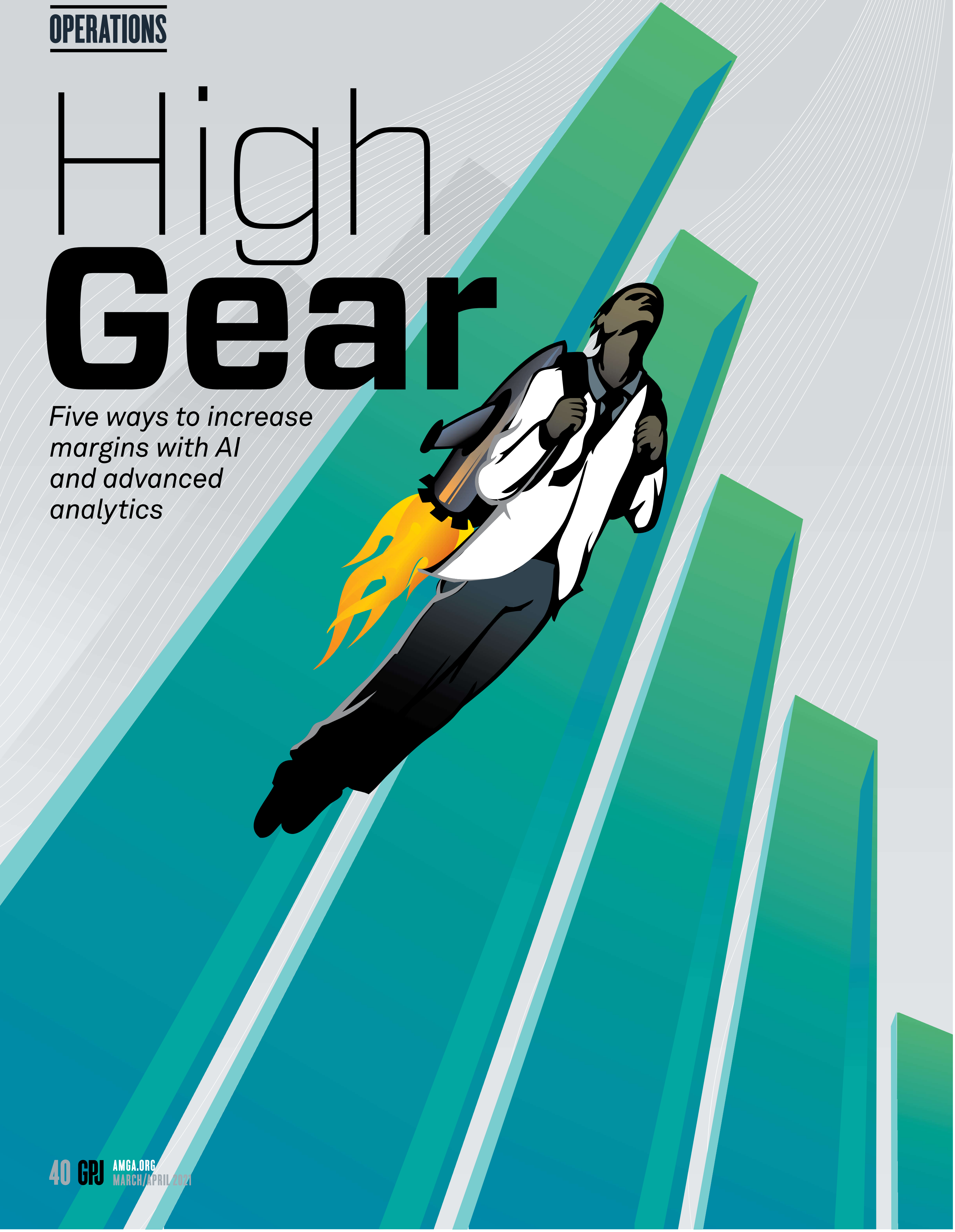
High Gear

Five ways to increase margins with AI and advanced analytics



By Matt Seefeld

U.S. physician practices entered 2020 with razor-thin operating margins only to be met with the extraordinary challenges of COVID-19. Outpatient visits dropped a whopping 60% in the wake of the pandemic,[1] and while a recent Harvard report suggested that numbers are back on track,[2] the reality is that the resurgence of cases could again make consumers wary of both doctor visits and elective procedures.

As the industry moves into a new year and healthcare climate, achieving economies of scale and capitalizing on all reimbursement opportunities will be more critical than ever to maintain a competitive edge. The heightened role of technology as an enabler of efficient strategies is not lost on today's financial executives, who know that effective revenue cycle management sits at the heart of profitability and sustainability.

Resource-strapped billing departments should implement the smartest workflows possible to understand financial health, identify bottom-line liabilities, ensure proper cash flow, and forecast financial outlooks. Especially with large, integrated practices, many challenges exist to managing revenue cycle processes via manual workflows—geographically separate clinics, increasingly virtual workforces, and lack of visibility into the day-to-day operations of individual clinics, to name a few.

The good news is that advances in analytics and artificial intelligence (AI) are dramatically changing this outlook and proving to be a key differentiator for a healthy bottom line. Today's physician groups should consider five ways the right infrastructure can improve revenue cycle strategies and financial performance.

1 Prioritize the Greatest ROI

As much as 80% to 90% of claims do not require immediate follow-up, yet many billing departments get bogged down in work that does not have potential to produce near-term return on investment (ROI). Workflow automation tools powered by AI can drill down into claims and provide immediate visibility into activities that have the most potential to generate revenue. These tools use algorithms to comb through existing claims and assign staff to tasks that improve productivity. They also offer invaluable insights, with answers to key questions around the value of accounts receivable (A/R) currently being worked, the cash opportunity that exists, whether all claims on a worklist are assigned to a collector, A/R status, and more.

2 Improve Accountability

Visibility across organization providers and billing staff—especially if spread across a wide geographic base—can be daunting for healthcare executives. Automation tools powered by analytics assist with staff oversight by allowing managers to understand and improve their productivity and effectiveness. For example, a billing director based at a head office can have instant visibility into all staff claim assignments across multiple clinics and identify where staff productivity and effectiveness may be lagging. Process improvement strategies, such as identifying opportunities for additional training, reallocating staff to roles that provide the most benefit, or tackling front-end patient financial clearance, can address the root cause of issues and improve workflow.

3 Collect Past Dues Before Next Appointment

This tactic, part of the financial clearance process, is important yet often overlooked. With so many consumers on high-deductible health plans (HDHPs) or self-pay plans, it's imperative that administrative teams collect the balance owed before patients leave the office. When these opportunities are missed, practices must identify those patients who are on the schedule and collect payment prior to their next appointment.

While a basic concept in theory, uncollected patient balances are a leading cause of lost revenue. Patient care is the No. 1 priority, yet medical groups still must acknowledge they are businesses and run them as such to remain viable.

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4 Make Decisions from Real-Time Data

Many physician organizations struggle with data transparency as it relates to key metrics that inform proactive financial forecasting. Manual efforts to extract key insights often result in reactive responses that don't get ahead of problems before they spiral out of control. Real-time analytics change this dynamic, keeping provider organizations one step ahead of operational losses and revenue cycle bottlenecks.

Analytics tools can identify new cash opportunities, root-cause issues, and concerns, as well as measure effectiveness of process changes. In addition, gaining insight into the claim lifecycle and negative trends or patterns can drive recommendations for process improvement and overall decision-making.

A working view of current A/R runout along with existing denials is also foundational to understanding financial health. Analytics-enabled dashboards instantly differentiate between total A/R and actual value—including denials, past due patient balances, claims that have yet to be filed, and partial pays. Drilling down into denied claims, billing teams can identify the categories and probability of overturn. For example, hard denials, such as an authorization or maxed benefits, will likely hold true. However, other denials might be resolved with a quick change to the appropriate modifier.

5 Establish Key Metrics and Benchmarks

Access to a scorecard or a regular snapshot of financial health helps provider organizations become strategic with revenue cycle tactics. This information also helps practices establish key performance metrics and conduct benchmarking, both internally on a peer-to-peer basis as well as against industry standards (see "Five-Minute Metrics").

Net collection rate (NCR) is a great place to start, for example. The industry standard NCR is about 96% or 97%, depending on the specialty. That means clinics are allowed from 3% to 4% for avoidable write-offs such as bad debt, charity allowance, and administrative denials. Any more than that means there is a problem in the revenue cycle and money is being left on the table.

Now more than ever, financial executives also need to understand how missed and cancelled appointments impact revenue and cash flow. Additionally, identifying appointments that can be rescheduled helps garner the clearest revenue opportunity picture. This way, executives have time to prepare for fixed cost reductions, such as payroll expenses or surgical supplies. Especially as the industry turns the corner in 2021, these insights will be imperative to make up for 2020 shortfalls, as well as position for future sustainability.

On a monthly or semi-monthly basis, practice executives should do a deep dive into the whole picture with advanced analytics that show problem areas and how to fix them without digging through a bunch of data. Today's providers simply do not have time for that. Answers to these problems need to rise to the surface, increasing time for action planning.

Five-Minute Metrics

Identify the metrics that matter most and monitor them daily. With the right analytics solution, this process should take less than five minutes each morning. These habits give executives peace of mind through a deep understanding of the financial well-being of their practice.

Toward a Data-Driven Bottom Line

Provider organizations across the country are reaping the benefits of technology-enabled revenue cycle strategies. The right combination of automation, analytics, and AI will help billing teams get claims out the door fast and clean, as well as work smart. A bright financial outlook is within reach, and forward-thinking group practices understand the promise of embracing advanced analytics infrastructures and innovative AI tools to achieve optimal financial health. GPJ

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References

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