RCM Pitfalls in Hospital Specialty Pharmacy: Where Revenue is Won or Lost

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Specialty Pharmacy Landscape At-a-Glance

Exploring Growth Opportunities for Your Hospital Pharmacy

Top 10 Medical Benefit Drugs[1]

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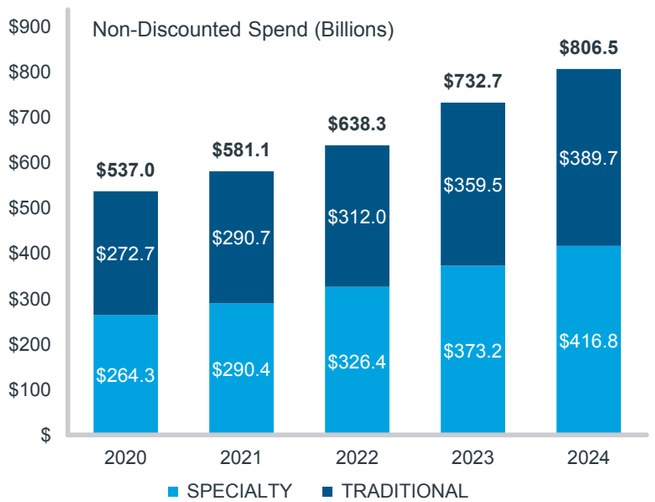
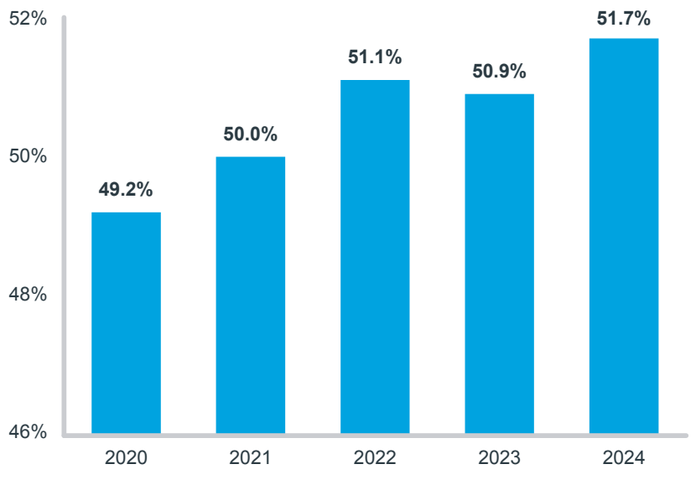
Keytruda Oncology	**Ocrevus** MS	**Entyvio** Crohn's/UC	**Opdivo** Oncology	**Remicade** Crohn's/UC	**Neulasta** Oncology Support: CSF	**Perjeta** Oncology	**Darzalex Faspro** Oncology	**Tysabri** MS	**Gammagard Liquid** Immune Globulin

National Sales Perspectives[2]

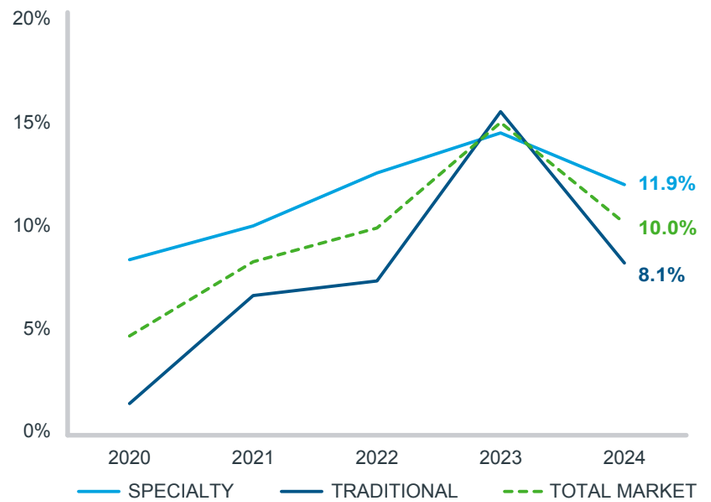
Specialty's Skyrocketing Growth to $416 Billion



Specialty Pharmacy: Now 52% of Drug Spend



Specialty Spend Grew by 11.9%



[1] 2023 Medical Pharmacy Trend Report, Prime Therapeutics, September 2024, 2023 Medical Pharmacy Trend Report by Prime Therapeutics - Issuu
[2] National Sales Perspectives, IQVIA, December 2024, IQVIA National Sales and Prescription Insights - IQVIA

Medical Billing for Specialty Pharmacy

Establishing or expanding the specialty pharmacy offering in your hospital or health system presents a significant opportunity to positively impact patient health outcomes and your financial goals.

It's estimated that specialty medications currently account for 52%[3] of the total drug spend in the US, and the number of chronic condition patients who need specialty drugs will increase by 14 million people[4] by 2031. Pharmacies are viewed as significant clinical care partners and revenue generators within the health system, and the growth of specialty drugs offers a tremendous opportunity to meet business goals.

With the potential to improve health outcomes and an opportunity to tap into the $100 billion in specialty medication and services space[5] over the next five years, it's important for your team to understand and be prepared for the billing complexities specialty pharmacy presents.

Knowing how to navigate the ever-changing payor policy requirements for reimbursement is critical for hospital and health system pharmacies. Pharmacy teams also need the right tools in place to manage prior authorizations with an automated process, utilize modifiers for 340B medication billing, and track and evaluate complex J-codes to understand the exact amount billed.

At the same time, pharmacies have to maintain operational efficiency, staff productivity, and financial transparency within their revenue cycle management (RCM) workflow. 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 specialty pharmacy.

[3] National Sales Perspectives, IQVIA, December 2024, IQVIA National Sales and Prescription Insights - IQVIA
[4] Outlook for Health System-Based Specialty Pharmacy in 2022 and Beyond, Pharmacy Times, January 2022, Outlook for Health System-Based Specialty Pharmacy in 2022 and Beyond
[5] Outlook for Health System-Based Specialty Pharmacy in 2022 and Beyond, Pharmacy Times, January 2022, Outlook for Health System-Based Specialty Pharmacy in 2022 and Beyond

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.

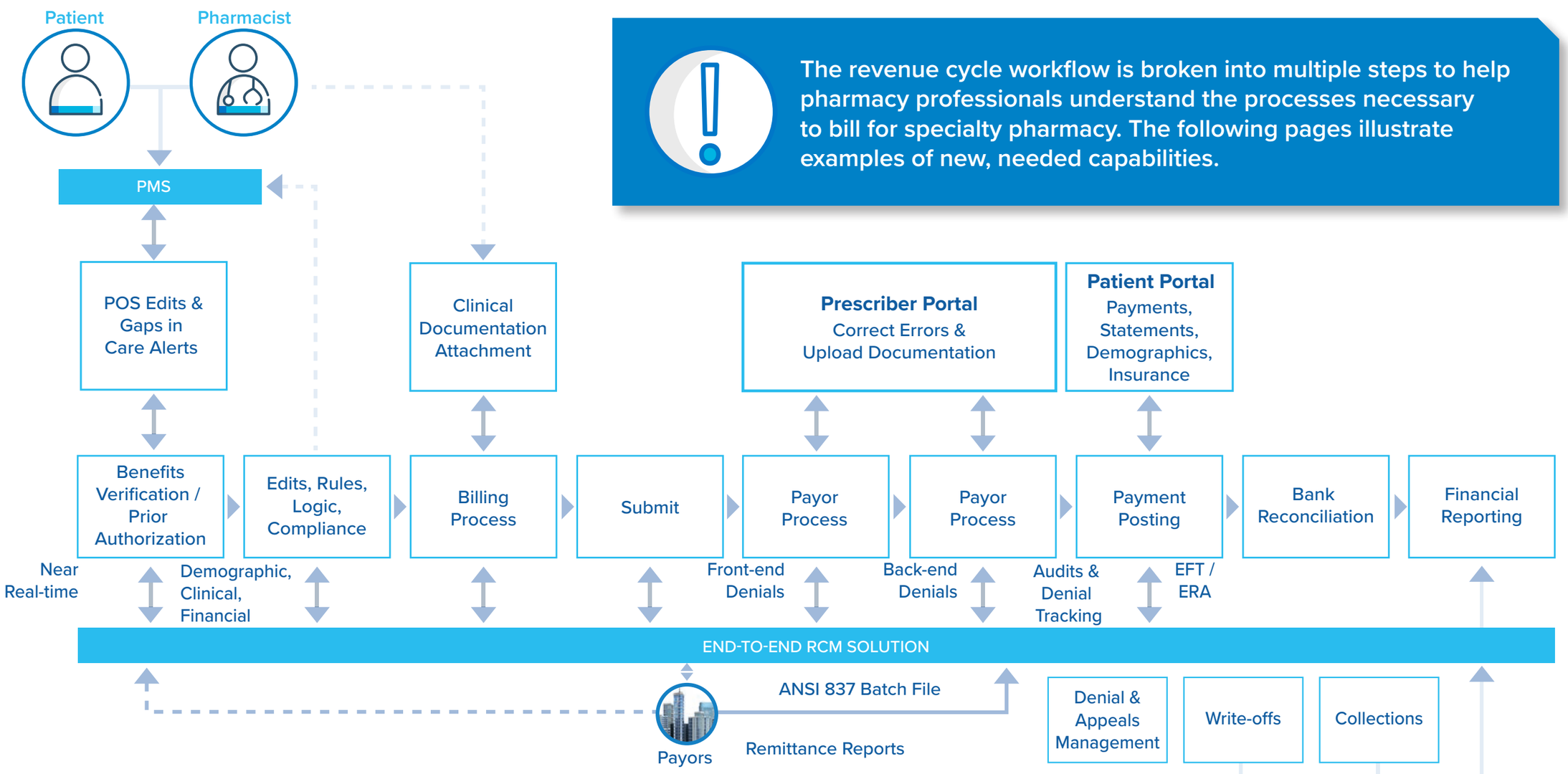
Automation—Using technology and software tools to perform repetitive, rule-based billing tasks with minimal human intervention enhances compliance with regulatory standards and payor policy while enhancing accuracy. Automation in billing can streamline processes, reduce errors, improve efficiency, and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

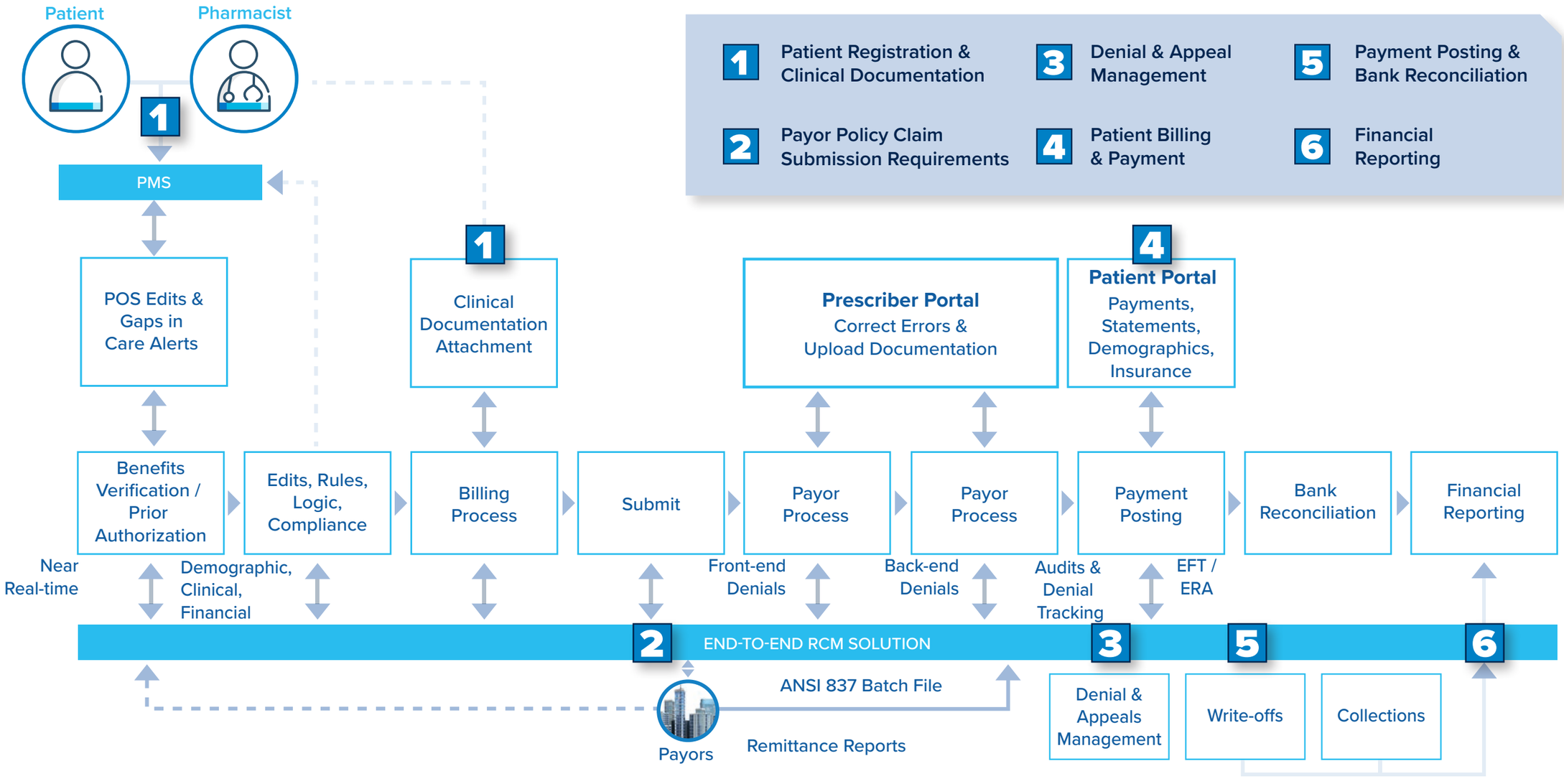
Billing for specialty pharmacy



The revenue cycle workflow is broken into multiple steps to help pharmacy professionals understand the processes necessary to bill for 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



1

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
- Inability 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

Patient Registration and Clinical Documentation

SOLUTIONS

- Ability to integrate pharmacy management system, scheduler, PBM, and EHR systems via HL7 or web services
- 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
- Prior authorization technology that integrates into your existing workflow to verify payor requirements at the plan level
- 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

2

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

- Inability 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

Payor Claim Submission Policy Requirements

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 modifiers and units, 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, claim adjudication, and remittance—all before billing the patient
- Prescriber portal to upload documents (e.g. medical records or prior authorization forms) to minimize denials

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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

SOLUTIONS

- 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 National Provider Identification number (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

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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
- Technology that lacks the ability to meet the dunning cycles providers use to process medical billing claims
- Inability to provide patients with convenient options to pay bills

ASSOCIATED IMPACTS

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

Patient Billing and Payments

SOLUTIONS

- Electronically collect and integrate updated patient demographic or insurance information with RCM data
- A user-friendly patient portal that allows patients to log into their accounts, see all of their open balances, and make payments
- A configurable dunning cycle that guides patients to an online payment portal through reminders via SMS text and paper statements
- 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

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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
- Inability 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
- Inability 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

SOLUTIONS

- High percentage of automated electronic posting, including patient payments, to ensure accuracy and eliminate manual data entry
- Maximize the use of electronic remittance advice (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

As the pharmacy's role has evolved and become more involved in the health system's integrated care approach, including specialty medication management for chronic patients, it introduces the need for advanced capabilities that support revenue generation through effective medical billing. 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 drug medical billing and revenue cycle management

Contact us to learn more about how Empower RCM can help you increase your pharmacy's revenue through effective medical billing.

Meeting your revenue goals is possible when your workflow is backed by powerful technology and top-notch expertise. XiFin 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 improves your workflow and optimizes your revenue.

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

About XiFin

XiFin is a healthcare information technology company that empowers organizations to navigate an increasingly complex and evolving healthcare landscape. Leveraging AI-enabled technologies and services, the XiFin Empower portfolio delivers enhanced operational efficiency, increased productivity and workflow automation. Our comprehensive set of solutions—spanning revenue cycle management, clinical workflow enablement, laboratory information systems, and patient engagement—provides healthcare organizations with the tools they need to achieve financial strength, optimize operations, and implement industry-leading strategies. XiFin Empower solutions deliver THE POWER TO DO GOOD® so that healthcare organizations can do more good for more patients.

For more information, visit www.XiFin.com or follow XiFin on LinkedIn.

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

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