How Hospitals Can Use Claims Data to Produce Innovative Analytics

Providing revenue cycle insight to help healthcare leaders build and manage a more profitable organization.

Highlights

- Deliver the end-to-end data insight necessary for true competitive advantage
- Provide ease of use and labor-saving automation, make leveraging EDI data powerful and achievable
- Help ensure advanced analytics with a comprehensive solution
- Leverage advanced analytics to help discover and prevent revenue loss, as well as proactive vulnerability management to help identify weaknesses competition can exploit

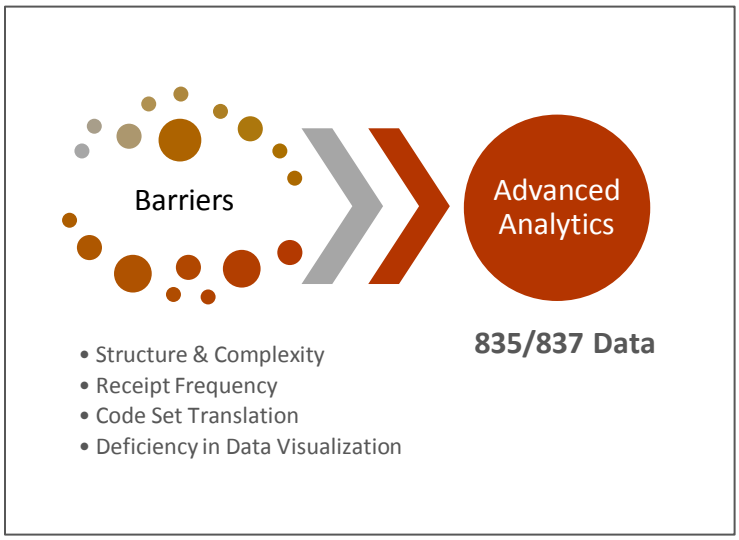
What if healthcare providers could improve the revenue cycle for their organizations without increasing costs? Each day, healthcare organizations from around the United States face a rising number of issues that affect the quality of services delivered to their patients. To help ensure that patients receive the best care, organizations need to access an ever-increasing amount of information and address problems before they occur.

Unfortunately, many healthcare organizations cannot achieve this level of effectiveness and efficiency. For these organizations, critical information is often stored in disparate systems across disconnected departments, obstructing a clear view of the revenue cycle picture and increasing the difficulty of coordinating efforts.

WPC is designed to address these challenges. WPC offers integrated data visualization, real-time problem-solving, and deep analytics that can help healthcare providers prepare for problems, coordinate and manage appropriate responses, and enhance the ongoing efficiency of a healthcare organization.

WPC combines functions needed to successfully manage a complex operational revenue cycle environment. Integrated mappings, reporting, predictive algorithms and other features can help staff effectively manage areas within their control.

835/837 Barriers for Advanced Analytics



Most everyone would agree that the 835/837 EDI data was not constructed with analytics in mind. The purpose of the 4010/5010 EDI data was for transmissions between appropriate healthcare parties. Nonetheless, the 835/837 represents a gateway into understanding the claims adjudication results from a payer and depicts whether a claim is paid or denied.

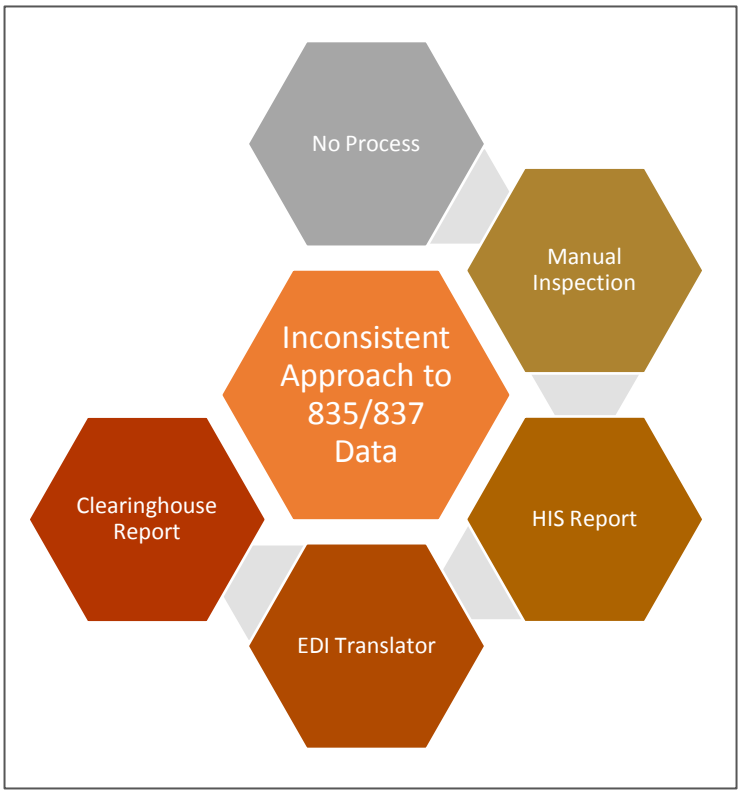
Performing advanced analytics on key data elements of the 835/837 can provide virtually every healthcare provider competitive advantage. Consider the benefits of being able to do this without having the normal back-office process of posting remittance information to an HIS system or practice management system, then enduring the process of generating reports which may take up to a week, depending on the IT processing schedule.

The reporting challenges for 835/837 can be broken down into four general themes:

- Format and structure complexities
- Receipt frequencies (daily, weekly, monthly)
- Code set translation required for data elements
- Deficiency of data visualization for 835/837 analysis

Inconsistent Approach to 835/837 Reporting

The trend in healthcare of how organizations gather and analyze 835 data in today's business environment can be categorized as no existing process, manual inspection, report from HIS applications, EDI translator, or a clearinghouse report. It is clear that there are several ways of creating 835/837 analytics, although they virtually all present concerns with reporting latency, data quality, manual data entry, or external third-party EDI translators and clearinghouses. In summary, there are a variety of ways to report on EDI data, with no uniform way to approach extracting and analyzing the data.



Most healthcare organizations would agree that there are complications in developing consistent, reusable, and measureable 835/837 analytics. The pervasive difficulty comes in extracting, normalizing, transforming, and outputting the 835/837 data in a format that permits end-users to further aggregate and summarize data. This complexity is paramount to why the data appears unusable, since 835/837 data can be repeated in multiple loops, segments, and field elements. It is critical for an 835/837 analytics and reporting process to account for the nuances and variations in how claims can be structured by payer, pay date, provider, and patient.

Meaningful Use, Accountable Care, Pay-for-Performance programs, etc., require organizations to focus on the efficiency, quality, and financial performance of hospitals. Consequently, healthcare providers of all magnitudes are relentlessly trying to comprehend and deduce why claims are denied, particularly at the service line level.

Advanced analytics on the 835/837 data is crucial since it presents the first and most immediate opportunity to understand what transpired with a claim. In doing so, the forthcoming claims with analogous characteristics can be paid at the highest possible rates and in the quickest manner possible. Thus, it is valuable to anticipate promising analytic opportunities that can be seized by understanding and reporting on 835/837 data. The impact resulting is swift, creates a positive ROI, improves cash flow, and reduces accounts receivables, all of which affect virtually every healthcare organization attentive to revenue cycle metrics.

Opportunities in the Revenue Cycle

No matter the size of the healthcare organization, it is imperative for those that want to extrapolate value-added insight from 835/837 data to conduct a census of their current reporting process, their downfalls, and the analytic questions they would like to answer. Below are some categories of benefit any group should start with when measuring and monitoring an implementation of 835/837 analytics:

1. **Denial of claims**

   Denied claims, especially with high average "length of stays" most certainly can have a deep financial impact on organizations. There are a multitude of explanations as to why claims are denied, however there is no quicker way to identify this than by using the EDI data. Since claims can be partially or fully denied, it is important to make use of the claims header data and service line detail to understand the issues at hand, allowing an organization to extract, aggregate, and report. Whatever question is deemed vital by the organization (procedure code, adjustment reason code, payer, etc.), the data potential needs to be unleashed, transformed, and evaluated. Hospitals can expect improvement of cash flow and a reduction in accounts receivables once they begin to identify precisely how to resolve issues prior to billing the payer.

2. **Reconciliation of claims**

   Many healthcare providers simply do not have the automation or systems in place to determine whether claims submitted with an 837 were paid or denied with an 835. After all, it takes substantial effort to work through a burdensome process of identifying the claim, payers, and then begin the collection process of outstanding claims. Not taking advantage of the healthcare data provided in an 835/837 can deliver a crippling blow to the revenue cycle of a healthcare organization, simply because claims remain open for many months.

3. **Coordination-of-benefit claims**

   In today's healthcare marketplace patients have multiple insurance plans that require healthcare providers to appropriately identify, bill, and collect from multiple payers. In most cases, healthcare organizations work from a retrospective view to find claims that have been designated incorrectly by the payer, so that they can move forward in correcting them to be resubmitted.

   This is an opportunity for many healthcare providers who aim to manage the process of coordination-of-benefit claims without manual intervention.

Because it is vitally important for healthcare providers to achieve a considerable return-on-investment, they must be proactive in identifying information immediately upon receiving 835 data and matching it with their internal data received from other coordination of benefits payers. An advanced analytics strategy that handles data extraction, transformation, aggregation, and reporting of the claims will have an immediate impact on the business bottom-line. Success should be evidenced by the most complex claims being reduced over time within the 90+ day category.

Journeying from Translation to Analytics

There are a variety of opportunities for improvement by analyzing 835/837 data. Areas worth considering for further analysis are:

- Average Claim Value
- Average Reimbursement Rates
- Claim Status Distribution
- Days To Pay
- Denial Rate, 10 Worst Physicians
- Diagnosis Mix (top ten ICD-9/ICD-10 codes by total charges)
- DRG Utilization by Total Charges and Paid DRG
- Gross Claim Charges, 10 Best Physicians
- Inpatient vs. Outpatient Comparison (Total Charges and Paid Amounts)
- Number of Days
- Number of Services
- Number of Visits
- Payer Mix (Percentage Based on Total Charges)
- Reimbursement Rate, 10 Best & 10 Worst Physicians
- Stay Type Mix (IP,OP)
- Total Charges
- Total Paid
- Total Paid Amount by Pay Date
- Total Paid Amount by Payer
- Total Patient Responsibility
- Units & Charges by Revenue Code
- Volume of Denied Claims by Adjudicated Reason Code
- Volume of Denied Claims by Pay Date

It was initially thought that the EDI file was difficult to understand in its structure, syntax, code sets, etc. However, it is now obvious to see how the 835/837 is an untapped resource for advanced analytics. Even still, without a strong commitment from organizations to discover its significance, the 835/837 will remain an under-utilized asset.

Why WPC?

WPC is a healthcare industry leader, providing consulting solutions and serving as the exclusive publisher of critical HIPAA implementation publications and related products for ASC X12.

WPC was founded in 1975 as Washington Publishing Company, and over the last 39 years, thousands of customers—including the largest firms in healthcare—have relied upon WPC's expertise to solve their business problems. WPC provides technical, business process, and compliance solutions while focusing on improving quality, lowering costs, and optimizing performance for customers. Expertise includes: smart data integration, ICD-10, security and compliance, healthcare reform, and revenue cycle management.

For More Information

To learn more about WPC, please contact a WPC representative, or visit *wpc-services.com*.

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