

# Value of Technology for Community-based Oncology Practices

*Exploring the automation benefits of  
oncology-specific technology for complete charge  
capture and improved reimbursement*

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### ***The Realities of Declining Reimbursement<sup>1</sup>***

- 1. Cuts to Medicare reimbursement for cancer care have been unrelenting since 2004. In fact, Medicare has cut payments for administration of chemotherapy by 35% since 2004 through 2010. This is an effective cut of 47% when factoring in the increasing cost of operating a medical practice over this time period, as measured by the Medical Economic Index (MEI).**
- 2. More private payers are following the Medicare reimbursement system and the pattern of payment cuts.**
- 3. More cancer drugs are being reimbursed by Medicare at less than cost.**

## **Value of Technology for Community-based Oncology Practices**

### **EXECUTIVE SUMMARY**

As community-based oncologists are challenged with today's rising costs of cancer care and declining reimbursement for drugs and services, practices across the U.S. recognize the importance of improving the accuracy and timeliness of their claims reimbursement processes. By understanding the ways technology and clinical resources can help them perform more efficiently and cost-effectively, oncologists can continue to deliver excellent care to their patients while growing their business.

Together drug, infusion and Evaluation & Management (E&M) charges account for approximately 81% of a practice's revenue.<sup>2</sup> Best practices and proven methods can help oncology practices achieve successful charge capture processes for accurate and timely reimbursement. Without the proper systems in place to correctly capture all charges related to a patient visit and submit them to payers in an efficient manner, practices risk being underpaid, or overpaid for their services and owing payers a large sum of money if they are audited. Valuable staff time is also lost identifying missed or incorrect charges and resubmitting claims to payers later.

Charge capture issues can occur throughout the clinical and billing workflow — ranging from under- or over-coding errors to missed or incorrect charges due to hand-written notes and manual processes. These issues lead to lost revenue and diminished productivity and can affect the bottom line if practices do not have the tools and training they need to help them account for all charges at the point of service and bill for them accordingly. Practices that rely on paper-based patient records are burdened with the additional stress of trying to keep track of charts, potentially resulting in billing delays.

**This paper reviews the following solutions that have helped practices address and resolve organization-wide charge capture issues:**

- Implementing technology to automate charge capture processes**
- Conducting regular audits to uncover missed revenue opportunities**
- Providing proper training and standards to position clinical and billing staff for success**

**This paper also demonstrates how, together, these solutions can help an oncology practice\*:**

- Increase cash flow and revenue, potentially equating to \$70,000 in missed drug charges and a 7.5% improvement in E&M charge capture per physician annually**
- Improve billing processes for more accurate and expedient reimbursement; decreasing days to submit by 28% for all drug claims**
- Save time and resources on day-to-day operations, allowing more time for patient care**

\*Charge capture increases reflect study range. Results will vary from practice to practice and no assurance is given as to any level of billing or charge capture. iKnowMed and Lynx Mobile are not billing software and the practice, not McKesson Specialty Health, remains solely responsible for billing and charges.

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## COMMON CHARGE CAPTURE ISSUES & IMPLICATIONS

### **Coding Errors**

The coding system is complex and regularly updated, and the intricacies of the system itself can contribute to a variety of inadvertent coding errors. Under-coding, or inadvertently not charging for the full amount of the service rendered, often occurs. Conversely, charging for a procedure related to a higher level of reimbursement without the proper documentation to justify the charge can lead to over-coding and expose a practice to potential penalties. Incorrect coding is also a common issue, which can occur when the billing department inadvertently enters the wrong code or misinterprets physician notes for a service provided.

These coding errors can have a negative impact on cash and work flow for those involved in the process. If the billing department overlooks an error when submitting a claim, practices risk inaccurate reimbursement or must allocate additional time and resources to rework denied claims. This results in billing delays as well as additional costs to the practice. Consider this scenario: The industry average to submit a claim to payers is 18 days.<sup>3</sup> When a claim is denied, it takes an additional \$25 in staff time to rework that claim.<sup>4</sup> Add to this the risk of a back-log of paperwork for submitting other claims, and billing staff members are faced with a complicated game of catch-up that includes opportunity cost of other activities that are delayed or not performed. In addition, each delayed or reworked claim contributes to a negative impact on cash flow for a practice.

### **Charge Errors**

Unlike coding errors, charge errors occur when a charge may be coded correctly but is billed for the incorrect number of units or not billed at all. Common examples include not charging for the correct amount of a drug administered, including waste. Charge errors can also be caused by lost charge slips or by staff members forgetting to record charges at the end of a busy day. While charge errors result in billing delays, the impact on workflow — such as wasted time tracking errors or incomplete or missed charges and reworking denied claims — can have a potentially larger impact on cash flow and the bottom line.

With drugs totaling 64% of costs and 65% of total revenue for an oncology practice,<sup>5</sup> not receiving compensation for all drugs and associated waste may result in a significant loss in revenue.

- Analysis from McKesson Specialty Health charge validation service reveals that average revenue of approximately \$1000 per physician per month may be lost through unbilled or incorrectly billed drugs.<sup>6</sup>

***A Miami-based oncology practice discovered in an audit report that they were under-billing Procrit at 4 units instead of 40. At \$9.76/unit, that's a loss of \$351.36 for just one patient visit. How many inadvertent keystroke errors would your practice be comfortable with?***

## BEST PRACTICES FOR IMPROVED CHARGE CAPTURE RESULTS

### **1. Implement oncology-specific technology to automate charge capture**

Given the workload associated with managing an increasing volume of cancer patients, more and more practices are realizing the benefits of transitioning from paper-based records to technological advancements that electronically capture patient information, and automate inventory management and billing processes. Web-based systems customized to the specific needs of oncologists and their staff provide financial, operational and clinical improvements that allow them more time to care for patients and complete essential tasks.

Practices interested in implementing inventory management and charge capture software should make sure the system:

- Captures drug charges at the time of dispense, including waste
  - Documents drug and non-drug charges at the point of service so there is no need to remember what was dispensed and administered at the end of the day
  - Provides built-in and regularly updated charge codes, eliminating the need for staff to track new regulations and updates themselves
  - Considers the patient schedule in the days to come
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These features help practices maximize reimbursement results by ensuring staff have the right amount of inventory on-hand for upcoming patient visits, and that all charges for drugs and services are accounted for, while minimizing the potential for data entry errors and denials.

With the adoption rate among hematologists and oncologists currently at 44% in the U.S.,<sup>8</sup> oncology-specific electronic health records (EHR) systems continue to gain popularity among practices looking to streamline workflow processes and receive incentives for adopting certified EHR technology. Using an EHR, practices can view and track patient demographics, medical history, diagnoses, lab results and therapy administration in one online location rather than keeping track of cumbersome paper charts and trying to decipher hand-written notes. Physicians, nurses and billing staff have access to data when and where they need it, without holding up other staff. Plus, some EHRs can suggest E&M coding levels at the time of the patient encounter, offering an additional control for ensuring accurate reimbursement for patient visit related services.

## ***2. Conduct regular audits to uncover revenue opportunities***

Practices that conduct regular audits are more likely to catch charge errors and to prevent them from re-occurring in the future. Through a third party audit service or by using internal reporting tools included in practice technology, an audit going back several months can reveal unbilled recoverable charges that may be linked to uncompensated drug waste, keying errors and under-billing. Practices unable to conduct frequent audits throughout the year maybe be eligible for recovery of unbilled Medicare charges if they are submitted within as much as 18 months of the date of service.

Auditing can also help practices uncover areas within their existing workflow that could benefit from additional staff training. For example, if an audit of E&M codes pulled from a practice's EHR is inconsistent with visits billed through their practice management system, there could be an opportunity to improve the workflow process by reminding front desk staff that when a patient walks in without an appointment, they must always add that patient into the schedule to ensure the visit is captured accurately. Additionally, an audit may uncover a specific code that is consistently rejected. Once the issues are identified and addressed, the practice can prevent delay of future payments.

To further reduce missed charges, practices should consider robust processes for evaluating what was purchased from a supplier compared to what was dispensed to patients (i.e., via their inventory management system) and what was ultimately charged in their practice management system. Software solutions are also available that facilitate reimbursement trend analysis and even help identify the under-billing of drugs or services rendered, which can be helpful in quickly identifying variances between contracted rates and the rates a practice is being reimbursed.

## ***3. Equip staff with proper training and standards to ensure consistent utilization of technology***

When a practice implements any form of change that can impact workflow and day-to-day operations, change management is crucial. Key stakeholders must be supportive of and fully committed to the transition. When there is buy-in from practice leadership, staff members will realize the importance of understanding and embracing the new technology. Consequently, it is essential that practice staff receive the necessary training to apply the features and benefits directly related to their job responsibilities. Often on-site implementation and training is the best way for technology vendors to position the practice for short- and long-term success. This offers an opportunity for questions and troubleshooting so staff can begin benefiting from the technology as soon as possible.

Along with providing expert training, practice leaders should make sure employees are equipped with educational resources and guidance to help them follow a consistent and clear approach to charge capture. In addition to vendor-provided resources, an on-site project lead appointed by senior staff can help standardize charge capture processes and implement policies, especially in the initial phases of implementation to help eliminate confusion and anxiety around adaptation. This is often an ideal time to correct past workflow issues as well because the technology can help the practice address and change an individual's previously broken processes.

***“When an organization takes the time to describe [the role of capturing charges to the clinical AND administration teams] and its importance, an employee is more likely to want to understand the correct documentation and coding procedures.”***

— *Missed Opportunities: Your Strategy for Correct — and Complete — Charge Capture*,  
Healthcare Financial Management Association Educational Report, June 2007

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**PROVEN VALUE FROM MCKESSON SPECIALTY HEALTH**

**Technology built for the needs of oncologists**

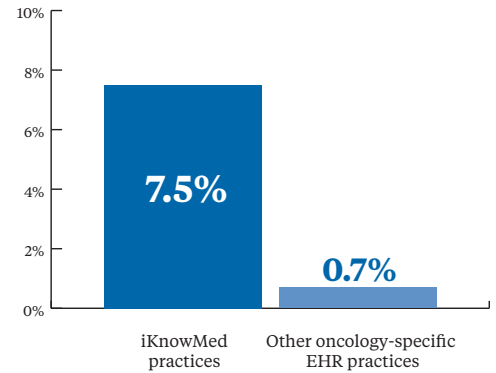
McKesson Specialty Health’s industry-leading technology has been dedicated to empowering oncology practices to improve the quality of healthcare for more than a decade. Developed with and continually enhanced by clinicians’ input, McKesson Specialty Health’s technology solutions have been created to meet the specific challenges of community-based practices nationwide — from two-physician offices to multi-site locations spanning several states or locations. Today, the Lynx Mobile® inventory management and charge capture solution is utilized by more than 1,300 oncologists and hematologists in more than 300 practices. iKnowMed, developed in conjunction with the physicians of The US Oncology Network, is the EHR software of choice for more than 1,100 physicians in more than 80 practices. Both web-based tools are provided as Software-as-a-Service (SaaS) technologies, so data is secure, intact and always accessible when practices need it. Technology specialists are assigned to new customers to oversee in-person training and implementation from start to finish and are available for post-implementation assistance to address any issues and ensure successful adaptation. Unlike similar systems in the marketplace, updates and IT maintenance are managed remotely at no additional cost, minimizing disruption to the practice.

**Oncology-specific EHR helps maximize revenue for E&M charges**

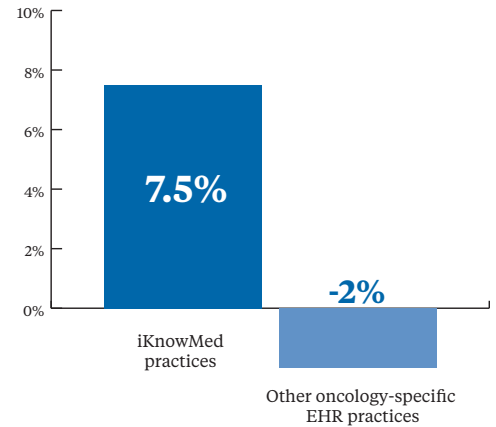
**How it works:** In addition to providing immediate accessibility to automated patient information and treatment decision support, iKnowMed EHR provides charge capture functionality by calculating E&M and chemotherapy administration codes based on the start and stop times entered into the system, to ensure all time associated with a patient’s treatment is captured. This facilitates more accurate billing by reducing the possibility of under-coding or over-coding caused by unclear, incomplete or illegible super bills, and missed charges due to data entry errors or failing to recall and enter data at the end of the day.

**Results:** With the addition of iKnowMed, data indicates that physicians may see an average increase in their E&M gross charge capture of 7.5% per patient visit based on improved documentation leading to more accurate E&M coding (see Figure 1). This increase has a direct impact on the average gross revenue per physician. While this same data indicates the average gross charge capture *per patient visit* increases 0.7% for physicians using an alternative oncology-specific EHR, the *average number of patient visits per day* decreases — leading to a 2% reduction in each physician’s revenue (see Figure 2). Analysis indicates this is potentially due to physicians being unable to return to their previous daily patient workload.

**Figure 1: Percent Change in Gross E&M Charge Capture**



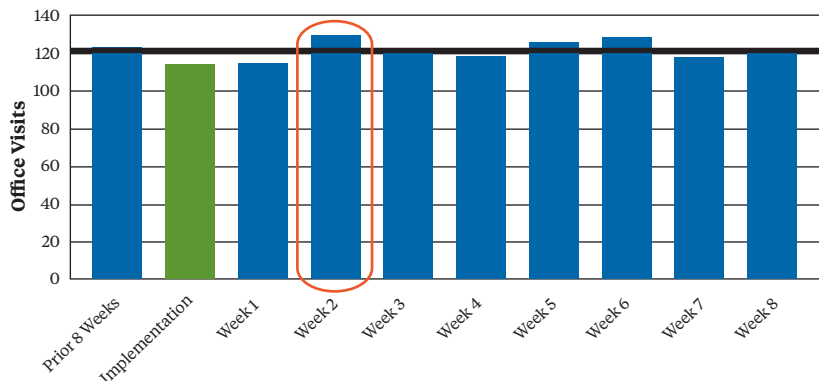
**Figure 2: Percent Change in Gross Physician Revenue**



*\*Based on internal analysis of 75 physicians within McKesson Specialty Health’s Onmark Select Program and The US Oncology Network*

**Figure 3: iKnowMed practices resume previous patient levels and realize the benefits of its charge capture within two weeks of implementation\***

With on-site training provided by the iKnowMed implementation team, data indicate practices are able to resume their previous patient volume two weeks after implementation, realizing the charge capture benefits associated with improved E&M coding very quickly.



*\*A study by McKesson Specialty Health reviewed the effect the transition to the iKnowMed EHR has within a practice. This analysis compared the number of weekly office visits over an eight-week period prior to going live with the number of office visits over the subsequent months following go-live. The study revealed that previous patient volume was resumed within just two weeks after implementation. Results will vary among practices and this result is not guaranteed.*

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### ***Inventory management system improves drug-related charge capture for enhanced billing opportunities***

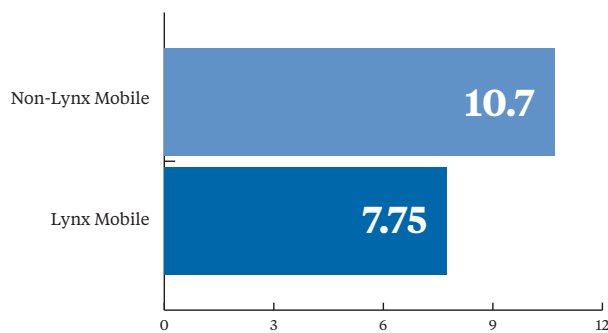
**How it works:** Lynx Mobile provides full inventory management and charge capture capabilities for the infusion suite by securely housing and dispensing drugs and tracking on-hand inventory and associated infusion-related charges for a patient visit. Lynx Mobile works either independently or integrated with a practices' EHR, to determine the items necessary for each patient's treatment. The automated, just-in-time inventory function can be programmed to purchase items prior to a patient's planned treatment. This feature helps practices reduce excess inventory, leakage and item expiration, releasing cash otherwise held in inventory, while ensuring practices have exactly what they need on-site to treat patients.

Because charges are automatically recorded at the time of dispense and either automatically transferred to an integrated EHR Medical Administration Record or directly to billing through a charge interface, there is no need for clinical staff to recall and enter codes into paper records. Additionally, Lynx Mobile's reporting tools help practices reconcile drug purchases dispensed to patients and pinpoint when any variances in inventory may have occurred, allowing practices to easily locate the discrepancies and reconcile them as part of their regular auditing practice.

**Results:** In 2012, McKesson Specialty Health quantified the benefits of Lynx Mobile to help practices understand the economic importance of having an inventory management system that captures drug charges at the time of dispense in the community setting. The study revealed that Lynx Mobile practices take 28% fewer days to submit claims to payers, resulting in increased efficiency in billing processes. Lynx Mobile practices average 8 days between providing services to their patients and submitting claims to payers, versus 11 days for non-Lynx Mobile practices. This timeline directly impacts a practice's cash flow (see Figure 4).

In a separate study conducted by an independent third party in 2011 that consisted of 42 participating physicians, chart audit data pre- and post-Lynx Mobile implementation indicated charge capture improvements equating to an average of \$70,000 per physician annually due to a reduction in missed charges<sup>9</sup> (see Figure 5).

**Figure 4: Average Days Between Provision of Service and Submission of Claims to Payers**



*\*Based on internal analysis of 181 practices within McKesson Specialty Health's Onmark Select Program*

**Figure 5: Chart audits helped practices identify missed drug charges and chemo administration codes.**



*Post-Lynx Mobile implementation, practices saw charge capture improvements equating to \$70,000 per physician annually.*

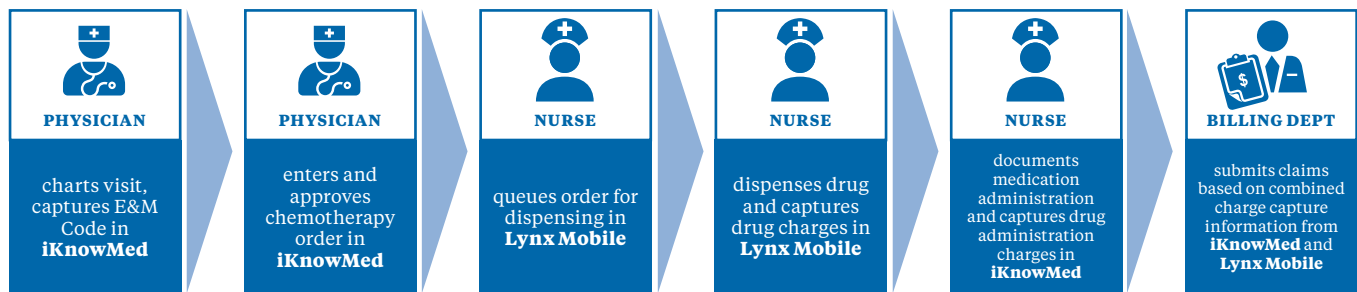
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## ***Integrated technologies optimize charge capture and workflow efficiencies***

McKesson Specialty Health's latest innovation for managing the infusion suite is the iKnowMed-Lynx Mobile Orders Integration feature, which optimizes charge capture results by integrating the two technologies for a more streamlined approach to dispensing chemotherapy orders. Orders are sent directly from iKnowMed to Lynx Mobile, where drugs are dispensed for the patient based on the specific order. Once the patient has received the drug, data for dispensed drugs and associated waste is sent automatically from Lynx Mobile back into the patient's Medication Administration Record in iKnowMed. Clinical staff can then document the start and stop times for treatment, enabling iKnowMed to calculate more accurate chemotherapy administration codes. Drug data, calculated chemotherapy administration and E&M codes are then sent through an interface to the practice management system for final review and billing.

This integrated functionality eliminates lost paperwork, duplicate data entry and potential for errors when transposing data between the two systems. As a result, manual administrative tasks as well as time and resources invested in the billing process are greatly diminished. Early data from participating practices indicate that iKnowMed-Lynx Mobile Orders Integration has made automated charge capture and billing processes even more accurate and efficient.

### **Orders Integration Process**



### **CONCLUSION**

Practices that invest in oncology-specific technology and provide their staff with the proper training and support can have a competitive advantage in a healthcare environment challenged by rising drug costs and declining reimbursement. McKesson Specialty Health's cutting edge web-based technology and dedicated implementation teams have proven to add value to the cash flow and bottom line of practices nationwide — from thousands of dollars in savings per month from more accurate charge capture, to more efficient billing processes for improved cash flow, as well as workflow efficiencies that allow more time to care for patients. System enhancements and updates are managed by McKesson Specialty Health's team of clinical and technology experts, so every time a customer accesses the technology they are receiving the most up-to-date, trusted resources available in the oncology marketplace.

With more and more practices leveraging the seamless integration of iKnowMed and Lynx Mobile, McKesson Specialty Health is committed to being a leader in the community patient care delivery system by providing integrated solutions to support the business of oncology today, and tomorrow.

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<sup>1</sup> Retrieved 17 April 2012 from <http://www.communityoncology.org/UserFiles/files/87f3205e-ee73-4b03-85fb-094870cc430d/COA%20Community%20Oncology%20Practice%20Impact%20Report%203-31-11.pdf>

<sup>2</sup> Thomas R. Barr, and Elaine L. Towle. "National Oncology Practice Benchmark." *Journal of Oncology Practice* Vol.7, 2011.

<sup>3</sup> ZirMed. (2012, May). Days to submit claims, by physician specialty. Healthcare Financial Management Association's Revenue Cycle Strategist. Retrieved from [hfma.org/rcs](http://hfma.org/rcs)

<sup>4</sup> Lowes R. "The Art and Science of the Clean Claim." *Medical Economics* 2006: pp. 62-63, 67-68, 70.

<sup>5</sup> Onmark 3rd Annual Office-Based Oncology Business Benchmarking Survey 2008: p. 18.

<sup>6</sup> Internal analysis of oncology practice data based on Medicare ASP + 6% reimbursement. In over 95% of cases, charge validation work reveals up to \$1000 per physician per month in potential lost revenue. Data for an individual practice may differ.

<sup>7</sup> Retrieved 17 April 2012 from <http://www.communityoncology.net/co/journal/articles/0206498.pdf>

<sup>8</sup> Douglas Brown and Scott Wilson. "Black Book Rankings 2012 Survey; Part One: Aggregate Black Book EHR." New York: Brown-Wilson Group, Inc., 2012.

<sup>9</sup> Verified through the Claims Resolution Center, a chart auditing service contracted by McKesson Specialty Health. Results may vary among practices.

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*Solutions for Oncology*

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