TELCOR

Selecting the Right Tool for the Right Job Reduced Expenses by 50%

The health care industry is at a crisis point. Increasing costs, diminishing reimbursements and increasing demand for data are causing many laboratories to look for innovative ways to reduce costs, increase collections and gain better visibility to their business performance metrics.

Experience and history show that counting on yesterday's technology to tackle today's challenges can be a fatal mistake. However, staying ahead can be a challenge for many health care organizations. Data comes in from multiple systems, different facilities and in varying formats. Manual processes, inefficiencies and lack of resources increase the growing frustrations of managing laboratory business operations.

TELCOR Revenue Cycle Management is software specifically designed for laboratories and helps organizations increase profitability through improved workflow efficiencies, decision support tools and business analytics. With better data analytics and business management capabilities, laboratories can identify gaps in account receivables, uncover trends and identify areas for improvement.

Identifying the Challenge

For more than 10 years, Skin Pathology had been using a practice management system (PMS) configured for a doctor's office. While this solution had been adequate for a number of years, Skin Pathology was experiencing three challenges making its PMS inefficient:

Skin Pathology Associates, LLC

- Specializes in a comprehensive array of disciplines in skin testing and diagnosis, supporting physicians throughout the southeast and beyond.

- Birmingham, Alabama

- Privately-owned group of Board Certified Dermatopathologists with more than 65 collective years' experience in dermatopathology.

- Billing staff processes more than 600 requisitions per day and generate approximately 1.4 billable codes per requisition.

1. company growth,
2. declining reimbursement rates, and
3. increasing complexity of collections.

Hammering nails with a screwdriver makes any project more difficult than it needs to be. That's the analogy used by Isaac Mixon, IT Manager at Skin Pathology Associates, when the company decided it was time to find the proper tools for their revenue cycle management.

"We were approaching billing the hard way from start to finish," Mixon said. "We knew software that was made specifically for lab billing would help to fix our problem. We'd already chosen a quality LIS, and needed a revenue cycle solution that could take advantage of the clean data we were capable of generating from it. We just needed to find the right one."

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Because the software was not created specifically for a pathology laboratory, billing processes were labor intensive and the organization's profitability had deteriorated as they added staff to keep up with their back-end office requirements, even as reimbursement rates declined. Additionally, it was a challenge to obtain metrics that would allow management to make informed decisions in order to improve workflow and manage the business.

Selecting a Solution

Evaluating revenue cycle management vendors requires due diligence to effectively determine the best solution for a laboratory. There are several software solutions that exist to help organizations reengineer the back-office with the same Lean Six Sigma methods applied to the laboratory, allowing laboratories to receive the maximum payment allowed for services performed and streamline processes.

Skin Pathology had narrowed the selection to two revenue cycle solutions both offering software specifically designed for laboratories. There was a team of four people evaluating both vendors using several criteria to determine the best fit for Skin Pathology.

Homework, connections and referenes
Using personal connections and references, the Skin Pathology team did their homework to identify the known strengths and challenges of each vendor.

Company structure and business model
The Skin Pathology team had several discussions with both vendors and identified that the TELCOR business model was a closer fit to what Skin Pathology was looking for due to the personal investment TELCOR provided during the request for proposal (RFP) process, the pricing model based on users, and the availability to data at any time. For Skin Pathology, that TELCOR had a strong history of excellent customer service and that customers have an impact on software enhancements, aligned with Skin Pathology since it built its success on customer service.

Solution, support and service
Both software solutions were better than what Skin Pathology had been using, but the TELCOR implementation and reengineering process was what really stood out for Skin Pathology.

Ensuring Success

When implementing new technology, there are some common steps to consider: number of users, change management and budget to name just a few. However, there are several other factors to consider when implementing a solution that could have a significant impact on a laboratory. The success of almost every new process hinges on commitment—from the company and the vendor. For laboratories, it's imperative to have top-down commitment to change. With virtually any new software solution, the changes impact day-to-day users more often than those in senior management.

Starting with Reengineering

Defined in *Reengineering the Corporation* (Hammer, Champy, 1993) as "fundamental rethinking and radical redesign of business process to achieve dramatic im-

> " Implementing a new software solution is a very time-consuming task. However, we knew we'd be a stronger, more profitable lab if we took the time to implement TELCOR correctly and dedicate resources to ensure success. "
>
> Isaac Mixon

provements in critical measures of performance such as cost, service, and speed," reengineering was the first step for Skin Pathology.

Reengineering laboratory processes includes reducing operating expenses typically seen by restructuring the number of staff it currently takes to complete the revenue cycle process, improving collections by implementing processes that allow laboratories to collect more due to submitted claims with payer specific requirements, as well as providing access to real-time metrics to help laboratories identify any gaps in information or trends that will help improve profitability.

Skin Pathology and the TELCOR implementation team identified key processes that were labor intensive and would benefit from reengineering utilizing TELCOR RCM features. The reengineering goals defined included the following and generally fell into three categories: reduce expenses, increase collections and improve data visibility—though several impacted multiple categories.

Implementing the Solution

Implementing a new solution can be a very time consuming and challenging process. For a successful im-

plementation, it takes strong project management, side-by-side assistance and defined metrics.

The new solution had many more options creating a learning curve for the billing staff, but the team is now experiencing the efficiencies of the solution. By working closely with the implementation team and its LIS, Skin Pathology has been able to submit very clean, compliant data. Claims and pricing are automated and the impact of errors are minimized. They have also chosen to bring their TELCOR implementation analysts on-site to continue reengineering initiatives.

Achieving Success

Skin Pathology and TELCOR worked together to implement the solution and reengineer processes to meet the defined goals. Skin Pathology provided the critical management support necessary to ensure success of the objectives. TELCOR provided project management, consulting and training until the defined goals were achieved. The product features used to change processes and achieve the goals included:

• Configuring CCI, NCD/LCD, CPT Grouping, MUE, Payer Specific Modifier Rules and other rules to allow transactions to be automatically updated to be compliant for billing without user intervention. This eliminated the manual review process of charges. Additionally, they leveraged the payer rules to submit company vs. pathologist specific identifiers that were dependent upon payer and contract requirements to eliminate manual intervention for selected payers.

• Configuring client-specific definitions for pricing, invoice formats, invoice content and delivery, and automating the client billing process. Invoices are now created and delivered automatically with the right pricing and content without user intervention.

• Automatic service line posting of 835 electronic remittance with flagging payments outside of expected reimbursement, reduced labor and allowed management to proactively manage unexpected payment reductions. Interfacing with Skin Pathology's financial institution to electronically receive patient and client deposited checks also improved the accuracy of payment posting while reducing full-time employee (FTE) resources.

• Eliminating the manual process of completing appeal letters and forms by using the flexibility of the appeal process in the application. Skin Pathology defined the levels of appeal and process by payer, including letters or forms, and then defined schedules for automatic generation of the appeal package with the letter or form, claim and explanation of benefits (EOB) received. The Appeals workqueue and Monitor Appeals management function allow appeals to be effectively managed, helping Skin Pathology collect more with fewer FTE requirements.

REDUCE EXPENSES	INCREASE COLLECTIONS	IMPROVE DATA VISIBILITY
Eliminate manual pricing and invoice of clients.	Automate composition of appeal letters and forms.	Identify key performance indicators to monitor productivity.
Greatly reduce manual posting of payments, including the 835 data files, as well as all client and patient checks.	Change the review and manipulation of charges performed to ensure proper CPT coding, modifier assignment, grouping and completeness for claim submission to an automated process.	Identify payments less than expected to proactively work exceptions.
Reduce the number of patient calls for billing inquiries.	Increase frequency of statement generation to a daily vs. monthly process.	Identify business metrics that allow timely, informed decisions to better manage the business.
Automate bad debt and payment collection reporting to the collection agency and send data in a file vs. PDF format.	Automate identification of balances ready to go to the next paper, determination of next payer assigned to the patient and subsequent creations, and sending of the secondary claims.	Identify analytics to determine areas to change for improved profitability.

• Configuring the rules for automatic claims next step based upon the remittance advice received. This allowed the automation of submissions to next payer, guarantor or client, eliminating a labor-intensive process which improved timeliness of secondary submissions.

> " Using the TELCOR RCM profitability analysis tools allows us to choose the direction of how we grow. We can see what business is profitable, what's not, and what areas are worth prospecting. "
>
> Isaac Mixon

Additionally, the robust automatic crossover functionality simplified their secondary payer submission process.

• Increasing the frequency of new, easy-to-read statements while ensuring any single, patient-only account received a monthly statement helped improve collections and client services. By sending statements daily rather than monthly, Skin Pathology gets paid significantly faster and the call volume is spread throughout the month. When statements were only sent out monthly, there were significant spikes in workflow—both from incoming patient calls and from collections.

• Additionally, the feature to easily change responsibility from client-to-patient or patient-to-client or patient-to-payer, made responding to calls more efficient. This feature allowed for easy charge transition from a client bill to a patient bill; the one-step responsibility change is simple for client services to use, improving accuracy and workflow.

• Deploying a configured Microsoft® Excel® export of transactions to send to a collection agency, as well as any payments received for bad debt, streamlined communication and accuracy with the collection agency.

Recognizing Results

Skin Pathology has grown to be one of the largest dermatopathology labs in the southeast, due largely to its ability to report data accurately and quickly using the TELCOR RCM software solution. Since implementing in January 2014, Skin Pathology has been using Decision Support tools to understand what is being paid and from whom. Management has access to data, and the ability to present and calculate data in a number of ways, allowing Skin Pathology to make better financial decisions.

Through automation, full-time employees were reduced by 50 percent saving an estimated $370,000 per year in total compensation. Prior to implementation, 16 billing staff managed manual processes. After implementation, eight people were able to manage these processes even with an increase in requisitions.

"We're getting a lot out of the partnership with TELCOR and we're on the journey to getting where we want to be together," Mixon said.

Driving Profitability

TELCOR Revenue Cycle Management solution takes data and turns it into actionable information—information that brings a common understanding and insight into laboratory revenue cycle performance and supports better decision-making throughout an organization. It provides resources to measure and monitor key performance indicators, generate timely reports and analyze data to improve profitability.

By utilizing TELCOR RCM, laboratories of any specialty, of any size can:

• Reduce costs – Reengineer, implement and monitor operational process efficiencies to drive down operating costs.

• Increase collections – Use rules and exceptions to collect on virtually all laboratory work completed rather than settling for just what comes in the door.

• Promote transparency and access – Provide detailed financial reporting and identify trends to drive accountability and business profitability.

• Drive sustainable and profitable growth – Support the laboratory by ensuring market competitiveness and leveraging capacity and capabilities to expand into new markets, partnerships and services.

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