Healthcare and founded the company to solve several issues with revenue cycle that he had to deal with as a hospital and system CFO. Those issues were the lack of: (1) automation in RCM, (2) good workflow tools, (3) data and analytics to make consistently correct decisions. Mr. Morkel is passionate is passionate in his quest to build technology that will respond to the growing demands of revenue cycle issues and today GAFFEY is an industry leader in developing automation tools like AlphaCollector™, AutoStatus™, and AlphaAnalytics™.

Key Words: Claims Automation – this refers to the retrieval of a claims status response from a third party payor's website through the use of **website screen scraping** technology like GAFFEY AutoStatus™.

Key Concept: The use of claims automation technology like GAFFEY AutoStatus™ has the potential to improve revenue cycle efficiency by up to 40% with the most immediate impact on identifying denial accounts that need follow-up and reduction in overall cost to collect. The associated efficiency data by payor will provide long-term process and workflow input.

Introduction:

An estimated 4-6% of Healthcare Revenue is spent on administrative costs to bill and collect:

$ 3 Trillion * 4-6% = $ 120 - $ 180 billion
Opportunity: Technology Exists To Automate Many Processes

Hospitals and health systems across the United States are being asked to deliver better quality care and boost productivity while simultaneously reducing costs. Government-sponsored mandates, ACA subsidies, and health insurance marketplaces have all become part of a mechanism to improve the delivery of healthcare and reduce Medicare spending. With these initiatives underway, they are turning their attention back to operations and the imperative to become more efficient. One of the key areas of inefficiency in healthcare today is the billing and collection process. ***As an industry, healthcare spends considerably more as a % to collect claims than other industries. Healthcare represents $ 3 trillion of annual spend – even a tiny % reduction of the $120-$180 billion in collection costs makes a huge impact.***

There are five key areas of inefficiency that exist in almost every providers' business office. All of these can dramatically improve with the implementation of claims automation technology like GAFFEY AutoStatus™ and AlphaCollector™. GAFFEY AlphaCollector™ is a leading-edge collections workflow solution built for healthcare.

Theses areas are:

1. Collectors performing tasks that add no value to the process – manual claims statusing example.
2. Collectors performing tasks that are either above or below their skill level.
3. Collectors working/touching the wrong accounts at the wrong time.
4. Not having tools to measure the effectiveness & efficiency of collection efforts and tying in the front end of RCM.
5. Denials are worked too late in the collections process.

We will address each of these individually, showing how more advanced claims statusing can solve these issues.

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1. Collectors performing tasks that add no value to the process.

- Approximately 20-30% of all touches performed by collectors in the collection process are to manually status a claim and then either copy and paste that information into the host system or type it in. This entire process can be automated by web scraping (GAFFEY AutoStatus™) the payor websites and inserting that information back into the host system.

- This process ensures the collector is only touching accounts that have fallen outside of the normal payment process – exception-based workflow.

- The data that is gathered from the payor website can also be used to drive further automation. Take a medical records request for example. Instead of having a collector route that to the HIM department, the automated data can identify it as a request and then route it directly to the applicable department/person thus saving several intermediate steps.

- Scheduling automated claims statusing allows for multiple queries at the payor website at the right time. If a claim is in process the first time status is gathered, the process can be repeated ten days later and ten days after that until the claim is set to pay or actually requires human involvement to correct a larger issue.

- ***Clean claims that are paid correctly and timely never have to be touched by a collector. This accounts for 20-30% of all activity.***

2. Collectors performing tasks either above or below their skill level.

- Much of the collection activity that is performed in healthcare today is done by individuals without the correct skill level to perform that task.

- This not only includes complicated tasks that are performed by collectors without the requisite skill level, but also the reverse, where overqualified staff are performing routine and mundane tasks. Most providers try to find as many skilled collectors as possible so the issue is normally one of over qualification.

- The data provided through claims automation, along with the requisite workflow tools, can segregate workflow at the start of the collection process so that claims are pushed to the correct person or team.

- An example is claims that are returned with a NCOF (no claim on file) status from the payor, which should be worked by entry level staff. The automated data provides the ability to group claims into buckets of workflow so that they can be directed to more appropriate skills level of staff or team.

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- Segregating workflow (workflow efficiency) in this manner can save significant dollars as more work is done by entry level personnel and more complicated claims are addressed by experienced staff.

3. Collectors are working/touching the wrong accounts at the wrong time.

- Core hospital patient accounting systems do not provide workflow or the data necessary to ensure collectors are touching the right accounts at the right time.

- Equally as important, there is no way to ensure collectors do not touch accounts when that will add no value.

- The data provided from claims statusing and then the effect this has on collection activity back in workflow software provides detailed analytics that can determine which accounts should be touched and when.

  - ***For example, if 95% of Medicare outpatient claims pay within 35 days of bill date without collector intervention then touching any of these claims (unless denied) before that time does not make sense.***

- To make decisions like this you not only need a strong workflow system such as GAFFEY AlphaCollector™, you need the analytics to be able to make that determination.

4. Lack of tools to measure the effectiveness & efficiency of collection efforts and the impact to the front-end of revenue cycle.

- Patient accounting systems do not provide the requisite data to make clear and concise decisions on workflow to impact the issues we have already described.

- As claims are statused – often multiple times as they work toward payment – we are able to get a very clear picture of their efficiency. The data we are able to accumulate shows exactly how many claims are rejected, denied, need medical records, etc. and when. This is meaningful information to know by payor as how they respond to claims received.

- Analysis of this data gives providers the ability to reduce inefficiencies (manual touches) and reduce denials.

- The result of the effective use of the data generated by the claims statusing data and then from the pursuant workflow tool improves cost to collect and reduces denials.

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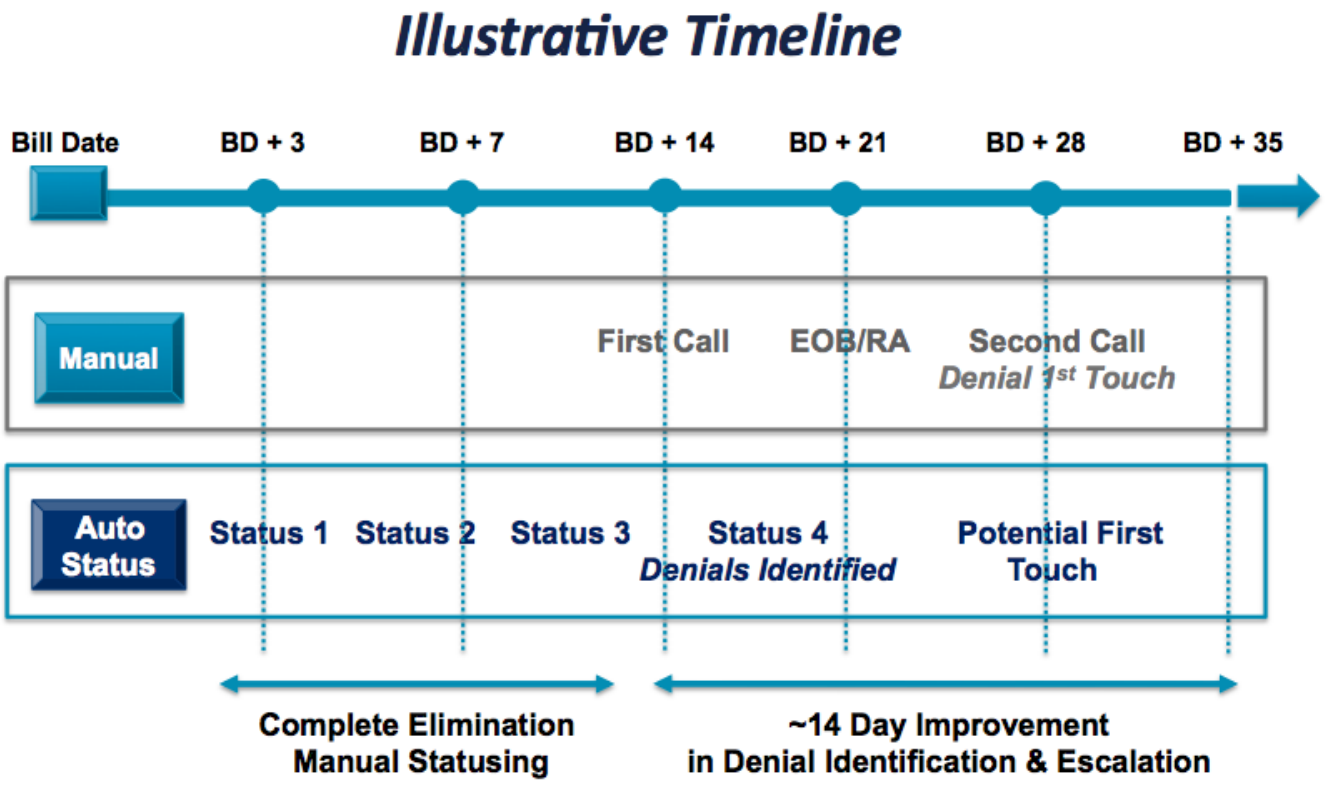
5. Denials are worked too late in the collections process.

- Denials continue to be a significant problem for all healthcare providers. Most deal with them in a reactive manner -- often many weeks or even months after the denial has been issued.

- The benefit of claims automation is that denials are discovered much earlier in the process – often before the denial has been finalized. This enables a collector to work the denial prior to receipt of the EOB and collaborate with others are necessary on the appeals process.

- The richness of the data from payor websites also enables the workflow system to push the denial to the correct collector with the ability to collect the claim.

- ***Data from GAFFEY AutoStatus™ indicates denials and other accounts requiring collector intervention are identified 14 to 21 days earlier in the collection process.***



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Conclusion:

What does Claims Automation provide?

IMMEDIATE ROI

- ***Elimination of 20-30% of collector touches***
- ***Early and more detailed identification of denials***
- ***Payor efficiency analytics***

DATA EXTRACTION: We have simplified the data extraction needed to get started with AutoStatus and have the ability to drive results either from a simple .TXT file or directly from your billing files (837's).

Healthcare organizations are continually looking for ways to improve efficiency. This has never been truer than in today's environment. The ongoing operating costs of EMRs are causing hospitals and other providers to look for new areas to save costs. Technology like claims automation (GAFFEY AutoStatus™) & collections workflow (GAFFEY AlphaCollector™) offer the promise of not only saving cost, but also in improving cash flow by accelerating collection efforts.

The efficiency data that is generated from the continuous interaction with the payor websites provides very rich data on where inefficiencies are after the bill has been sent. In conjunction with data from workflow systems, we now have the ability to see efficiency metrics from registration to billing and then the effect on collections efficiency. The result – less touches per dollar collected and fewer denials. More cash – less cost.

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