Summary of FLEX Operational and Financial Improvement Grant 13014G

SORH
GEORGIA STATE OFFICE OF RURAL HEALTH

Materials were produced pursuant to FLEX Project CFDA 93.241

Draffin & Tucker, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Grant requirements

1. Analyze revenue cycle
2. Conduct SWOT (strengths, weaknesses, opportunities, threats) analyses of revenue cycle
3. Identify opportunities for improvement
4. Develop action and accountability plans
5. Conduct quarterly assessments / monitoring
6. Analyze Medicare cost reports and provide tools for estimating settlement
7. Analyze CDM (charge description master) and provide recommendations
8. Report financial measures annually to State Office of Rural Health (SORH)
9. Evaluate readiness to convert to prospective payment system (PPS)
10. Refer provider recruitment needs to SORH

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Project challenges

- Quick fix, versus long-term actions
- Too much to track (we reduced measures)
- Too busy
- Many of hospitals dropped out
  - Purchased or closed
  - Central Business Office with larger system
  - Too much trouble

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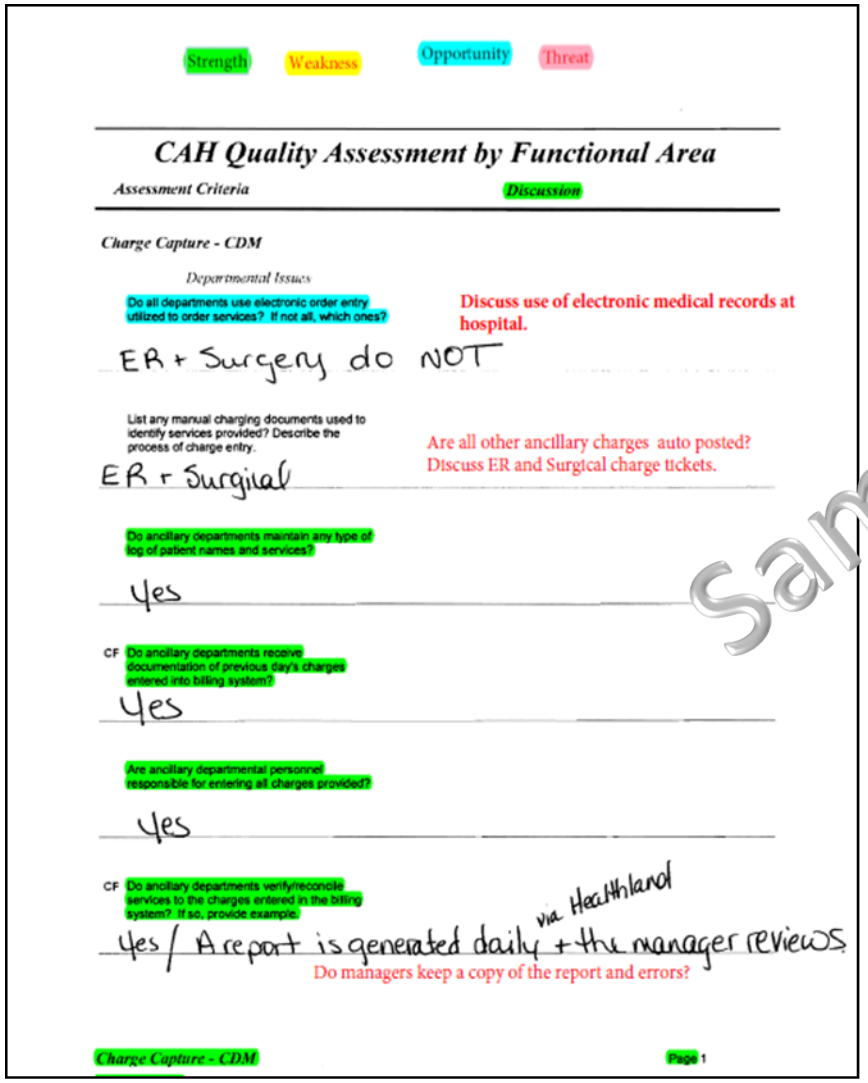
Initial analysis



Strength Weakness Opportunity Threat

CAH Quality Assessment by Functional Area

Assessment Criteria — *Discussion*

Charge Capture - CDM

Departmental Issues

Do all departments use electronic order entry utilized to order services? If not all, which ones?

Discuss use of electronic medical records at hospital.

ER + Surgery do NOT

List any manual charging documents used to identify services provided? Describe the process of charge entry.

Are all other ancillary charges auto posted? Discuss ER and Surgical charge tickets.

ER + Surgical

Do ancillary departments maintain any type of log of patient names and services?

Yes

CF Do ancillary departments receive documentation of previous day's charges entered into billing system?

Yes

Are ancillary departmental personnel responsible for entering all charges provided?

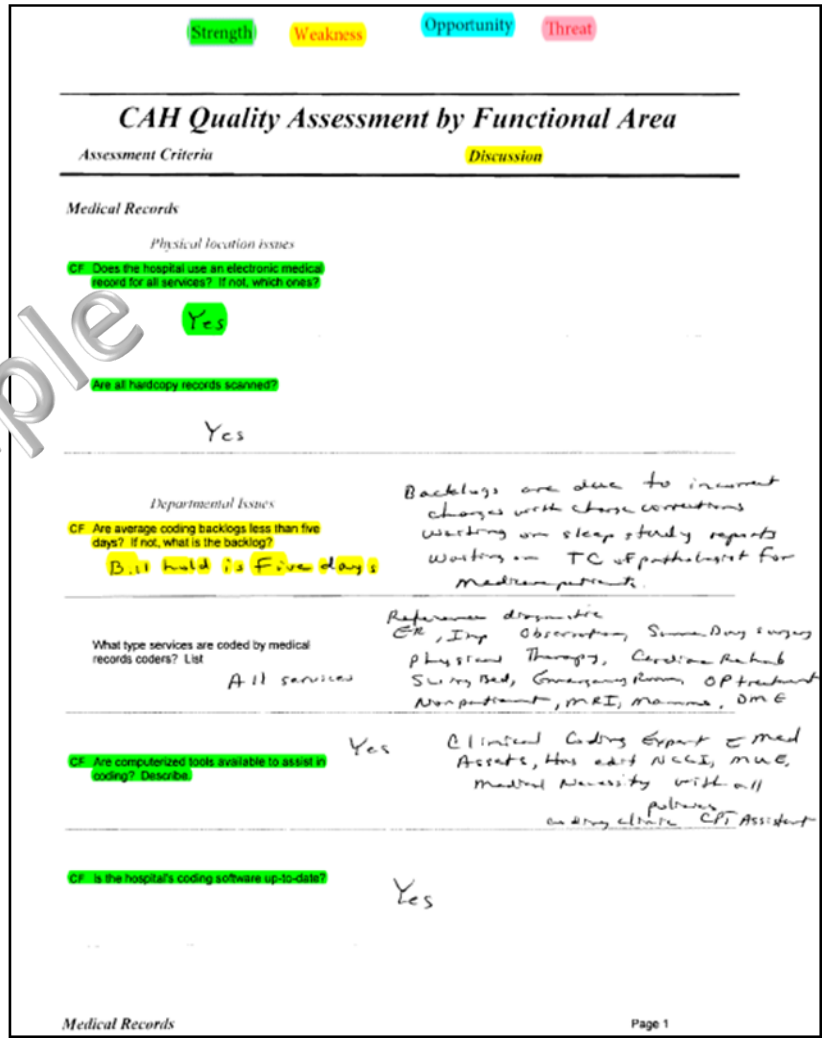
Yes

CF Do ancillary departments verify/reconcile services to the charges entered in the billing system? If so, provide example.

Yes / A report is generated daily via HealthLand + the manager reviews

Do managers keep a copy of the report and errors?

Charge Capture - CDM Page 1



Strength Weakness Opportunity Threat

CAH Quality Assessment by Functional Area

Assessment Criteria — *Discussion*

Medical Records

Physical location issues

CF Does the hospital use an electronic medical record for all services? If not, which ones?

Yes

Are all hardcopy records scanned?

Yes

Departmental Issues

CF Are average coding backlogs less than five days? If not, what is the backlog?

B.I.L hold is Five days

Backlogs are due to incorrect charges with charge corrections waiting on sleep study reports waiting on TC of pathologist for medical permanent

What type services are coded by medical records coders? List

All services

Reference diagnostic ER, Imp Observation, Same Day Surgery physical Therapy, Cardiac Rehab Swing Bed, Emergency Room, OP treatment Non-patient, MRI, Mammo, DME

CF Are computerized tools available to assist in coding? Describe

Yes

Clinical Coding Expert & Med Assets, Has edit NCCI, MUE, Medical Necessity with all Software on drop clinic CPT Assistant

CF Is the hospital's coding software up-to-date?

Yes

Medical Records Page 1

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Meetings to discuss

Registration

Strengths

- The hospital utilizes the nTelagent software to assist in registr
  - Verifies insurance
  - Computes coinsurance
  - Provides scripts for upfront collections
  - Screens for medical necessity
  - Verifies patient addresses
  - Identifies patients who may need financial assistance
  - Prints out promissory notes
- Health Information Management department monitors regist
  review and logs these issues on a Shared Excel Error Spreadsh
- Quadex produces edit/error reports which highlight accounts
  which prevent a claim from being billed to the payer.

Weaknesses

- The nTelagent software does not compute coinsurance correc
  but rather computes coinsurance as if it is a PPS hospital
  - In discussions with staff, this issue has been brou
    vendor. No action necessary at this time.
- HIM department staff sometimes bypasses logging issues on t
  and goes directly to registrars to correct, therefore the Regist
  issues made.
- Some issues reported on the Quadex edit/error reports relate
  Although medical necessity is checked through nTelagent, son
  continue to occur. Most issues relate to ED visits.
- There are two new inexperienced Registration clerks in the En
  registration issues occur in the ED.

Claims Submission and Follow Up

Strengths

- Claims submission staff utilizes the Quadex system to edit claims prior to submission to the payers.
  - Quadex generates numerous reports to assist billers in filing clean claims.
    - The Quadex Batch Processor Error Log Report by Error indicates all issues that occur during the initial edit of claims for processing. This report is the first edit as Healthland claims are uploaded to Quadex.
    - Quadex Held Claims Report indicates second level of edits, specific to payer, which prevent claims from being submitted for payment. This report may include primary and secondary claim filing.
  - Quadex reports include issues/edits which could be caused by upstream actions.
- The Healthland computer system is used at the hospital. This system generates Work Assignment "buckets" that are used in reporting issues that prevents the generation of a clean claim. Various departments access these "buckets" daily to resolve reported issues. There are active and ongoing communications among departments to clear issues.
- There are existing revenue cycle monitoring tools used to track:
  - Billed claims for each day
  - Cash receipts for each day
  - Total dollars billed by month
  - Net Days in Accounts Receivable by month
  - Medicare dollars and accounts billed by month
- Self-pay billing and follow up is outsourced to RGL Associates. The hospital staff does not bill or follow-up for self-pay accounts.
- Medicare billing is outsourced to Dale Gibson.
- Claim denials are tracked monthly.

Weaknesses

- Use of Quadex Reports
  - All issues noted in the Quadex reports which could indicate registration issues are not keyed to the Shared Excel Error Spreadsheet.
  - Quadex Held Claims Report does not indicate the outstanding account balance of the claim held, it does not indicate days in hold status, and it does not indicate whether the

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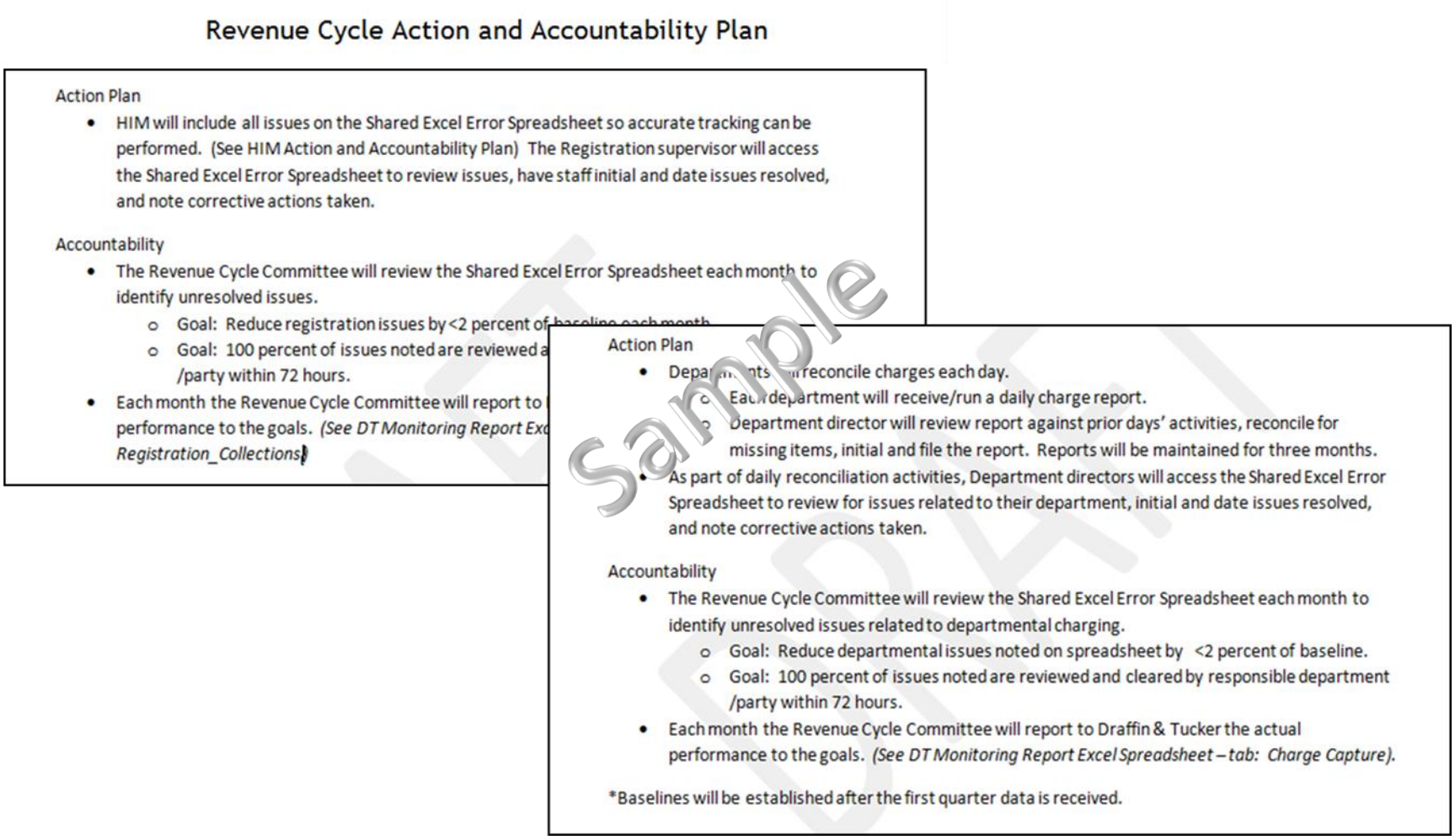
Action and accountability



Revenue Cycle Action and Accountability Plan

Action Plan

- HIM will include all issues on the Shared Excel Error Spreadsheet so accurate tracking can be performed. (See HIM Action and Accountability Plan) The Registration supervisor will access the Shared Excel Error Spreadsheet to review issues, have staff initial and date issues resolved, and note corrective actions taken.

Accountability

- The Revenue Cycle Committee will review the Shared Excel Error Spreadsheet each month to identify unresolved issues.
  - Goal: Reduce registration issues by <2 percent of baseline each month
  - Goal: 100 percent of issues noted are reviewed a
    /party within 72 hours.
- Each month the Revenue Cycle Committee will report to
  performance to the goals. *(See DT Monitoring Report Exc*
  Registration_Collections)

Action Plan

- Depa nts reconcile charges each day.
  - Eac department will receive/run a daily charge report.
  - Department director will review report against prior days' activities, reconcile for missing items, initial and file the report. Reports will be maintained for three months.
- As part of daily reconciliation activities, Department directors will access the Shared Excel Error Spreadsheet to review for issues related to their department, initial and date issues resolved, and note corrective actions taken.

Accountability

- The Revenue Cycle Committee will review the Shared Excel Error Spreadsheet each month to identify unresolved issues related to departmental charging.
  - Goal: Reduce departmental issues noted on spreadsheet by <2 percent of baseline.
  - Goal: 100 percent of issues noted are reviewed and cleared by responsible department /party within 72 hours.
- Each month the Revenue Cycle Committee will report to Draffin & Tucker the actual performance to the goals. *(See DT Monitoring Report Excel Spreadsheet – tab: Charge Capture).*

*Baselines will be established after the first quarter data is received.

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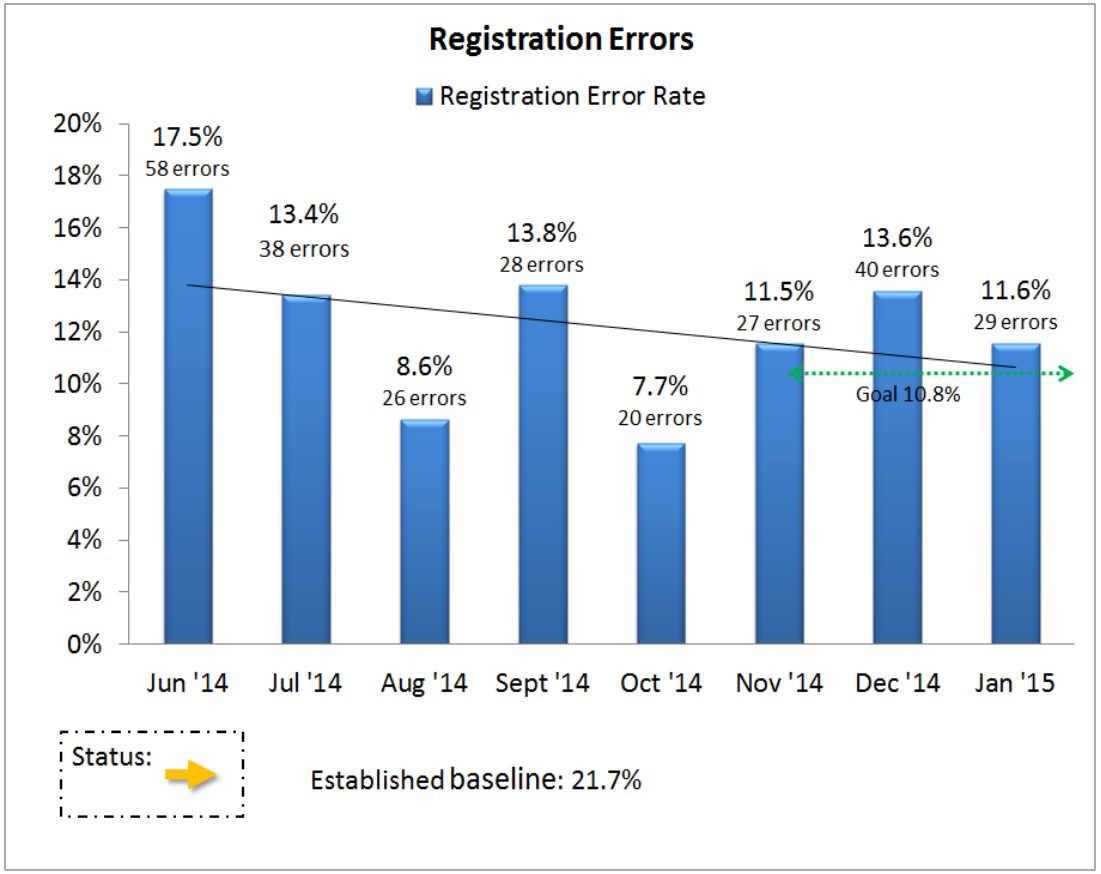
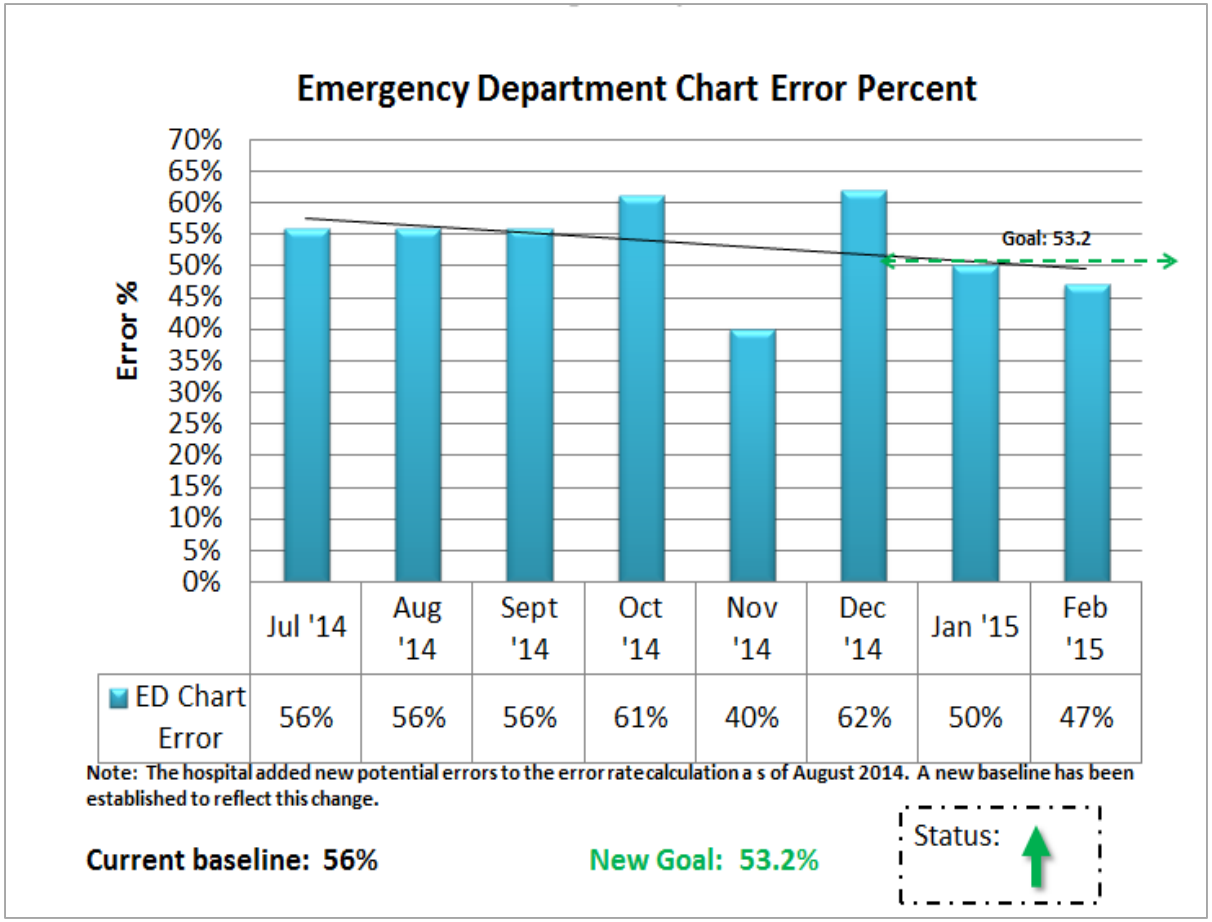
Registration



The registration error rate was the lowest in October (7.7%). We noticed a gradual increase in errors for November through January. Have there been any significant changes related to internal processes and/or new staff that would cause this increase in registration errors? If so, please explain what has occurred and how these errors are being addressed (i.e. staff accountability).

Charge Capture



1. It is our understanding a new process has been implemented to track Emergency Department (ED) chart errors. Describe the process.

2. What led to the decrease in errors in January and February?

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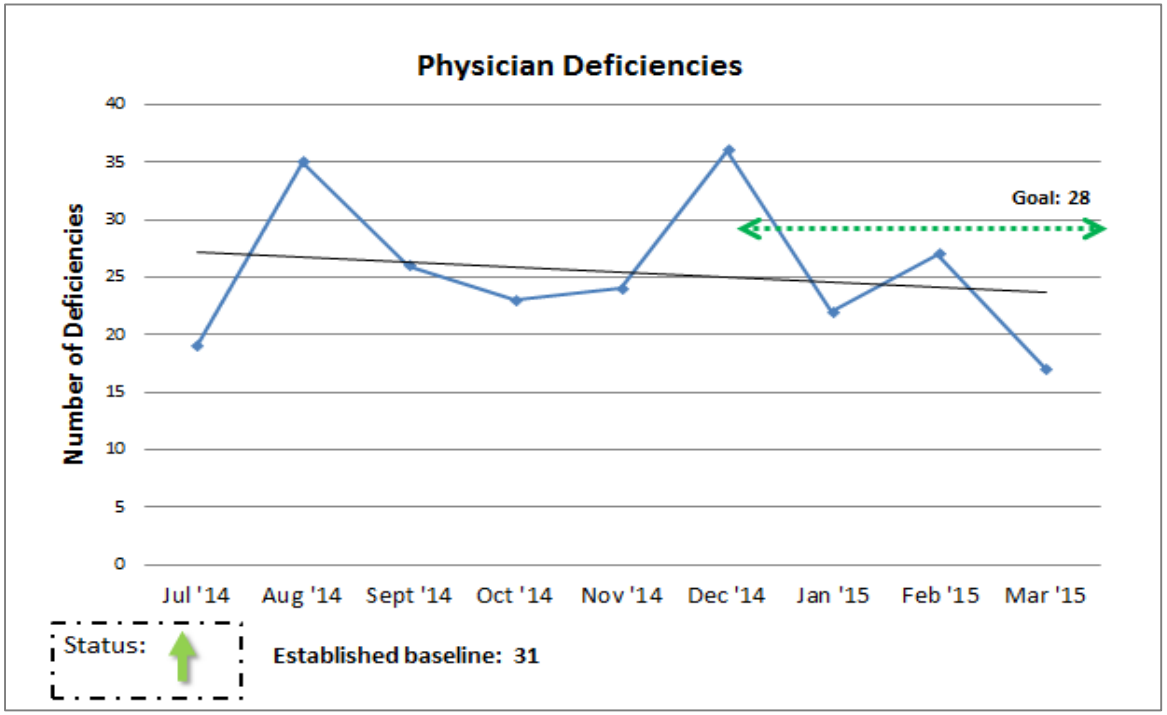
HIM-Physician Deficiencies

- Physician timelines regarding dictation is an issue. Medical bylaws allow 30 days to complete chart dictation and sign-offs. Some physicians have charts delinquent beyond the 30 days.
- The Health Information Management (HIM) director will continue to utilize the **Deficiency List** to track and monitor physician chart completion. This list is given to the Chief Executive Officer (CEO) weekly for discussion with physicians. The HIM director will key into the D&T Monitoring spreadsheet (*HIM tab*) the total number of delinquent charts by physician as of the last day of each month.

Is this chart shared with the medical staff?

Successful actions taken?



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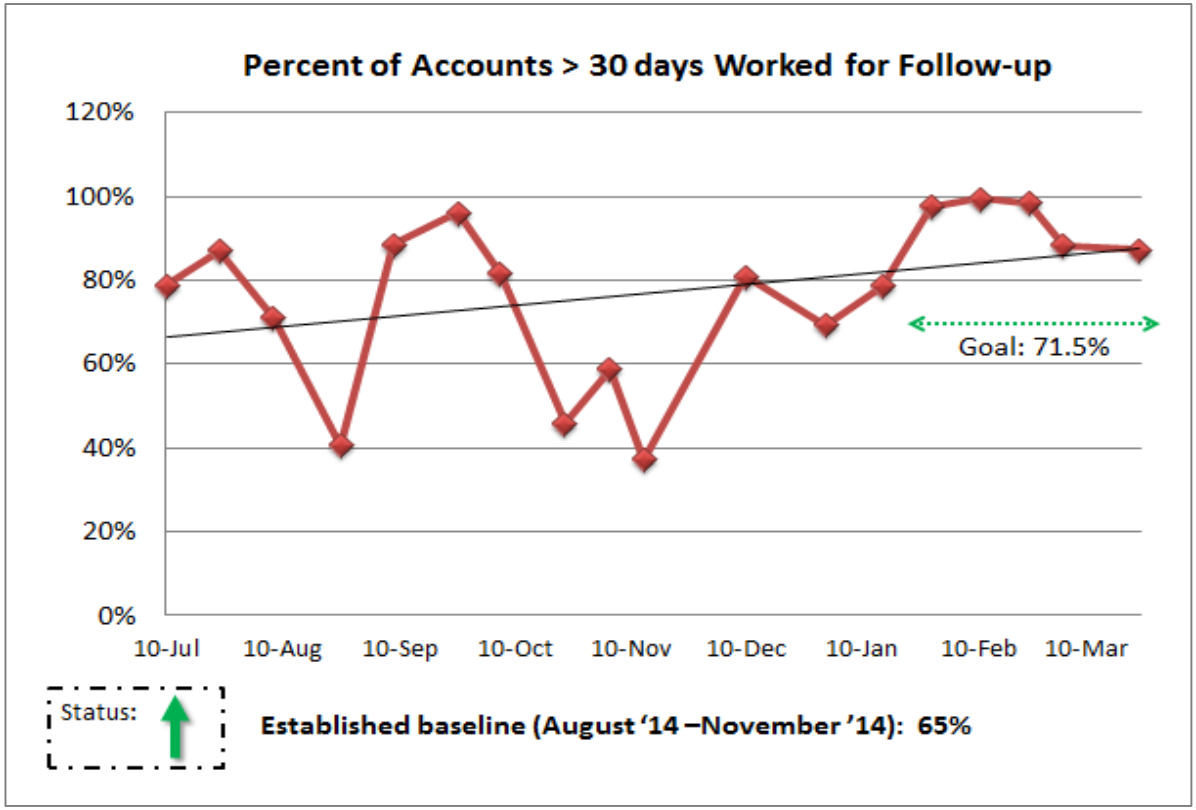


Claims Follow-Up

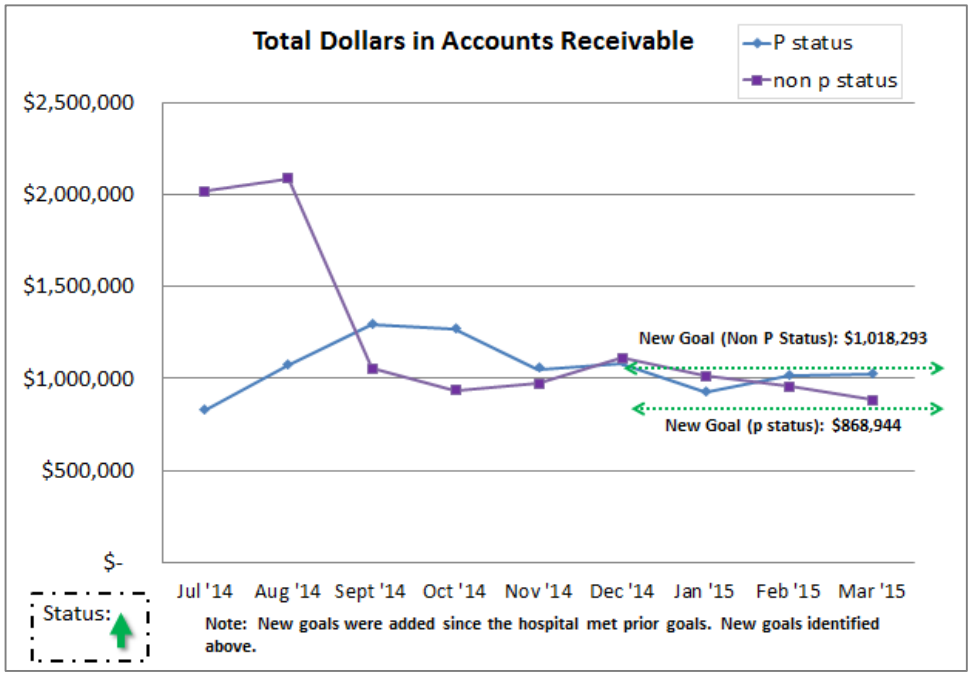
How is this information shared with the staff?

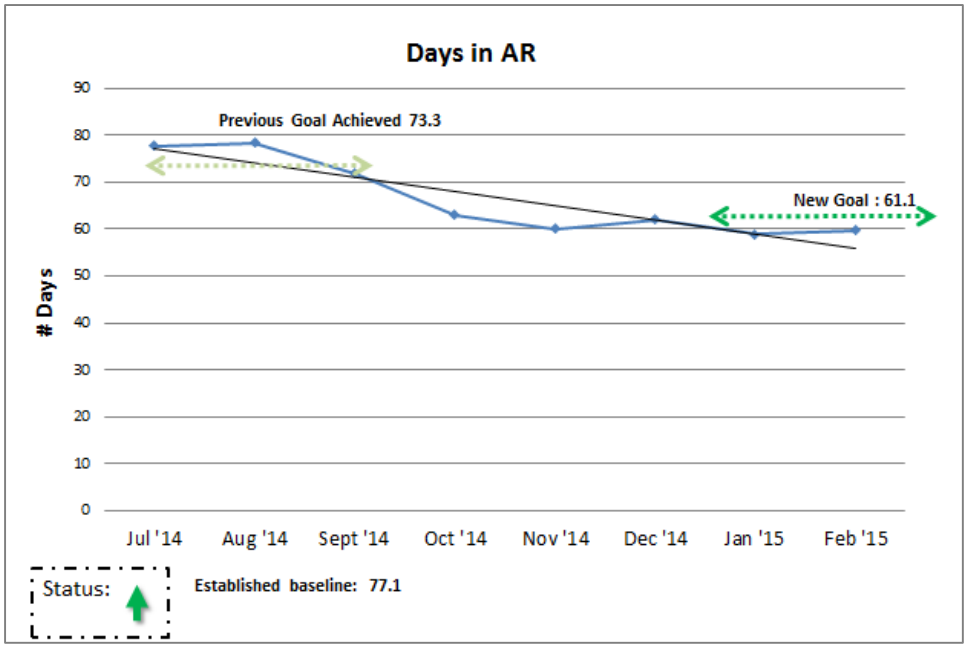
Weaknesses

- There is informal tracking regarding productivity of billing staff. In order to hold staff more accountable, formal tracking should be instituted using the existing adhoc report (Excel spreadsheet).

Action Plan

- The Business Office Manager will continue to prepare the adhoc report (Excel spreadsheet) each week for the billers to use in account follow-up. Billers note comments by each account to indicate status. The Business Office Manager will review the "worked" reports each week, noting the following:
  - Number and percentage of accounts on spreadsheet with comments
  - Total dollar and percentage dollar amount with comments
    At end of week, this information will be keyed to the D&T Monitoring spreadsheet.

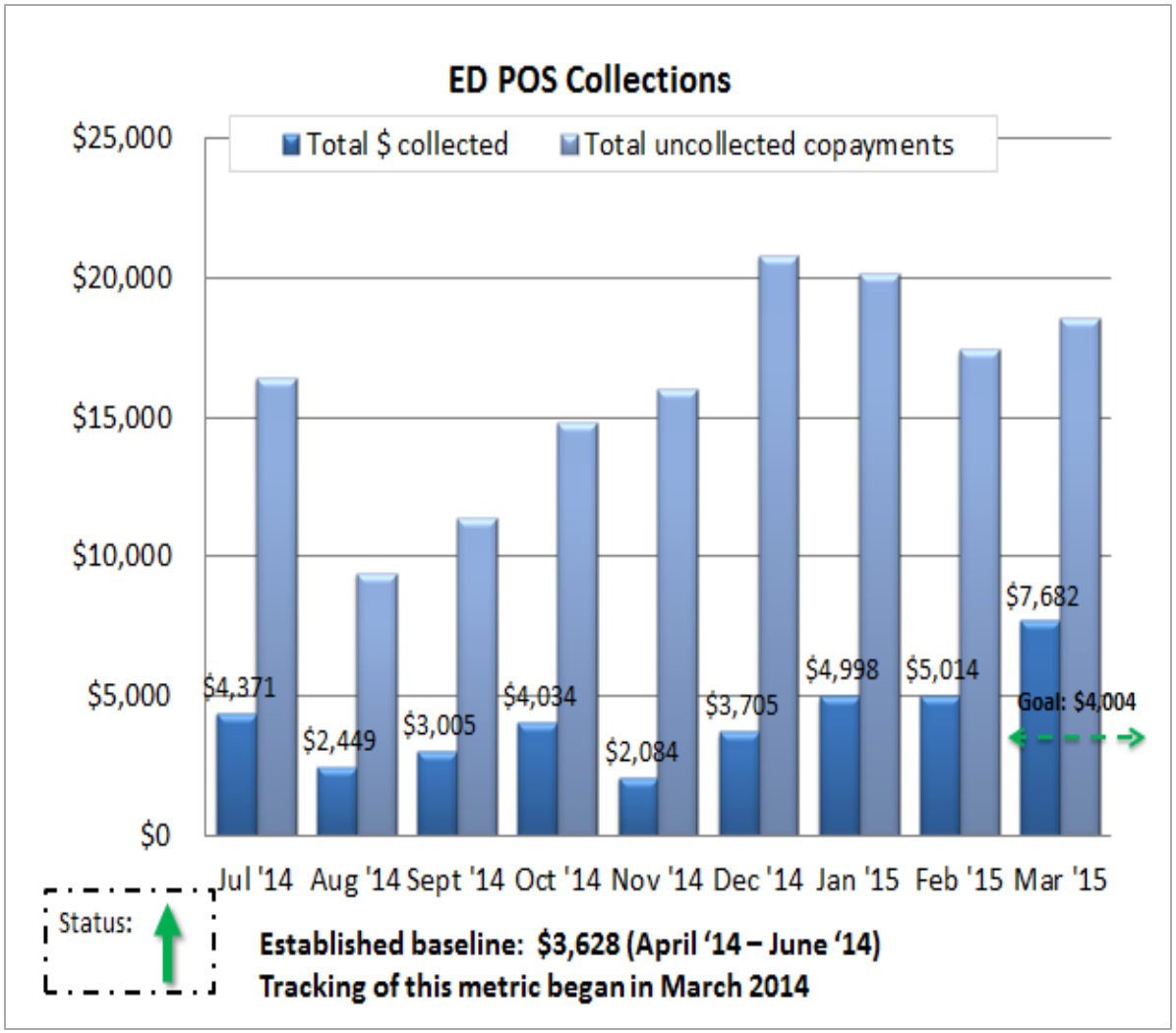




Accounts Receivable

What actions have led to the reduction in days and dollars in accounts receivable?

Collections



New registration supervisor started in January. Have any changes been made regarding collection efforts?

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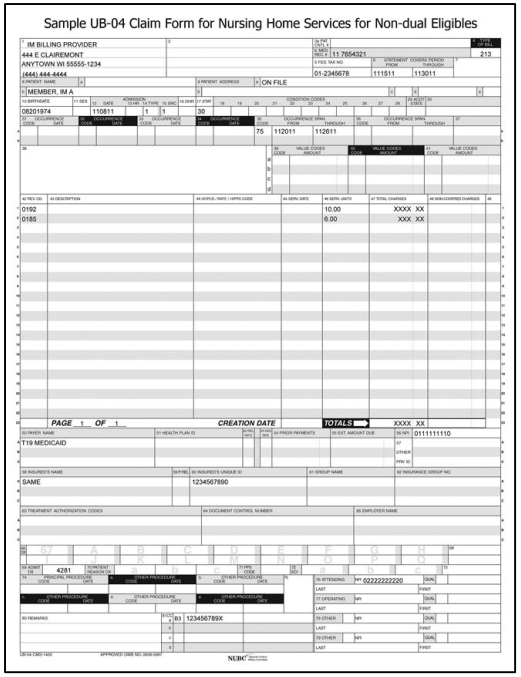
Sample UB-04 Claim Form for Nursing Home Services for Non-dual Eligibles

IM BILLING PROVIDER
444 E CLAIREMONT
ANYTOWN WI 55555-1234
(444) 444-4444

MEMBER, IM A

42 REV CD	43 DESCRIPTION	44 HCPCS / RATE / HIPPS CODE	45 SERV. DATE	46 SERV. UNITS	47 TOTAL CHARGES	48 NON-COVERED CHARGES
0192				10.00	XXXX XX	
0185				6.00	XXX XX	

PAGE 1 OF 1 CREATION DATE TOTALS XXXX XX

50 PAYER NAME: T19 MEDICAID
51 HEALTH PLAN ID:
54 PRIOR PAYMENTS:
55 EST. AMOUNT DUE:
56 NPI: 0111111110
59 INSURED'S NAME: SAME
60 INSURED'S UNIQUE ID: 1234567890
62 INSURANCE GROUP NO.
76 ATTENDING NPI: 0222222220
80 REMARKS: 83 123456789X

CHARGE DESCRIPTION MASTER

LIMITED REVIEW

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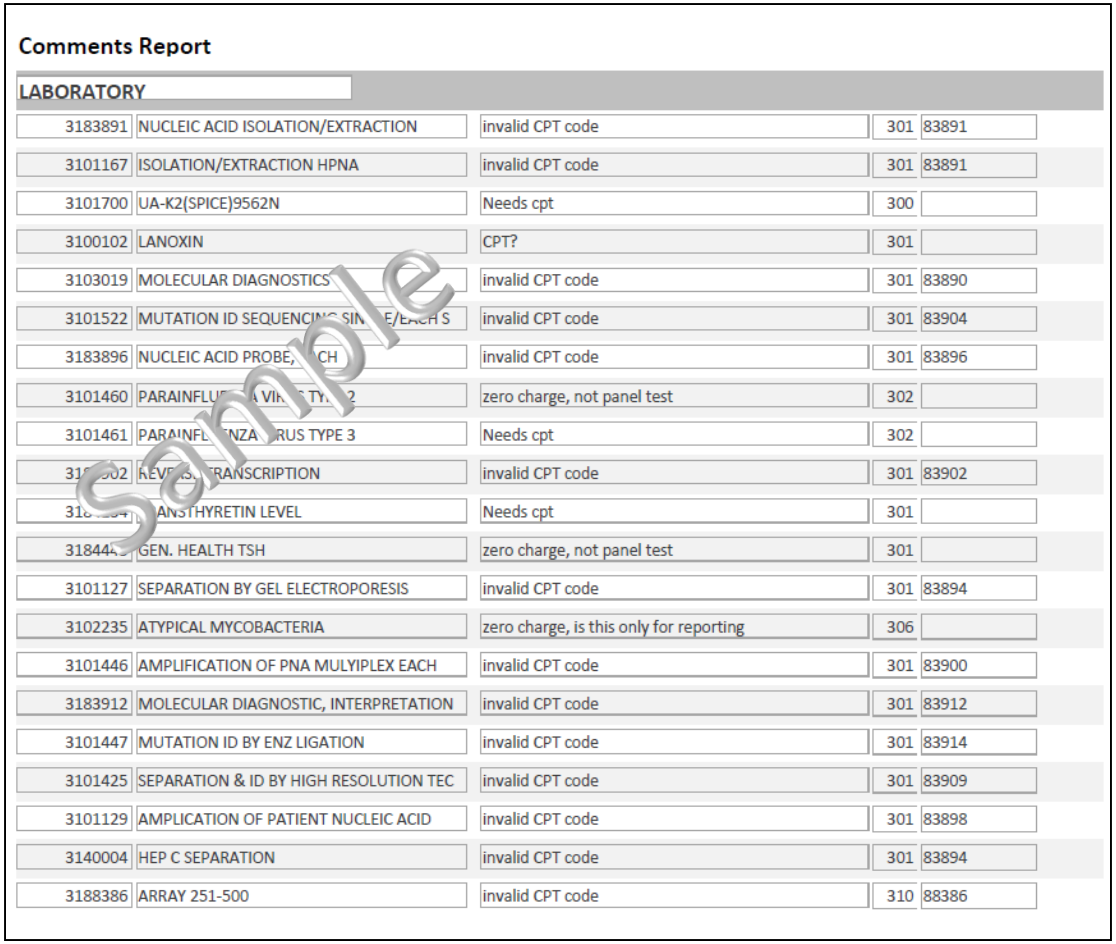
CPT/HCPCS codes

- Many of the codes were invalid.



Comments Report

LABORATORY				
3183891	NUCLEIC ACID ISOLATION/EXTRACTION	invalid CPT code	301	83891
3101167	ISOLATION/EXTRACTION HPNA	invalid CPT code	301	83891
3101700	UA-K2(SPICE)9562N	Needs cpt	300	
3100102	LANOXIN	CPT?	301	
3103019	MOLECULAR DIAGNOSTICS	invalid CPT code	301	83890
3101522	MUTATION ID SEQUENCING SI E/EACH S	invalid CPT code	301	83904
3183896	NUCLEIC ACID PROBE, CH	invalid CPT code	301	83896
3101460	PARAINFLU A VI TY 2	zero charge, not panel test	302	
3101461	PARAINFL NZA RUS TYPE 3	Needs cpt	302	
31 02	REV S TRANSCRIPTION	invalid CPT code	301	83902
31	ANSTHYRETIN LEVEL	Needs cpt	301	
31844	GEN. HEALTH TSH	zero charge, not panel test	301	
3101127	SEPARATION BY GEL ELECTROPORESIS	invalid CPT code	301	83894
3102235	ATYPICAL MYCOBACTERIA	zero charge, is this only for reporting	306	
3101446	AMPLIFICATION OF PNA MULYIPLEX EACH	invalid CPT code	301	83900
3183912	MOLECULAR DIAGNOSTIC, INTERPRETATION	invalid CPT code	301	83912
3101447	MUTATION ID BY ENZ LIGATION	invalid CPT code	301	83914
3101425	SEPARATION & ID BY HIGH RESOLUTION TEC	invalid CPT code	301	83909
3101129	AMPLICATION OF PATIENT NUCLEIC ACID	invalid CPT code	301	83898
3140004	HEP C SEPARATION	invalid CPT code	301	83894
3188386	ARRAY 251-500	invalid CPT code	310	88386

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MEDICARE COST REPORTING

COMMON ISSUES IDENTIFIED

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Emergency room availability

- Not claiming any availability cost
- Not maintaining time studies
- Incorrect contract wording

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KEY PERFORMANCE INDICATORS

FLEX MONITORING REPORTS

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12 different peer groups among the 16 active participants

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What was my hospital's performance relative to the benchmarks?

Your 2013 Performance Compared to Benchmarks

Indicator	*Your Value*	2014 *Benchmark*		*Benchmark Met?*		*Percent of CAHs Meeting Benchmark: All US*	*Your Peers*	*CAHs in GA*
Total Margin (percent)	28.60	7.4	>3	Yes	Yes	47%	55%	50%
Cash Flow Margin (percent)	30.37	8.8	>5	Yes	Yes	61%	74%	44%
Operating Margin (percent)	28.60	34.9	>2	Yes	Yes	46%	62%	31%
Return on Equity (percent)	19.54	7.3	>4.5	Yes	Yes	55%	66%	60%
Current Ratio (times)	9.59	15.45	>2.3	Yes	Yes	50%	55%	62%
Days Cash on Hand (days)	0.04	.04	>60	No	No	58%	59%	38%
Days Revenue in Accounts Receivable† (days)	$*^H$	35.74	<53	$*^H$	Yes	49%	57%	60%
Equity Financing (percent)	91.55	95	>60	Yes	Yes	51%	47%	46%
Debt Service Coverage (times)	$*^I$		>3	$*^I$		49%	61%	50%
LT Debt to Capitalization† (percent)	0.00	0	<25	Yes	Yes	57%	60%	46%
Medicare O/P Cost to Charge† (times)	0.23	.217	<.55	Yes	Yes	71%	92%	81%
Average Age of Plant† (years)	22.58	23.57	<10	No	No	53%	49%	40%

Note: * denotes invalid value. See Technical Appendix for list of codes.
† For these ratios, lower values are associated with better financial performance.

Report Produced: Summer 2014

Flex Monitoring Team

2014 better than 2013

2014 worse than 2013

< 50% peers met benchmark

Newly met benchmark

Newly missed benchmark

NPR > $20 Million → RHC → No LTC → Not Owned by a Gov't Entity

Plans for future sustainability?

- Several hospitals, as of this year, are either in a management arrangement or being leased/ purchased by another larger facility.
- Several hospitals are looking at ways to diversify their services
- One hospital reported a “loose affiliation agreement” with a larger urban hospital
- One hospital is working on obtaining federal funding for 35 million dollar replacement facility

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Evaluation of the Project and Comments from Hospitals

- *"We have really enjoyed the process. It was not overly burdensome to our Revenue Cycle team…this project added great value."*
- *"We have received great benefits from this grant. We identified strengths and weaknesses and will continue to use the monitoring tools."*
- *"Excellent tool for improvement. It definitely enabled us to hold departments accountable. The biggest impact I saw was the amount of involvement from all areas of the hospital."*
- *"…it enabled us to work together on issues that affected us all, and it encouraged teamwork. Tracking these measures also allowed us to hold employees accountable like never before."*