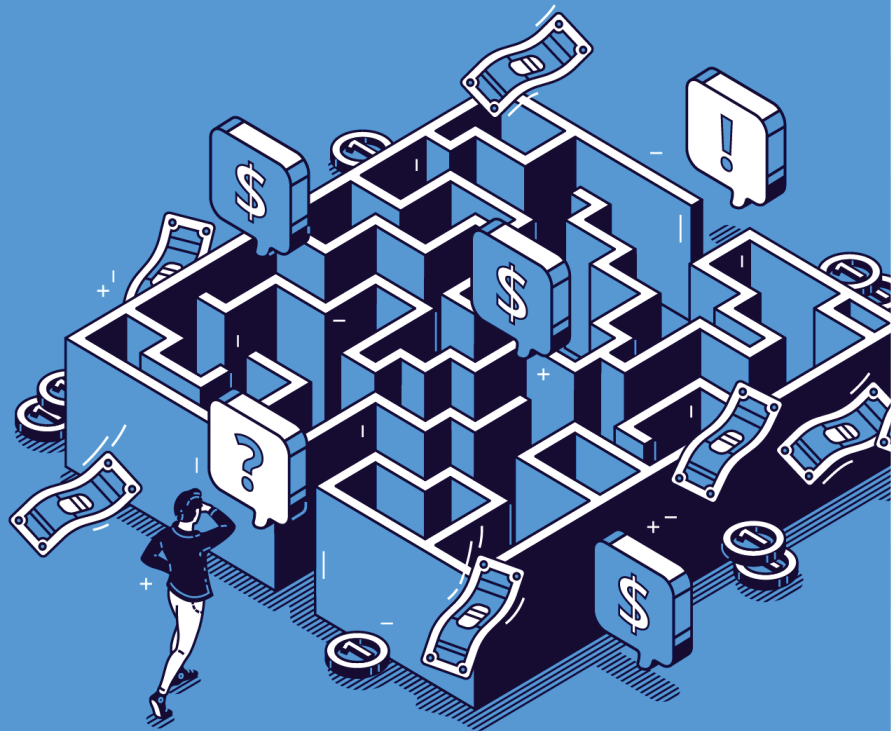




TOP 5 RCM CHALLENGES AND SOLUTIONS

Top 5 Challenges Faced by RCM Companies on a day-to-day basis and
How They Can Be Addressed?



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INRODUCTION

Revenue Cycle Management (RCM) plays a crucial role in the healthcare industry, ensuring the smooth flow of financial transactions between healthcare providers, patients, and insurance companies. However, RCM companies often face numerous challenges that hinder their efficiency and profitability. In this eBook, we will explore the top five challenges faced by RCM companies and present solutions to address them.

1

Charge Entry Errors: The Silent Revenue Leech for RCM Companies

In the intricate world of Revenue Cycle Management (RCM), charge entry holds significant importance. Accurate and timely recording of charges is crucial for ensuring proper revenue capture and financial stability for healthcare providers. However, charge entry errors often go unnoticed, leading to reduced revenue and financial strain for RCM companies. In this article, we will delve into the various charge entry errors that commonly occur and explore strategies to mitigate their impact.

01. Incomplete or Missing Information:

One of the primary causes of charge entry errors is incomplete or missing information. This can occur when essential data, such as patient demographics, insurance details, or service codes, are not entered accurately or omitted entirely. These errors can result in claims being rejected or denied, leading to delayed or lost revenues. To address this challenge, RCM companies should implement comprehensive training programs for staff, emphasizing the importance of accurate data entry. Investing in advanced electronic health record (EHR) systems that offer automated charge capture can also help mitigate these errors.

02. Incorrect Coding:

Coding errors can have a significant impact on revenue generation for RCM companies. Inaccurate assignment of procedure or diagnosis codes can lead to under-coding, resulting in missed revenue opportunities, or over-coding, which can trigger audits

and potential financial penalties. To mitigate coding errors, RCM companies should ensure their coding staff is well-trained and updated on the latest coding guidelines and regulations. Regular audits and feedback sessions can help identify areas for improvement and ensure compliance with coding standards.

03. Upcoding and Downcoding:

Upcoding refers to the practice of assigning a higher-level code to a service or procedure than what is justified, while down-coding involves the opposite. Both practices can have severe consequences for RCM companies, as they can lead to claims being rejected or flagged for investigation. Implementing robust internal auditing processes and conducting periodic coding reviews can help prevent up-coding and down-coding errors. RCM companies should prioritize accuracy and adherence to coding guidelines to avoid revenue loss and potential legal implications.

04. Duplicate Billing:

Duplicate billing occurs when the same service or procedure is billed multiple times, resulting in inflated charges and potential fraud accusations. This error can happen due to system glitches, human errors, or inadequate reconciliation processes. RCM companies should implement stringent controls to identify and prevent duplicate billing, such as automated claim scrubbing systems and regular reconciliation of billing records.

05. Failure to Capture Unbilled Services:

Sometimes, RCM companies fail to capture and bill for services provided, leading to substantial revenue leakage. This can occur due to poor documentation practices, lack of communication between departments, or overlooking billable services. Implementing robust charge capture processes, including real-time charge reconciliation and electronic charge capture systems, can help identify and capture unbilled services promptly. Regular communication and collaboration between healthcare providers, coders, and billing staff are vital to ensure no billable services are missed.

An estimated 17% of denials occur due to incorrect coding or other charge related issues

Eligibility and Authorization Errors: A Revenue Drain for RCM Companies

In the complex world of Revenue Cycle Management (RCM), accurate verification of patient eligibility and obtaining proper authorization are critical steps. Errors in these processes can lead to reduced revenue and financial challenges for RCM companies. In this article, we will explore the various eligibility and authorization errors that commonly occur and discuss strategies to mitigate their impact on revenue generation.

01. Inadequate Eligibility Verification:

One of the primary causes of revenue loss for RCM companies is inadequate eligibility verification. Failing to verify a patient's insurance coverage and benefits can result in claims being denied or underpaid. This can lead to delayed payments or even non-payment for services rendered. To address this issue, RCM companies should implement robust eligibility verification processes, including real-time eligibility checks and comprehensive training for staff. Utilizing advanced technology solutions that automate the verification process can also help reduce errors and improve revenue capture.

02. Incorrect or Outdated Insurance Information:

Another common eligibility error occurs when incorrect or outdated insurance information is recorded. This can happen due to human errors, patient oversight, or delayed updates from insurance companies. When incorrect insurance information is used, claims are more likely to be denied or delayed, resulting in reduced revenue for RCM companies. Implementing regular audits and quality control measures to ensure the accuracy of insurance information is crucial. RCM companies should also establish effective communication channels with patients to encourage them to provide updated insurance details promptly.

03. Lack of Proper Authorization:

Obtaining proper authorization from insurance companies is vital to ensure reimbursement for certain medical procedures and services. Failure to obtain or document proper

authorization can lead to claim denials and reduced revenue. RCM companies should establish clear protocols and guidelines for obtaining authorization, including timely submission of requests, and maintaining accurate documentation. Regular training sessions for staff responsible for authorization processes can help reduce errors and increase revenue capture.

04. Incomplete or Inaccurate Documentation:

Incomplete or inaccurate documentation can have a significant impact on revenue generation for RCM companies. When required documentation, such as medical records, referral forms, or supporting documentation, is missing or inadequate, claims are more likely to be denied or down-coded. RCM companies should emphasize the importance of thorough and accurate documentation to healthcare providers and staff. Implementing periodic documentation audits and providing feedback to providers can help identify areas for improvement and ensure compliance with documentation requirements.

05. Failure to Verify Service Coverage:

Certain medical procedures or services may require prior authorization or have specific coverage limitations imposed by insurance companies. RCM companies may face revenue loss if they fail to verify the coverage for these services before rendering them. Implementing comprehensive training programs for staff to understand and navigate the intricacies of insurance coverage can help mitigate this error.

**Contact Promantra
for expert advice on
reducing denials**

**Eligibility Denials accounts to
26.60% on an average. These
include COB, Benefits Maximum
or Plan Coverage related issues.**

**Authorization Denials accounts to
11.60% on an average. These include
invalid authorization or services exceed
authorization.**

3

Incorrect Handling of Rejections and Denials: A Major Revenue Challenge for RCM Companies

Revenue Cycle Management (RCM) companies play a crucial role in ensuring the financial health of healthcare organizations. However, one persistent challenge they face is the incorrect handling of rejections and denials, which can significantly impact revenue. Let us delve into the reasons behind this issue and explore its consequences. Furthermore, we will discuss strategies and best practices that RCM companies can adopt to tackle this problem, optimize revenue, and enhance the overall financial performance of their clients.

30% of denied claims are never re-filed or appealed

Understanding Rejections and Denials:

Before addressing the issue at hand, it is essential to understand the distinction between claim rejections and denials. A claim rejection occurs when a submitted claim is not processed due to errors or missing information, rendering it un-processable. On the other hand, a claim denial happens when a claim is processed but not reimbursed due to various reasons, such as medical necessity, coverage limitations, or coding errors.

The Impact of Incorrect Handling:

Incorrect handling of rejections and denials can have a detrimental impact on the revenue of RCM companies and the healthcare organizations they serve. When claims are rejected or denied, revenue is not realized, causing financial strain for healthcare providers. Moreover, the cost of reworking rejected or denied claims increases administrative expenses, further burdening RCM companies.

Reasons for Incorrect Handling:

There are several reasons why RCM companies may struggle with the correct handling of rejections and denials. Inadequate training of staff on claim submission processes, lack of knowledge about payer-specific policies, and outdated or inefficient technology systems all contribute to this challenge. Additionally, limited communication and collaboration between RCM companies and healthcare providers can lead to incomplete or inaccurate claim information, increasing the likelihood of rejections and denials.

Consequences of Incorrect Handling:

The consequences of incorrect handling of rejections and denials can be severe. RCM companies may experience decreased client satisfaction, tarnished reputation, and potential loss of business. For healthcare organizations, revenue leakage due to unresolved denials and rejections can significantly impact their financial stability, hindering their ability to invest in patient care, technology upgrades, and staff development.

Strategies and Best Practices:

To address this challenge effectively, RCM companies must adopt strategies and best practices that optimize their revenue cycle processes. These include:

01. Comprehensive staff training:

RCM companies should invest in ongoing training programs to ensure that their staff is well-equipped with the knowledge and skills required to handle claim rejections and denials efficiently.

02. Robust denial management processes:

Implementing a structured denial management process helps identify and address denial trends, enabling timely resubmission or appeal of denied claims.

03. Enhanced communication with healthcare providers:

Collaborating closely with healthcare providers allows RCM companies to gather accurate and complete claim information, reducing the chances of rejections and denials.

04. Technology integration and automation:

Leveraging advanced technology solutions, such as electronic claim submission and automated eligibility verification, can streamline processes, minimize errors, and expedite claim processing.

05. Data analytics and reporting:

RCM companies should leverage data analytics tools to monitor key metrics, identify bottlenecks, and proactively address issues to prevent rejections and denials.

Inefficient Workflow and Communication: A Revenue Drain for RCM Companies Introduction:

In the complex world of Revenue Cycle Management (RCM), accurate verification of patient eligibility and obtaining proper authorization are critical steps. Errors in these processes can lead to reduced revenue and financial challenges for RCM companies. In this article, we will explore the various eligibility and authorization errors that commonly occur and discuss strategies to mitigate their impact on revenue generation.

Understanding Workflow and Communication:

Workflow refers to the sequence of tasks and processes involved in managing the revenue cycle, from patient registration and insurance verification to claim submission and payment posting. Communication, on the other hand, encompasses the exchange of information and collaboration between various stakeholders, such as RCM companies, healthcare providers, and insurance payers. Efficient workflow and communication ensure seamless operations, accurate data exchange, and timely reimbursement.

The Impact of Inefficient Workflow and Communication:

Inefficient workflow and communication have a direct impact on the revenue of RCM companies and the healthcare organizations they serve. Delays in claim submission, incomplete or inaccurate data, and poor coordination among stakeholders result in increased claim rejections, denied reimbursements, and extended payment cycles. This not only reduces revenue but also increases administrative costs and strains the financial health of healthcare providers.

Reasons for Inefficient Workflow and Communication:

Several factors contribute to inefficient workflow and communication within revenue cycles. Outdated technology systems, manual processes, and lack of automation hinder the seamless flow of information and increase the chances of errors and delays. Additionally, fragmented communication channels and limited collaboration among stakeholders lead to miscommunication, data inconsistencies, and missed opportunities for resolution.

Consequences of Inefficient Workflow and Communication:

The consequences of inefficient workflow and communication can be substantial. RCM companies experience decreased operational efficiency, increased costs due to rework, and potential loss of credibility and clients. For healthcare organizations, reduced revenue impacts their financial stability, limiting their ability to invest in patient care, technology upgrades, and staff development. Moreover, poor communication and delayed reimbursements can lead to patient dissatisfaction and strained provider-payer relationships.

Inefficient communication between RCM departments is a major cause of claims crossing timely filing and appeal filing limits.

Strategies and Best Practices:

To address the challenges of inefficient workflow and communication, RCM companies can implement the following strategies and best practices:

01. Technology integration and automation:

Adopting advanced technology solutions, such as Electronic Health Record (EHR) systems, automated billing, and claims management software, streamlines workflow processes, reduces errors, and improves communication between stakeholders.

02. Standardized processes and workflows:

Establishing standardized workflows and best practices ensures consistency, accuracy, and efficiency throughout the revenue cycle. This includes clear guidelines for patient registration, insurance verification, coding, claim submission, and payment posting.

03. Collaborative partnerships:

Foster strong relationships and open lines of communication with healthcare providers and insurance payers. Regular communication and collaboration can help resolve issues promptly, minimize delays, and improve the accuracy of claims.

04. Staff training and education:

Invest in comprehensive training programs to equip staff with the necessary skills and knowledge for efficient workflow management. This includes payer-specific training, coding updates, and continuous education on industry regulations and trends.

05. Performance monitoring and analytics:

Utilize data analytics tools to monitor key performance indicators, identify bottlenecks, and proactively address workflow inefficiencies. Regular reporting and analysis enable RCM companies to make data-driven decisions and implement process improvements.

5

Improper AR Inventory Management in RCM Leading to Revenue Loss and Strategies to Adopt:

Effective accounts receivable (AR) inventory management is crucial for any Revenue Cycle Management (RCM) system. It ensures timely and accurate billing, maximizes revenue collection, and minimizes revenue loss. However, improper AR inventory management can lead to significant revenue leakage, affecting the financial stability of healthcare organizations.

Consequences of Improper AR Inventory Management:

Revenue Leakage:

Improper AR inventory management can result in revenue leakage due to inaccurate billing, delayed claims submission, and claim denials. This leads to a loss of revenue that could have been collected timely.

Increased Days in Accounts Receivable (DAR):

When AR inventory is not managed efficiently, it increases the average number of days it takes to collect payments from payers. This extended DAR negatively impacts cash flow and profitability.

Higher Operational Costs:

Inefficient AR inventory management requires additional resources, such as increased staffing and technology investments, to handle the growing backlog of unpaid claims. These added costs reduce the overall profitability of healthcare organizations.

Strategies to Adopt for Better Revenue Management:

Implement Clear AR Inventory Policies:

Establishing clear policies and procedures for managing AR inventory is essential. This includes defining roles and responsibilities, setting targets for claim submission and follow-up, and implementing robust tracking mechanisms to monitor progress.

Implement Denial Management Strategies:

Developing effective denial management strategies is crucial for minimizing revenue loss. This includes analysing denial patterns, identifying root causes, and implementing corrective actions to prevent future denials.

Monitor Key Performance Indicators (KPIs):

Regularly monitoring key performance indicators, such as DAR, denial rates, and average reimbursement per claim, allows healthcare organizations to identify areas of improvement and take proactive measures to optimize revenue collection.

Conclusion

The challenges faced by RCM companies may seem daunting, but with the right strategies and solutions, they can be effectively addressed. By investing in technology, training, and proactive measures, RCM companies can streamline their processes, improve revenue generation, and ensure compliance with regulatory requirements. Embracing innovation and adapting to the evolving healthcare landscape will pave the way for a successful future in revenue cycle management.

About ProMantra:

ProMantra is a leading provider of revenue cycle management solutions with over two decades of experience in RCM. With expertise in healthcare billing and coding, we help healthcare organizations streamline their revenue cycle processes, maximize revenue, and improve financial performance. Our comprehensive suite of services includes coding and compliance, denial management, claims processing, and patient billing. We have a team of experienced professionals who ensure accurate and timely reimbursement, allowing you to focus on delivering quality patient care.

Don't let revenue cycle management be a roadblock to your success. Trust ProMantra to handle your RCM needs and unlock the potential for financial success.



References & Credits:

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Data from historical information reconciled from 2021

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