Changing the denials management paradigm with advanced analytics

A GE Healthcare presentation
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General Electric Company, by and through its GE Healthcare division.
Introduction of speakers

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See tutorial regarding confidentiality disclosures. Delete if not needed.
Goals of the presentation

1. Insight into big data and analytics and their applications to operations
2. Introduce you to UC Irvine Health (UC Irvine)
3. Detail UC Irvine’s challenges related to denials management
4. Demonstrate how we applied technology, process and people to help UC Irvine drive improvement
5. Review results
Big data is a broad term for data sets so large or complex that traditional data processing applications are inadequate.
Data → Actionable Insights → Outcomes
Understanding the Healthcare specific challenges

- Using healthcare expertise to translate specific sciences to solutions
- People-intensive culture requires change management …
- Empowering administrative workflows with insights from end to end
Outcomes

- Clinical Quality
- Operational Efficiency
- Financial Performance
Maximizing value from big data

- Clear understanding of a complex problem
- Algorithms
- Data
- Platform
Focus on areas of action to deliver targeted outcomes

- Eligibility
- Prior Auth
- Coding
- Timely filing

Initial Denials
- Authorization: 11%
- Eligibility: 16%
- Medical Necessity: 12%
- Demographic / Technical Errors: 61%

Denials Write Offs
- Authorization: 23%
- Eligibility: 6%
- Medical Necessity: 28%
- Demographic / Technical Errors: 43%
If you went to bed last night as an industrial company, you’re going to wake up this morning as a software and analytics company.

-Jeff Immelt
Denials…
UC Irvine Case Study
Physicians Billing Group (PBG)

Manages billing for 85% of the physicians at the School of Medicine

30 Billing and Accounts Receivable (BAR) groups

- 800+ physicians
- $500M claims submitted per year
- Patient mix:
  
  Commercial Contracted 28%; Medicare 26%; Medi-Cal/ CalOptima 22%
**UC Irvine core financial technology footprint**

**RCM: Centricity™ Business (8yrs.)**
- Task management (non-insurance follow-up)
- TES

**Electronic Medical Record:**
Allscripts™

**EDI:**
Centricity EDI
- OPTUM Claims Manager ™

**Business Intelligence:**
Centricity Informatics
- DenialsIQ™

**Insurance follow-up:** Huron TRAC™

**Contract management:** Experian®/Medical present value (MPV)

**Other:** Non-PBG* Centricity
Business users represent 18% of users

*PBG – Physicians Billing Group
Billing performance is the lifeblood of UC Irvine’s ability to deliver patient care

“We are the only source of revenue for the school of medicine. If we do not perform we won’t be able to pay our doctors or treat our patients”.

- Elizabeth Burrows
  IT Director Physicians Billing Group
  UC Irvine Health
KPI dashboard did not include key profitability metrics

<table>
<thead>
<tr>
<th>Metric</th>
<th>UC Irvine PBG</th>
<th>Non-PBG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Days A/R</td>
<td>52</td>
<td>69</td>
</tr>
<tr>
<td>Lag time</td>
<td>13</td>
<td>21</td>
</tr>
<tr>
<td>Net collections</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Self-pay</td>
<td>40%</td>
<td>57%</td>
</tr>
<tr>
<td>Non self-pay</td>
<td>96%</td>
<td>94%</td>
</tr>
<tr>
<td>Denials</td>
<td>Unclear</td>
<td>Unclear</td>
</tr>
</tbody>
</table>

Depth of data and insights was only directional, making effective action difficult.
~20% of invoices were denied monthly, indicating room for improvement

Industry top performers average ~ 4%

UC Irvine ~$40m in claims submitted/month
Limitations within denials management workflow created friction

<table>
<thead>
<tr>
<th>Denials received</th>
<th>Opportunities identified</th>
<th>Claim re-worked/ submitted</th>
<th>Fix executed</th>
</tr>
</thead>
</table>
| **Workflow**     | By unique billing specialty  
|                  | • Department            | Pre-assigned work lists   | Collectors escalate issues  
|                  | • Payer                 | updated nightly to collectors | to manager or coder,  
|                  | By role & access to technology |                           | process reviewed, fix  
|                  |                         |                            | implemented |
| **Result**       | Silo’d knowledge resulted in false positives and valuable opportunities missed | Could not manage resources based on demand or value of problem | Improvements were made in isolation; missing ‘big picture’ for organization |
| **How technology can help** | Insights without human intervention; making the volume more manageable | Assign resources based on value in near real time | Technology helps confirm we are solving the right problems |
Limited data and KPI depth impacted ability to drive meaningful improvement

**Challenge**

- Data was still directional, showed what ‘buckets’ were overflowing but not why

  Ex: pointed towards front end or back end or categories of denials

**Result**

- Struggled for cross-functional buy-in (especially with medical center staff), needed more concrete data about *how*

- Initiatives often lacked the right resources
  - Budget
  - Time
  - Human and tech resources

Level of detail added too much risk to process improvement initiatives
UC Irvine selected DenialsIQ™ to get more concrete insights from their data.
Making directional data actionable

15%  >  Eligibility

10%  >  Coding

5%  >  Prior Authorization
Using advanced technology to define areas of opportunity and to guide more pointed action

30% of denials coming from 4 locations; $27m

Key coding and prior auth scenarios recurring monthly; ~$25k/month

Cost of re-working avoidable denials rising; average $101k/month

> May need additional training or better communication

> Could indicate process redesign or stronger oversight

> Investigate new technology to reduce manual intervention
Paradigm shift from finding to solving

<table>
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<th>Focus area:</th>
<th>Technology</th>
<th>Process</th>
<th>People</th>
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<td>Identified patterns of focus w/supervisor</td>
<td>Reviewed sample invoices with leadership and confirm approach</td>
<td>Manager and supervisor close the loop w/front line team</td>
</tr>
</tbody>
</table>

Process:

- **Focus area:** Technology
- **Process:** Identified patterns of focus w/supervisor
- **Review:** Reviewed sample invoices with leadership and confirm approach
- **People:** Manager and supervisor close the loop w/front line team

Change:

- **Focus area:** Technology
  - **Change:** Spend 10 mins identifying trends
- **Process:** 100% focus on strategic decisions
- **People:** Data facilitates more productive interactions
Focus on specific categories to target most pressing needs

**Eligibility**
3 patterns | $402,000 | 1,360 claims

**CO109**: “Claim not covered by this payer/contractor.”
**CO31**: “Patient cannot be identified as our insured.”
**Action**: Re-enforce policies and procedures for patient registration and eligibility checking to identify ‘needs review’ flag when manually running eligibility.

UC Irvine physicians treat a high volume of patients at various locations. DenialsIQ provided insights into which locations, billers and providers needed extra training.
Focus on specific categories to target most pressing needs

**Coding**
1 pattern | $363,000 | 598 claims

**CO252:** “An attachment/other documentation is required to adjudicate this claim/service.”

**CO16:** “Claim/service lacks information which is needed for adjudication.”

**Action:** While initially expected that claims edits would be needed, upon review, the issue that they uncovered was actually with one specific payer. UC Irvine scheduled a meeting with the payer immediately.
Denials Overview

Invoices Denied
11,131 for 2015-07

Percentage of Billing Denied
19.69% for 2015-07
Results: UCI saw an immediate impact in both categories

Reduction in Eligibility: CO109 Scenarios
- July 2015 Vs. previous 4 months
  -52%

Reduction in Coding: CO252 Scenarios
- July 2015 Vs. previous 4 months
  -28%

Reduced CO109 by $148,895 in the first month.
Reduced CO252 by $22,221 in the first month.
Other notable outcomes from month 1

- Coding denials: -7% vs. previous 11 month average vs. July 2015 vs. July 2014

- Eligibility denials: -38% vs. previous 11 month average vs. July 2015 vs. July 2014

- Denied charges: -29% vs. previous 11 month average vs. July 2015 vs. July 2014

- Re-work cost: -75% vs. previous 11 month average vs. July 2015 vs. July 2014

-47% vs. previous 11 month average vs. July 2015 vs. July 2014

Conclusion

✓ Peaked interest for analytics & executive dashboards to report and measure performance
✓ Stronger organizational view of what's happening, no longer by individual departments enhances ability to manage team for success and have meaningful, data-driven discussions with payers
✓ Technology is just one component of successfully changing a culture. Equal focus must be given to process and people needs, to optimize technology investments