The Financial Case for EHR/RCM Integration

— The Power of Clinically Driven Revenue Cycle Management

White Paper

Presented by Greenway
Smarter solutions for smarter healthcare
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Most discussions of “data liquidity” in health IT focus on the ability to share data across the healthcare delivery system for better care coordination. At the individual provider organization level — and especially in the face of the transition to ICD-10 — there’s also much to gain by realizing data liquidity among mission-critical systems.

By tightly integrating electronic health record (EHR) and revenue cycle management (RCM) systems in a clinically driven RCM model, provider organizations can realize tremendous gains in financial performance by optimizing revenue streams directly at the point of care, maximizing and speeding reimbursement, minimizing denials and streamlining the collection process.
The Case for Clinically Driven RCM

Healthcare provider organizations would benefit greatly if their electronic health record and revenue cycle management systems operated in close concert, sharing their wealth of mission-critical electronic data to operate as a unified health information platform. An integrated system with *clinically driven revenue cycle management*, ideally leveraging a single database, has the potential for more closely aligning care provision and associated revenue management for the benefit of caregivers, administrators and the patients they work together to serve.

When EHR and RCM systems are tightly coordinated, caregivers can be better equipped to order tests and procedures with assurance — at the point and time of clinical decision-making — that their organization will get *paid* for each service. They will also be better informed when the payer will deny a claim for a specific test or procedure, yet reimburse for a similar solution with the same contribution to a positive outcome.

Similarly, billing personnel responsible for maximizing collections will have the benefit of reliable clinical data, generated when care is being directed and delivered, as well as the ability to inform the care cycle.

These benefits can contribute greatly to advancing health consumerism by reducing out-of-pocket expenses even as they both strengthen and streamline the relationship between provider and payer. Realizing these benefits is now possible by moving to a modern, robust, adaptable and clinically driven RCM solution. The mandate for ICD-10 adoption in the U.S. makes it an especially advantageous time to make that move.

**Cost of ICD-10 Transition Driving Serious Consideration of RCM Services**

The RCM function of approximately 70% of today’s healthcare practices is performed in-house. Staffing is commensurate with billing volume, and billing and insurance-related functions have been reported to consume 14% of medical group revenue.¹

The remaining 30% of healthcare practices currently offload the infrastructure and human resource investment required for in-house RCM in contractual arrangements with traditional third-party billing services. These billing services typically charge a portion of the practice’s payer revenue, with rates depending on service options selected.

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¹ Julie Sakowski, “Peering into the Black Box: Billing and Insurance Activities in a Medical Group,” *Health Affairs*, May 2009
The arrival of ICD-10 is causing many practices that currently perform RCM in-house to consider moving to a contracted RCM model because of anticipated transition costs. A smooth ICD-10 transition will require each provider performing RCM in-house to install and test new software, provide training for staff and administrators, develop new guidelines and policies, and update forms.

The Centers for Medicare & Medicaid Services (CMS) estimates that physician offices will spend 3% of annual revenue in the ICD-10 transition\(^2\), which can add up to significant dollars based on the size of the organization. Not all of these costs will be associated with revenue cycle management — they also include physician training, clinical documentation improvement and the updating of forms — but the majority of transition costs will be in software upgrades, IT systems changes and associated staff training.

The CMS cost estimate doesn’t address providers’ greatest concerns — of reduced or delayed reimbursements due to miscoded claims, lost productivity and reduced patient capacity because of the complexities of the ICD-9 to ICD-10 transition.

Avoiding the expenses of an in-house transition makes sense for provider organizations of virtually any size, as well as the industry as a whole; an RCM service can master ICD-10 and share its expertise and capabilities with a large number of customers, whereas in-house RCM requires an individual expenditure and greater risks to success at each provider organization.

Closing the Loop: Consider Level of Integration When Evaluating an RCM Service

Providers considering a move to contracted RCM should seize the opportunity to derive additional benefits in the transition. A key question is whether the move to an RCM service will increase coordination between clinical and financial systems and operations, delivering advantages in practice workflows and efficiencies. The difference can have a profound effect on a practice’s bottom line, as closing the gap between the EHR and RCM provides a path toward optimizing claim acceptance and realizing both quicker and higher payments.

Traditional billing services focus on claims and collections at the end of the patient care cycle, yet up to 30% of claims are denied because of errors or omissions that occur much earlier. Integrating a provider organization’s EHR system and its clinical data with the RCM system and its payer data to create a “closed-loop,” 360-degree clinically driven RCM solution is a highly effective way to prevent denials as well as support resubmissions when denials do occur. These positive outcomes are made possible by presenting meaningful and timely payer data to the caregiver at the point of clinical


The American Medical Association estimates the administrative transition costs for physicians will be $83,000 to $2.7 million per practice, plus potential losses and delays in reimbursement due to incorrect coding.
decision-making, and having clinical data flow directly into the RCM (and back) for timelier, more automated and more accurate posting.

Benefits of a Clinically Driven RCM Solution

The benefits of clinically driven RCM are substantial for caregivers, back-office professionals and patients/healthcare consumers alike.

From the clinician’s perspective, billing and payer intelligence can be integrated into the care cycle, enabling a more informed focus on patient care options:

- A rules-based engine can identify opportunities to optimize revenue streams directly at the point of clinical decision-making
- Alerts can advise when a requested procedure or test won’t be reimbursed by the payer, as well as flagging duplicative care
- Alternative procedures or tests for which the payer honors claims can be recommended over an initial, non-reimbursable choice
- As the rules-based engine grows over time, the system can recommend proven means for improving clinical and financial outcomes
- Electronic flow of data captured in the EHR directly into the RCM increases overall efficiency, accuracy and accountability

From the back-office perspective, clinical intelligence flowing directly to the RCM throughout the billing cycle provides multiple business benefits:

- Complete and auditable data capture can improve first-time payment rates, reduce days in accounts receivable, speed up charge entry turnaround and payment posting and improve overall net collections
- Real-time data flow from the EHR to the RCM solution reduces cycling time, with submissions getting to payers and patients more quickly
- When claims are still occasionally denied, faster and more accurate processing with rich clinical documentation supporting claims can speed up denial resolution
- Issues can be identified and resolved in the earliest stages of the revenue cycle, preventing recurrent errors later
- Reduction of errors and omissions at the point of clinical decision-making increases overall revenue capture

And from the perspective of increasingly informed healthcare consumers, clinical intelligence flowing in a closed loop from the point of care/clinical decision-making to the RCM system delivers significant consumer benefits:

- Clinical — More informed decision-making at the point of care can lead to improved clinical outcomes and health management
• **Financial** — Consumers are far less likely to face hefty and unexpected out-of-pocket costs for tests or procedures not covered by their insurance plans.

• **Satisfaction and consumer engagement** — Having the combination of clinical and financial data at the time the caregiver is engaging with the patient leads to a better dialog regarding options, engaging the consumer more directly in care and achieving a higher level of satisfaction with the healthcare encounter and provider.

**Conclusion**

As health IT continues to contribute to advances in patient engagement, care coordination and population health across the nation’s healthcare system, it’s important to explore the benefits of data liquidity within each provider organization as well. Seamless data liquidity between the EHR and RCM systems with automatic processes that reduce or even eliminate human intervention — “zero-touch RCM” — is a vital next step that innovative providers are beginning to take.

This is an essential development for providers looking not only toward a smooth transition to ICD-10, but also to staying ahead of the transformation from fee-for-service to pay-for-performance/quality-based medicine. The continuance of that transformation into payment models of the near- and longer-term future will almost certainly require tightly integrated, clinically driven systems, and those provider organizations that adjust earliest will be in the best position to thrive in the face of change.

**For more information**

For more information on the benefits of Greenway’s clinically driven revenue cycle management solutions, email clinicallydrivenRCM@greenwaymedical.com.

**About Greenway**

Greenway delivers the clinical, financial and administrative solutions healthcare providers need to effectively manage the delivery of quality care and improve health outcomes for patient populations. For over 30 years, Greenway has offered smarter solutions that help providers succeed in an evolving value-based healthcare system. Greenway’s clinically driven revenue cycle management™ services and comprehensive suite of interoperable solutions improve financial performance and automate clinical and administrative workflows, so medical providers can spend time on patients instead of paperwork. Thousands of providers across more than 30 specialties and subspecialties partner with Greenway to improve outcomes in medical organizations nationwide. For more information, visit www.greenwaymedical.com or call (866) 242-3805.