Charge Capture: What You Don't Know IS Killing You!

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Assurance ▪ Tax ▪ Consulting

Objectives

1. Gain a broad level understanding on charge capture
2. Learn how charge capture accuracy can reduce revenue leakage, re-work, mitigate compliance risk, reduce denials and improve accuracy in reimbursement
3. Understand how service provided changes documentation needs
4. Appreciate revenue aspects of coding vs. charging
5. Review the hidden aspects of operations effecting pricing

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Agenda

- The Big Picture – Kauser Karwa
  - ✓ Charge Capture Overview
  - ✓ Various Tools for Charge Capture
  - ✓ Understanding Charge Capture Strategy at Your Organization
  - ✓ Importance of Charge Capture Accuracy as a Margin Improvement
- In the Weeds – Bob Medcalf
  - ✓ Why We Document?
  - ✓ Why We Code?
  - ✓ Why We Charge?

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KAUSER KARWA MBA, RHIA, CDIP

AHIMA – Approved ICD-10-CM/PCS Trainer

Manager – Healthcare Advisory Services at McGladrey

"Whatever you are, be a good one." – Abraham Lincoln

Kauser Karwa's expertise is within healthcare information technology and revenue cycle management consulting. Her background is drawn from working within provider environments, as well as on the vendor side, where she managed solutions for clients practicing across a variety of settings, ranging from small ambulatory to large acute, integrated and academic clients.

Kauser holds Registered Health Information Administrator (RHIA) and Certified Documentation Improvement Practitioner (CDIP) credentials and an AHIMA-Approved ICD-10-CM/PCS Trainer certificate. She has earned her MBA in Healthcare Administration and undergraduate degree in Health Information Management. She currently serves a chair on the Webinar Committee and a track leader on the Program Planning Committee at HFMA First Illinois Chapter and an is active member at Illinois Health Information Management Association (ILHIMA).

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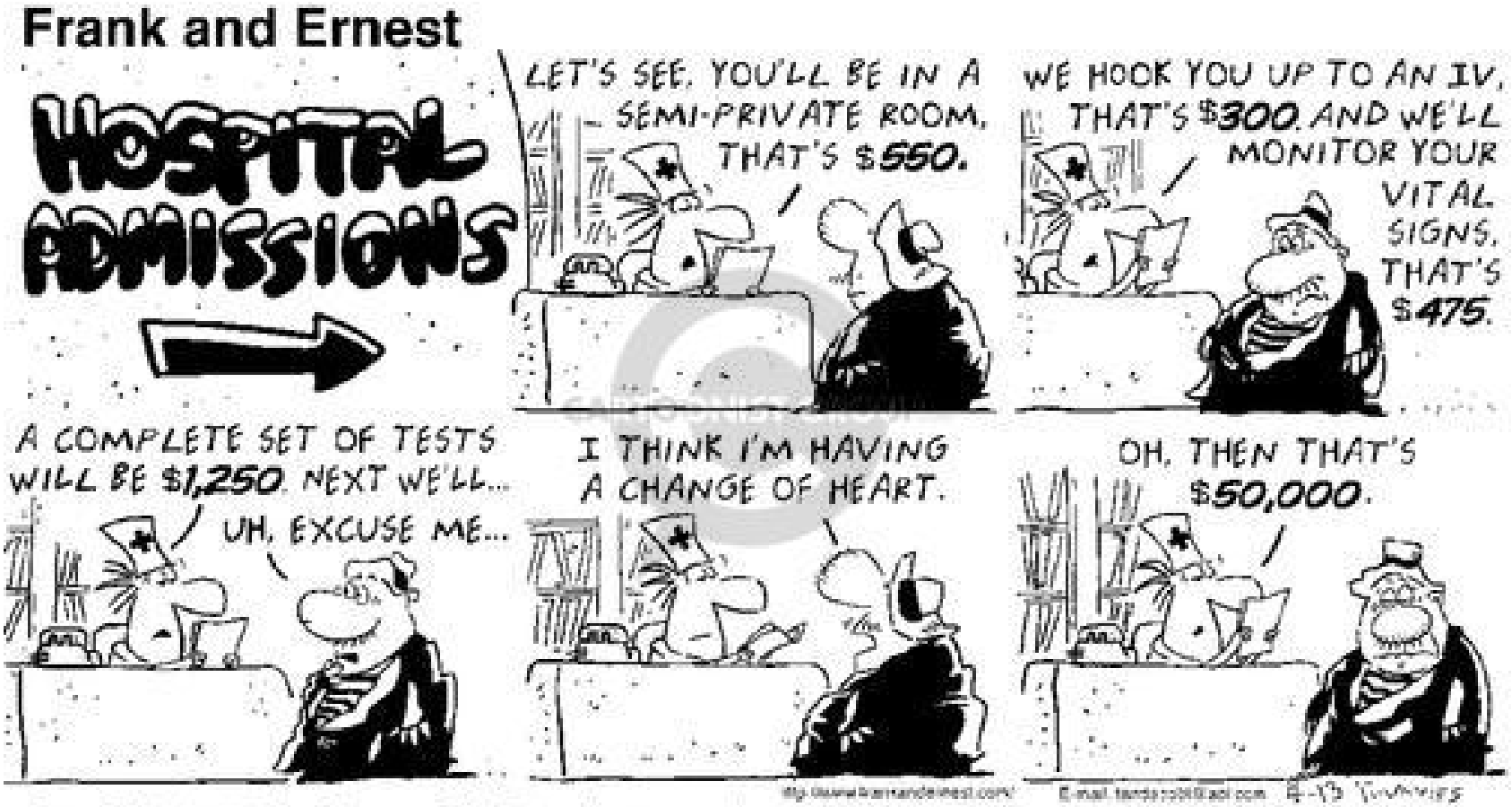
Healthcare is not Inexpensive…



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Traditional Patient Experience…

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Trending Now

- Value Based
- Competitive

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Revenue Cycle Overview

The Revenue Cycle

Patient Access "Front"

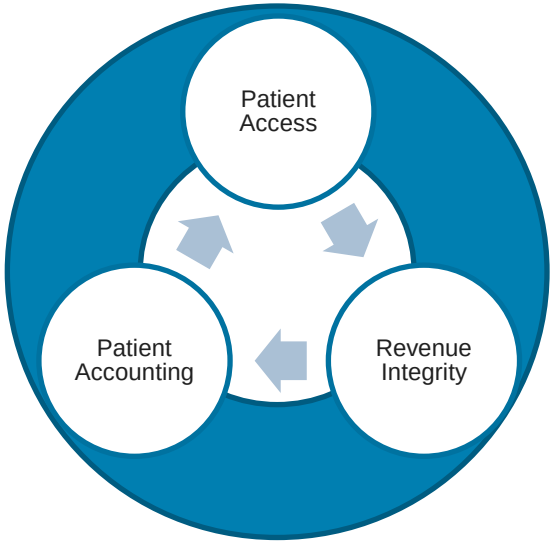
- Scheduling and Pre-Registration
- Financial Clearance
- Financial Counseling
- Arrival and Registration
- Denial Prevention

Revenue Integrity "Middle"

- Charge Capture
- Clinical Documentation
- Health Information Management/ Coding
- CDM
- Pricing
- Reimbursement (i.e., Cost Report, DSH, SSI, Wage Index, etc.)

Patient Accounting "Back"

- Managed Care Contracting
- Claims Processing
- Account Resolution
- Customer Service Center
- Denial Resolution
- Payment Posting
- Collections



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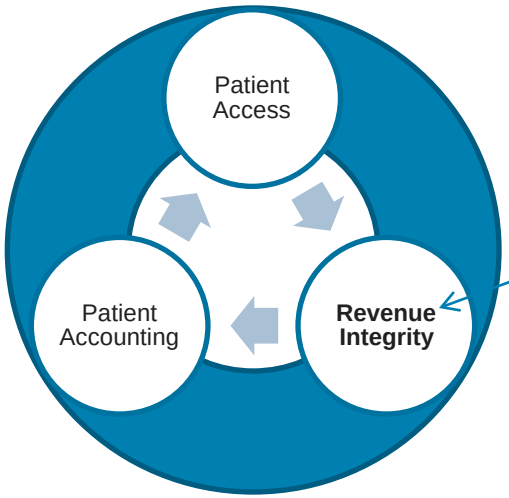
Let’s Discuss Charge Capture



- **Charge Capture**
- Clinical Documentation
- Health Information Management/Coding
- CDM
- Pricing
- Reimbursement (i.e., Cost Report, DSH, SSI, Wage Index, etc.)

1. **What is it?**
2. **Why is it important and challenging?**
3. **Where does it take place?**

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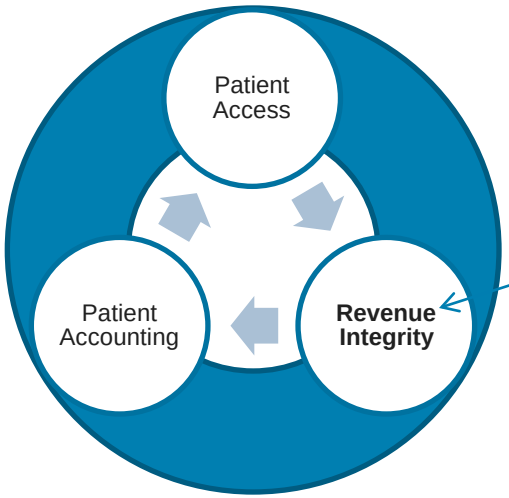
Revenue Leakage Examples



▪ Charge Capture	▪ 10,000 missed charges for blood transfusion administration Potential leakage = $300 * 5,000 = **$1,500,000**
▪ Clinical Documentation	▪ Lack of documentation on IV infusions start and stop times on 40% of cases reviewed Annual volume = 9,000 * 40% = 3,600 Price variance = $175 Potential leakage = 3,600 * $175 = **$630,000**
▪ Health Information Management/Coding	▪ Lack of documentation resulting in medical necessity denial
▪ CDM	▪ Outdated CDM → missing new services that may be offered
▪ Pricing	▪ CT of Neck with Dye – **$500** ▪ CT of Neck without Dye – $1,000

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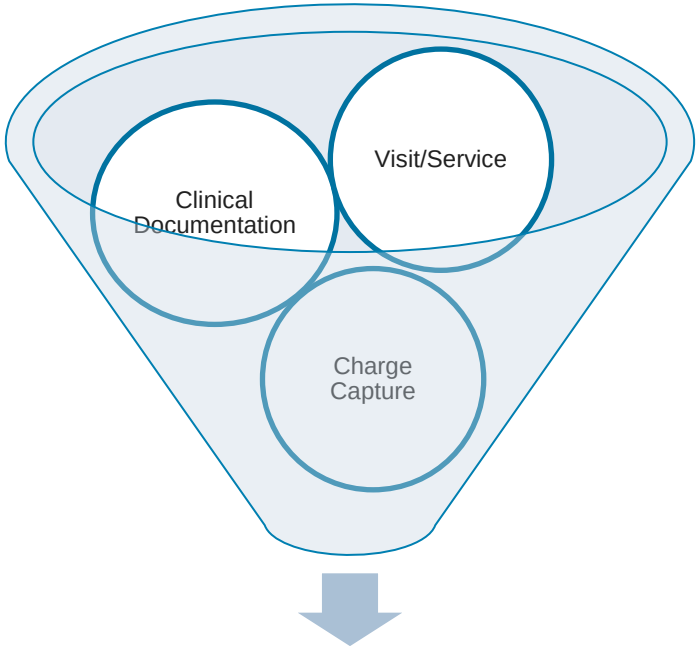
Example of a Charge Line



Service Date	Post Date	Charge Code	Charge Description	CPT/ HCPCS	Revenue Code	Modifier 1	Modifier 2	Unit(s)	Charge Amount
05/01/2015	05/04/2015	000135786	Emergency Department Visit – Level III	99283	450	25	XX	1	$$$

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Common Terms

- **ICD-9-CM** – International Classification of Diseases, Ninth Revision, Clinical Modification
- **ICD-10-CM** – International Classification of Diseases, Tenth Revision, Clinical Modification
- **ICD-10-PCS** – International Classification of Diseases, Tenth Revision, Procedure Coding System
- **CPT** – Common Procedural Terminology
- **HCPCS** – Healthcare Common Procedural Coding System
- **CDM** – Charge Description Master
- **IM** – Item Master
- **UB** – Universal Bill
- **IB** – Itemized Bill
- **APC** – Ambulatory Payment Class
- **DRG** – Diagnostic-Related Group
- **LCDs** – Local Coverage Determinations
- **NCDs** – National Coverage Determinations
- **RAC** – Recovery Audit Contractor
- **CCI** – Correct Coding Initiative

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  - ✓ Why We Code?
  - ✓ Why We Charge?

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Various Tools that Allow Visibility on Revenue Performance

- Built in EHR
  - Pre-bill edits
  - Daily charge reconciliation reports
  - Various work queues
- Third-party applications
  - CDM maintenance applications
    - Flags to review potential mismatches
  - Charge capture tools
    - Calculated rule based work queues
      - Example: **if** blood transfusion administration charge (CPT – 36430) is present, **then** blood product (HCPCS – P902X)

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Charge Capture Analytics

Recovering Lost Revenue/Sustaining Performance

1. **Leverage Data Analytics**
   - Enables focus and drill down capabilities
   - Targets analytics towards complex areas

2. **Streamline the CDM & Item Master**
   - Streamline CDM
   - Remove inactive line items
   - Focus on high volume services leveraging the 80/20 Rule
   - Identify high risk/opportunity coding-complex services lines
   - Reconcile Item Master to CDM

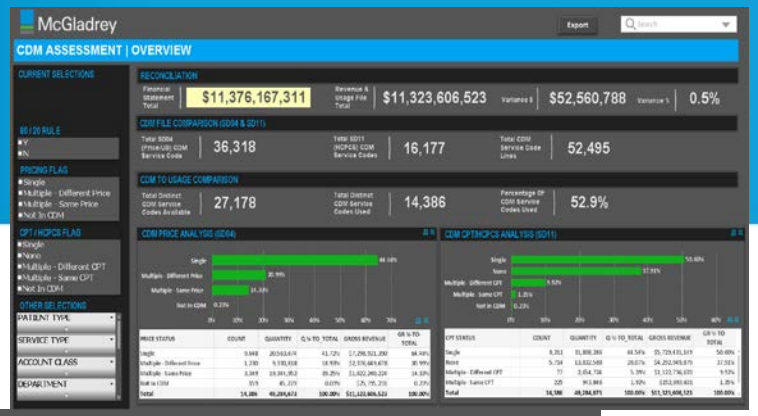
3. **Simplify Charge Structure**
   - Consumer friendly, defensible, transparent charging
   - Embrace bundled and flat rate pricing strategies
   - Clean up the Item Master and “reconcile” against the CDM
   - Clarify supply bundling policies
   - Reconcile Item Master chargeable supplies
   - Set-up supply categories

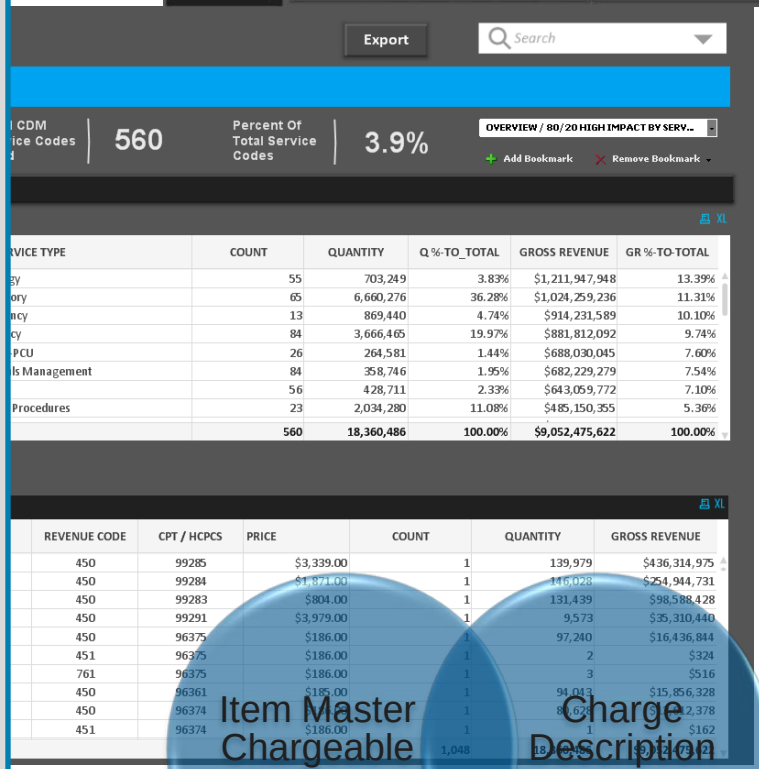
4. **Understand/Align Payer Contracts** – Aligning charge strategy with payer adjudication requirements

5. **Cleanup System Preference Cards and Preference Lists**

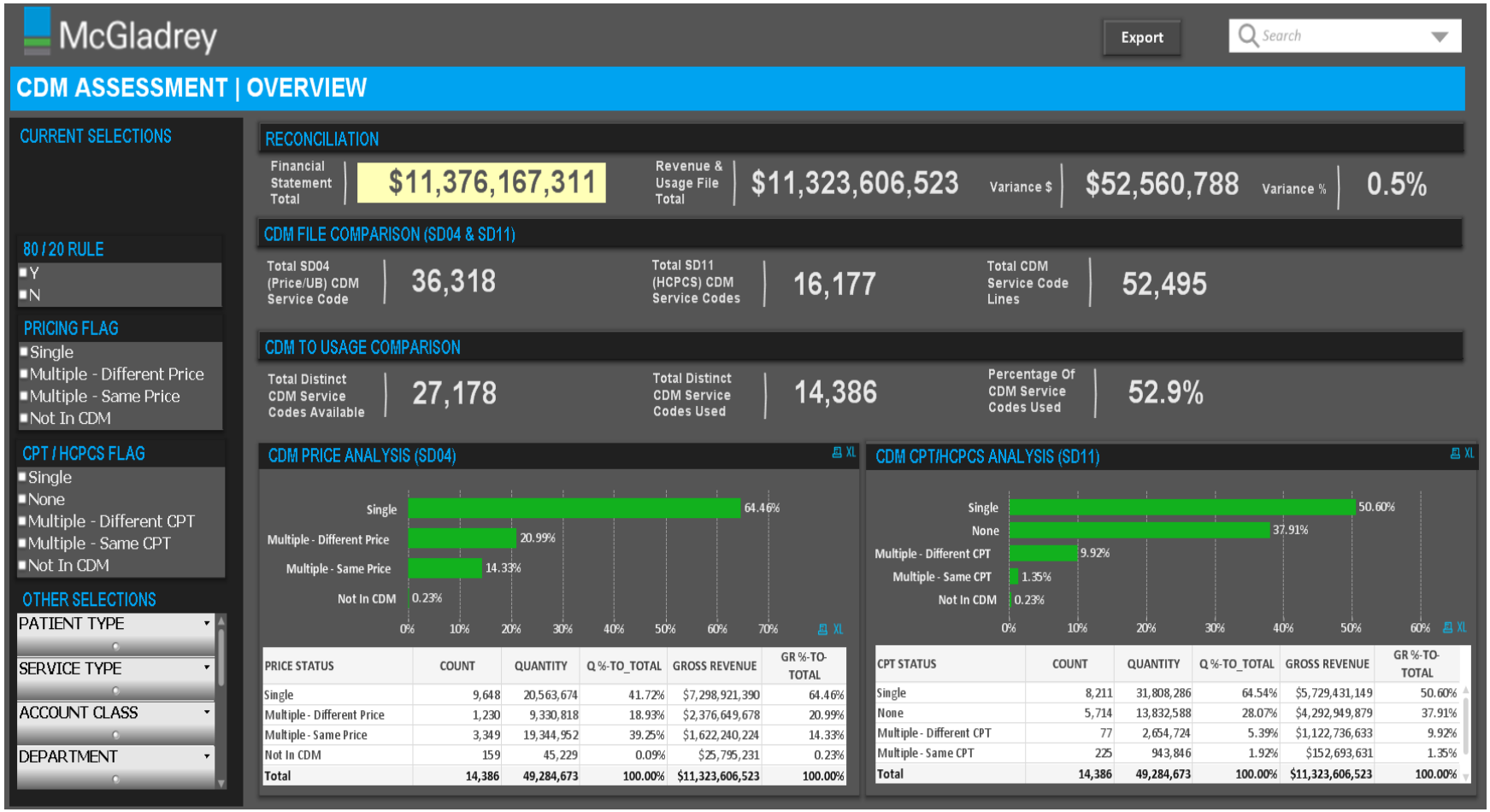
6. **Evaluate Clinical Documentation**

7. **Educate and Train**





Charge Capture Analytics (cont.)



PRICE STATUS	COUNT	QUANTITY	Q %-TO_TOTAL	GROSS REVENUE	GR %-TO-TOTAL
Single	9,648	20,563,674	41.72%	$7,298,921,390	64.46%
Multiple - Different Price	1,230	9,330,818	18.93%	$2,376,649,678	20.99%
Multiple - Same Price	3,349	19,344,952	39.25%	$1,622,240,224	14.33%
Not In CDM	159	45,229	0.09%	$25,795,231	0.23%
Total	**14,386**	**49,284,673**	**100.00%**	**$11,323,606,523**	**100.00%**

CPT STATUS	COUNT	QUANTITY	Q %-TO_TOTAL	GROSS REVENUE	GR %-TO-TOTAL
Single	8,211	31,808,286	64.54%	$5,729,431,149	50.60%
None	5,714	13,832,588	28.07%	$4,292,949,879	37.91%
Multiple - Different CPT	77	2,654,724	5.39%	$1,122,736,633	9.92%
Multiple - Same CPT	225	943,846	1.92%	$152,693,631	1.35%
Total	**14,386**	**49,284,673**	**100.00%**	**$11,323,606,523**	**100.00%**

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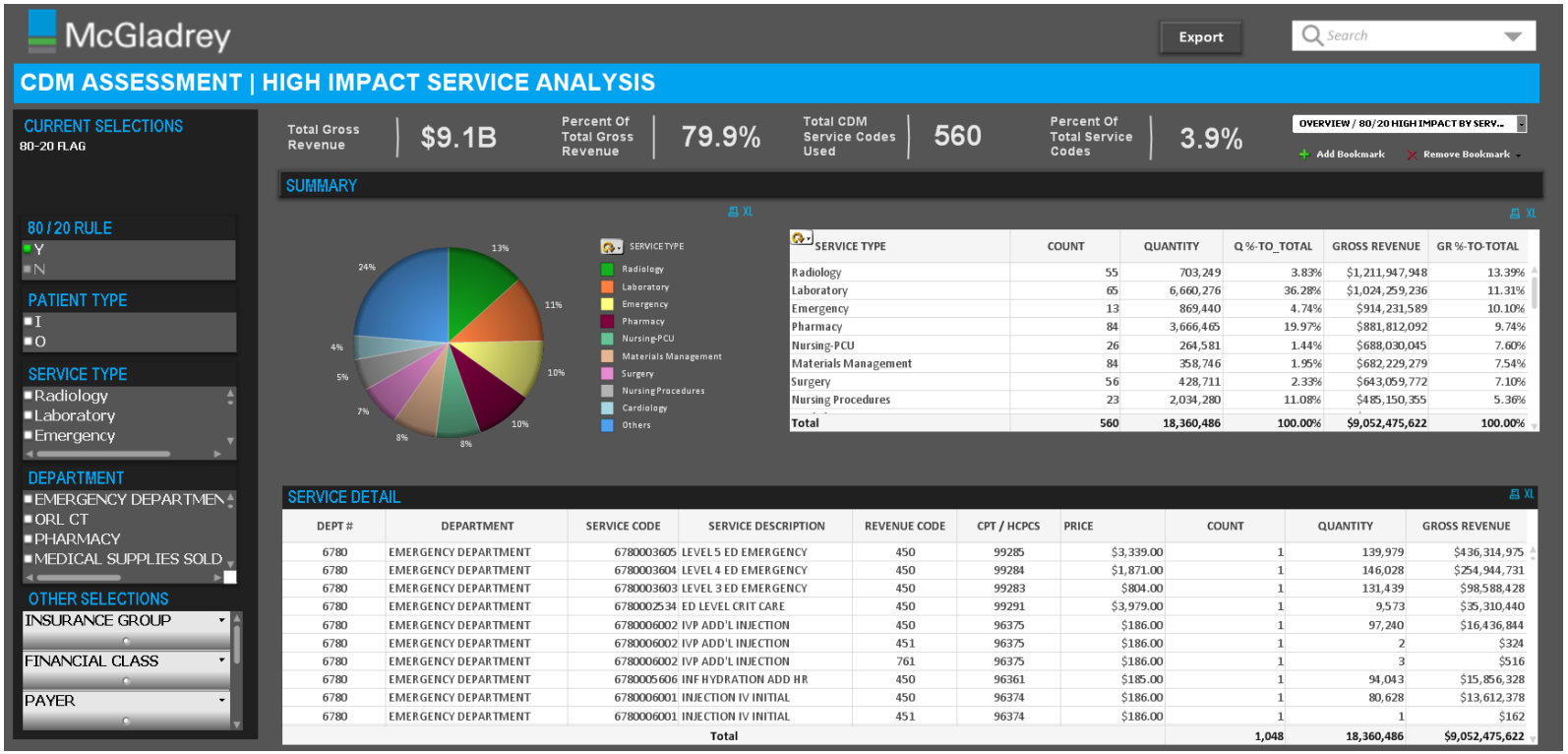
Charge Capture Analytics (cont.)



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  - ✓ Why We Code?
  - ✓ Why We Charge?

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Understanding Charge Capture at Your Organization

People

- Clinical and financial department collaboration
- Training needs for charge capture improvement (e.g., who, what, how and where)
- Understanding reimbursement methodologies, importance of clinical documentation and compliance

Process

- Understanding charge entry process flow
- Work queues enabling accurate charge capture
- Creating accountability and transparency (e.g., daily reconciliation and charge reports by department and regular charge audits)
- Detecting leakage, fixing at root and transferring knowledge

Technology

- Charge automation (e.g., charge preference list/templates)
- CDM maintenance applications
- Charge capture tools/applications
- Availability of the right information at the right time

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Discuss Case Study

- A well run revenue integrity team
  - → Leakage detected – 2% bottom line impact
  - → Achieved through charge capture findings in
    - ✓ Data mining
    - ✓ CDM
    - ✓ IM
    - ✓ Claims
    - ✓ Documentation

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Key Take Away…

- Data analytics can facilitate revenue leakage detection
- Once leakage is found, correct at root to prevent future loss
- Importance of finance and clinical department collaboration

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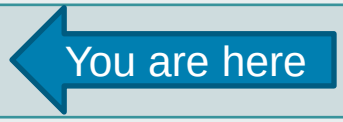
- ➢ In the Weeds – Bob Medcalf 

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In the Weeds…

- Know Medicare
- Discover operations
  - OR stories
- Thinking
  - Automatic vs. reflective

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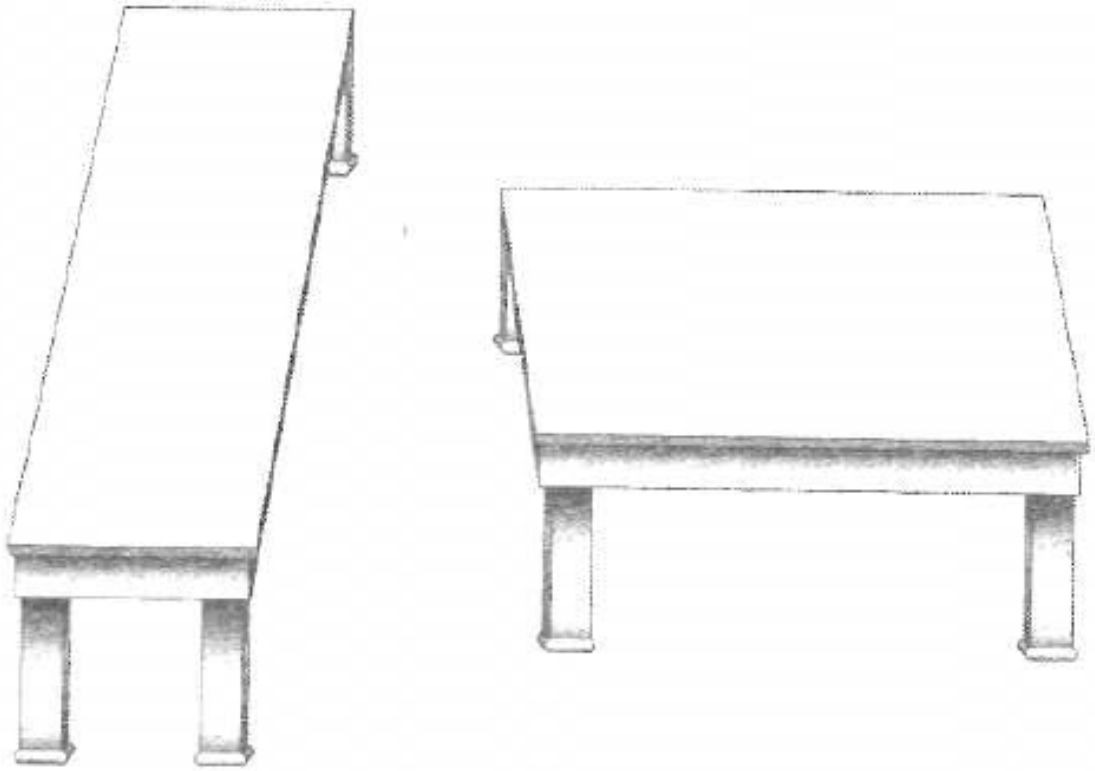
Have a look, if you will, at these two tables:



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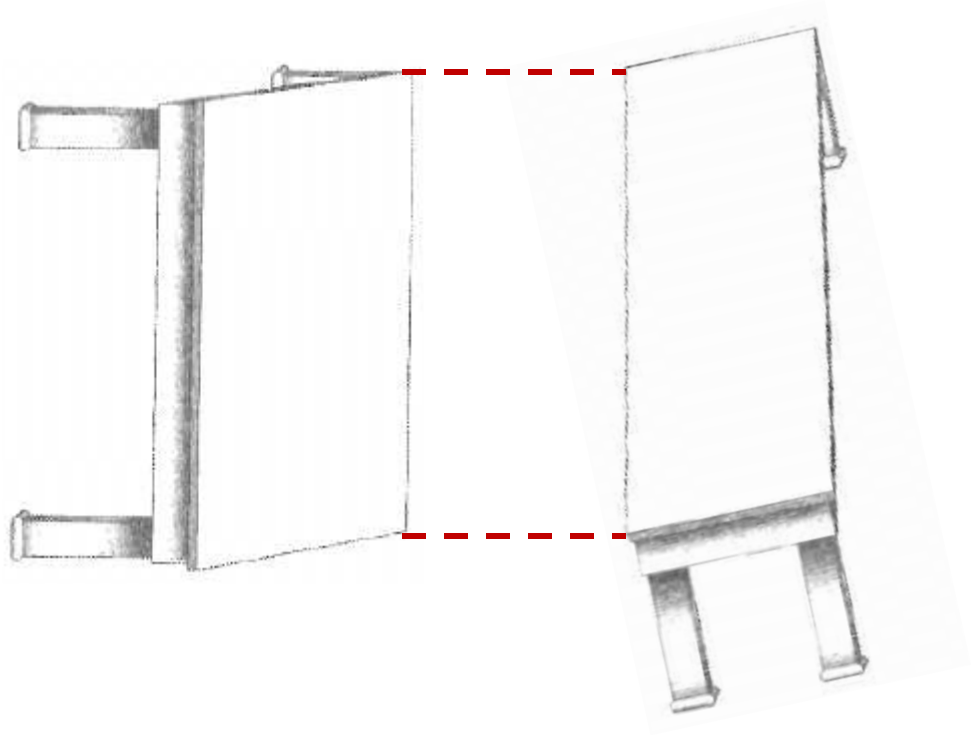

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Why We Document?

1. Revenue cycle purpose of documentation
   - A. Identify “technical” Service (1)*
     - 1) Coverage
       - a) Settings
       - b) Procedures
       - c) Self-administered drugs?
     - 2) Supervision
       - a) Levels
         - General
         - Direct
         - Personal/hands on
       - b) Type of care
         - Diagnostic specifically defined
         - Therapeutic
           - Sometimes therapy
         - Incidental to physician service
           - Personal level of supervision
           - “Under order of”

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Why We Document? (cont.)

B. Supports coding
   1) Signs, symptoms, conditions
   2) Physician and staff procedures
   3) Implications of physicians services
   4) Time

C. Supports reasonable and necessary(2)*

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Why We Code?

1. Revenue purpose of coding
    A. Reporting to payers
        1) Not always related to actual clinicals
            a) IV algorithm
            b) Critical care
                - Bee sting
                - Major trauma or cardiac failure
        2) Not related to
            a) Reporting EKG with critical care
            b) Pain procedure reporting
            c) IV administration

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Why We Code? (cont.)

2. Medical records coding
   A. What is their knowledge base?
      1) Not clinical
         a) Trained to assign numbers
         b) Learn medical terminology
         c) Unqualified to determine medical necessity
      2) Verify with clinicians services provided
   B. Trained for physician office
      1) Infusions
      2) Procedures
      3) E&M criteria

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Why We Code? (cont.)

3. CDM hard coding
   A. Why do we do it?
      1) Easy & cheaper
      2) Corrupts thinking
   B. Accuracy
      1) Use of wrong codes
         a) Precise nomenclature
         b) Needs clinical review
      2) Modifiers
         a) EKG in ER

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Why We Charge?

1. Purpose of charging
   - A. Revenue generation
   - B. Create bill of activity
     1) Identify clinical costs
        - a) PPS fee setting
        - b) Critical access hospitals
   - C. IRS – Inurnment issues
2. What are the associated costs? (3)*
   - A. What clinical components do they cover?
     1) OR room charge
     2) General anesthetic
   - B. Risk
   - C. Billing policy
     1) NDC
     2) State of Ohio enhanced APGs

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Why We Charge? (cont.)

D. Replacements & discounts
E. Cancelled events & wasted supply policy
F. Allocation methodology
    1) Benchmarking
    2) RVU
    3) Activity cased cost accounting

3. How to determine PRICE
    A. CMS guidelines
    B. CSA Effect

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Questions?

Thank you!

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