building a structure to support optimal revenue integrity

As a result of a five-part strategic initiative, clinical and financial staffs at Intermountain Healthcare are collaborating effectively on a revenue integrity approach to enhance compliance and improve charge capture.

For today’s healthcare organizations, financial success requires more than expense reduction and defensive strategies. Within the hospital revenue cycle, the focus should be on root-cause analysis and the improvement of processes on both the front and the back end to ensure revenue integrity.

More and more, hospitals are developing revenue integrity teams to gain greater visibility into their business processes and to develop the workflows, communication, accountability, and leadership needed to ensure optimal reimbursement and compliance. Intermountain Healthcare, based in Salt Lake City, is one organization that has successfully made the transition from a traditional revenue cycle to a revenue cycle built on modern revenue integrity processes.

“We needed to move beyond a purely transactional approach,” says Eric Liston, Intermountain Healthcare’s corporate revenue integrity director. “In the past, we were too focused on time—on getting claims out the door as fast as possible. Although we were careful not to overcharge, we failed to focus on where we were undercharging due to missing or incorrect information. The solution was to find and fix revenue issues at their source through enhancements in technology and process improvement.”

AT A GLANCE

Intermountain Healthcare has effectively executed a strategy to improve revenue integrity comprising five parts:

> Building a multidisciplinary team to support revenue integrity
> Developing department-specific charge capture teams
> Providing ongoing education and training on best practices for charge capture and coding
> Leveraging new technology and business support services
> Establishing a proactive approach to managing audits and compliance
Intermountain’s biggest challenge was finding a way for clinical and financial staff to collaborate to improve revenue cycle performance. As Liston points out, “Today, we can’t afford to have finance and clinical departments operate from within their own silos. Every clinical decision has a financial impact on the revenue cycle.”

Although today’s healthcare organizations recognize the need to encompass revenue integrity objectives, knowing where to begin can be a challenge. Creating a structure that supports revenue integrity requires a strategic process that includes collaborative clinical and financial leadership working together toward improved performance. Here, Intermountain Healthcare shares its strategic approach to ensuring revenue integrity.

**Build a Multidisciplinary Integrity Team**

Creating a multidisciplinary revenue integrity team is critical to building partnership between finance and clinical departments. Getting clinical buy-in is critical, yet helping clinicians understand that improving financial performance will make things better for patients and the community can be difficult. To solicit interest in a collaboration to promote revenue integrity, Liston and Todd Craghead, vice president, revenue cycle for Intermountain, attended clinical meetings where they discussed billing and charging in relation to clinical practices. They then identified subject matter experts in key areas—compliance, chargemaster, patient accounts, coding—and invited them to participate on the team that would develop the revenue integrity strategy.

Fortunately for Intermountain, Liston’s clinical background facilitated communication between the clinical and financial staffs to foster a team approach that would serve patients’ best interests. Liston previously served as surgical service business manager for three hospitals, where he oversaw surgical scheduling, charge capture/charge entry, materials management, vendor relationships, and financial operations.

“Our mission is excellent care for patients,” Liston says. “If we leave money on the table, it diminishes our ability to offer high-quality care and give back to our community.”

At Intermountain, workflow technology supports communication and education about regulatory changes, providing both clinicians and finance with access to current compliance information.

The team focused on why the role of clinicians is so vital to revenue integrity, and how documentation influences the organization’s ability to charge for care and services. “We can capture, charge, and bill, but the ability to be reimbursed properly is driven by documentation,” Craghead says. “Clinicians must collect information in ways that translate to a charge. If a service is not documented, then in the eyes of payers, it didn’t happen. The result is missed revenue.”

Ensuring clinical input into charge decision making is critical. At Intermountain, workflow technology supports communication and education about regulatory changes, providing both clinicians and finance with access to current compliance information needed for accurate charge decision making.

With a better understanding of why their role matters in terms of both revenue integrity and patient care, clinical leaders at Intermountain began to recognize risks and understand how their roles influence both patient care and the financial health of the organization.

The success of the multidisciplinary revenue integrity team soon sparked interest across the entire Intermountain enterprise. “As word spread about our initial team, other sites wanted similar teams,” says Liston. “Clinical support at the executive level led the way to working as a team toward common goals—revenue integrity and high-quality patient care.”
Develop Department-Specific Charge Practice Teams

Intermountain formed multidisciplinary charge practice teams to align financial and clinical processes, identify high-risk areas, and support implementation of new technology. “Their main purpose is to develop, recommend, and implement correct charging and coding practices that minimize compliance risk and ensure appropriate reimbursement,” Craghead says.

Each team consists of 10 to 16 members led by the corporate clinical program leaders, including front-line hospital managers/clinicians, charge capture/entry personnel, chargemaster professionals, revenue integrity professionals, corporate compliance leaders, and other representatives deemed appropriate for the various departments.

Intermountain currently has 15 charge practice teams, including teams representing cardiovascular services, the emergency department, pharmacy, surgical services, infusion services, and imaging. The surgical services team, led by the corporate surgical services clinical program director, is a good example of this collaborative approach, with representatives from chargemaster, revenue integrity, billing, compliance, data services, supply chain, coding, and health information management.

Much of the team discussion focuses on managing audits, standardizing process improvement, and ensuring effective workflow. Recent accomplishments include the implementation of systemwide charging guidelines for cryoblation kits, charging practices for endoscopy procedures in the operating room, and charging practices for wasted supplies.

“We’re all at the table talking, building relationships, and resolving issues to improve performance,” Liston says. “This high level of collaboration has resulted in a culture change with everyone recognizing that what appears on the bill is part of our service to patients and giving back to the community. Charging matters. Revenue integrity matters. In the end, we’re striving for the same thing—excellent patient care.”

Revenue Integrity: A Strategy Whose Time Has Come

Intermountain Healthcare in Salt Lake City is not alone in recognizing the need for greater revenue integrity. Many organizations across the nation are pursuing their own revenue integrity initiatives to improve their financial health.

For example, by focusing on enhancing revenue integrity, Kingman Regional Medical Center, a 235-bed not-for-profit hospital in Kingman, Ariz., has been able to identify and correct more than $1 million in annualized lost revenue due to incorrectly prorated billing of pharmaceutical charges. And at Hendrick Medical Center, a 504-bed center in Abilene, Texas, efforts to improve revenue integrity have led to an increase of $1.5 million in gross revenue per month during the first six months that the organization linked pharmacy spend data into billing. “That represents a 23 percent increase in average gross monthly revenue, an increase that is directly attributable to improved charge capture and pricing policies,” says Kathy Huston, charge capture coordinator, Hendrick Medical Center.

Catholic Healthcare West, the nation’s eighth-largest hospital system, has gained valuable insight into its patient care and business practices through a revenue integrity initiative—with big results. “To ensure revenue integrity, we standardized the chargemaster, netting an estimated $32 million, and significantly improved our ability to increase charge capture while maintaining high compliance standards,” says Katie LeBlanc, senior director of revenue integrity for Catholic Healthcare West. “In addition, we’ve gained insights into revenue integrity for pharmacy and supplies. We estimate the impact of improved billing accuracy through identifying missing codes on codable pharmaceuticals at just one of our hospitals as $1.6 million net.”

The importance of automation also is not lost on healthcare organizations that are pursuing revenue integrity strategies. “Prior to investing in automated tools, we had no way of determining the root causes and extent of revenue leakage,” says David Pries, director of revenue integrity, HealthEast Care System, Minneapolis/St. Paul, which, like Intermountain, is building a structure for revenue integrity. “Having the right combination of technology, knowledge, and best practices helps to ensure we’re billing and being reimbursed properly. And the software supports defensible pricing by making sure prices are aligned with costs and expected reimbursement, which keeps us competitive in the market.”
To avoid adverse audit outcomes and noncompliance, Intermountain uses technology and teams to conduct proactive internal audits.

Provide Training on Best Practices for Charging and Coding
Continuing education and training are essential to ensuring best practices for charging and coding that support sustainable revenue integrity. Intermountain’s computer-based training for clinicians helps to:

> Promote understanding of how clinical staff directly affect billing and collection practices
> Increase awareness of how revenue integrity functions connect to the mission of providing extraordinary care to patients
> Develop understanding that inaccurate charging and billing practices have an impact on the organization’s financial health and on patient satisfaction, leaving patients with an overall negative impression of their stay, in spite of the quality of care provided

Additional training is already in the works, including a nurse residency program (one hour of charge practice training required for new nurse hires) and service-specific required training modules for infusion therapy, emergency services, wound care, and imaging.

Leverage New Technology and Professional Support Services
Intermountain’s leaders share the widespread view among all healthcare leaders that a software-based approach is required to manage areas that have a significant impact on revenue integrity efforts. Remaining current with weekly changes to charge-related rules and regulations is virtually impossible without software. Software also can flag exceptions to defined best practices, helping staff to prioritize issues by their potential value and impact, then manage those exceptions accordingly. Managing by exception is the most effective method for consistently targeting problem areas and taking proactive measures to address issues. However, technology is only part of the solution. Professional expertise and training are vital to realizing the full benefits of a software-based approach.

Intermountain relies heavily on technology and professional services to improve financial performance. “If we don’t leverage technology consistently, we have unnecessary variation across facilities. With 23 hospitals, it’s important to have a standard software tool that everyone—clinical and finance staff—can use,” Craghead says. “Our automated chargemaster management tool provides standardized/centralized controls with the visibility we need to effectively price, charge, and code for patient care services and supplies. We’re closing the gaps that led to leakage in the past.”

Establish a Proactive Approach to Managing Audits and Compliance
Significant resources are required to defend claims. “Over time, failure to retain reimbursement captured incorrectly leads to vast amounts of lost revenue,” Craghead says. “A proactive strategy is needed to research risks before they become a liability.”

To avoid adverse audit outcomes and noncompliance, Intermountain uses technology and teams to conduct proactive internal audits. The revenue integrity team combines best business practices with software tools to review and track claims on a weekly basis. “If we identify 1,400 accounts at risk, then that means nearly $10 million in potentially missed revenue is under review,” Craghead says.

“We’ve created an infrastructure focused on exception-based audits, with staff trained to use...
technology to identify revenue leakage and compliance risk," adds Liston. “A progressive approach is essential to ensuring sustainable process improvement.”

Intermountain uses both vended technology and internal software to target high-risk areas where coding/charging relationships exist, and to catch common billing errors before a claim is billed. “In a typical scenario, services and charges incurred in the operating room would be captured, but no charges would be entered for anesthesia,” Liston explains. “We know that most surgical procedures require anesthesia services. So, if both operating room and anesthesia codes do not appear on a claim, there’s a good chance that we have an error on that account.”

By proactively focusing their auditing efforts on known problem areas, Intermountain can identify and correct root causes of errors, and eliminate recurring compliance issues.

A New Way of Doing Business

Collaboration, communication, education, and documentation are keys to ongoing revenue integrity and a more integrated revenue cycle. The benefits of implementing a comprehensive revenue integrity program are convincing. Hospital organizations of all sizes, from critical access to the largest integrated delivery systems, have achieved substantial results.

Indeed, with all of the changes occurring in today’s healthcare environment, there’s no better time for healthcare finance professionals to advocate revenue integrity as a new way of doing business. The shift from a traditional hospital revenue cycle to modern revenue integrity processes that support people and patients with efficient processes and effective technology is an important step toward value-driven care.

At Intermountain Healthcare, the organization’s multidisciplinary, collaborative approach to ensuring revenue integrity has provided the organization with the ability to provide higher-quality care at lower cost—and to give back to its communities. Craghead sums it up this way: “Our main priority is to continue providing high-quality care to the patients we serve in our community. With a sustainable revenue integrity program, we’ve achieved a goal of sustained positive financial performance, which allowed us to contribute more than $200 million in charity care for our communities during 2009.”

About the author

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