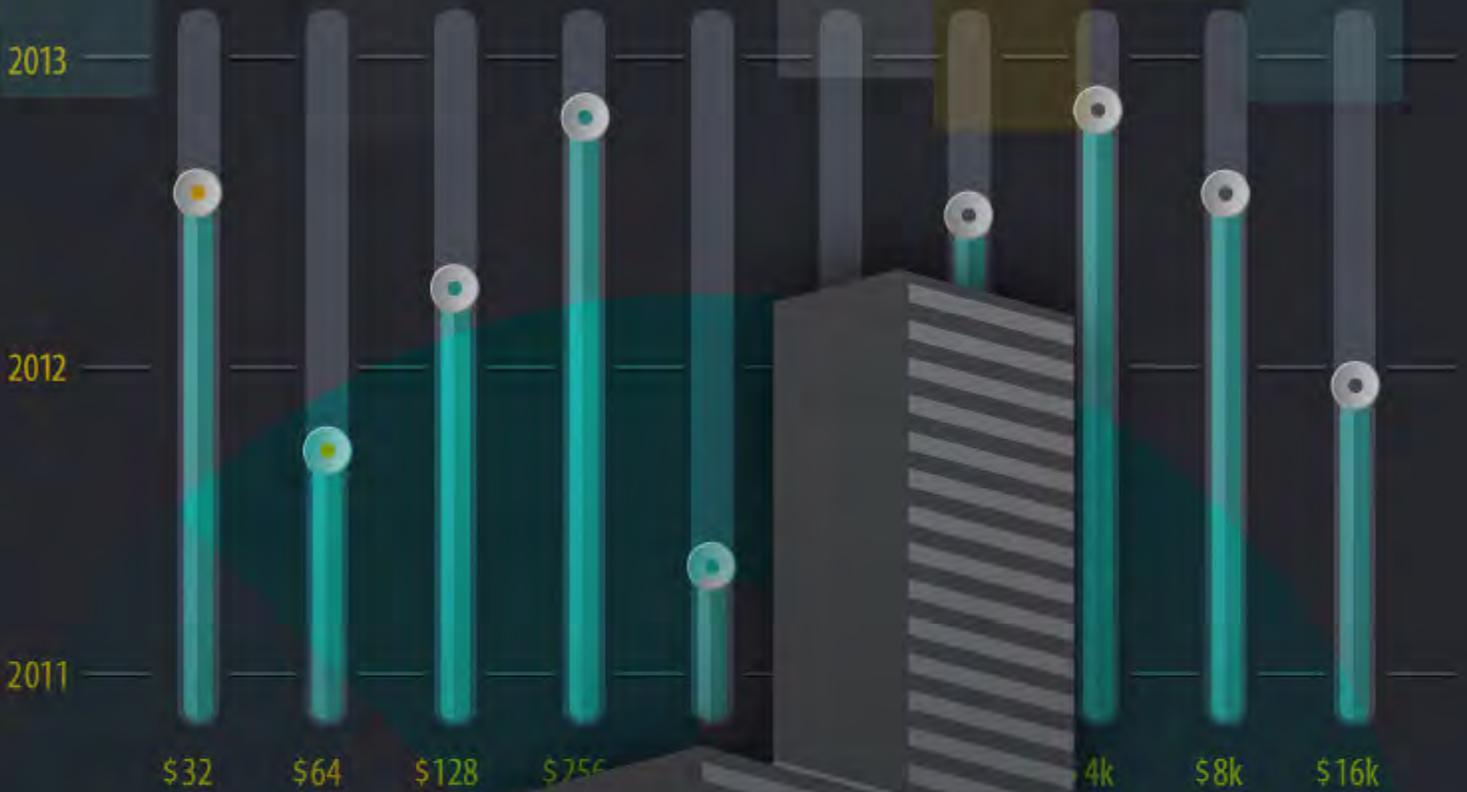


RBMA BULLETIN

Radiology Business Management Association | volume 47 | issue 5 | september-october 2012



FINANCIAL MANAGEMENT & COMPLIANCE

Billing Moves
to the Cloud—
Just in Time

Merger and Acquisition
Transactions Involving
Imaging Centers
and Radiology Practices

Proposed Delay
for ICD-10:
Less of a Respite
Than It Appears



Billing Moves to the Cloud

JUST IN TIME

BY LÂLE WHITE

In an era of quality improvement and cost reduction mandates, cloud-based billing and revenue cycle management (RCM) systems neatly provide a way to both improve operational efficiency and financial performance and meet the onslaught of information sharing mandates. To distinguish these solutions from traditional billing systems, we'll call these cloud-based solutions Revenue Cycle Management systems.

It's no secret that radiology reimbursement is being targeted on multiple fronts. The 25 percent cut in technical component payment of the multiple procedure payment reduction (MPPR), the Relative Value Scale Update Committee's (RUC) re-evaluation of low relative value unit exams and other services, and CMS's mission to find and adjust undervalued medical services

under the auspices of Patient Protection and Affordable Care Act (PPACA)—these are just three examples of the need for radiology providers to improve efficiency and reduce costs.

At the same time, the healthcare system is undergoing a sea change, driven by macroeconomic pressure, increased governance, organizational changes, and technological advances, all requiring systems in the end-to-end continuum of healthcare delivery to interoperate with one another. Look, for instance, at the requirements of a National Health Information Network (as written in the ONC Federal Health Architecture): a secure, nationwide, interoperable health information infrastructure that connects providers, consumers, and others involved in supporting health and healthcare; and enables health information to follow the consumer, be available for clinical decision making, and support appropriate use of healthcare information beyond direct patient care. It's no wonder that, as one estimate puts it, the amount of change the healthcare industry will face in the next two years is greater than what has gone on in the past 20 years.

Dictated by EMR, ICD-10, HIPAA 5010 transaction sets, Meaningful Use (MU), and a whole alphabet soup of other initiatives, the demands of interconnectivity, data sharing, electronic data exchange, and data analysis are interweaving to form a new ecosystem. Failure to aggressively adapt to this dynamic environment will inevitably imperil providers, just as a competitive advantage will be accorded to those who embrace the newly-expanded opportunities brought about by this same environment.

The system of record and the lifeblood of any radiology group is its revenue cycle management (RCM). RCM is the financial mainstay of an organization, a place where day-to-day workflows and decisions directly impact cash flow and profitability. Information captured and shared throughout the billing cycle continues to expand in both volume and importance. Insurers are demanding more information be submitted with claims; as patient responsibility increases, providers look to check plan eligibility and co-pays upfront, before services are provided. ACOs and other coordinated care models depend on radiology data to measure efficacy and quality of care.

As demonstrated in computer-assisted coding products and recent PACS and RIS systems, the cloud has distinct advantages. In terms of radiology revenue cycle management, three critical advantages come to the forefront: the system is always up-to-date, it's fully scalable, and it provides hyperconnectivity. Additionally, as with any cloud solution, cloud-based RCM systems enable organizations to offload the cost of IT staff, software, hardware, and maintenance.

Turning a “necessary evil” into a strategic advantage

Historically, radiology billing systems have been very nearly regarded as necessary evils, a system put in place because something was needed to help get cash in the door. Providers often treated them as afterthoughts, not as their central financial and informational hub.

Radiology billing has traditionally been based around on-premises software, with its requisite high IT maintenance costs and limited connectivity. To address maintenance costs, some vendors ported their software to an ASP model, which providers quickly pegged as a failed model. While they do improve some hardware maintenance costs, underneath, ASPs are comprised of the same limited-scope, poorly-connected software found in all traditional billing systems. With their 30-year-old silo mentality, most systems today are essentially glorified bill generators and have fallen behind on the key requisite of healthcare today—interoperability. With healthcare's future based upon sharing patient information across the continuum of care, failure to incorporate interoperability, coupled with these systems' inflexibilities, has caused a technology gap that will leave radiology groups struggling to respond effectively in the face of ongoing healthcare mandates and reform.

What is a cloud-based system?

Simply put, a cloud-based RCM system is one that is designed and built from the ground up to be delivered over the Internet, thereby freeing organizations from having to install and maintain costly IT infrastructure, software updates, and new releases. It's web native, not ported to the web, meaning it is built using standard Internet protocols (e.g., REST, SOAP, HTTPS) and healthcare interoperability and security protocols (e.g., HL7, 5010). On-premises and ASP hardware and software, by contrast, feature rigid, hard-coded integrations and “bolt-on” fixes. Even so-called enterprise systems suffer from this lack of interoperability, and no amount of patching or retrofitting can bring them on par with a solution engineered for interoperability.

Always up-to-date

It's a hard fact that software is out of date the day it's installed, but cloud-based delivery means the system can be continually updated and kept current, both in terms of software and hardware and—particularly critical in radiology billing—in terms of financial, legal, and workflow infrastructure. When a standard is updated or rules or procedures change, all relevant systems must be quickly and consistently updated. Whether capturing payor edits, incorpo-

rating new information available in 5010 transaction sets to optimize workflow, or incorporating new SEC (Sarbanes-Oxley) and GAAP-compliant procedures, being up-to-date is the key to using revenue cycle management as a strategic weapon. An inability to stay current with changing standards means manual workarounds and clerical decision making, which will almost certainly result in lost revenue and compliance exposure.

As new initiatives come into play, such as Physician Quality Reporting System (PQRS) and ICD-10, cloud-based RCMs can quickly act to capture and automate accordingly. For PQRS, the ability to automate the additional reporting to Medicare means generating incentive dollars today while the program is voluntary and avoiding stiff penalties that will begin in 2015 when it becomes mandatory.

With cloud delivery support, the right RCM solution can deliver up-to-date LCD/NCD and individual payor edits, process changes to encompass new regulatory requirements, and perform a myriad of other services and updates without interrupting the provider's billing department or IT group. This activity is absolutely crucial to maximizing remittance and managing compliance risk, but few, if any, provider organizations have the resources to stay abreast of these constant changes.

Fully scalable

It is extremely painful to replace foundational business systems once an organization has outgrown them, but cloud-based solutions automatically scale to an organization's needs without having to uproot one system and embed another. The best cloud-based RCMs are built to handle volume and complexities for the largest practices, which enables smaller practices to gain economies of scale that would otherwise be unobtainable. A good example of this is how cloud-based billing systems can scale with other radiology physician workflow systems. Historically, practices have been forced to choose products from vendors based on their pre-arranged partnerships (essentially, vendors that have hard-coded interfaces). As a practice grew, it was often at the mercy of its various vendors' ability to scale. If the practice management system became unmanageable and the practice moved to a new one, it often had to jettison its billing solution to find one that was integrated with the new system. Cloud-based systems allow practices access to "best of breed" solutions every time, rather than the product to which the vendor had opted to hard code.

Plugging in to a hyperconnected world

What is emerging in healthcare is an unprecedented need for agility and responsiveness to keep pace with the rapidly

changing landscape. Almost all organizational changes (CER, P4P, ACOs) and monitoring groups (RAC, MIC, MAC, etc.) are dependent on large amounts of data from various systems. Hard-coded (integrated) delivery cannot keep up with upward-ratcheting demand. One area where this is evident is at the patient and physician level, with patient satisfaction monitoring. To improve the patient experience, radiologists need to be able to share data with patients' referring physicians based upon the totality of patient data.

In truth, almost none of the healthcare reform efforts can be successful without interoperable RCM systems. Because they are predicated on standard interoperability and security protocols, the functionality is built in. They can share communications, information, and services with disparate and distributed systems when, where, and how the data are needed. Even within a practice's more immediate sphere, one can see the missed opportunity a lack of interoperability represents. For instance, an Order Entry (OE) system would not readily have the ability to interact with a billing system or know if a patient were eligible for services. At the claim level, cloud-based RCM systems can give real-time payor edit updates at the time edits are made, changed, or removed.

Layered onto interoperability is the need to share data with other applications in a digital conversation, a two-way real time exchange of information that ensures all parties are in sync. It is this dynamic that ensures that when new information is entered into a physician's desktop or RIS system, the same information is supplied in the billing process. One example of the importance of this real-time exchange is the need to have current information at patient payment points. If a patient accesses a bill online, makes a payment, and that system does not reflect the transaction in the billing system, the patient may be sent to collections in error, causing additional work and correspondence and annoying the patient in the process. Likewise, if new information comes back from a payor, such as up-to-date secondary insurance information, it can be automatically captured and used to trigger action in other systems.

A truly cloud-based system can impart additional value to modern EMR, practice management, PACS, RIS, and CPOE systems by allowing payor edits, eligibility checking, error processing correspondence, etc. to be handled at the referring physician's office or front desk. Embedding the "billing" functions within systems outside the billing department will increase the value of these systems, reduce the number of front-end errors, allow for easier error processing correspondence, and ultimately result in cleaner claims to payors and improved revenue collections.

These systems impart a higher level of integration to disparate systems than simple interoperability. From a

governance perspective, this is important in avoiding unsynchronized data between systems that can result in denials or fines. From an organizational perspective, the overhead cost savings from switching from manual reconciliation of various systems can be enormous.

While in the past it was acceptable to connect billing only to a RIS and perhaps the general ledger, today the complexity is exponentially higher with the need to communicate with PMS, EMR, PACS, and directly to patients themselves. Electronic information exchange is the backbone of the HITECH act and MU compliance. The 5010 transaction sets implemented earlier this year require electronic interactions with payors, and some payors are going further by demanding proof that results are provided to them and to the patient electronically. This means connectivity is not merely important, it is now mandated. All in all, there are potentially hundreds of connectivity points today, with countless more on the horizon; without the proper infrastructure, more dollars will need to be spent on maintaining outdated IT.

As many have pointed out, healthcare's future lies with making the most of the data, which is to say, making

informed decisions based on accurate, timely, and complete information. Practices that fail to achieve the necessary connectivity will be prevented from obtaining accurate measurements and insights into how to improve operational and financial performance.

The efficiencies that can be gained from use of a well-founded cloud-based RCM system make it an appealing way to combat the effects of reimbursement compression. Add to that current data interchange mandates and interconnectivity demands, and a cloud-based RCM becomes the only sustainable and cost effective solution for today's imaging practices. »»»



LÁLE WHITE

is a nationally recognized expert in the field of medical financial management and regulatory compliance, with over 25 years of experience in information systems development and medical billing. She is CEO and founder of XIFIN, Inc, provider of cloud-based revenue cycle management solution. *Lale can be reached at 858.793.5700 or lwhite@xifin.com.*