

Intelligent EDI
Next-Generation Revenue-Cycle Management
Capabilities — All within the EDI Data Stream



The health care industry's transition to the 5010 transaction standard generated a great deal of discussion about electronic data interchange (EDI). Much of the discussion, however, has focused on the “nuts and bolts” of EDI, such as transaction formats, solution configuration, and clearinghouse capabilities. While ironing out the details of connectivity and information exchanges during the implementation of 5010, many organizations failed to see the bigger picture — that EDI is more than just a conduit. It can be a strategic tool to cut costs and increase efficiency.

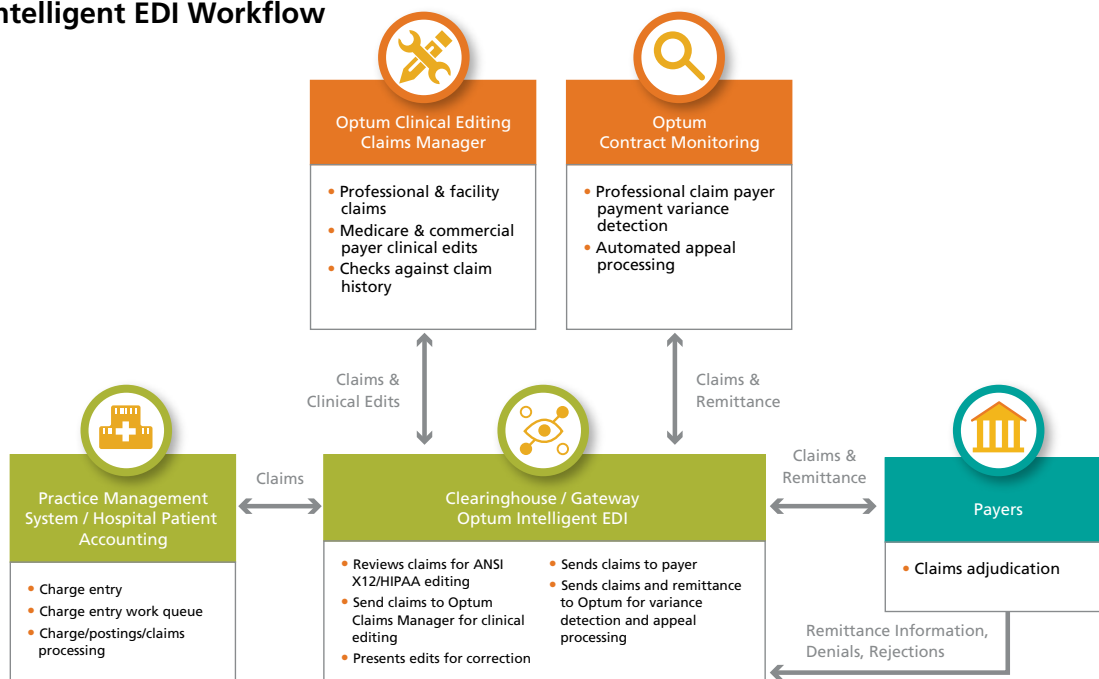
Although there is widespread use of basic EDI functionality, next-generation EDI capabilities remain largely underutilized. These capabilities include embedding additional functionality within the EDI data stream to automate revenue cycle management (RCM) processes, enabling organizations to identify missed revenue opportunities, improve cash flow, and much more. The functionality that is available through next-generation EDI is being referred to as “Intelligent EDI,” and promises to greatly transform and improve how organizations manage their revenue-cycle processes.

What is Intelligent EDI?

Intelligent EDI provides services far beyond traditional clearinghouse capabilities, enabling organizations to benefit from higher levels of automation and efficiency that results in improved first-pass payment rates for claims, reduced labor, increased collections and accelerated cash flow. Accomplishing this requires embedding additional functionality into the EDI data stream and integrating it with the solutions used by providers at practices and facilities. Examples of this advanced functionality include:

- Clinical and technical editing within the EDI data stream
- Contract monitoring
- Payment variance detection
- Appeals processing
- Secondary claims submission
- Electronic patient statements
- Online patient payments
- Improved eligibility, claim status and remittance handling

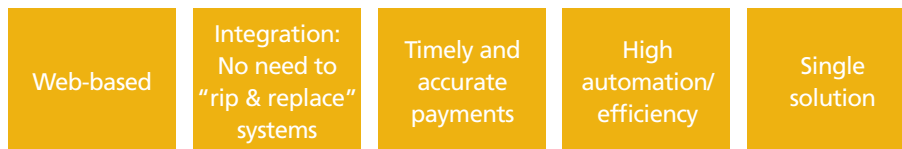
Intelligent EDI Workflow



Intelligent EDI allows providers to accelerate payments by submitting cleaner claims the first time. This is accomplished by catching claims rework at the least costly point — before claims are submitted to payers. Powerful scrubbing capabilities identify claims needing technical or clinical edits, and tools embedded into the solution allow providers to correct errors and submit the claim for payment.

Increasing efficiency is a primary focus of the Intelligent EDI concept. Adding functionality within existing workflows — and automating processes — allows providers to boost their efficiency without redesigning processes. Furthermore, Intelligent EDI solutions are designed to complement — rather than replace — the solutions that providers already have in place, whether they are practice management systems, or hospital information systems. Essentially, Intelligent EDI provides a layer of tools and management capabilities that resides between a provider’s existing solutions and the payers that process the claims. With a single solution, providers can manage their entire revenue cycle — eliminating the multiple systems and inefficient processes used to accomplish these business functions in the past. This design allows providers to benefit from new functionality without having to “rip and replace” their existing solutions.

Intelligent EDI Features. . .



Drive Results



Intelligent EDI Benefits

Intelligent EDI is designed to accelerate payment processes, which reduces accounts receivable and helps providers boost their cash flow. Rather than focusing on first-pass rates for claims, Intelligent EDI solutions measure “first-pass payment rates.” This measure accounts for whether the claim was accepted by a payer on the first pass, and if it was ultimately paid. The result is a more meaningful representation of clean claims rates, since some claims can be accepted by payers, but pending for review. Intelligent EDI users can experience first-pass payment rates as high as 97.5 percent.¹

Additionally, Intelligent EDI helps providers increase revenue by identifying missed billing opportunities. Positive edit capabilities within the solution alert users when potential codes or modifiers are missing from claim. This enables users to review and correct errors before submission to earn full reimbursement for all the care that was delivered.

Measurable Results — By using Intelligent EDI, providers can save:

- \$2 for every copayment that is collected while the patient is onsite
- \$3.70 for every claim that pays on first pass
- \$3.40 for each new electronic claim status request
- \$15 to \$37 for each claim rework that is prevented
- \$2 for every reimbursement that is posted automatically

The Bottom Line — These incremental automation and efficiency improvements add up to substantial savings.

Source: Potential savings reported by the Center for Health Transformation in situations when EDI capabilities are fully leveraged.

Intelligent EDI Benefits				
Increase Revenue	Reduce Costs	Improve Workflow	Competitive Advantage	Physician Alignment/ ACO Formation
<p>Submit cleaner claims the first time to accelerate payment</p> <p>Alerts identify potentially unbilled services</p> <p>Calculate expected payments prior to submitting claims</p>	<p>Catch and correct claims errors at the least costly point — before they're submitted to payers</p> <p>Eliminate inefficient manual claims handling with automated processes that reduce overhead and improve accuracy</p>	<p>Benefit from higher levels of automation and efficiency that results in improved first-pass payment rates, reduced labor, increased collections and accelerated cash flow</p> <p>Transform labor-intensive chores into automated processes</p>	<p>Strengthen the performance potential of your organization by optimizing billing and reimbursement processes</p> <p>Eliminate waste and simplify workflow to advance the performance of your organization</p>	<p>Boost administrative efficiency and revenue flow while freeing physicians from the time they spend corresponding with payers</p> <p>Prepare for ACO formation by connecting community physicians with the most powerful EDI technology</p>

Furthermore, the additional functionality that is embedded in Intelligent EDI solutions enable organizations to benefit from higher levels of automation and efficiency. From eligibility checking to payment posting and reconciliation, automated processes reduce manual tasks and the time that is spent corresponding with payers. Research shows that the average practice spends more than \$68,000 per physician, per year, in time spent interacting with payers.² Automating inquiries and transactions with Intelligent EDI can help reduce these costs. Another study shows that the typical solo physician practice can save more than \$42,000 per year by using EDI to eliminate manual processes.³

Details: Next-Generation EDI Capabilities

With Intelligent EDI, additional functionality is embedded into the EDI data stream and is integrated with the solutions used by providers at practices and facilities. Clearinghouse services form the foundation of Intelligent EDI solutions, and capabilities may include

- **Primary and secondary claims submission** — File secondary claims electronically to reduce billing costs and accelerate payment.
- **Claim tracking and management** — Actively track, control and prevent denied claims using tools embedded into the EDI data stream. Event-driven workflow effectively captures, routes and manages denials to reduce write offs and improve payment recovery.
- **Workers' compensation electronic billing** — Increase efficiency and payment turnaround times with electronic billing.

Advanced capabilities that can be embedded into Intelligent EDI solutions may include:

Advanced Clinical Editing — Real-time claims editing capabilities are embedded within the EDI workflow, enabling organizations to review and edit claims before payer submission to achieve higher first-pass rates, and leverage positive edits to improve revenue. The result is reduced claim denials that necessitate rework, and increased collections that improve cash flow.

Contract Monitoring — To prevent underpayments, Intelligent EDI automatically identifies claims payments that are inconsistent with payers' contractual terms. In each instance, the solution cites relevant contract details, prepares supporting documentation, and generates an appeals package per the organization's specifications. Appeals may be either hard copy or electronic. Batch appeal functions help practices recoup small, but collectively significant, underpayments that are typically not cost-effective to pursue individually.

Eligibility Verification — Data within the 271 eligibility response transaction is used by Intelligent EDI to reduce denials and follow-up calls with payers. Intelligent EDI solutions integrate with participating payers for patient eligibility checking, and can even verify and correct information in provider databases to eliminate inconsistencies. Prompts alert providers to include payer-required information in inquiries, such as National Provider Identifier (NPI) numbers.

Electronic Remittance — This capability allows hospitals and physician practices to receive electronic remittance advice (ERA) from participating commercial and governmental payers. The solution automatically posts payments to the correct accounts to save time and reduce labor costs. ERA information and explanation of benefit (EOB) statements are saved electronically for easy access to expedite secondary claim submissions.

Transaction Testing and Validation — Test X12 transactions for HIPAA 5010 conformity, fix errors, and certify compliance.

Patient Statements — Take the hassle and expense out of patient billing by outsourcing the process. Simply generate an electronic file, transmit it to the outsourced service provider that outputs and mails the statements. All of this can take place from within the EDI data stream. Easy-to-read bills and statements improve patient collection and speed recovery of amounts owed with online payment capabilities.

Online Patient Payments — Online portals provide patients with a convenient option to view statements, make payments online, and even enter into payment plans. The increased convenience improves collection rates and patient satisfaction levels.

Optum Intelligent EDI

As a leader in the health care clearinghouse market place, Optum is continually striving to enhance and streamline its service offerings. Within the past year, Optum has further integrated its EDI solution offerings to create Optum Intelligent EDI, which numerous health care organizations are already using.

Optum Intelligent EDI is focused on providing the most timely and accurate payments that technology can deliver. Intelligent EDI integrates within the existing claim submission workflow processes at hospitals and physician practices, and connects with virtually all practice management and hospital information systems. Powerful inquiry and reporting capabilities enable billing staffs to determine the status of transactions in real time. Enhanced capabilities within Intelligent EDI include clinical editing, contract monitoring, payment variance detection, and the ability to accept online patient payments. Users can even calculate expected payments prior to submitting claims. All of this provides the foundation for an optimized revenue cycle with improved cash flow.

In addition, Intelligent EDI offers advanced EDI communications capabilities, combined with proactive claim and payment handling capabilities, that increase productivity and reduce the time spent corresponding with payers.

Industry Initiatives Demand Enhanced EDI Capabilities

With organizations across the industry looking to increase efficiency and reduce costs, investing in an Intelligent EDI solution is a logical choice to address key strategic issues. In addition, numerous industry initiatives are requiring increased connectivity and information exchanges to meet the demands of new approaches to care delivery. These initiatives include health information exchanges (HIEs), accountable care organizations (ACOs), and various quality measurement programs.

Intelligent EDI meets the requirements of these industry initiatives by easily connecting disparate technologies, as well as by integrating clinical and claim information within an organization's existing workflows. With Intelligent EDI, organizations can transform the tangle of labor-intensive chores into a single automated process. Investing in Intelligent EDI helps organizations create the backbone for future HIE efforts, and prepares them for the formation of ACOs that are taking place across the country.

Notes

1. Optum customer experience.
2. Medical Group Management Association study: "The Costs to Physician Practices of Interactions with Health Insurance Plans," 2009.
3. Milliman: "Electronic Transaction Savings Opportunities for Physician Practices," 2006.

About Optum

Optum is an information and technology-enabled health services business platform serving the broad health care marketplace, including care providers, plan sponsors, life sciences companies and consumers. Its business units — OptumInsight, OptumHealth and OptumRx — employ more than 30,000 people worldwide.

What Customers Say About Optum Intelligent EDI

"Intelligent EDI not only saves us money, but it makes us money as well because we get paid more quickly, and it has freed up our time so that we can more easily pursue problematic claims."

Valerie J. Siegel
IT Director
Peak Wellness Center

"We have been able to significantly reduce claims denials and AR days, and improve staff productivity."

Tracy Essling
Dreyer Medical Clinic, Aurora, Ill.

"Patient Statement services streamlined our billing workflow considerably. This process takes one minute per day to complete, and saves us more than \$16,800 per year in direct costs."

Jeff Harpster
Pediatric Sub Facility, Orange, CA

For more information about Optum, contact your Optum sales executive at 866.306.1317 or email insight@optum.com



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