Sunsetting Patient Accounting Systems

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November 9, 2017

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Learning Objectives

At the end of the presentation you should be able to identify:

- ✓ Necessity of sunsetting legacy system
- ✓ Risks of inaction
- ✓ Considerations and challenges
- ✓ 4 steps to a successful wind down

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Polling Question #1:

Have you started sunsetting a legacy patient accounting system?

A. No, have no intention of switching systems in the near future.

B. No, but intend to do so in the near future.

C. Yes, already started but not done cleaning up credit and debit legacy accounts.

D. Yes, all done. Legacy credit and debit accounts are entirely cleaned up.

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Trends, Risks and Challenges

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Trends

- EHR replacement is on the rise

  59% increase between 2010 – 2015 [4]

- From paper records to EHR is declining

  26% decrease between 2010 – 2015 [4]

So what does this mean?

Legacy data concerns are increasing [4]

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Trends

Why is EHR adoption on the rise?

- 16% rise per year between 2008 – 2014
- 75% in 2014 alone
- Incentives and then penalties

What do you do with the old system?

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Risks

A legacy system makes it difficult to…

Top concerns for hospital CEOs

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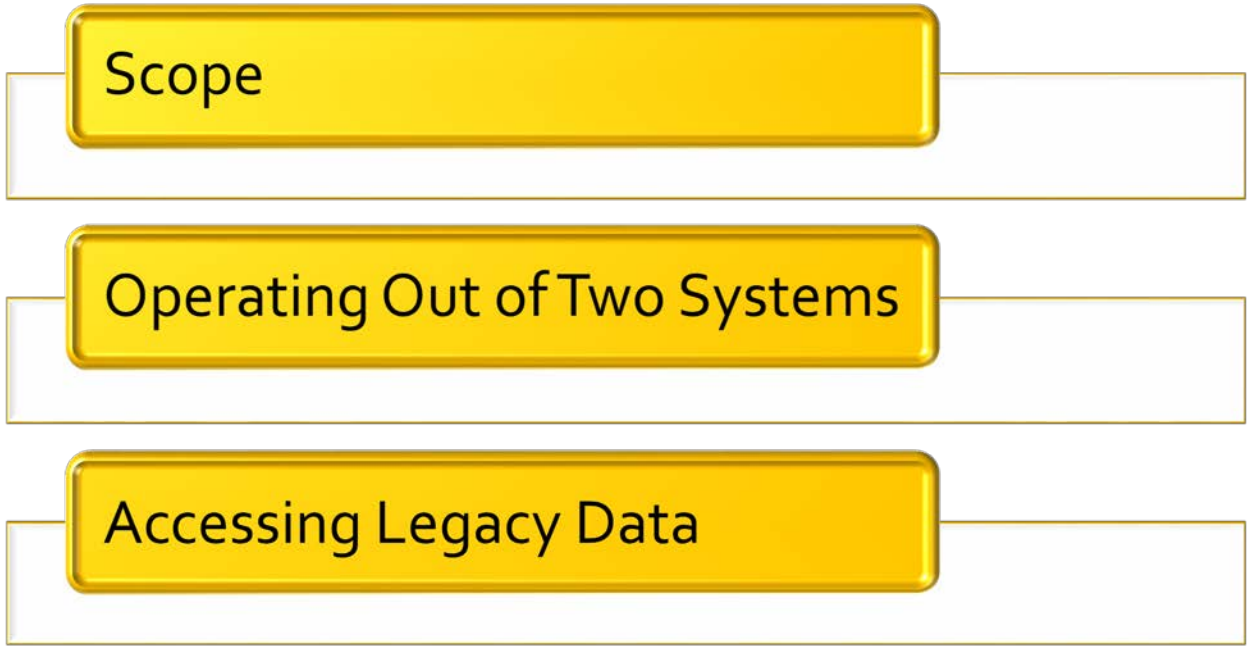
Challenges



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Challenges

Scope

- Major undertaking: outsource parts of process
- Simultaneously maintain AR and patient care in two systems
- Impact on staff, productivity and revenue

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Challenges

Operating Out of Two Systems

- Cash collections decreasing
- DAR increasing
- Concerns with patient safety
- Strain on staff resources

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Challenges

Accessing Legacy Data

Traditional Approaches

- Full Data Conversion
- Summary Reports
- Balance Forward Methodology
- Maintaining Legacy Access to Patient Records

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Challenges

Accessing Legacy Data

New Approach

Active Archiving Technology

- No data loss
- Add, edit, view, or run reports in the same fashion as the legacy system
- Patient, clinical, and financial data can all be extracted and archived for easy access
- Staff can view and manage data directly
- Legacy systems are decommissioned reducing costs and IT support requirements
- Acts as a single repository for all legacy systems allowing IT to easily manage all legacy data
- Assures state and federal data retention compliance

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Polling Question #2:

What is the biggest obstacle your organization is facing in winding down your legacy system?

A. Concerns with accessing legacy data after retiring system

B. Lack of available staffing resources to complete the project

C. We don't foresee any obstacles in retiring our legacy system

D. We do not have a legacy system

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STEPS

TO SUCCESSFULLY SUNSETTING PATIENT ACCOUNTING SYSTEM

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PLANNING
PLAN
AND MORE
PLANNING

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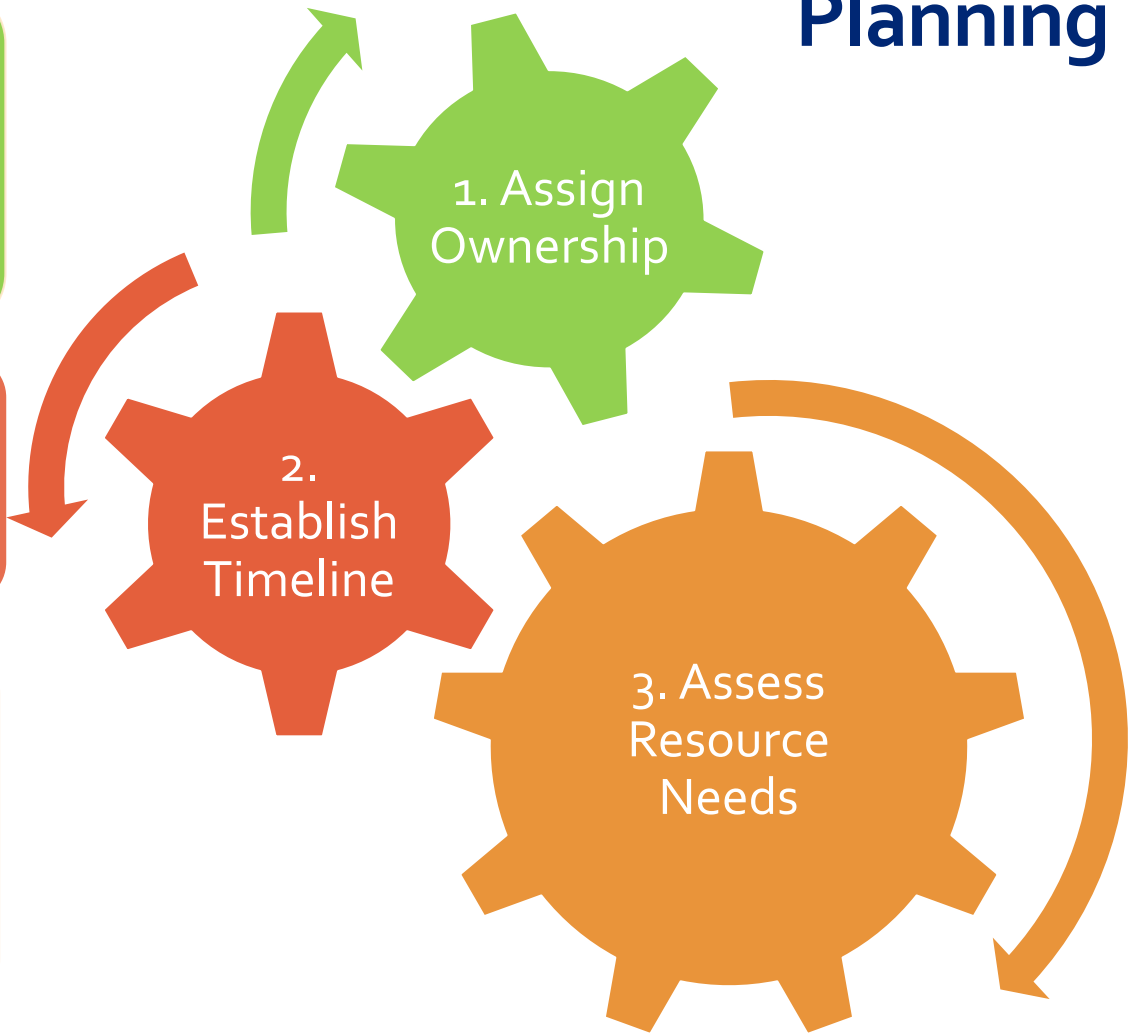
Planning

- Engage Stakeholders
- Accountability
- Team members from all affected areas

- Data-input end date
- Legacy AR processes
- Legacy system retire date

- Conversion issues
- State of legacy AR and time/resources to work
- Time away from current billing



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IMPROVE PROCESSES AND MAKE ADJUSTMENTS

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Process Improvements

OPPORTUNITY

Use legacy data as basis for new EHR:

- Are current processes clearly documented?
- Will these processes be transferable?
- Are there operational gaps in the current state?
- How will new EHR impact resource allocation?

Areas of focus:	
Charge Description Master (CDM)	Service Locations
Insurance Plan Dictionary	G/L Mapping

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Polling Question #3:

True or False? You can increase net revenue by resolving credits.

True

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CLEAN-UP ACCOUNTS DEBITS AND CREDITS

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Debits

Goals

- Keep in mind the goal: Work down accounts so that only self-pay, self-pay after insurance and credit balances remain.

Pick A Date

- Pick a date to stop entering new charges in legacy system

Select a Vendor

- Alleviate burden on staff
- Resolve outstanding debits more quickly so can close legacy system faster

Switch EDI/EFT/ERA

- Electronic claims submission, payments and remittance must be switched to new system. This can take 30+ days

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Debits

Traditional Approaches

- Full Data Conversion
- Balance Forward Methodology
- Running A/R Data Out of the Legacy System

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Debits

New Approach

Active Archiving Technology

- No data loss
- Add, edit, view, or run reports in the same fashion as the legacy system
- Patient, clinical, and financial data can all be extracted and archived for easy access
- Helps maintain cash flow
- Can bill and post existing receivables directly out of the archives
- Staff can view and manage data directly
- Legacy system decommissioned reducing costs and IT support requirements
- Acts as a single repository for all legacy systems allowing IT to easily manage all legacy data

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Debits

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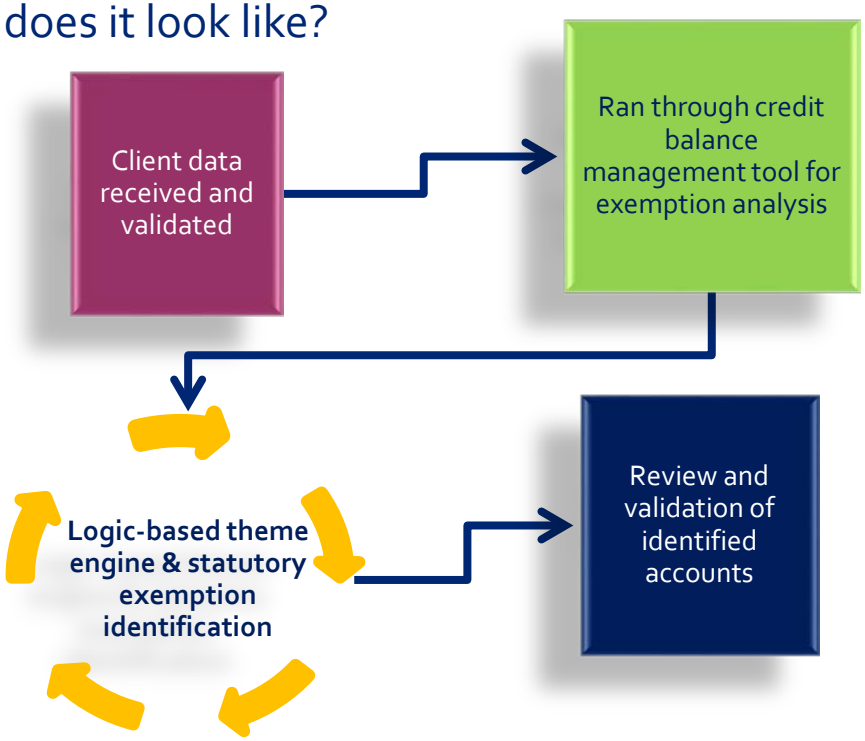
Credits

Using technology to resolve credits faster

- National average shows it takes 15 minutes to manually work one credit balance account.
- Use of logic-based theme engine to identify statutory exemptions, adjustment errors, credit-debit patient transfers
- What does it look like?



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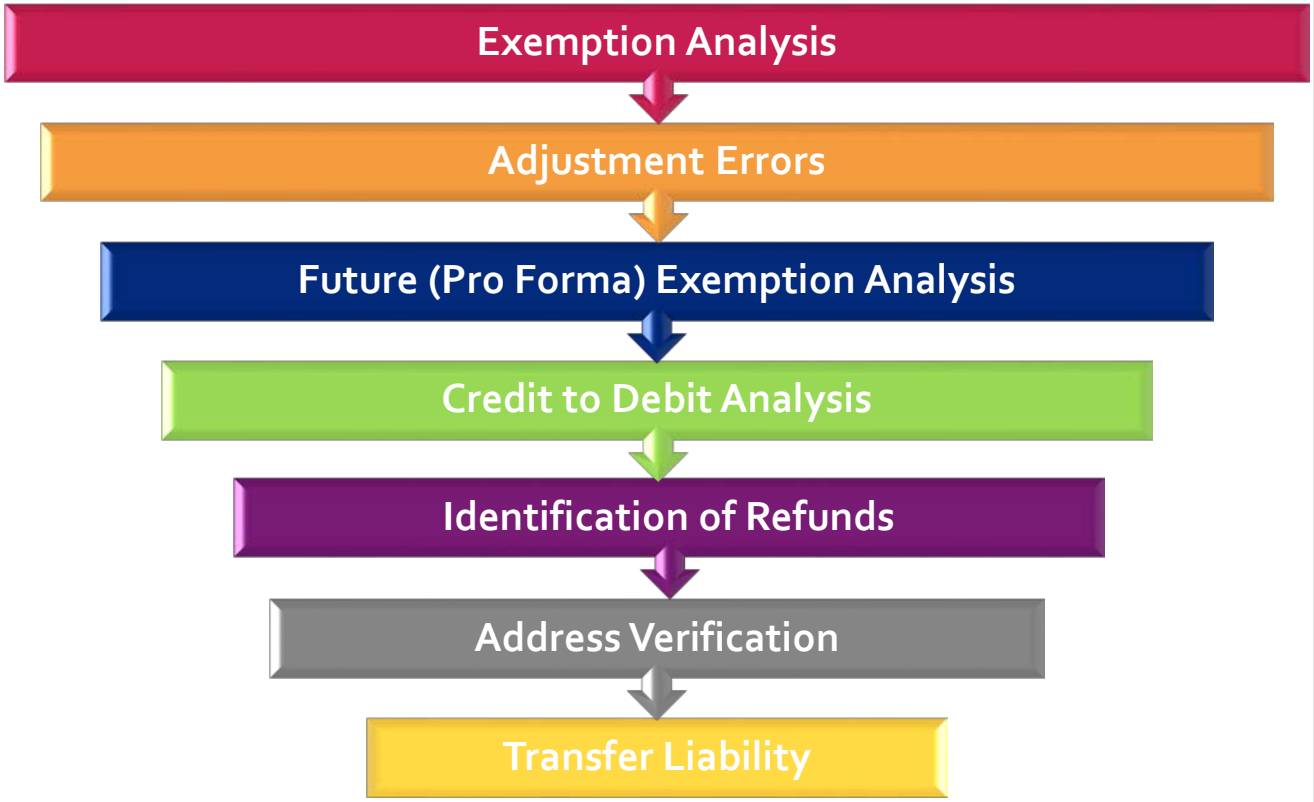
Credits

7 Steps: Credit Balance Wind Down



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Credits

- **Exemption Analysis**
  - Credit Balance Statutes – 36 states have exemption around A/R credit balances
  - Business to Business – 12 states have unclaimed property exclusions
  - Federal Statute – Social Security Act constricts timing of Medicare/Medicaid recoups
- **Adjustment Errors**
  - Dollars not actually due back, credit balance caused by over contractualizations or other erroneous adjustment
- **Pro Forma Exemption Analysis**
  - Identifying date that remaining non-exempt refunds would become eligible for exemption – newer balances should have top priority

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Credits

- **Credit to Debit Analysis**
  - Find any open debit balance account (legacy and current system) for accounts where a patient refund is identified.
  - Transfer dollars to debit account to lower credit and debit liability.
- **Identification of Patient Refunds**
  - Use transactional account history and analytics to identify overpayments due back to patients (POS collections, duplicate payments, primary rebill, etc.)
- **Address Verification**
  - Run all remaining patient refunds through address verification before sending a refund check out
  - Accounts where address comes back invalid can be immediately transferred to unclaimed property liability account
- **Transfer of Liability (Unclaimed Property Reporting)**
  - Refers to the transferring of abandoned property to the state custodian for owners that cannot be located after a certain period of time (typically 3 or 5 years for A/R credit balances)

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RETIRE SWITCH OFF LEGACY SYSTEM

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Retire Legacy

Checklist:

- ✓ Legacy data solution selected
- ✓ Debit accounts resolved and all payments and adjustments posted
- ✓ Credit accounts resolved and all refunds issued and transfer of liability complete
- ✓ Migrated legacy data
- ✓ Shut it down

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Polling Question #4:

What is often the biggest legacy data liability concern during an unclaimed property audit?

A. Debits

B. Credits

C. Adjustment Errors

D. All of the Above

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Take Aways

- Avoid working in both systems longer than absolutely necessary
- Realize this is a complex endeavor and you'll want to identify in-house resources and leverage outside expertise to resolve your debit and credit balances.
- Identify true liability. Send out refunds only after you are sure they are truly owed (they could be adjustment errors, meet statutory exemptions, unclaimed property.)
- Choose a method for archiving data that allows you to shut off your legacy system

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Questions

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Resources

1. https://ehrintelligence.com/news/value-based-care-to-require-new-ehr-selection-tools-resources
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