

Revenue Cycle Management: How to Increase Collection Rates & Improve Patient Recovery for Substance Use Treatment



Written by:

Rebecca M.S. Busch, *President and CEO, Medical Business Associates, Inc.*

Peter Elias, *Senior Data Analyst*

CASE SUMMARY

OUTSOURCING BEHAVIORAL HEALTH REVENUE CYCLE SUPPORT: A SYMBIOTIC RELATIONSHIP

Outsourcing has become a critical part of the strategies deployed by many companies to achieve cost competitiveness and increased effectiveness in their administrative activities. Across many industries, companies have used this tool to bring into their organizations expertise and critical information systems they would not be able to create for themselves through insourcing. Although not every outsourcing story has a happy ending, industry trends — including in healthcare — show increasing reliance on such partnerships. A recent audit undertaken by Medical Business Associates of the outsourcing of revenue cycle management (RCM) by a provider to SimiTree points to why such an effort can be successful.



THE RESULTS

Medical Business Associates analyzed the claims data for a substance use treatment facility located in the southeastern United States. After outsourcing this process to SimiTree, an analysis of charges per charge-pay data for the provider showed that collection rates improved by a massive 125% over the course of managing the revenue cycle for the company, as well as improving the average accounts receivable age by 33%. Additionally, SimiTree was able to increase the average number days spent in a partial hospitalization program (PHP) by 29%. SimiTree accomplishes this in part by obtaining additional authorized days, either by more effective delivery during routine clinical review, a more in-depth understanding of payer guidelines, or by appealing non-authorizations and advocating for patients who require more time at higher levels of care despite the payers' push to step down or discharge. By relieving this facility of their revenue cycle management function, SimiTree enabled them to focus on their core competencies, consequently increasing the volume of charges. Of course, capturing charges and collecting is essential to any provider, but it is typically not an area where they have developed particular expertise. It is not uncommon for providers to struggle in this area, but what would be the change leading to any sustainable improvement? In this example, outsourcing provided that change. Why does outsourcing work?

+125%

Increase in
Collection Rates

-33%

Reduction in Average
Accounts Receivable Age

+29%

Increase in Number
of Days Patients Spent
in Treatment

THE REASONS

In general, a strong and effective relationship between an RCM company like SimiTree and a provider is one where a “win-win” situation is present. What makes an arrangement a “win” for the provider?

- 1) The RCM company brings expertise that would be difficult or impossible for the provider to create in-house: RCM companies monitor current payer rules and keep the provider informed, providing a deeper understanding into payer guidelines that facilitates interactions with payers at every stage of the revenue cycle.
- 2) Since RCM companies like SimiTree process over a billion dollars in charges per year in multiple geographic regions and multiple payer contracts, they are more effective in arguing denials, knowing what works and what does not.
- 3) RCM companies have knowledge on the correct coding that is required and controls to double check the claims they submit for processing. Therefore, they will correct the claims before going out, reducing denials from the get-go and collecting money faster.
- 4) The RCM company maintains comprehensive data and analytics, allowing it to effectively identify problems and pain points (e.g., resolving denial management issues).
- 5) The RCM company can also help ensure a culture of compliance by creating a “positive feedback loop” among the provider, the payer, and RCM company. For example, if a claim is being denied due to a provider’s internal issues, the vendor can initiate provider education to remedy the situation. The goal is to always secure reimbursement the first time instead of battling the denial of the claim.
- 6) Accountability is strong, and there is an alignment of interests between the RCM company and the provider. If the provider does not get paid, the RCM company also does not get paid. Further, the accountability of the RCM company is often more stringent than in an in-house team, as it can be more easily replaced.

THE BOTTOM LINE

The business intelligence alone from aggregated market data is invaluable for the provider organization. Examples of data provided by outsourced revenue cycle vendors may include behavioral health market presence, visibility into reimbursement trends, regulatory compliance, access to data on admissions, and length of stay (LOS) estimates by payer. RCM company clients who own multiple provider groups will have additional leverage through aggregated market intelligence that can provide assistance in segmenting intelligence by market region. Further, their experience on payer policies and adjudication practices will optimally impact efficient and effective reimbursement.

By working on behalf of a provider and improving their revenue cycle management function, an RCM company allows a provider to focus on its core competencies, consequently increasing the volume of patients treated and the volume of charges.



