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Revenue Cycle and EHRs: It's not just about billing and collections anymore

By John H. (Hank) Duffy



For years the “Holy Grail” of Revenue Cycle Management has been narrowly focused on creating charges and collecting receivables. This was the legacy perspective stemming from the days when a relative did the billing and collection for small physician practices and hospital billing shops folded physician billing into their operations for employed physicians. The practice started getting more sophisticated about 10 years ago (that was when it move from being “billing” to “revenue cycle management”) to include a greater emphasis on coding, payer contract compliance, charge master management, and claims “scrubbing.”

It was at this point that the revenue cycle was more clearly defined as inclusive of all activities from scheduling the appointment to collecting the last dollar. As the focus on the full process increases, so did the use of tools for eligibility verification, denials management and the role of the front desk in collecting co-pays and open balances.

We are now entering a new phase as electronic health records (EHRs) achieve broader and more effective usage. The systematic access to the clinical encounter and the integration of EHRs with practice management systems are opening new possibilities for realizing more revenue from the clinical encounter, but also providing new revenue sources, which need to be considered part of “revenue cycle management.” These opportunities fall into four broad categories including:

Clinical scrubbing of encounters

Audits of the medical record to assess the extent that encounters are fully documented and that small procedures, consumables, and durable medical equipment are being captured for billing purposes. Physicians often overlook documenting some of their activities and items that can be billed. This will alleviate that problem.

Aggregating clinical data

The clinical data available on an aggregated basis can be substantial through government sponsored programs to encourage participation in registries (an example is New York’s eHeart program which pays primary care physicians to participate in its registries) to clinical trial programs.

Participating in incentive programs

The number of incentive programs is increasing and will continue to do so. Incentives are being offered for medical home participation, PQRI reporting, and in some cases for participating in quality programs. Each of these is a revenue source.

Preventive care/population management

EHR provides the ability to proactively review populations seeking situations where the patient should be called back in for follow-up, where preventive care is warranted, or where there is an emerging risk situation such as a drug recall.

There are more individually creative opportunities to be had subject to specific market and the scope of the physician enterprise. One of my favorite stories is of a large physician enterprise which had moved fairly far along with the EHR. Their market coverage and use of the EHR was such that their chief medical officer was able to look at data each day and see what was happening to the health of his city. It got to the point where he was routinely quoted on the radio with insights such as “the flu has taken hold in the northwest part of town and is moving southeast – it’s not too late to get your flu shot”. While this may be a stretch as a part of revenue cycle management, I have no doubt that it increased revenue.

Taken as a whole, these EHR based revenue management activities can be expected to play an increasing role as health care continues to transition. They require recognition that integrating revenue activities into the clinical process will result in more revenue in the near term, but will also likely prove essential as reimbursement methodologies are rethought. However, they are not “plug-n-play” in terms of implementation. They take the committed involvement of clinical leadership and an ongoing process to identify and refine revenue opportunities. In the long term, they may become the definition of revenue cycle management.

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