Auditing the Complexities of Medical Billing for Clinical Services and Specialty Pharmacy

With a Revenue Cycle Workflow GAP Analysis

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PHARMACY SOLUTIONS

Contents

Medical Billing for Clinical Services and Specialty Pharmacy

Billing for clinical services and specialty pharmacy presents a significant opportunity for pharmacists to expand their role in patient care while enhancing revenue streams. However, these opportunities bring added billing complexity.

Pharmacies must now navigate new payor policy requirements for reimbursement of these services while maintaining operational efficiency, staff productivity, and financial transparency within their revenue cycle management (RCM) data. Traditional pharmacy billing solutions often fall short of addressing these unique demands, which include:

- Detailed Patient Registration and Clinical Documentation
- New Payor Requirements for Claim Submission
- Increased Denial and Appeals Management
- Advanced Payment Reconciliation
- Enhanced Patient Billing and Payment Process
- Comprehensive Financial Reporting

The need for a sophisticated, financially-based solution is more apparent than ever before. The following sections are designed to help you explore the effectiveness of your current billing processes for clinical services.

Key RCM Terms

Revenue Cycle Management (RCM)—RCM encompasses the entire financial lifecycle of a patient encounter, from the initial patient registration to the final payment collection. It includes all processes involved in managing claims, payment, and revenue generation. RCM optimizes the entire process, ensures efficiency, and maximizes reimbursement.

Edit, Rules, Logic, Compliance—Automated rules or checks applied to claims before they are submitted for payment. These edits help identify errors, inconsistencies, or missing information that could result in claim denials, rejections, or payment delays. Edits can be configured to catch issues such as missing modifiers, missing patient information or medical necessity documentation, and billing practices not compliant with payor policy.

Billing Process—A crucial step in the RCM workflow that involves multiple steps to ensure accurate and timely claim preparation for submission to payors. The goal is to create a clean claim that can be processed quickly and with minimal chances of rejection or denial, thereby accelerating reimbursement and reducing administrative burden.

Portals—A secure online platform integrated with the RCM system that allows users—typically patients, prescribers, or referring physicians—to access and manage billing-related information. Patient portals allow patients to view and pay their medical bills, check their account balances, set up payment plans, and update insurance or demographic information. A prescriber portal allows prescribers to correct missing information and provide required documentation.

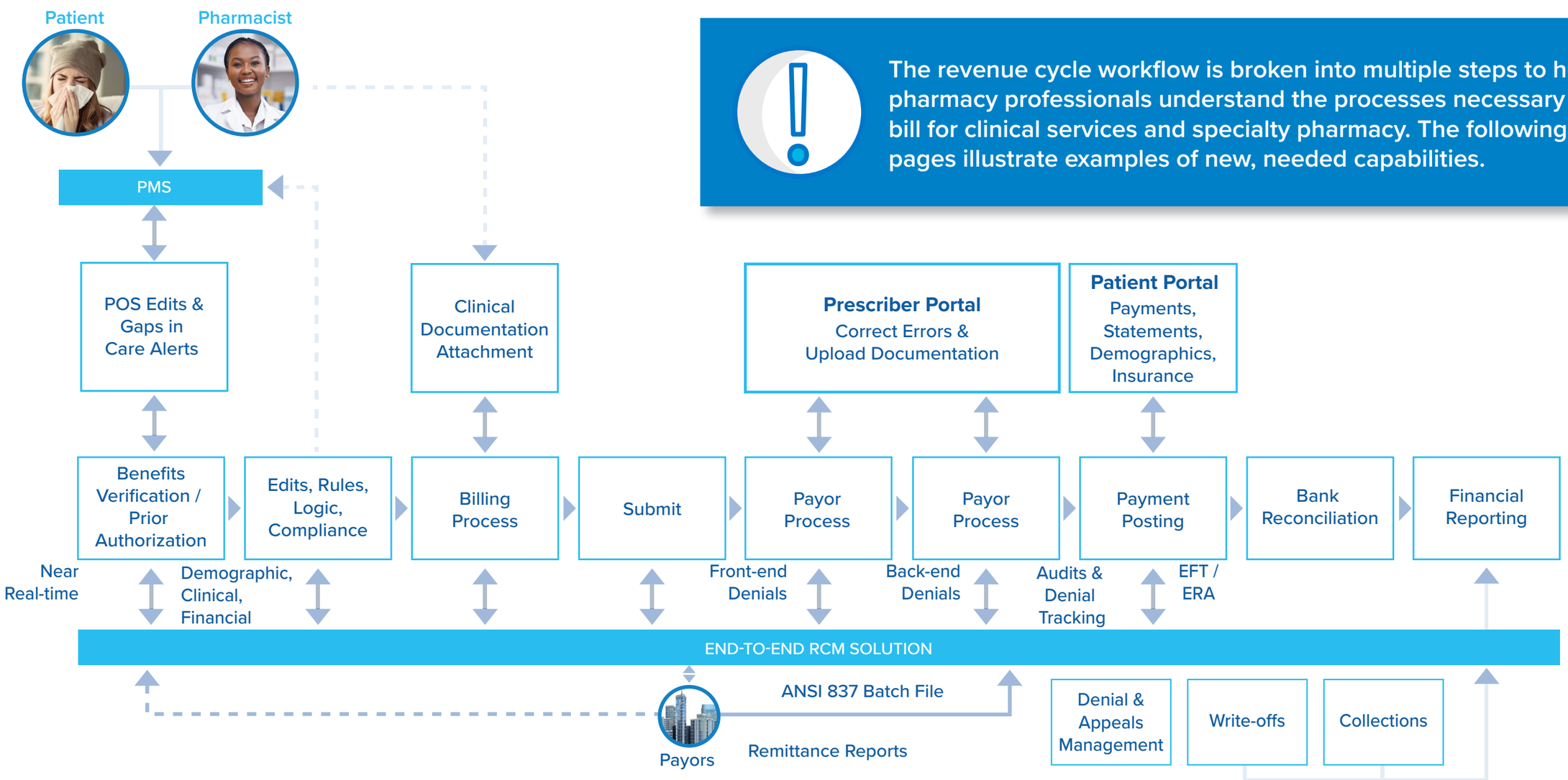
Automation—Using technology and software tools to perform repetitive, rule-based billing tasks with minimal human intervention enhances compliance with regulatory standards and payor policy while enhancing accuracy. Automation in billing can streamline processes, reduce errors, improve efficiency, and speed up the revenue cycle.

Patient Responsibility—The portion of a medical bill that the patient is obligated to pay out-of-pocket. This amount is typically determined after the insurance provider processes a claim and applies coverage, discounts, or adjustments.

Reconciliation—The process of comparing billing records (payments, claims, etc.) with financial records to ensure that all charges, payments, and adjustments are correctly accounted for. The goal is to identify discrepancies, such as missing payments, overcharges, unbilled claims, or unrecorded adjustments, and resolve them to ensure accurate financial reporting and avoid revenue leakage.

Revenue Cycle Management Workflow

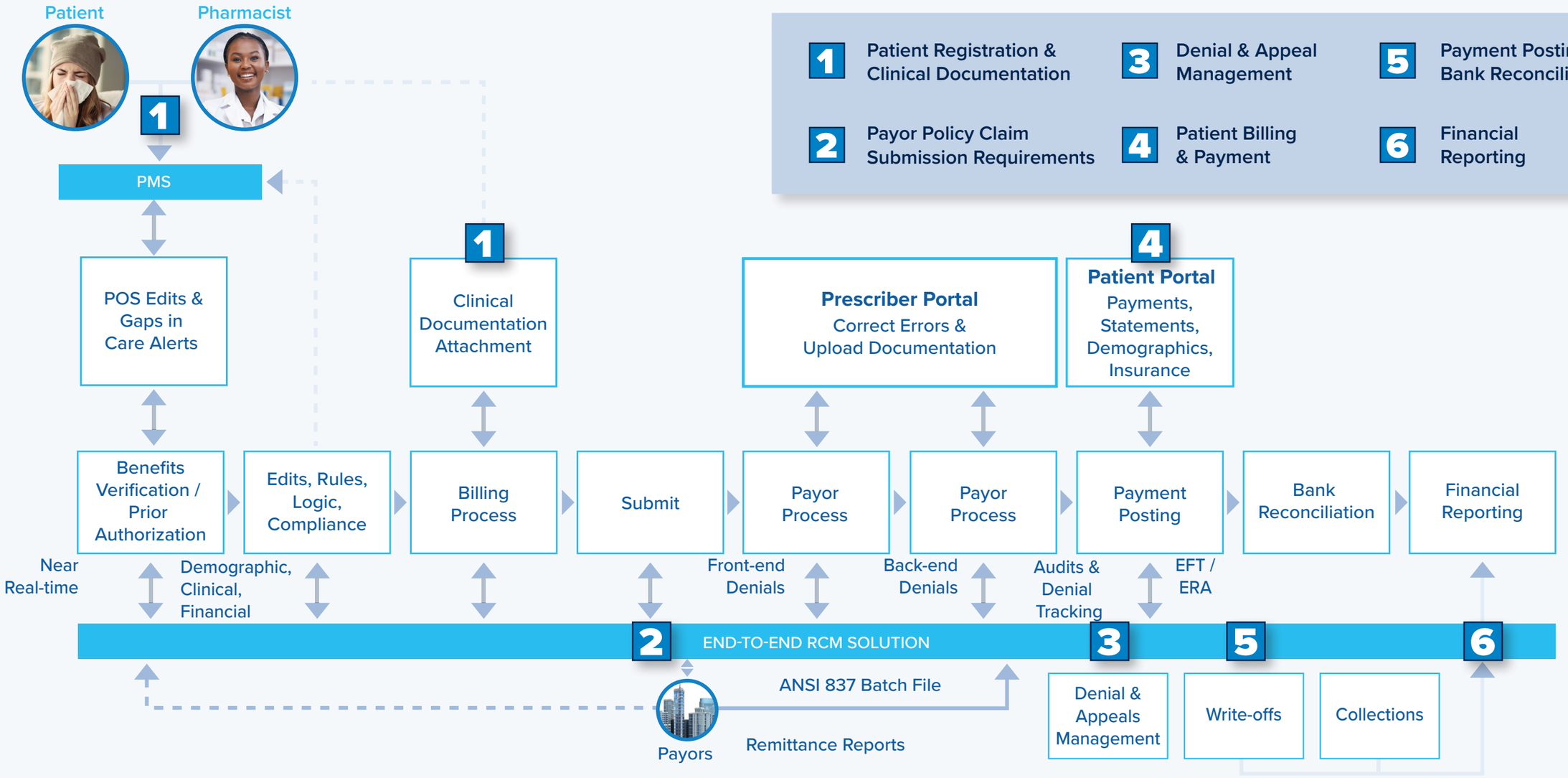
Billing for clinical services and specialty pharmacy



The revenue cycle workflow is broken into multiple steps to help pharmacy professionals understand the processes necessary to bill for clinical services and specialty pharmacy. The following pages illustrate examples of new, needed capabilities.

RCM Workflow Gap Analysis

The focus of this analysis is on six critical steps in the RCM workflow



Patient Registration and Clinical Documentation

As pharmacy services expand, new encounter documentation and registration requirements emerge that must be addressed to ensure compliance with payor policy and streamline workflow.

PHARMACIST

PATIENT

POTENTIAL GAPS

- Lack of real-time insurance eligibility verification and prior authorization check
- Ability to efficiently document multiple services associated with one clinical encounter along with other payor policy and medical clearance requirements
- Inability to provide patient at the time of service with an estimation of patient responsibility after insurance payment

ASSOCIATED IMPACTS

- Manual collection of consent or pre-check-in information that results in longer wait times for patients
- Increased labor tasks due to manual intervention by staff to obtain correct data
- Delays in submitting the claim and receiving payment
- Increased front-end errors and back-end denials
- Patient responsibility billing errors leading to patient dissatisfaction and reluctance to pay claims or continue treatment

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- Ability to integrate pharmacy management system, scheduler, PBM, and EHR systems via HL7 or web services embedded eligibility check
- Process to send patient's check-in form and collect required information prior to the visit along with populating collected information as part of encounter documentation for the pharmacist to review
- Patient portal where patients can provide accurate demographic and insurance information
- Patient responsibility estimator to provide patient with estimated cost of services based on insurance provider at the plan and procedure code level prior to services
- Smart clinical messaging embedded in the pharmacy workflow which alerts the pharmacy to gaps in care the patient is clinically and financially eligible for, within the pharmacy workflow

Patient Registration and Clinical Documentation

Payor Claim Submission Policy Requirements

Encounters and their associated claims are no longer single in nature. Payor policy requires multiple services associated with an encounter to be consolidated into one claim for reimbursement.

POTENTIAL GAPS

- Ability to submit one consolidated claim with line-item detail on each service associated with the clinical encounter
- Inability to meet payor claim submission requirements, which can differ by payor, related to adding modifiers, place of service, and other key factors
- Lack of front-end edits for medical necessity, payor policy, insurance confirmation, and coding edits
- No claim status check and reconciliation of accounts by charges
- Dependence on the prescriber for correct/relevant documentation

ASSOCIATED IMPACTS

- Increase in claims never submitted and in no-response/no-activity claims
- Increased denials due to missing or inaccurate data related to payor requirements
- Decreased reimbursement, increased write-offs, delayed payments

SOLUTIONS

- Flexible billing logic configuration to address payor requirements, which can differ by payor and plan, including line item detail of multiple services in one claim, ability to load multiple places of service, add required modifier, etc.
- Direct connectivity to major payors and ability to perform 100% claim reconciliation to ensure claims are submitted
- Ability to configure and automate front-end edits such as missing/invalid information and prior authorization requirements
- Eligibility, benefits, and claims status checks along with payor billing verification before billing the patient
- Prescriber portal to upload documents (e.g. medical records or prior authorization forms) to minimize denials

Payor Claim Submission Policy Requirements

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Denial and Appeals Management

As the complexity of claims and volume for clinical services and specialty pharmacy increases, so does the necessity for a strategic approach to mitigate the heightened risk of payor denials while maintaining operational efficiency.

POTENTIAL GAPS

- Lack of expertise in medical billing denials and appeals
- No monitoring of payor or compliance changes
- Current system does not allow line-item reconciliation of claims down to service level to identify which services were paid or denied
- Lack of visibility into denial codes, reasons for denials and their impacts
- Inability to accommodate rules associated with expanding payor markets
- No denial and appeal automation

ASSOCIATED IMPACTS

- Incapacity to effectively assess and correct denials
- Manual labor required to appeal each denial, which can increase the payment cycle
- Inability to assess the profitability of individual tests/procedures and performance of individual sites, clients, and payors

Denial and Appeals Management

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- Identify, track, and trend payments and denials by service level
- Automate and manage efficient processing of denials/appeals and next actions in billing workflow
- Electronically integrate NPI and physician checks (compliance)
- Access actionable payor payment/response performance for contracting intelligence
- Trend denial reasons and update process to meet payor requirements and avoid future denials
- Monitor changes in payor policy to ensure compliance
- Automation of certain appeals with payor-specific appeals forms, letters, supporting documentation attachment

Patient Billing and Payments

Payors are shifting more financial responsibility to patients, while patients are demanding accurate cost estimates, upfront payment estimations, and a smooth payment process.

POTENTIAL GAPS

- Inability to bill patient after service is rendered based on patient responsibility amount listed on payor estimation of benefits
- Process to send multiple statements to patients based on amount and track patient payments at the service level
- Inability to provide patients with convenient options to pay bills

ASSOCIATED IMPACTS

- Patients receiving bills for incorrect amounts leading to patient dissatisfaction issues
- Uncollected patient payments and increased accounts receivables
- Increase in phone calls from patients with questions regarding their bill

SOLUTIONS

- Electronically collect and integrate updated patient demographic or insurance information with RCM data
- Generate and submit multiple levels of patient statements based on the amount
- Ability to bill and collect payment from patients well after services are rendered
- Track and reconcile patient payments at the account and service level
- Accept patient payments digitally via the patient portal and physically via mailed payments

Patient Billing and Payments

Payment Posting and Reconciliation

Effective payment reconciliation by service line, monitoring payor trends, and managing patient responsibility are crucial for maintaining financial stability and maximizing revenue capture.

POTENTIAL GAPS

- Process to reconcile payor remittance down to the service level to identify payments and address denials
- Ability to efficiently analyze the volume of payor remittance to determine the amount to bill the patient, write off as contract adjustment, or appeal to the payor
- Ability to monitor actual payments against expected payments and respond to underpayment
- Lack of automated transition to secondary insurance and automated bank reconciliation

ASSOCIATED IMPACTS

- Increased labor required to accommodate financial analysis of payor remittance
- Lack of referential integrity impacting data consistency and billing accuracy
- Loss of revenue or lower reimbursement rates

Payment Posting and Reconciliation

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- High percentage of automated electronic posting, including patient payments, to ensure accuracy and eliminate manual data entry
- Maximize the use of electronic remittance advance (ERA) and electronic fund transfer (EFT) to automate deposit, posting and reconciliation processes, capture payment details, automate payment discrepancy resolution, automate denial management and resolution
- Automated bank reconciliation to reconcile the bank deposits to the RCM deposits input and reporting to identify unreconciled items
- Monitoring of actual payments against expected payments, visibility into potential underpayments
- 100% reconciliation process requiring monthly reconciliation to the penny which provides visibility to identify problems and rectify them as quickly as possible
- Automated workflow routing to move to the next best action after primary payment such as billing secondary insurance or patient

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Financial Reporting

Access to timely, accurate, and precise financial reporting, along with clear visibility into the revenue cycle management process, is essential for making informed decisions, optimizing cash flow, and ensuring the financial health of the pharmacy.

POTENTIAL GAPS

- Lack of visibility into revenue cycle performance at all levels (payor, test, procedure) against key performance indicators
- Data silos from disconnected systems prevent oversight of financial performance across locations, clinical services, and providers
- No productivity reporting and Insufficient detail for proper reporting

ASSOCIATED IMPACTS

- Crucial financial decision-making inhibited
- Significant labor costs required to acquire data and perform needed financial analysis
- Delayed identification and resolution of revenue leakage leading to lost revenue opportunities

Financial Reporting

SOLUTIONS

- An RCM solution that is a full-fledged financial system including enterprise-grade business intelligence functionality
- Business Intelligence (BI) reporting—data warehouse and reporting application that gives leaders visibility into metrics and key performance indicators
- Complete end-of-month close accounting package, which includes a comprehensive set of reports for financial reporting as well as process and operational analysis
- User-friendly dashboards to identify red flags, monitor trends, and support timely financial and clinical decision-making
- Performance tracking against key performance indicators and best-in-class external benchmarking against industry peers
- Referential integrity with auditable reporting built on a financial foundation that is GAAP and SOX compliant and addresses FASB 606 accounting requirements
- Pharmacy revenue cycle management experts to regularly monitor RCM data to uncover new, actionable insights

Conclusion

The pharmacy industry's transition to a clinical care delivery model introduces the need for advanced capabilities that support revenue generation through effective medical billing for clinical services and specialty medications. To thrive in this new landscape, pharmacies require a revenue cycle management (RCM) solution designed to maximize efficiency while navigating complex payor reimbursement requirements.

Key elements for optimizing collections include:

- Streamlining patient intake processes to handle increased demand
- Integrating multiple service lines into a unified claim
- Developing strategies to manage new denial and appeal scenarios
- Enhancing patient billing and collection procedures
- Reconciling payor remittances at the service level
- Leveraging BI tools for proactive RCM performance monitoring
- Partnering with an RCM provider with specialized expertise in specialty pharmacy medical billing and revenue cycle management

Contact us to learn more about Auditing the Complexities of Medical Billing for Clinical Services and Specialty Pharmacy.

Meeting your revenue goals is possible when your workflow is backed by powerful technology and topnotch expertise. XiFin Revenue Cycle Management empowers pharmacies to meet their financial goals by overcoming the medical billing complexities that stand in their way.

We can help your pharmacy operate at a level of efficiency and effectiveness that optimizes your revenue and improves in-store processes.

Click here to talk to a XiFin RCM expert or call us at 800.666.4797.

ABOUT US

About XiFin Pharmacy Solutions

XiFin Pharmacy Solutions is a portfolio of software and services designed to help pharmacies achieve a stronger financial base and optimized and automated workflows. With over 25 years of experience, we leverage our unique market insight, pharmacy workflow expertise, and extensive industry knowledge to deliver valuable solutions to our customers. We provide medical billing, enterprise revenue cycle management, clinical documentation and workflow enablement, and patient communication software for pharmacies. Our smart clinical messaging capabilities can identify immunization or other clinical service opportunities within the pharmacist's workflow, which drives value and delivers real results. XiFin currently serves over 30,000 pharmacies, connects to hundreds of payors, and touches millions of patient lives.

About XiFin

XiFin is a healthcare information technology company that empowers healthcare organizations to navigate an increasingly complex and evolving healthcare landscape. Through innovative AI-enabled technologies and services, we deliver operational efficiency, interoperability, and simplicity. The company's revenue cycle management, clinical workflow enablement, laboratory information system, and patient engagement solutions enable organizations to achieve stronger finances, streamline operations, and develop industry-leading business strategies. XiFin solutions deliver THE POWER TO DO GOOD™ so that healthcare organizations can do more good for more patients.

To learn more, visit XiFin.com/PharmacyRCM, follow XiFin Pharmacy Solutions on LinkedIn, or subscribe to the XiFin blog.

Contact us to learn more about navigating the complexities of medical billing for clinical services and specialty pharmacy:

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