ADDRESSING GAPS IN AR MANAGEMENT

The true long term impacts to your practice and your bottom line.

ZYMEDA
— PROVIDER SOLUTIONS —

HOW DO YOU TRULY MANAGE AR ANYWAY?

Every penny counts in a physician practice where there is decreasing room for error in order to remain profitable. High patient share of cost, reduced volume due to the pandemic, reduced PMPM due to 2020 performance, and ever-changing payer specific policies make it challenging to keep practices above water.

It is imperative to identify exactly where and what the opportunities are to reduce the cost to practice and increase revenue to ensure an operating margin worth the headache of running a practice. Zymeda conducted a study to identify outcomes of providers who followed these Accounts Receivable Management Guidelines and those who did not and the results speak for themselves. A well laid strategy and set of nationally benchmarked performance indicators will gauge your success or failure without the guesswork or intuition.

TAKE A LOOK AT WHAT'S INSIDE:

Why Monitoring National Benchmarking is Important

TABLE OF CONTENTS

ZYMEDA
— PROVIDER SOLUTIONS —

TAKE A LOOK AT WHAT'S INSIDE:

Why Monitoring National Benchmarking is Important

"It's hard to navigate where you are going if you don't know where you are"

GET CONNECTED

THE CHALLENGE TODAY

NATIONAL BENCHMARKING

For decades, healthcare providers, insurance companies, ambulatory and device firms have been operating in a shifting landscape. Advances in technology, new standards of care, a growing population, and changing demographics have propelled ongoing change in the healthcare sector. Regulation, access to care, cost pressures, and legal and ethical considerations add to the complexity, as does healthcare reform and the Covid-19 pandemic. In this context, it can be difficult to know if organizations have the transparency into their AR required to set a clear direction to where they want to be, set performance expectations for clinical and clerical employees, invest in creating long-term efficiencies where it makes sense and abandon processes where there is little or no return on investment as they seek to provide safe, high quality patient care.

While providers struggle to maintain a revenue stream that supports operating costs, staffing, general liability and malpractice insurance, they must also remain abreast of regulatory and payer reimbursement guideline changes which vary from payor to payor and reimbursement models can be as complex and varying as individual payor guidelines. How does a provider know how their practice is performing? The simple answer is data. By using a nationally recognized formula and benchmarking based on other practices across the nation, setting goals based on those measures and establishing a dashboard to ensure staff is moving closer to the goal, it can be very easy to see exactly where the practice may be falling short and celebrating successes which can really help the morale and culture building piece of running a practice so that providers can focus on providing the best patient care to the communities they serve.

Fig. 2: Historical and Projected Federal Health Care Spending (Percent of GDP)
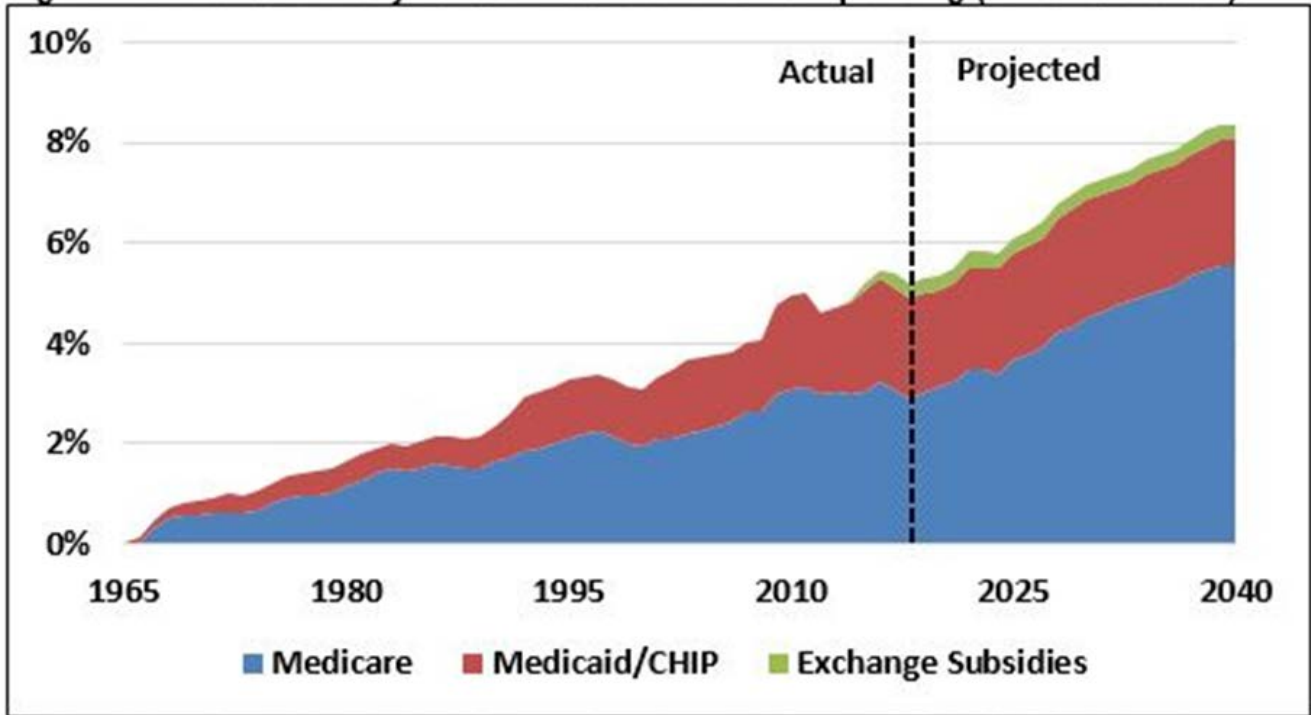
Source: Office of Management and Budget, Congressional Budget Office, CRFB calculations.

THE PULSE ON ANALYTICS

According to the Centers for Medicare and Medicaid Services (CMS), healthcare accounts for 17.7% of the United States 2018 Gross Domestic Product (GDP). That is $3.6 trillion per year spent in the delivery of healthcare (CMS, 2019). The Center for American Progress reports that 14.4% of US healthcare spending is directly attributed to billing and insurance related functions based on what is reported to be one of the most thorough reports on U.S. administrative costs produced by the National Academy of Medicine in 2010 (Gee & Spiro, 2019).

MGMA produced an average cost to collect and estimated that between the administrative and personnel costs associated with collecting reimbursement for care provided, an average of 47% of revenue is spent (Peter F. Lyle & J. Douglas Heslep, 2020). Woolhandler and Himmelstein estimate that the United States currently spends $1.1 trillion on health care administration, and of that amount, $504 billion is excess (Gee & Spiro, 2019). The excessive administrative costs associated with providing healthcare in America may result in poor population health due to the financial inability to treat all patients in need of care. Many administrative expenditures in the United States are due to its complex, fragmented multiple-payer health care system. In this system, health care delivery organizations interact with multiple payers, each of which has its own billing mechanisms and requirements. Thus, many administrative expenditures are related to billing and insurance-related (BIR) functions. BIR functions include any administrative activities intended to "move money from payer to provider in accordance with agreed-upon rules" (Bentley, Effros, Palar, & Keeler, 2008).

These already excessive costs per capita are projected to continue to increase as reported by the Committee for a Responsible Federal Budget (CRFB).

By understanding exactly what your reimbursement and costs are for each procedure, the cost for each task and the volumes of tasks that are being performed, the data will provide the roadmap to a growing profit margin through efficient processes and a high degree of transparency.

THE ZYMEDA DIFFERENCE

A STUDY OF OUTCOMES

During this study, Zymeda examined 5 categories outlined by MGMA and examined Zymeda client outcomes ompared to over 360,000 practices across the US.

Category 1- Pay for Performance measures - While there was good news for organizations that had already embraced elements of risk and received prospective payments for keeping patients healthy through the pandemic, most groups' struggles to sustain visits and procedures meant less revenue and lower compensation. MGMA reports that 82% of healthcare leaders report that some or all of their physicians experienced 40% or more in reductions in revenue in 2020 (MGMA, 2021).

Zymeda's clients maintained at least 80% of their P4P outcomes and FFS over the prior year as a direct result of proactively managing AR and population health through analytics. This places them in the 96th percentile in overall performance in this category through the pandemic.

Category 2 - Cost to collect- MGMA national Benchmarking shows an average cost to collect of 13% of revenue and best performers are less than 9% based on 2019 data. Approximately 25% of MGMA's reporting practices reported 9% or better. Zymeda's clients experience a cost to collect of 7% or better placing them in the 77th performance percentile overall in this category.

Category 3- Average days in AR-MGMA national Benchmarking shows 36 days as a national average with best performers operating at 29.4 days or less. Top performers make up 27.7% of reporting practices nationwide. Zymeda's clients posses an average of 21.4 days in AR placing them in the 98th performance percentile overall in this category.

Category 4- Bad Debt Adjustments. MGMA national Benchmarking shows 5% of Net revenue is the national average with top performers adjusting 3% or less to bad debt. Only 2.02% of reporting practices fell into the top performers category. Zymeda's clients experience an average of 1.3% bad debt adjustments with the highest single client bad debt percentage topping at 3.2% in 2020. This may be the single most valuable measure to ensure maximum profit margin. While other categories mean a higher cost to collect and reduction in profit margin, uncompensated care results in operating losses which can be fatal to any practice.

Category 5 - First pass clean claim rate- MGMA shows a national average of 89% first pass clean claim rate with only 11% of reporting practices as top performers submitting 96% or greater clean claims on first pass. Zymeda's clients experience an average of 99.2 % first pass clean claim rate including rejections and denials.

Zymeda Accomplishes these metrics by setting aggressive goals, utilizing the MGMA standard benchmark calculation to track and monitor progress and deep diving into what drives additional touches, outstanding AR over 30 days, uncollectable revenue and missed P4P opportunities and working with clients to map a strategy. Call us today for

REFERENCES

Bentley, T. G., Effros, R. M., Palar, K., & Keeler, E. B. (2008). Waste in the U.S. Health care system: a conceptual framework. The Milbank   quarterly, 86(4), 629–659. https://doi.org/10.1111/j.1468-0009.2008.00537.x

CMS. (2019, 12 17). National Health Expenditure Data. Retrieved from CMS.Gov: https://www.cms.gov/Research-Statistics-Data-and- Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/NationalHealthAccountsHistorical

Gee, E., & Spiro, T. (2019, April 8). Excess Administrative Costs Burden the U.S. Health Care System. Retrieved from Center for American   Progress: https://www.americanprogress.org/issues/healthcare/reports/2019/04/08/468302/excess-administrative-costs-burden-u-s- health-care-system/

MGMA (2020) MGMA Better Performers Criteria. Retrieved from: https://www.mgma.com/MGMA/media/files/data/BetterPerformersFlyer.pdf

MGMA (2020, October) MGMA DataDive Better Performers. Retrieved from: https://www.mgma.com/data/benchmarking-data/better-performers

MGMA (2021) MGMA Highlights Keys to Success for Physician Practices. retrieved from: https://www.healthleadersmedia.com/clinical-care/mgma-highlights-keys-success-physician-practices

Peter F. Lyle, S., & J. Douglas Heslep, J. (2020, May 27). Know Your Money: Benchmarking. Retrieved from MedicalManagement.com: https://www.medicalmanagement.com/client_files/File/Benchmarking-MGMA-NF.pdf