

FOR THE Record

COMMITTED TO ENHANCING THE HEALTH INFORMATION PROFESSION

REAL-TIME *Adjudication*

By Lindsey Getz



The claims technology can keep revenue flowing and make practices more efficient. Is widespread adoption on the horizon?

Claims processing can sometimes take weeks or possibly months. Even some of the most efficient payers still take an average of two weeks to turn around a claim. And oftentimes, after all that waiting, claims wind up being denied, and the submittal process starts all over again. This painstaking dance delays revenue and regularly causes frustration for both the provider and the patient. But what if claims could be adjudicated in real time? Submitted electronically and dealt with immediately?

While there is still a long road ahead toward complete adoption, real-time adjudication is fostering a lot of attention, and industry experts say it has gained momentum.

More and more savvy practices are already engaging in real-time adjudication, according to Doral Davis-Jacobsen, BHS, MBA, CMPE, manager of the physician services consulting unit at Dixon Hughes PLLC. "We are moving in the direction of adoption," she says.

"It means no longer sitting there, typing out a bill, putting a stamp on it, hoping it gets to the payer, and then after all that, having it rejected for whatever reason," adds Pam Waymack, MBA, FHFMA, managing director of Phoenix Services Consulting. "It used to be that you'd have to go through a long process. If a claim was denied, you then have to go through the process of resubmitting it only to find out it's not a covered benefit, and then it takes time to reach the patient, identify any new insurance information, and finally get your money. With real-time adjudication, it means getting paid right away. It's like the Jetsons do healthcare—this is the way of the future. It's been a dream for the last 20 years, but it's finally coming true."

On the Plus Side

The benefits of real-time adjudication are manifold. For one, it can ultimately save a lot of time—not only the time involved in submitting a claim manually but also the time it takes to deal with patients once they've received the bill. "Instead of collecting a patient's copay and then sending them a bill for the balance later, the diagnosis codes would be entered into a Web portal and claims would be processed right away," explains Davis-Jacobsen. "You never have to mail the patient a statement, and you also never have to answer phone calls with a million questions about

the patient's statement. They've already paid for it. It was taken care of on the spot."

"This service is becoming more and more desired by providers," adds Dave Pinkert, senior vice president of constituent Web solutions at TriZetto, a healthcare technology solutions provider. "A primary reason for this is the way health benefits have changed. Consumers are being forced into plans where they have to pay a lot more of their own healthcare costs. And benefits aren't so cut and dry anymore. It used to be if a patient had a \$10 copay, it was on the back of their card, and they knew it and so did the doctor's office. Now there's a lot of confusion about how much should be collected."

Utilizing a real-time adjudication solution would eliminate this confusion and ensure that providers get paid. **"It's important for the practice to be able to collect the amount that's owed before the patient leaves the building. Once the patient walks out the door, it can be difficult to get paid. It's a real business problem that practices are dealing with. But real-time adjudication would allow them to get paid immediately."**

And with real-time adjudication, the insurance companies pay faster, too. "The increase in the amount you are collecting can triple, so real-time adjudication improves your cash flow significantly," says Davis-Jacobsen. "Typically, you'll get payment from the payer within 24 to 72 hours—or even quicker with electronic funds transfer."

With the current state of the economy and many businesses beginning to feel the financial squeeze, improving the flow of revenue is a major interest. "I was recently in the emergency room from a bike accident," says Waymack. "But it took 30 days for my bill to arrive in the mail. That's 30 days of cash being tied up when the hospital could have had it the same day. In the credit crunch that the industry is facing right now, why wouldn't you want instant payment?"

Holding off billing for 30, 60, or maybe even 90 days while a claim goes through processing can also be stressful for the patient in these tough financial times. Patients are often left in limbo wondering how much they'll owe. And then the bill may strike at a time when cash isn't readily available.

Real-time adjudication offers other patient benefits as well. "From a patient's perspective, real-time adjudication can mean getting answers," says Davis-Jacobsen. "Most people don't understand explanation-of-benefits paperwork, but when you are dealing with a practice that offers real-time claims, you're getting your bill while an expert is right in front of you to explain it. And if something isn't right, the patient is likely to get on their cell phone with the insurance company right away and solve the issue. They're grateful it's being explained and dealt with, which ultimately increases patient satisfaction."

Most likely, many patients would prefer to know what their cost is up front rather than wait months to find out. "Consumers do want to pay their bill," says Jim Lacy, chief financial officer at ZirMed, a company that provides Internet-based solutions for healthcare revenue cycle management, including claims processing. "It can be frustrating for them when they don't under-



“It’s like going to Macy’s and having them tell you they’re pretty sure you owe \$130, but it could be \$170.”

— Jim Lacy

stand the bill or perhaps don’t even remember why they’re getting a bill because it’s been so many months since they saw a doctor. It makes sense for them to pay their bill at the time of service.”

Davis-Jacobsen agrees: “We’ve found that the consumer is appreciative. You often hear that patients don’t want to pay, but we’ve found that, in most cases, patients really do want to pay. They want to take care of their bill—they just don’t understand why certain claims are denied. In the past, there has been a real education void, but real-time transactions allow us to educate consumers. It’s a benefit we never anticipated.”

But it also means face-to-face dealings with patients who may be unhappy with their bill. “Instead of having that sticker shock about the price at home, the patient will have it in your office, as they receive the bill in real time,” says Waymack. “For the provider, it’s empowering—no more game playing and people trying to get out of paying their bill. But for the consumer, it could be a little shocking at first, especially when they aren’t used to having to pay anything in the office.”

What’s the Hold Up?

With so many benefits, it may seem surprising that the use of real-time adjudication isn’t more widespread. But for this practice to work, payers need to support it, and that hasn’t happened on a major scale. In fact, most payers are still not offering the option. And many that do are actually giving a real-time claim estimate but not adjudicating that claim. An estimate leaves patients and providers unsure about what’s owed and hardly speeds up the process. “It’s like going to Macy’s and having them tell you they’re pretty sure you owe \$130, but it could be \$170,” says Lacy. Often-times, the practice must still bill the patient if the real-time estimate was incorrect.

“There are a lot of payers trying to do something like this, but it’s not what I’d call a real-time adjudicated claim,” Pinkert says. “They are providing an estimate based on historical data. For instance, when Patient X came in last year, it cost Y amount, so they are charged that rate again. But it doesn’t take into account that the practice’s rate may have changed or the patient’s benefits may have changed.”

In other words, for a claim to be adjudicated, not estimated, it requires that payers fully support real-time adjudication. They need to implement software that will have a patient’s benefit

details and a provider’s contracted rates and can accurately process submitted claims in a matter of seconds.

Today’s software is advanced, but the issue of payer implementation has been a hold up.

“It’s an interesting issue because the payer definitely has the availability and the money to do this, but it’s the provider that reaps all the benefits,” Pinkert says. “The provider is the one that has trouble getting paid, but the payer needs to be the one to implement the technology. In the past, a lot of payers might have thought it’s a nice thing to do but not worth their time and money. But as more providers have shown a tremendous amount of interest in going this route, it seems the payers care enough about them that it’s being given some serious thought.”

But once real-time adjudication becomes more prevalent, there will be some obstacles for providers to overcome. First and foremost, the process will alter workflow. “At many practices, the front-desk staff typically doesn’t have a large repertoire of information,” says Davis-Jacobsen. “They are trained to make appointments and check in patients, but they don’t have any billing background. All of the sudden, with real-time adjudication, the front-desk person also becomes the person handling billing. So it requires taking someone who is really savvy and can go toe-to-toe with patients.”

Not only does it mean handling cash flow but also being skilled enough with data entry to submit the claim and maybe even being informed enough to discuss the explanation of benefits with patients. When patients get their bill in real time, they’re often going to have questions. That means the front-desk person needs to be trained to handle multiple duties.

“Right now, the front-desk person is predominantly worried about checking patients in and out,” adds Waymack. “But real-time adjudication turns that person into a collector, too. It means retraining but also setting up controls. You’re now going to have a lot of cash at the front desk. Practices need to do audits to make sure money is truly being collected and that it’s the right amount.”

For real-time adjudication to work properly and be a benefit to





“The biggest key is that you have to have a champion at the practice, someone that’s going to make it happen.”

— Doral Davis-Jacobsen, BHS, MBA, CMPE

the practice, it’s imperative that these workflow changes are made. “The biggest key is that you have to have a champion at the practice, someone that’s going to make it happen,” notes Davis-Jacobsen. “You can’t just relay it as an idea to the front-desk team and expect them to know what to do. It’s a major change and nobody likes change, so you need someone who is motivated to move the process forward and remove the roadblocks as they appear. As with any change, those obstacles will appear.”

Another downside is that there is duplicate data entry involved. You need to enter the patient’s information into the portal Web site and into the practice management software. “But that’s a small price to pay for all the benefits you’ll reap,” adds Davis-Jacobsen. “Sometimes the Web sites might be down or you’ll get a pending claim instead of an instant adjudication, but these occurrences are

rare. Besides workflow changes, my clients say the biggest downside is their perception that duplicate data entry will take too much time, but it really doesn’t. And it’s nothing compared to the time involved in manually submitting claims or handling denials.”

Waymack says that if the provider must reenter patient demographic data, it’s not truly a real-time process. “While a separate Web portal was the early approach to real-time claim solutions, there are payers today with direct connections to providers to do true, real-time claim adjudication as the provider enters charges into the provider’s billing system,” she says.

Having the ability to connect directly also makes it more cost-effective to submit small bills for payment, says Waymack. “That is what real-time claim adjudication in the 21st century is all about,” she adds.

While it may still seem far off, progress has been made toward the adoption of real-time adjudication. As more providers begin to desire, and even demand, the service, payers will eventually take notice. **Notes Pinkert: “It’s definitely going to happen. Every client we’ve shown this system to has been very interested. And the payers do care about their providers and are taking a serious look at it. I think at this same time next year, there could already be some major changes.”**

— Lindsey Getz is a freelance writer based in Royersford, Pa.



The TriZetto Group, Inc.
Corporate Office
567 San Nicolas Drive
Suite 360
Newport Beach, CA 92660
1-800-569-1222