Innovations in payment integrity for healthcare payers

Increase savings and recoveries with an information-driven payment integrity solution
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Introduction

Today's most successful payment integrity solutions are information-driven and automate many processes that are otherwise manual and time-consuming. By combining advanced technology such as data mining and cloud computing, with information analytics and improved business processes, this new generation of “intelligent” payment integrity solutions enables health plans to more efficiently and effectively manage programs including eligibility, coordination of benefits, and subrogation.

Built on modern, scalable technologies and often available via cloud technology, these solutions offer a quick, simple way to overcome the burden of outdated legacy applications and semi-manual processes that are typical of current solutions. They easily grow with the business and adapt to fluctuating demands and changing healthcare regulations. Those that are available via the cloud can be deployed quickly – without a large investment in people, hardware, and software.

In this paper, we discuss how you can enable your business community to increase savings and recoveries while simplifying its approach to payment integrity through the use of information-driven, cloud-based applications, which can be accessed on-demand via the internet. Read on to find out:

- How to cost-effectively access enterprise-class solutions that leverage data mining, business intelligence, and analytics to multiply the outcomes of your payment integrity solutions
- Why payment integrity is a perfect candidate for cloud delivery models
- How data privacy, security, and reliability concerns can be overcome with confidence
- Best practices for adopting cloud technologies within your organization
Chapter 1: Information-driven solutions increase savings, recoveries, and revenue

Healthcare payers losing out on millions of dollars

Through no fault of their own healthcare payer organizations are leaving millions of dollars on the table each year across payment integrity activities such as subrogation, coordination of benefits, Medicare Secondary Payer validation, eligibility, and overpayment. The complexity of the healthcare system exceeds the ability of current payment integrity tools and processes to root out and pursue every possible case for cost avoidance or recovery. As a result, many cases go unnoticed or ignored, diminishing recoveries and even revenue for health plans. But advances in information management and analytics technologies are changing this dynamic and paving the way for newer, more innovative approaches to healthcare payer payment integrity.

Data mining, business intelligence, and analytics are at the core of today’s most successful payment integrity strategies. With these information-driven solutions, recovery specialists find the opportunities to save or recover much more quickly. And because they identify cases with more accuracy, recovery teams spend less time on investigative activities while going after all possible opportunities to recover or save.

The value of an information-centric approach includes:

1. **Identify more workable cases quickly and accurately (eliminating false positives).** These technologies quickly mine cases using sophisticated algorithms and automated business rules that align with contract language, business processes, and relevant regulatory requirements. You can automate identification and investigation with more accurate investigation results. As a result, recovery teams avoid false positives – cases that seem erroneous but are not. This saves time to go after more workable cases for increased recoveries and revenue.

2. **Streamline the recovery process.** Online case management and workflow automation can help simplify recovery efforts. Recovery teams can manage cases with all the required documentation and information at their fingertips in one easily accessible location, drastically reducing the time required to manage each case. Centralized case management increases the productivity of existing staff. For example, an intelligent payment integrity solution allows your staff to:
   - Manage correspondence and communication templates electronically
   - Access a detailed list of claims for each case – including deleted claims
   - See a complete history of each case – all correspondence, claims, payments, all interested parties (providers, attorneys, member, other insurers), etc.
   - Manage and access contract language electronically and apply to each individual case

3. **Achieve visibility and flexible reporting.** Interactive analytical features built into these solutions can quantify recovery efforts and provide a complete view of case inventory with the ability to drill down
to individual case detail. The increased insight helps forecast future recoveries, plan more accurately, and manage and improve metrics such as medical loss ratio.

4. **Simplify compliance and audits.** Healthcare organizations are subject to a number of audits for compliance with regulations such as Sarbanes Oxley and HIPAA. Perhaps your IT organization has been called upon to help pull together the data for these audits. With an automated, cloud-based solution, you have a complete history of information about your organization’s recovery and payment integrity program, which is readily accessible. This allows business stakeholders to gather required data for audits much more quickly and easily than they can collect it today.

5. **Accelerate and increase recoveries.** By giving your recovery teams the power to identify cases faster, pursue more workable cases, eliminate false positives, and consolidate and automate workflow/case management, you enable them to speed up the recovery process and collect more money sooner.

6. **Increase revenue.** By simplifying payment integrity efforts using a single platform that maintains case data over time, you give recovery teams the ability to correct misclassified records so Medicare revenue for MSP Validation and Premium Restoration is preserved.

6. **Enhance provider and member relations.** With standardized communications and more information readily available through a web-based platform, your recovery staff will require fewer calls and interruptions to your providers and members.

**Chapter 2: Why an information-driven solution works**

The new approach to payment integrity addressed in this paper can help your cost management organization multiply recoveries in a very short time. While cloud technology makes this approach accessible and affordable to companies of all sizes, it is the access to modern infrastructure, new information technologies, and analytics that really drives the improvements. Here’s why this information-driven approach leads to dramatic improvements in recoveries and savings.

**Business rules**

In a modern information-centric approach, a data-driven business rules engine is used to configure rules, such as state and federal regulations, contract language, and corporate policies – content that changes frequently, yet dictates the course of a business process. Some new payment integrity applications use a business rules-driven approach so that as the language in these provisions changes over time the application can easily be configured simply by changing or adding business rules. This is in stark contrast to many of today’s legacy applications in which business rules are coded into the application or database and are very difficult and time-consuming (if not impossible) to reprogram.

In the context of payment integrity, business rules allow claims to be analyzed against the language in contracts, policies, and regulations to identify anomalies that indicate a potential recovery or cost
avoidance opportunity. The business rules engine gives the organization much more flexibility to add new products, adapt to changing regulations, and expand the business.

**Sophisticated data mining technologies**

Rather than cast a wide net for potential recoveries, sophisticated data mining enables organizations to pinpoint the ripest recovery opportunities. Data mining analyzes multiple factors to identify and classify claims associated with accidents, plan provisions, applicable laws, and other relevant conditions that make certain claims worthy for recovery pursuit. Data mining also factors in customer-specific business rules, sensitive conditions, and patient populations. There’s a difference between good data mining and superior data mining. You’ll see such differences in whether data mining goes beyond just diagnosis and dollar amounts to identify potential cases; it should also utilize intelligence based on a member’s prior claims data to improve algorithms and results over time.

**Analytics**

Information analytics for healthcare recovery and overpayment have come a long way. Analytics are no longer the exclusive domain of IT, and should not be mistaken for a few limited reports about what’s happened in the past. Today’s analytics are real-time and on-demand and deliver instant views into operational status and overall performance directly to business users.

For claim recovery specialists, this means new levels of transparency for better decision-making. From any device entire case inventories and corresponding trends can be easily visualized via customized executive dashboards. Individual cases are accessible with a single click through case management applications that house all data, activities, and even plan language. Such advancements empower recovery professionals to take action faster and more confidently. But while analytics have innovated both in form and function, they alone cannot deliver improved healthcare payment integrity results; recovery professionals must interpret these insights and take appropriate action.

For IT, the impact of robust web-based analytics is just as transformational. With a next-generation hosted analytics solution in place, IT teams essentially are freed from tedious tasks such as managing claims data capture and internal and regulatory reporting, as well as time-consuming legacy system maintenance. Instead, IT can take a more strategic role focused on competency areas such as governing IT policies and long-term planning. As a result, IT resources can be streamlined or re-allocated, and savings can be reinvested in the business where needed.

**The right payment integrity expertise**

We’ve addressed how many technology advancements are changing the state of healthcare payment integrity as we know it. Not to be forgotten, however, is the crucial human element that must be coupled with these tools and technologies. For optimal recoveries and savings, you need to rely on experts who are skilled in healthcare law and regulation and can navigate the healthcare system as an advocate on your behalf. Such experts might be available already on in-house teams, and they also can be sourced externally. Look for people who are knowledgeable about healthcare law, healthcare data, payment integrity, and analytics to harness the best program results.
Chapter 3: Fast, easy access to information-driven solutions through cloud technology

While these solutions represent a level of sophistication usually reserved for the largest enterprises with big budgets and massive IT organizations, the good news is they are accessible and affordable to healthcare payers of all sizes through cloud-based solutions. In other words, rather than invest in expensive software and hardware or build and manage your own internal solution, you can access leading-edge, web-based payment integrity applications with pay-as-you-go pricing. Not only do you minimize your upfront costs, but they are quick to implement. The right vendor can have you up and running within 8 to 12 weeks, as opposed to developing a homegrown solution, which could take 18 months or more.

Many healthcare payer organizations are starting to understand and trust in the value of cloud applications. These models offer fast access to enterprise-class solutions that help streamline complex healthcare processes and provide quick access to modernized technology. Meanwhile, security protocols have advanced to support requirements for protecting healthcare data and maintaining compliance with HIPAA regulations.

Cloud-based solutions allow you to provide your business stakeholders with top-priority solutions they need to be successful in their jobs, while keeping IT resources focused on strategic initiatives and high-profile reforms such as ICD-10 and Affordable Care Act provisions. If your business stakeholders are looking to increase recoveries, reduce costs, enhance control, and achieve greater insight into the recovery process, then it’s an approach worth considering.

**Why payment integrity strategies are perfectly suited to cloud models**

If you’re thinking of adopting a cloud solution within your organization, you may be pondering your first move. How do you prioritize which applications should go first and what drives these priorities? For your first foray into the cloud, choose a focused application that will cause minimal disruption to the rest of the organization. The application should have a specific set of users, needs, and data sets. It should be managed outside of core healthcare applications and have light integration needs.

Looking at these criteria, you can see why payment integrity functions are particularly suited to a cloud solution. Here are three reasons why payment integrity is a good place to start:

**It contains the cost of payment integrity.** The saying “do more with less” applies perfectly here. You have to balance the need to do payment integrity programs (and do them well) with budgetary limitations. Naturally, IT budgets are allocated first to initiatives that are critical to the business and those that are mandated or legally required. When it comes to discretionary expenses, you have to be wise about how you spend what little is left over.

That’s why cloud-based applications work well in payment integrity situations – the cost to get started is minimal and the potential ROI more than pays for the cost of using the applications. It does not require any capital outlay for hardware or software. You pay only for what you use and scale up or down as needed.
In some cases, contingency-based fee structures mean you don’t pay until you start recovering. Ultimately, the access to modern, sophisticated information technologies leads to increased recoveries in less time and at lower cost.

**It’s an easy first step.** Payment integrity solutions are focused, departmental functions that have fewer integration points or dependencies on other applications across the enterprise. For this reason, it’s easier than you think to shift payment integrity functions to cloud applications. In most cases, the only real point of integration is the exchange of information between your claims systems and the web-based application. This can happen easily through highly secure bi-directional data exchange protocols such as FTP or EDI. Additionally, these applications make use of data sets you already have, such as CMS, eligibility, or claims files. They are essentially turnkey services that “turn on” once the data is in place. Little or no programming or installation is needed and they are ready to use. There is minimal disruption across the enterprise to run these applications.

**It is easily measurable.** When you choose a solution that allows you to manage and track all actions from identification through recovery in the same tool, all the data you need to measure your success is available in one place. In this case, it is very easy to track and measure the performance of your program and justify ongoing activity and added payment integrity efforts. After all, more solutions equal more savings.

**IT maintains control, but offloads support burden**

A cloud solution for payment integrity doesn’t get IT off the hook entirely. But it does help offload much of the day-to-day responsibility, while providing new or improved functionality the business may be demanding. And it does so safely, securely, and with manageable risk (see best practices below).

In the case of payment integrity, your business users might be asking to pull more data sources into their current COB or subrogation application. They might want faster queries or more detailed analytics about their case inventory. Or they’re trying to reduce the occurrence of false positives in identification results. Rather than devote a resource to the task for weeks or months — or worse, saying no — you can acquire much of this functionality simply by subscribing to a cloud-based payment integrity application on the market today. And when users need more customization, more drill-down, faster results — that’s where the cloud vendor comes in. IT should maintain responsibility for governance, but the cloud vendor provides support for more of the stack, including support, updates, infrastructure, and scaling.

**Addressing concerns of security, reliability, and privacy**

Few other industries are subject to the same level of regulatory standards and scrutiny as the healthcare industry when it comes to protecting customer (patient) privacy. Because of this sensitivity, healthcare companies often shy away from cloud computing models, citing security, privacy, and reliability as top concerns. After all, unique architectural features of cloud, such as location independence, multi-tenancy, and service-oriented architecture, present special data security challenges.

The good news is cloud security has come a long way. In many cases cloud vendors can match the high security standards provided by internal IT organizations. Because cloud computing has grown dramatically
since the late 1990s and early 2000s, early cloud adopters already have dealt with the inherent challenges. In a 2012 Perspectives paper, IDC reassures healthcare organizations about the safety of cloud deployments: “Early pitfalls including security, downtime, and data access challenges have been experienced and addressed by other industries, enabling the later entrant healthcare market to benefit from lessons learned and a more rapid market evolution.”

If you’re the IT director of a healthcare organization, then you certainly want to be proactive about examining the security protocols of your cloud provider. That won’t be difficult if you are working with the right vendor. A provider that is focused on healthcare-specific applications will easily demonstrate that it has taken appropriate measures to protect data according to HIPAA requirements. Look for a company that has taken a layered, or “defense in depth,” approach to security – each layer in the cloud services stack provides a set of security controls. You’ll see this in network firewalls, access control mechanisms for authentication and authorization, storage and archiving mechanisms, and total encryption, among others.

**Follow best practices to make it work for you**

Managing healthcare data in the cloud presents a variety of challenges and risks, but if it’s managed properly, the payoff can result in enormous benefits to the business. The best practices outlined below will help you plan for the challenges and manage the risks of shifting to a cloud strategy for payment integrity. By following these best practices, you can prepare for a successful experience that enables your recovery team to multiply its results.

**Risk management – take a layered approach.** When you engage with a cloud vendor, the responsibility for risk management and compliance is no longer an internal matter – it’s now shared with partners. When you build or engage in a cloud service, be sure you have a clear understanding of where the responsibilities lie and how they are divided and/or shared between the providers and partners. The 2013 Health Information Technology for Economic and Clinical Health (HITECH) Act helped to clarify some of this by directing that any business associate (or its subcontractors) that has access to protected health information (PHI) is now accountable to HIPAA security rules and are subject to HIPAA enforcement. In any case, you need to eliminate any gaps in your risk management approach. As a best practice, work toward a “defense in depth” approach with shared responsibility.
1. Clarify who has responsibility for meeting service level agreements (SLAs). For example, some providers offer “best effort” cloud, but no guarantee. Who picks up the slack? You can be clear about responsibilities through:

- Indemnity
- Service level agreements
- Contracts

2. Identify gaps and overlaps (layered is often good). Do you eliminate, accept, or share the risk? Determine how you'll close the gaps with additional resiliency and safeguards:

- Redundant copies of data
- Insurance (against a problem)
- Implementing a technical system

**Transparency – insight is better.** Transparency relates to the visibility you get into the layers of the delivery of the service. An opaque model gives you no visibility into the levels of the process. You only see the end result – that a subrogation case resulted in a recovery, for example. A transparent model, on the other hand, allows you to see what is happening throughout the delivery of that service.

Transparency is in part a cultural issue. The model that works best for your organization will depend on how much visibility you want and are comfortable with as an organization. With an opaque, or hands-off service, you might pay less, but it requires you to put full trust in the service provider. With transparent services, on the other hand, your staff will be more involved, but it might cost more.

In the context of healthcare payment integrity, a transparent model is a best practice. Your reputation is at stake. Payment integrity activities directly impact your clients and their impression of your organization, so you’ll want to maintain a higher level of control. Payment integrity deals with protected data. You’re better off having insight throughout the process of a case so you can ensure security and privacy protocols are being followed correctly and you can catch and manage any issues early.

**Flexibility – go configure.** Flexibility refers to the ability of an application to accommodate changing business models, new products, and new regulations. The problem you may be experiencing with legacy applications is that they are rigid and are nearly impossible to re-program to support changes in your business. When you engage with a cloud provider for payment integrity solutions, be sure you don’t run into the same problem. Beware of vendors who have repackaged an existing solution to look like a new, more flexible cloud solution. Make sure the solution is configurable to accommodate business rules as they change. For example, does it allow you to easily reconfigure different state regulations, corporate policies, and contract provisions?

**Analytic integration – information at their fingertips.** A big complaint among recovery specialists is inflexible reporting. Among existing solutions, there is a general lack of analytics and inability to customize reporting to meet their needs. Recovery organizations need interactive analytical features that quantify recovery efforts and provide a complete view of current case inventory as well as individual case detail. This stronger
analytical capability allows the organization to report, analyze, and track performance.

As a best practice, provide users with access to the information they need in a way that is secure and compliant. Look for a solution that can easily integrate analytics with desktop tools that users are familiar with, such as SharePoint and Microsoft Excel.

**Content management – fresh is better.** One benefit of cloud services is the ability to manage cases online and automate workflow – for example, recovery teams can record activities, manage by calendar diary system, and prioritize cases based upon status. The solution may allow you to catalog health plan language by group and view it at a case level. You can upload all documents that are relevant to case management, including printed manuals, business rules, plan language, contract terms, case management documents, regulatory requirements and policy, and much more.

This centralized case management capability allows recovery teams to accomplish more with the staff they have in place. But it only works if the content in the system is current, accurate, and complete – and available where and when it’s needed. As a best practice, pre-populate content and designate someone to be responsible for editing and maintaining content so it remains fresh and useful for the people who need it.

**Track record – a partner that has gone the distance.** When choosing a partner, select one that has gone the distance. Look for a vendor that has built and operated its platform using cloud technologies from the ground up, as opposed to rebranding an existing platform. Your vendor should have delivered its solution in the cloud for at least five years and should have a focus and record of success in the healthcare industry. Ask for references. In addition to successes, talk to them about any problems that came up and how the vendor handled them.
Conclusion

For all but the largest healthcare enterprises, the cost to develop information-driven, analytic capabilities for payment integrity in-house is simply too much. It requires collective expertise in healthcare, business intelligence, information management technologies, and analytics. It would take years and millions of dollars to build internal capability with the power that is available today through cloud-based solutions. The solutions that are available now are leveling the playing field in the healthcare industry. Today, even mid-sized regional and community healthcare organizations can acquire enterprise-class payment integrity solutions that deliver significant increases in savings and recoveries.

1 IDC, Perspective: Cloud Adoption and Deployment in the Healthcare Payer Market in 2012, September 2012

About Discovery Health Partners

Discovery Health Partners offers payment integrity solutions and analytics that help health plans and other healthcare organizations optimize revenue, improve cost avoidance, and operate more efficiently. Deep healthcare experience, combined with our strength in information management and technology, helps clients execute payment integrity processes faster, more accurately, and with trackable results. All of our solutions can be fully outsourced to our team, while our flexible, cloud-based platform also enables clients to manage many programs in-house. Discovery Health Partners is a division of LaunchPoint, which operates businesses that provide cloud-based analytic solutions and services for healthcare enterprises.