



ASCs See ROI From Information System Upgrades.

**Outpatient Surgery Centers
Take Procedures and Technology
Cues From Hospitals.**

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It will never be that easy for ASCs again. These days, without sophisticated coding, billing and collections methodologies in place, you’re leaving money on the table.

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As more procedures migrate to the ASC setting, the challenges (and consequences) of coding compliance increase. You need the right tools to manage the risk/reward.

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A centrally-hosted, web-based facility management application not only eliminates the cost of upgrades and system maintenance; it also improves visibility and control.

As ASC owners and administrators are well aware, medical technology advances over the past two decades spawned the growth of the ambulatory surgery center industry and distinguished the care setting as a high quality and cost effective alternative to hospital care. But over the past decade, ASC information systems languished relative to hospital information systems because ASCs lacked the financial incentives to upgrade their information systems. ASCs enjoyed high profit margins, steady growth, and a friendly reimbursement environment. Meanwhile the management systems deployed in the infancy of the industry did the job, so an “if it ain’t broke, don’t fix it” mentality prevailed. Suddenly the winds of change start blowing. Along comes the Great Recession triggering tight financial markets, along with an administration focused on “solving” healthcare, and payers earning lower premium revenue as U.S. unemployment hits double digits. . .all contributing to significantly slowing ASC growth and profit trends. To return to historical levels of profitability, ASCs must tighten their operations — clinical and financial — and take advantage of the improvements in ASC patient accounting infrastructure.



The Great Recession, an administration focused on “solving” healthcare and payers’ premium revenue compromised by double digit unemployment are all contributing to slowing ASC growth.

See patient, bill payer, collect fees.

This passive and simplistic approach to billing in the current ASC environment is akin to texting while driving — it’s

reckless and can be costly. Without adequate attention to compliant coding, proper billing, and thorough and systematic collection techniques, an ASC is putting its cash flow at risk and leaving money in the payers’ bank accounts. A decade ago, hospitals focused on their revenue cycle and saw their days in accounts receivable drop and percent of expected net revenue rise. These improvements were largely attributed to automated tools that managed collections workflow, tools that scrubbed claims for billing and coding compliance, and careful auditing of payer contracts for payment accuracy.

While the typical ASC does not have to deal with the same volume of patient accounts as a hospital, lessons can be learned from the processes and technologies adopted. Large health systems invested in the technologies and manpower to

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improve collections and cash flow. Smaller community hospitals outsourced to vendors that had enough customers to warrant the investment in their own technologies and could supplement staff to get the job done. Audits of hospital revenue cycle performance demonstrated that without these solutions — particularly those that check for accurate payment according to payer contracts — an average of 20% of contracted revenue went unpaid. Similarly, it is estimated that the average ASC fails to collect \$500,000 worth of revenue it is due annually. Yes, an ASC can see a patient, bill the payer, and collect fees; however, it's more than likely the ASC is not collecting the exact fees due. Knowing what is due requires software applications that can manage contract financial variations, carve-outs, case rates and special rules for implant billing not typically found in stand-alone facility management systems. What's more, even ASCs with a complete and accurate knowledge of what they are due are only collecting these fees if they are contacting the payer an average of two times for in-network claims and five to 12 times for out-of-network claims.



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Sending Out A Coding Compliance S.O.S.

Of benefit to ASCs has been the advancement of technology that has enabled a wide variety of complex procedures to be performed and reimbursed in the ASC setting. Consider the increasing number of orthopedic and spine procedures that have moved from the hospital to the ASC. While the procedures may become repetitive to the center, the coding requirements have become anything but routine. The use or misuse of coding modifiers, procedure combinations, and coding "if-then" exceptions — among other constantly changing coding rules — can make even the most experienced ASC coder concerned about their coding accuracy. And well they should be. President Obama's 2011 budget includes additional initiatives to uncover fraud with the objective of returning billions to the government for improper payments and is looking across all provider settings.

Over the past year alone Medicare collected more than \$625 million in paybacks

and fines from hospitals as a result of RAC audits, because hospitals improperly coded complex procedures, performed procedures that weren't demonstrated to be medically necessary, or lacked the proper documentation. Thankfully stand-alone web-based technologies exist to suggest codes and ensure medical necessity on the front-end and scrub for allowable codes on the back-end. These technologies add value if the center is thoroughly reviewing its operative reports to ensure that these automated suggestions are valid and in line with the most recent coding rules. Coding rules are constantly changing, and to remain compliant ASCs must invest in continuing education and documentation, hire or contract with certified coders and audit their work. On average, ASCs audit as little as 0% and as much as 2% of their cases. Yet automated tools are available to audit 100% of an ASC's cases and target accounts that can be at risk before that risk becomes an adverse financial reality. These automated tools are commonplace in hospitals with an ROI of more than 20% and available to ASCs; however, they are not widely deployed, escalating the ASCs' financial risk and chance of audit, forced payback and penalties.



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A Hosted System Offers a Host of Benefits.

As independent entrepreneurial enterprises, ASCs have long operated as stand-alone businesses with the

resources in-house to handle all administrative tasks. ASC information technology supports this model by providing a low-cost platform operated on a local server at the ASC. Unfortunately this model requires that software be updated regularly to ensure compliance with changes in billing and coding rules and formats. Further, many of the systems installed in ASCs today cannot properly accommodate the changes on the horizon such as HIPAA 5010 formats for electronic billing and ICD10. Hospital Information Systems, payers and clearinghouses are investing hundreds of millions of dollars to re-program for these changes as required by federal regulations and local ASC software must similarly be re-programmed.

An alternative approach is to migrate to a centrally-hosted, web-based facility management application that simplifies software updates, provides for easy and



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inexpensive integration with add-on technologies, and ensures continuous compliance with billing and coding rules. This model also enables ASCs to take advantage of workflow tools and payer EDI connections including eligibility verification — which determines co-pays, deductibles, and plan coverage — and pre-authorizations, as well as centralized staffing. Additionally, ASCs using this technology can easily outsource certain administrative functions without losing visibility or control of processes. This solution enables the ASC staff to focus exclusively on caring for the patient and supporting the physicians; and leaves the investments in revenue cycle education, staff management, and payer and benefit plan expertise safely in the hands of the experts whose core business is staying on top of what it takes to get its ASC customer paid. Additionally, a web-based application enables the ASC to use its features for local operations (scheduling, clinical documentation, local payments, inventory, e.g.,) and allows the revenue cycle service company to manage the coding, billing and collections processes. This method also allows the center staff to see the account through each step in the process including the cash deposit. Similar to online banking offered by most large banks, today's online facility information management tools allow the ASC to monitor and manage the status of its accounts without the hassle of the labor to get it done.

ASC information systems have evolved significantly over the past 20 years to keep pace with the growth and complexity of ASC operations and the in- and out-of-network machinations of the third-party payer community. ASCs now can take full advantage of information solutions that facilitate continued profitability. Forward looking ASCs can use these solutions to improve their patient accounting operations — ensuring that payer contracts are negotiated based on best practice and maximum reimbursement available according to benchmarked data; that ASC patients are eligible for services and paid according to contracts; and that properly coded claims are paid quickly, accurately and completely.

In short, the good news is there are resources ready and waiting and easily adopted that can ensure ASCs weather the winds of change and return to a more profitable path going forward.



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