E-BOOK

Maximizing Your Revenue Recovery Efforts

How Healthcare Organizations Can Mitigate
the Rise in Uncompensated Care

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About the Author

With more than two decades of experience in the healthcare industry, John Hargrave is Vice President of Revenue Recovery at Office Ally. Known for his strategic acumen and transformative leadership style, Hargrave's journey in the healthcare sector began at Medidal Corporation, where he rose through the ranks to become Owner and Managing Equity Partner. During his tenure, he propelled the company's expansion from a regional player to a national leader, culminating in its acquisition by eSolutions. Hargrave assumed the role of VP of Revenue Integrity at eSolutions Inc., where he doubled post-acquisition net new revenue within a year and played a crucial role in strategic acquisitions. Transitioning to Waystar in 2020, he served as Director of Product Management and VP of Sales, Revenue Integrity & Commercialization Teams. Hargrave's leadership and commitment to excellence have earned him recognition as a trusted advisor and innovator in the healthcare industry.

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In a Challenging Uncompensated Care Environment

Over the past two decades, the cost of uncompensated care has more than doubled, totaling $745 billion at pre-pandemic levels in 2020.[1] And that was before the COVID-19 pandemic sent shockwaves through the healthcare industry.

In your own organization, the rising costs of uncompensated care may be impacting your financial performance. And it's probably perplexing, because most organizations already have tools or processes in place to help them recover revenue. But are they delivering the results you need?

It is time to challenge the status quo and look at new options for doing existing work. By evaluating your current revenue recovery efforts and implementing innovative solutions, you can reduce the costs of uncompensated care and maximize your revenue recovery. To do this, you need to do the following:

- Understand the current healthcare environment regarding rising costs, COVID impacts and Medicaid Redetermination

- Focus on more than cost-cutting

- Audit your current solutions and processes

- Choose the right partner to support your new efforts

This e-Book addresses each of these topics and offers insights and recommendations to help you fight back against rising uncompensated care costs. With an awareness of the challenges you face and a fresh perspective to tackle them, you can reorient your organization to the new opportunities available for maximizing your revenue recovery efforts and improving your cash flow and operations.

[1] https://www.aha.org/fact-sheets/2020-01-06-fact-sheet-uncompensated-hospital-care-cost

The Uncompensated Care Epidemic

Hurting Hospitals

For more than 20 years, uncompensated care costs have continued to rise, and the costs can be staggering. A September 2023 survey by Definitive Healthcare found that, among the top 20 hospitals with the highest levels of uncompensated care, rates ranged from $326 million to more than $1 billion in a 12-month period.[2] While hospital types of all sizes have seen a rise in uncompensated care costs over the years, smaller hospitals have been hit hardest:

Hospital Type	Annual Uncompensated Care Increase (2015–2018)
<25 beds	8.5%
>250 beds	6.2%
System-owned	4.6%
Independent	6%

It's clear that increasing uncompensated care costs are a system-wide problem, affecting hospitals of all sizes in significant ways.

Impacts of COVID on an Already Complex Issue

Further adding to the challenges of uncompensated care, the emergence of COVID-19 left hospitals grappling with new problems. During the pandemic, physicians and medical staff retired or left their positions at above-average rates, and their collective knowledge followed them.

Spurred by pandemic-related burnout, physicians and medical staff exited the field in record numbers, and from 2019–2020, the US Bureau of Labor Statistics reported a 20 percent increase in departures. While turnover has slowed from its peak during the pandemic, turnover is still 9.2 percent higher than pre-pandemic levels, and burnout is a lingering, systemic symptom for healthcare workers.

As hospitals lose this generational expertise, a knowledge deficit is replacing it. This not only makes healthcare teams less effective and erodes the quality of patient care, but it also degrades the organizational communication and trust that can safeguard teams from mistakes. The ultimate consequence is **underperformance**, even when it may not be obvious. For example, revenue cycle management solutions may be performing suboptimally, at just the time when the need for high-performing revenue solutions is at its highest. Insurance changes add to the already increased administrative burden, with office backlogs and further strained, burnt-out healthcare staff.

[2] https://www.definitivehc.com/resources/healthcare-insights/hospitals-highest-total-uncompensated-care-costs

Shifts From Medicaid Redetermination

While the world climbed out of the pandemic, hospitals were hit with another challenge to capturing revenue. The 2023 Medicaid eligibility redetermination created a significant shift in payer demographics. At the end of 2022, more than 27 million Americans (just over 8 percent) were uninsured. Of the remaining 91 percent who were insured, almost 20 percent were covered by Medicaid. But in 2023, the Centers for Medicare & Medicaid Services suspended the COVID-19 public health emergency program that had automatically renewed Medicaid coverage since 2020. Millions lost Medicaid coverage, and hospitals quickly felt the results. From Q1 to Q3 in 2023, hospitals saw median rates of uncompensated care rise by 34 percent.[3]
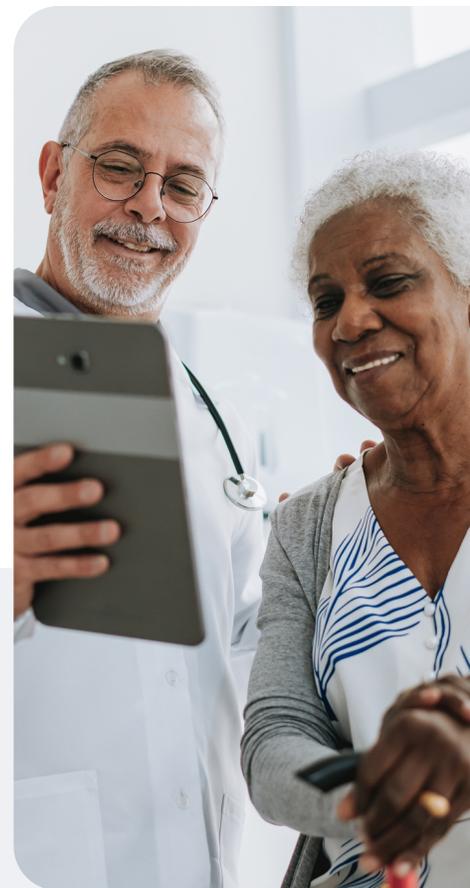
The Rise in Self-Pay

The loss of Medicaid coverage naturally led to a rise in self-pay patients, and the impacts of this rise are complex and numerous. For one, the financial toll disproportionately impacts hospitals that serve historically marginalized and/or indigent populations. These hospitals are often the least able to afford such setbacks. Newly uninsured patients who are worried about their ability to pay may defer or delay treatment, which may worsen their conditions and raise the cost and complexity of their care when they do seek medical attention. The fallouts of Medicaid redetermination intensify long-standing impacts of uncompensated care.

Impact on Recovering Revenue

The rising cost of uncompensated care—which includes the turnover of experienced personnel due to burnout, the pandemic, and Medicaid redeterminations on uncompensated care—are all impacting hospitals' ability to recover revenue. So how do hospitals adjust to these new realities and improve their financial outlook? They can better utilize existing tools and new strategies that can provide better insights and roadmaps for maximizing revenue recovery efforts.

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[3] https://www.kaufmanhall.com/insights/research-report/2023-state-healthcare-performance-improvement-report

[4] https://www.census.gov/library/publications/2023/demo/p60-281.html

> **For today's issues of employee churn and shifting insurance demographics, insurance discovery represents a strong revenue cycle management strategy.**

Navigating Growth and Cost Challenges

The Need to Re-evaluate Cost-Cutting

To address these challenges, some hospitals are turning to familiar responses. One common response is to direct staff to manually review accounts to decrease vendor costs. However, in the current labor shortage climate, it's difficult to keep up with turnover, let alone increase hiring. With the rising costs of labor and challenges of staffing, automation and technology is a lower-cost option. Otherwise, without the addition of technology for an automated review, many accounts will fall to uncompensated care and present challenges for both the provider and patient.

Hospitals must also seek other ways to further streamline operations and reduce overhead, such as auditing vendors to see if there are opportunities to secure volume discounts. Other cost-cutting initiatives include automating processes, decreasing waste, improving supply chain efficiency, reducing head count or reorganizing teams.

Some of these solutions may run counter to the challenges hospitals are already facing (like reducing head count when turnover or attrition is high), while others may help, but only so much. As Kaufman Hall noted in its 2023 State of Healthcare Performance Improvement Report[6], you cannot cut your way to better revenue cycle management. Cost cutting is a short-term solution in an evolving landscape where longevity requires long-term, strategic investment. Without looking at new, innovative solutions and opportunities, there is no way to improve the current state. Instead, for today's issues of employee churn and shifting insurance demographics, maximizing revenue recovery solutions such as insurance discovery represents a strong revenue cycle management strategy.

[6] https://www.kaufmanhall.com/insights/research-report/2023-state-healthcare-performance-improvement-report

The Path Ahead: Insurance Discovery

Insurance discovery is a critical component of any revenue recovery strategy to help providers identify and collect on accounts classified as self-pay, charity and bad debt. Automated Insurance Discovery, in addition to strong pre-service and time-of-service eligibility verification, creates a holistic approach to reducing uncompensated care. This combination of solutions helps to reduce account receivables and overall bad debt by finding accounts or claims that have not been appropriately classified and maximizing payer reimbursement.

Are Your Current Solutions Working?

Hospitals must run at a breathtaking pace with continual multiple distractions. The increased administrative burden hospitals face contributes to the culture of pushing "nice to dos" down the road while dealing with urgent "need to dos." There is a good chance many organizations have not evaluated their revenue recovery and insurance discovery vendors for maximum performance and optimization. Given the industry headwinds and financial strain that providers are facing, now is the time to consider alternate options and solutions to reimbursement.

The Multi-Vendor Model

To provide reliable service, insurance discovery vendors must keep pace with the changing landscape of the payer market. Because healthcare technology and industry practices are always evolving, solutions that do not continuously innovate and maximize performance can fall behind. Hospitals and providers simply cannot afford to assume that their solutions are performing optimally. Industry best practice has shown that it is essential to have a multi-vendor insurance discovery strategy, where a secondary or tertiary vendor can review performance, find inconsistencies, and provide an optimal revenue recovery strategy to maximize reimbursement.

Conducting an Audit

When it comes to revenue recovery, you don't know what you don't know. If you have no way to measure the health of your revenue recovery, then it is hard to know how much revenue may still be falling to uncompensated care. In this environment, auditing your solutions through secondary and tertiary vendors is more important than ever to help maximize revenue potential.

Outside audits are a simple way to counteract the challenges of knowledge deficits to get a reliable pulse check on your revenue recovery. Otherwise, these inefficiencies and poor performance multiply much further down the line.

What to Look For

As you evaluate new insurance discovery tools or reevaluate your current system, consider how the solution performs in these areas:

- **Hit rates**: How successful is the insurance discovery solution? What did the solution find, or how many "hits" did it get for a claim?

- **Claims recovered**: How many previously uninsured claims were recovered after running self pay and bad debt accounts through the insurance discovery solution?

- **Overall financial impact**: Is your solution worth the money? Is the investment providing the highest possible return through found coverage with ease of administrative workload?

- **Quality assurance**: Is your solution filtering out coverages that are eligible for reimbursement? Do you find too many accounts matched through "fuzzy logic" that creates a need for additional staff review?

- **Service offered**: Does your solution have a dedicated team who works with you and your data to maximize results and optimize workflow?

Implementing a run-behind solution that includes a free assessment can help providers identify new revenue opportunities that were previously unidentified and evaluate how current solutions are performing and identify opportunities for increased recoveries.

The Office Ally Difference

Office Ally helps hospitals reduce uncompensated care costs by finding active billable insurance when coverage is missing, incorrect or the patient is listed as self-pay. It also identifies hospital underpayments by systematically reviewing Medicare discharges to find true "non-transfers."

Whether running behind an existing vendor or acting as the primary vendor itself, Office Ally provides the level of service hospitals and providers of any size need. Powered by proprietary algorithms, Office Ally's Insurance Discovery has been developed by and is continuously updated by the same industry veterans who designed it more than fifteen years ago.
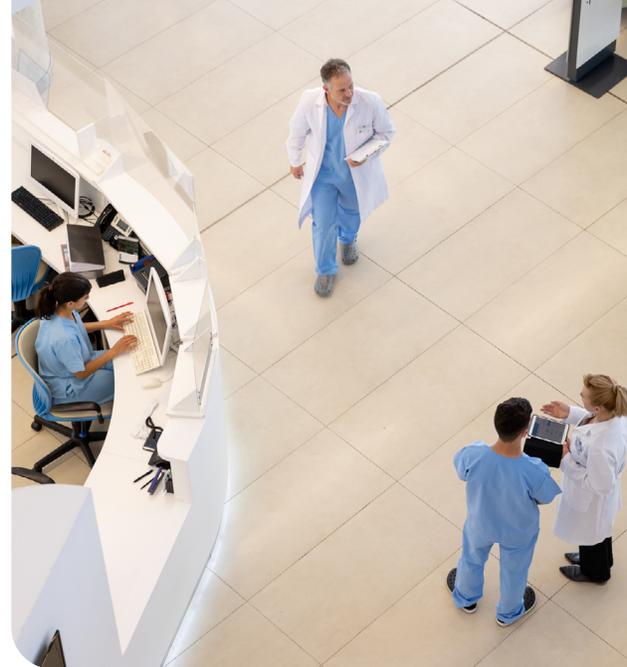
A Superior Solution

Office Ally's Insurance Discovery solution is uniquely differentiated through performance, customization and support:

- **Innovation and intellectual IP**: Office Ally's Insurance Discovery has been honed over years of learning and development and through many cumulative years of team experience.

- **Proprietary data assets and payer connections**: Office Ally has more than 3,000 payer connections with a massive claims database of $250B in claims processed, all part of helping power Insurance Discovery.

- **Customized and tailored results**: Insurance Discovery works with any solutions you already have in place, ensuring minimal disruption while consistently delivering exceptional results and a seamless experience throughout your partnership.

- **Service and support**: Office Ally is not just a provider of cutting-edge solutions like Insurance Discovery; they are a dedicated partner in achieving success. A commitment to superior customer service and unwavering support is woven into the very fabric of Office Ally company culture. Whether you have questions, need guidance, or encounter any issues, a team of experts is always on hand to provide you with the support and assistance you need.

- **No cost assessment**: Get started with a no cost assessment where Office Ally will use your data to show you the potential improvement in your reimbursements.

Real-world Example: Increased Results and Recoveries

Recently, a customer put Office Ally to the test, implementing Insurance Discovery in a tertiary role behind both a market-leading front-end eligibility clearinghouse and a secondary back-end insurance discovery from another company. Office Ally's Insurance Discovery solution found that 22 percent of accounts had qualified active coverage on their date of service that were previously unidentified—with services that could be claimed and billed to Medicare, Medicaid and commercial insurances. For the customer, this translated to seven figures of newly identified revenue. This customer's experience isn't uncommon. On average, Office Ally's Insurance Discovery solution helps customers identify and recover 10–30 percent of accounts reviewed, even when running behind other solutions.

Revenue Recovery

Recovering Revenue with Office Ally

The current state of the healthcare industry holds both promise and uncertainty. Employment numbers are going up and stable revenues demonstrate hopeful trends, but many hospitals still operate in the red, while Medicaid Redetermination is amplifying the rising rate of uncompensated care.

Consider the impact of uncompensated care on your bottom line and whether mitigating that could put your organization in a better position to navigate the emerging landscape. Consider whether your revenue cycle solutions address the core drivers of uncompensated care looming on the horizon.

With so many issues to address, there has perhaps never been a more crucial moment in which the decisions we make today—which vendors to partner with, how to optimize the revenue cycle, which solutions we pick to recover revenue—will shape the healthcare landscape of tomorrow. Office Ally is the experienced partner you want on your side to help navigate your path to revenue recover

Office Ally

Get a Free Office Ally Assessment

Office Ally offers a free Insurance Discovery assessment from an industry-leading team of specialists. With just a basic file export and limited IT support, this free assessment will find missed coverages by your existing discovery tool.

This assessment is 100 percent risk-free to the provider. For ongoing services, there is no upfront cost, and you only pay if Office Ally helps you recover revenue. Implementation is simple and results in a complete back-end revenue recovery loop with guaranteed results. With Office Ally, the data and results tell the entire story. Get your free assessment today so you can start maximizing your revenue recovery potential.

Request a Free Assessment at OfficeAlly.com/InsuranceDiscovery