SUNKNOWLEDGE
IN EXCELLENCE WE TRUST

CASE STUDY- DME BILLING PROCESSING

SUNKNOWLEDGE SERVICES INC. ONE OF THE **LARGEST DME BILLING COMPANY** IN UNITED STATES

Prepared By: Sunknowledge Inc.

41 Madison Avenue, 25th Floor,
New York, NY 10010
Phone: (646) 661-7853
E-mail: ronnie.hastings@sunknowledge.com

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ABOUT SUNKNOWLEDGE:

Headquartered in New York, Sunknowledge is a pioneer in providing medical billing solutions and telehealth consultations to healthcare organizations. The goal of Sunknowledge, Inc. is to revolutionize US healthcare by providing a comprehensive practice management solution using state-of-the-art technologies and processes to improve patient access, satisfaction and outcomes to improve quality of care and reduce cost.

Sunknowledge is an outsourcing company committed to delivering BPO/KPO services in the healthcare sector, especially involving Medicare and Medicaid domains. Sunknowledge, since its inception in 2007, has been providing innovative solutions and services to both payer and provider community. Backed with in-depth expertise in industry and business processes, rich pool of resources and a proven track record of managing transition and operations, Sunknowledge delivers services on time without compromising on the quality of work processes. Sunknowledge truly and completely collaborates with its clients to help them grow exponentially by delivering the required services with greater efficiency, which in turn, lead to significant cost savings for the clients.

Sunknowledge, an **ISO 9001:2008 & ISO 27001:2005** certified company, has been providing its services to all sectors of the healthcare domain – majorly including health plans and providers. The company's solutions and services include a variety of services, namely medical coding & billing, claims adjudication, credentialing, member enrollment & fulfillment, premium billing, utilization management, member & provider services and Telehealth administration.

Sunknowledge is committed to provide the best of breed solution which necessarily incorporates high quality delivery, a rapid risk-centric transition approach, and an aggressive cost structure for the services provided. Conclusively, Sunknowledge is a partner that can grow over time for higher-

end administrative services in revenue cycle management, claims processing, clinical services, enrollment, billing and customer care.

There are a number of reasons that give Sunknowledge a competitive edge over the other service providers in this domain. The key differentiators are:

a) *Infrastructure - A highly scalable and robust infrastructure to scale up operations*
b) *Technology - State-of-the-art technology to support operations*
c) *Skilled Resources - Staff competency built on structured training, feedback and coaching*
d) *Standardization - Structured and standardized processes aligned with industry's best practices, with standards like CMMi-SVC & ITIL*
e) *Planned Approach - Project management approach to meet operational targets and adherence to SLA*
f) *Work Quality - Quality focus and process improvement*
g) *Hierarchical - Well defined governance structure and escalation matrix*
h) *Infrastructure Management - Service continuity supported by BCP and disaster management mechanisms*
i) *Industry Commitment - End user data privacy and protection through implementation of industry standard practices like* **ISO 27001:2005 & HIPAA**

ABOUT THE CLIENT:

Sunknowledge has been providing services to one of the largest Durable Medical Equipment (DME) providers in New York, after successfully transitioning the DME billing processes. This client is a provider of durable medical equipments and related services in the Tri-State area. They offer a wide variety of medical equipments and services related to Negative Pressure Wound Therapy, Sleep Apnea Therapy, Orthotics, Prosthetics and Accessibility Equipments etc. The center also offers respiratory services, such as oxygen concentrator and ventilator set up, as well as monitoring. The client aims to provide quality medical equipments and supplies to each patient in accordance with their needs, while also ensuring that this is done in a patient-centric and timely manner.

The client is a contracted Medicare & Medicaid DME supplier and also has contracts with many commercial plans in the Tri-State area. They serve their members DME and supplies. Some of the commercial plans that the client is contracted with are United Healthcare, BCBS, Aetna, Cigna, Emblem Health, Fidelis, Healthplus, and Affinity etc.

The client's DME supply and billing process is grouped according to branches where each branch represents a particular type of DME, such as, CPAP machines and supplies, CPM machines etc. DME billing process for each branch is divided into several sub-processes, which include:

- *Eligibility verification,*
- *Order entry,*
- *Obtaining authorization and document collection*
- *Delivery / pick-up scheduling*
- *Confirmation of delivery / pick-up*

There are a few other DME functions which are managed as departments covering all branches at the organizational level. This is done to manage various common tasks. These include:

- *A medical team comprising of respiratory therapists, nurses etc.*
- *Claims submission*
- *Cash posting*
- *Rejection and denial management*
- *A/R follow-up*

The client uses two systems to process the DME orders, deliver the equipments and generate claims to submit to the payers through EDI. Furthermore, the same system is used for cash posting and payment reconciliation. They employ NEC EPABX system to support their customer service process which involves inbound and outbound calling.

The client employs more than 50+ operational staff for DME billing processing and customer support functions.

REQUIREMENTS / PROBLEM STATEMENT:

Right from the very beginning, the client organization used to manage the entire DME billing process in-house. However, the management's analysis showed that in spite of considerable growth in customers (members) over two decades, revenue realization did not grow proportionately, profit margin decreased over time and administrative and operating expenses posted an increased budget.

On further analysis, the management found that revenue realization was not promisingly efficient due to loss of revenue for claims denial. Furthermore, payment cycles were longer due to delayed submission of claims. Administrative and operating expenses eventually increased due to inefficient processes and low productivity. All the above reasons thereby resulted in a low profit margin. The client desired to make the process efficient and cost effective, since these were the two key reasons for the loss of revenue which, eventually lead to low profit margins.

The analysis also highlighted that operation reports do not shed sufficient light over the orders received or delivered. Furthermore, the reports on claims submission to the payers and payment realization lacked functional clarity. This caused a limitation on management's decision making process, with insufficient data and incomplete reports being the two major reasons.

To curb further losses, the client explored two options – (a) In-house process re-engineering & optimization and (b) Outsourcing the process. The management chose option B i.e. outsourcing the process with key process owners managing and working in a collaborative way with the vendor's resources. They believed that this option would not only involve re-engineering and optimization of the DME billing process by the vendor but also bring down cost of resources and other administrative expenses.

Overall, the client sought after three primary goals:

a) Process optimization with proper controls to account for all orders and final claims settlement
b) Higher revenue realization with timely order processing, claims submission and settlement
c) Reduced cost of operation

IMPLEMENTATION APPROACH:

Sunknowledge ensured successful process transition and delivery of services post Go-Live through a) well defined governance structure, b) proactive project management approach, c) process understanding and mapping, d) deploying tools and systems to support transitions and operations and e) transparent reporting and status update. In order to avoid any disruption in the client's ongoing operations, Sunknowledge decided to follow a blended transition framework with different stages for this process transition.

Discovery

Sunknowledge, in consultation with the client, conducted a process discovery phase to understand the process requirements. The process also included identification of areas for improvement and the challenges being faced by the current operational team as well as the management. This phase demanded a clear understanding of the entire process, and thus the transition team worked closely with the client's operational team to completely understand and define the process requirement in detail. The transition team underwent the "Train the Trainer" training, mapped the process requirements with Sunknowledge's capability and existing process & tools. Additionally, they took into account the volume, while also defining metric requirements and critical quality parameters. During the process, the team also identified the areas that needed improvement and management's concerns to address those issues, while simultaneously re-defining processing steps and flows. This also included the implementation of controls and process reports. At the end of this discovery phase, the transition team had successfully created a detailed process manual, several process flow diagrams, reporting requirements, exception rules and critical quality parameters. Lastly, an SLA for the service engagement was also finalized between Sunknowledge and the client.

The process manual documented in fine details the entire billing process. This included:

- Order entry
- Validation of insurance
- Obtaining authorization
- Documentation collection and communication with physicians' offices
- Order processing / delivery
- Delivery confirmation / billing, rejections and claims on hold
- Claims submission (EDI and paper)
- Payment posting (ERA and EOB), and
- Denial management

Transition

Based on the process manual, production and quality parameters as defined, Sunknowledge prepared a detailed transition plan to migrate the DME billing process. However, this was to be done in phases to avoid any disruption in the client's existing operations. Sunknowledge also identified the challenges and success factors to address the management's concerns to achieve the desired goals as outlined by the client.

Transition phase involved hiring, training, setting up of required IT infrastructure and limited pilot. This was to be done before transitioning the DME processes for each branch or department as per the client's operational framework.

During this phase, regular GoToMeeting sessions were scheduled between the client and transition team. Regular feedback and collaboration sessions helped in smooth transition of various activities. The transition process which was followed for each branch was in the order as indicated below:

- Delivery & Pick-up ticket confirmation
- Order Entry
- Eligibility verification
- Obtaining authorization and collection of documents
- Working on open /pending / held orders

Additional training sessions conducted by the client also played an important role at the time of transition. Additionally, Sunknowledge created various tools to assist with production (improve productivity and accuracy). All of these were shared with the client for approval. Sample reports were also shared for client's approval, based on which the daily reporting mechanism was determined.

The transition phase helped to gain confidence and resolve all operational issues to ensure successful steady state operation of DME billing processes at Sunknowledge. At every stage Sunknowledge/GoTelecare team collaborated with the client's team and shared lessons learned throughout the transition period

Steady State Operation

Steady state operation involves running the processes as per the process guidelines and standard operating procedures. Precisely, this also includes assignment, prioritization and distribution of tasks to the operational resources, conducting real time and offline transactional audit of the process deliverables to ensure quality criteria, and maintaining agreed turn-around time for each process. Sunknowledge ensures that processes are managed and improved continuously to meet the SLA criteria. Sunknowledge team conducts regular operational review meeting with the client and shares daily, weekly and monthly reports with the client to maintain 100% transparency of operation.

Within three months from process transition, Sunknowledge cleared out all backlogs of inventory and has been meeting all SLA criteria for the process.

Quality

Sunknowledge considers accuracy a vital parameter and therefore much effort is channelized to this area. Interactive sessions with the client played a pivotal role in ensuring that this could be achieved. Sunknowledge's transactional audit mechanism covers 10 – 12% of daily production. The findings are used for the following purposes:

- Identify areas of improvement,
- Determine frequency of refresher sessions,
- Identify training needs etc.

Reporting

The reporting mechanism was included through the knowledge transfer and transition phase. Sample reports were created and shared with the client to include data that is required to be reported on a daily basis. The format and content of the reports were worked on collaboratively as well. The common areas in the reports are:

- New orders / inventory received
- Backlog orders / inventory
- Orders / inventory completed
- Orders / inventory pending
- Orders / inventory requiring client's intervention

RESULTS/OUTCOME:

The challenge to DME billing process transition was to optimize the billing process through process re-engineering, eliminating the redundant tasks and tracking outcome of each stage of the process. Lack of proper documentation of the existing process as-it-was required the transition team to spend considerable time with every process owner/executive of the client's billing process team. This also resulted in documenting the tacit knowledge of the client's process team through brainstorming and discussion sessions.

A detailed process manual, defined quality and productivity parameters, reporting requirements and mechanism helped on making the process more transparent to all stake holders and eventually better controlled. This also led to process stability and made process outcome more predictive.

Process Stability

Process stability is one of the most important concepts of any quality improvement methodology. Stability involves achieving consistent and, ultimately, better productivity and higher accuracy through the application of an improvement methodology. Sunknowledge ensured this through analysis of reports / data, related to production, errors, rejections, denials etc. This has also helped in confidence building between the client and Sunknowledge.

Improvement in Quality & Efficiency

Through interactions with the process owners and analysis of reports Sunknowledge team identified areas of improvement. This covered both quality and productivity. Discovery phase helped Sunknowledge to gain a clear insight of the intricacy and peculiarities of DME billing in comparison to physician billing. This has played a key role in improving accuracy. The internal audit mechanism has also helped identify and rectify errors, thereby creating an opportunity to share various scenarios with the team at large. Identification of common errors and applying methods to correct these has prevented errors from becoming defects and thus, has improved efficiency.

Increased Productivity and Reduced Open Orders

A clear understanding of each sub-process has been crucial while defining the processes in collaboration with the client. This has created opportunities to streamline the processes and remove unwanted steps while laying stress on the critical areas. Productivity has improved across all branches as a result of this effort. Creation of tools / cheat sheets has also helped make a positive impact on productivity.

With the introduction of various checks, e.g. monthly eligibility verification for rental items under capitation contract with the payers has helped reduce open / hold orders. Working on authorizations, e.g. following up with payers to increase validity period, has also reduced the number of open orders. This, in turn, has resulted in timely claims generation and submissions which led to increased monthly billing.

Reduced Denial Rates

A large number of denials are a result of incorrect coding combinations in billing. It is important to bill with the correct combination of HCPC, ICD-9, Place of Service and Modifier codes. A good understanding of qualifying diagnosis, payer guidelines and common denials has helped reduce denials to a large extent.

Specific to Medicare patients, denials have been reduced by ensuring that the ordering physician is PECOS certified and the history of the patient is available on the claim, e.g. narration provided regarding Rx which gets reflected in Box 19 (HICF 1500 / CMS 1500).

Furthermore, pursuing authorizations with payers and having appropriate documentation to support billing has also impacted denials to a large extent, e.g. for CPAP supplies face to face report is required to provide supplies after the first 90 days. These also require qualifying wound notes for determination of type of mattress to be supplied etc.

BENEFITS:

Sunknowledge transitioned and started GO-LIVE operation of DME billing process to achieve the goals set by the client. After 6 months of process transition and steady state operation, the client has achieved the following benefits:

- No backlogs in inventory/open order – significant reduction in payment realization cycle
- Timely claims submission – improved cash flow and payment realization by 10%
- Significant reduction in denial rate – increased revenue by 7%
- Process optimization – improved efficiency leading to higher productivity (the operations staff has been reduced to 30+ from 50+ level)
- Reduction in average cost of processing staff due to outsourcing staff arbitrage – cost reduction by 40%

APPENDIX: CHALLENGES & SUCCESS FACTORS

During the discovery process transition team identified the following challenges and success factors for DME billing process.

Process	Challenges	Success Factors
Order Intake	Urgent / STAT orders: For such orders delivery has to be made before completion of all required actions such as documentation collection, authorization follow-up etc. Once delivery is made it is difficult to gather the relevant documents from physicians' offices.	Aggressive and timely follow-up with physicians' offices and payers.
	Low productivity: This often occurs due to missing information such PECOS certification. This directly affects turn-around time on various activities. Follow up dates maybe missed resulting in delays and missing timely filing limits resulting in denials.	Accuracy of physician data in the system and PECOS certification updates in the system.
Eligibility Verification	Incomplete information: Payer websites, payer customer service representatives may not be able to provide complete information. This affects the process of appropriate documentation collection. When complete information is not available as a precautionary measure all	Equipment / supply specific coverage and authorization requirement check prior to delivery.

	documents are collected which results in delays.	
Obtaining Authorization	Long hold time on calls: Long waiting time increases the time spent on a call which directly affects productivity. Fewer calls can be made and follow-up becomes a tedious process which results in delay in getting authorization approvals	Making the calls after gathering all information that will be required on the call.
	Incomplete information from physician's office (diagnosis, reports, letter of medical necessity etc.): the inability to provide the required information for authorization approval lengthens the turn-around time. This adversely affects billing.	Timely and aggressive follow-up with physician's office for required documentation.
Documentation gathering	Incomplete information from physician's office (diagnosis, face to face reports, LMN, therapy reports etc.): Physicians' offices provide detailed information related to orders which include diagnosis, therapy reports and, PECOS certifications etc. which affect the billing procedure. Without this information billing can't be processed	Regular and aggressive follow-up with physicians' offices.

	Gathering documentation related to face to face encounter (patients often do not request for the face to face follow-up consultation with the physician): Face to face encounter reports are mandatory for CPAP users and mattress orders. Missing documents result in claims going into pended status.	Proactive follow-up calls to patients to create awareness and to educate regarding these requirements.
	CPAP usage reports: Compliance report is mandatory for CPAP users with Medicare coverage. Claims cannot be submitted for reimbursement after the first 3 months till the patient is compliant and the report is available to support this. Delay in acquiring this report delays the process of billing and collections.	Regular tracking of usage data and counseling calls to patients who are non-compliant within 30 days.
	Lack of valid authorization: For few of the payers an authorization is a parameter for billing of a DME service. Lack of which may result in a denial of the submitted claim	Obtaining of authorization prior to delivery.
Delivery	Backlog in order delivery due to shortage in supply of equipment: Backlogs affect patient satisfaction level. This will result in lesser calls related to delays in delivery of orders.	Delivery of substitute equipment due to shortage in supplies in consultation with physicians'

		offices.
	Tracking of changes made to the order at the actual time of delivery: This ensure accuracy in billing which in turn affects collections.	Timely and accurate edits made to order based on returned delivery ticket.
Billing & Claim Submission	Incomplete information from physician's office (diagnosis etc.)	Timely corrections and updates in the system with regards to initial order entry vs. equipments delivered
	Lack of CPAP usage report delays billing.	Availability of CPAP user compliance report in system within 90 days from initial date of service
Resubmission & Reconciliation	Backlog in rejections: Impacts collections and effective analysis.	Daily rejection corrections and weekly analysis.