REVENUE LEAKAGE IN YOUR ORGANIZATION OR HOSPITAL

FIX THE LEAK

WITH AMBULATORY ORDER MANAGEMENT

TO ACHIEVE GREATER PROFITABILITY AND IMPROVE PHYSICIAN RELATIONSHIPS

BACKGROUND

Today's healthcare organization requires constant planning and evaluation to successfully capture revenue and ensure profitability. The factors contributing to a healthy revenue cycle are both intricate and complex. In most cases, "business as usual" will only guarantee diminishing returns.

Lost revenues through "referral leakage" is a timely topic and deserves the broadest possible perspective. In this paper, we focus on how hospital scheduling and order management contribute to the issue of ambulatory revenue leakage; improving the referring physician trust in the scheduling and delivery of hospital services; and how to leverage both "order transparency" and ease of use to better market hospital services to referring physicians. This combined approach can produce dramatic results to a healthcare organization's bottom line.

THE LEAKAGE ISSUE

Revenue leakage is a top priority for today's proactive hospital administrators. According to [Becker's Hospital CFO Report](), 51 percent of Hospital CFO's are "focusing on leakage as an opportunity to generate revenue" while "between 24 and 30 percent of referrals leak out of network." HIMSS finds that "poor referral management adversely impacts health systems and referring providers."

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The Healthcare Management Financial Association ([HFMA]()) gives a specific example of the issue: "Consider, for a moment, the potential financial losses of referral no-shows. As an example, a typical healthcare system with 200 providers, each serving a panel of 2,000 patients. Of those 400,000 patients, it is fair to estimate that 50 percent visit their physicians and 30 percent of those visits result in a referral. This equals 60,000 potential referral visits. If 30 percent of those referrals don't happen (the average number of no-shows, as cited previously), that is approximately 18,000 lost referrals. According to findings of one recent study, a single no-show costs a provider, on average, $210. If you multiply that amount by 18,000 no-shows it would result in $3.78 million in lost revenue. If a health system could avert even 25 percent of those lost referrals, it could recover nearly $1 million in lost revenue."

Meanwhile, a study from the Healthcare Information Management Systems Society (HIMSS) states: "Currently only 54% of patient referrals become appointments. This means 46% of the time, patients do not receive care they need and destination providers do not realize the revenue they could have. The more important metric, therefore, is not how many referrals are sent but how many are converted into appointments and what proportion of those appointments are kept and

appropriately paid. Additionally, many of those referrals that do become appointments need to be rescheduled due to lack of insurance prior-authorizations. Rescheduling these appointments is a terrible customer service experience for patients and the lost appointment slot often results in unrealized revenue potential while the fixed and variable costs are still absorbed."

"Network leakage, _shown to represent one-third of patients_, takes place when patients under the care of a physician employed by a health system end up receiving care from a competitive provider. Some leakage can be expected based on lack of clinical specialties, capacity constraints, geographic proximity, narrow network exclusions or patient preference. _Much of it, however, can be prevented with contemporary cloud based referral and appointment management tools._" (emphasis added)

Millions of dollars are at stake for each hospital at a time when profitability is being squeezed with unprecedented pressure. Every avenue must be considered to ensure maximum profitability. Order management is an often overlooked component in patient and physician satisfaction. With present levels of inefficiency, complexity, and quality of order management being what they are, hospitals offering a superior patient/ physician experience potentially have a great advantage over competitors that can only offer "scheduling as usual."

CHALLENGES FOR HOSPITALS

Shrinking referral base

Sensitive referral base dynamics

Increased competition

Connect, secure & increase business

BUILDING PHYSICIAN TRUST

Upon further examination, the issue of leakage is not limited to a revenue problem. It is also quite simply a _symptom of poor business relationships_. Leakage often reveals a lack of satisfaction of referring physicians in dealing with hospital delivery systems, particularly **order management**. HFMA isolates several reasons for leakage including: "Difficult communication processes for patients to gain access to care. The process of scheduling a referral often is lengthy, plagued by three-way calls and long lead times. Patients may become frustrated and give up on scheduling."

Patients aren't the only ones who are frustrated. According to data in both The Physicians Foundation *2016 Survey of America's Physicians* and studies by the National Center of Biotechnology Information (NCBI), the vast majority of referring physicians have negative feelings about the future of healthcare. More specifically, "63% of referring physicians are dissatisfied with the current referral process due to lack of timeliness of information and inadequate referral letter content." Other studies find:

- **25 to 50% of referring physicians** do not know whether their patients actually see the specialist. (*The Milbank Quarterly*)
- **3 of every 10 tests** are reordered due to missing results. (*Technology CEO Council*)
- About **80% of all serious medical errors** involve miscommunication during care transitions to different care settings. (Joint Commission) As many as **80% of the errors** initiating cascades involve informational or personal miscommunication. (NCBI)
- **20% of malpractice claims** involve missed or delayed diagnoses due to deficits in hand-offs between providers. (NCBI)
- **Only 54%** of faxed referrals result in scheduled appointments. (*Journal of General Internal Medicine*)

All these variables add up to both **frustrated patients and frustrated physicians**. Much of that frustration is directed at the hospital as a result of the order management process. In a situation where there are multiple facility possibilities for a given service, making the order management process both easy to access and completely transparent to the ordering physicians is a clear winner. This fosters both trust in the hospital's capabilities as well as simplify the act of conducting business for the physician, the patient, and the provider staff.
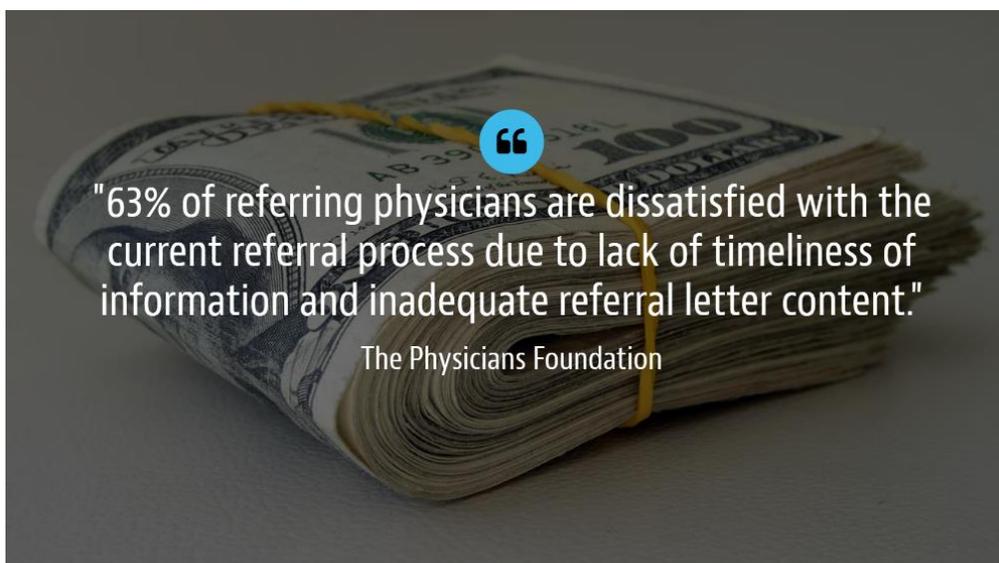
"63% of referring physicians are dissatisfied with the current referral process due to lack of timeliness of information and inadequate referral letter content."
The Physicians Foundation

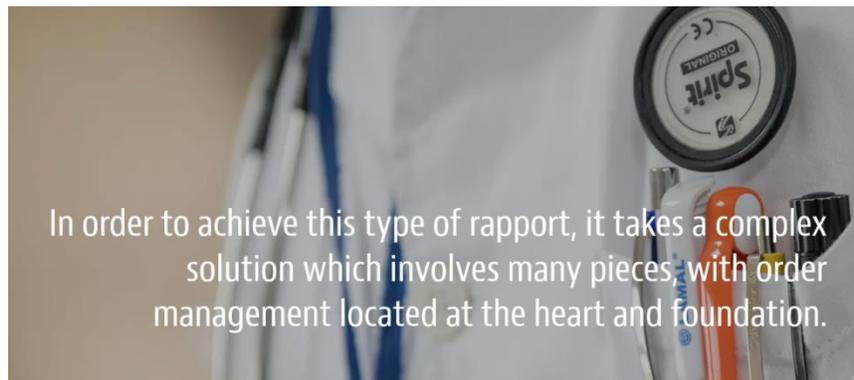# REDEFINE YOUR ORGANIZATION'S ROLE WITHIN THE AMBULATORY COMMUNITY

Reducing leakage and improving referring physician relationships through better order management are fundamental, necessary steps toward improved revenue capture. Order management is an overlooked conduit to transform these possibilities into bottom-line reality. Easy, transparent, and comprehensive order management offers another great advantage to hospital administrators seeking profitability and growth: **becoming a community leader**.

Key findings in the aforementioned *Physicians Foundation 2016 Survey* indicate that doctors want confidence in referral decisions and care quality; a quick, painless scheduling process; simple avenues for seeking assistance when needed; and timely and consistent updates throughout the patient referral process.

Yet less than half of hospitals nationwide have a planned, effective marketing outreach program to deal with these issues. Most hospitals believe that advertising a new MRI technology, or constructing a new wing to the building, or offering a wider range of services will, in and of itself, garner both increased referrals and improved physician satisfaction. There is little evidence that these traditional marketing messages resonate in today's competitive and irritated environment.

Advocating for the ordering physicians provides responsiveness which provides a conduit for their ambulatory business. Physician satisfaction is enhanced when their interaction with the hospital is made easier and they can better trust the delivery of the desired services to their patients.

Simply put, trust and ease of access are at the cornerstone to effectively market the healthcare organization to the community. In the long run, offering new patient care technology will not incentivize anyone to do business with the hospital if the basics of physician frustration in ordering services are not addressed.

In order to achieve this type of rapport, it takes a complex solution which involves many pieces, with order management located at the heart and foundation.

Ordering made easy while providing full decision support and complete transparency with direct access to the hospital's scheduling services is clearly a distinctive feature that can be offered to the ambulatory market. This order management solution offers a clear marketing message that satisfies relevant physician pain points and, therefore is conducive to a mutually beneficial business relationship and an improved patient care experience.

MAKING AN IMPACT ON REVENUE CYCLE AND PATIENT CARE

The process of recruiting physicians who will send their patients to your hospital is ongoing, but the recruitment can be made easier if your hospital incorporates state-of-the-art healthcare solutions that benefit the referring physician. There may already be a base of physicians who refer patients to your organization; but, how can you attract more and how can you keep the referring physicians you currently have from sending their patients to your competition?

The full solution is not simple; however, by developing processes that are physician-friendly, you make it simpler for physicians to do their jobs and care for their patients—an excellent start to ensuring physicians prefer your healthcare organization over all others.

Referral orders, physician orders, and other supporting criteria can be found at the foundation of interactions between hospitals and physicians. These critical components impact both the revenue cycle and patient care. The physician order typically kicks off the revenue cycle process which affects all pre-encounter activities and consequently drives final reimbursement. Ensuring you have a secure, user-friendly order management system in place to receive and process orders must be at the core of your physician-friendly process.

The Journal of General Internal Medicine (sited above) reports: *"Integrated cloud-based referral and patient appointment platforms have been shown to increase referral to appointment conversion rates from 54% to 86%, a 59% performance improvement."* Obviously, the end result of significantly improved appointment conversion rates is greater revenue capture for the hospital.
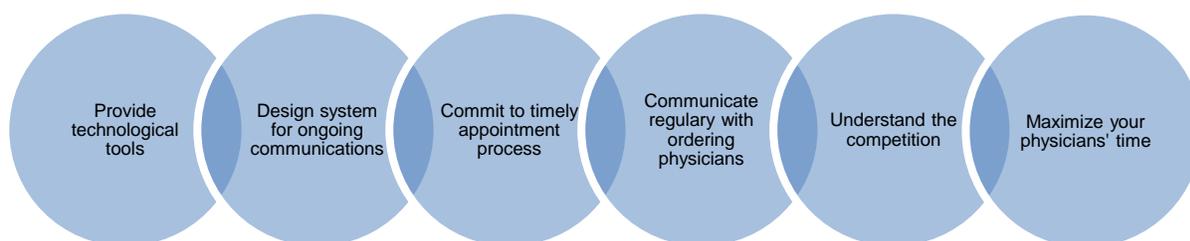
The system you choose will need to be capable of accepting many different types of information delivery. While we have access to email, texts, scanning, and many other forms of communicative technology, many older physicians still use unsecure faxing or fax servers to send referral orders. The best order management system must act as a data gateway for any type of information source.

Other physicians may be tied into a PMS/EMR or an online delivery system. They might even prefer to call in their orders. Either way, you need to be able to receive referral orders and communicate efficiently—and you need a system that will make it easy for both your hospital and the referring physician.

iPro Healthcare's iOrder system can be integrated with a variety of other systems. This order management system is designed to be versatile and extremely user-friendly, allowing your physicians to submit their orders in a variety of ways. iOrder provides the means for your healthcare organization to drastically improve the relationship with ordering physicians.

While this software solution would go a long way toward smoothing physician-hospital interactions, the issue of retaining and recruiting referring physicians is admittedly complicated. Below are some additional ways your healthcare organization can recruit and retain ordering physicians.

- **Provide technological tools** which create fluid environment making patient and physician interactions easy and effective.
- **Institute a system for ongoing communications** to ensure regular and consistent communication between the hospital and referring physicians—periodically identifying key persons of contact.
- **Commit to a timely appointment process**. Referring physicians get upset if their patients' care is delayed due to financial clearance issues that could have been completed before the patient arrived. It is best to use a process ensuring insurance verification, pre-authorizations, and exam prep instructions are all completed prior to patient arrival.
- **Communicate regularly with ordering physicians about their patients**. Let them know when the patient has been scheduled, that you appreciate the referral, and that you will continue to communicate with the ordering physician throughout the process. By keeping the ordering physicians informed through all the stages of the process, they continue to feel in control of their patients' care.
- **Understand the competition** and build a real relationship. Your clinical competence is not enough to make you stand out as the only option. Other qualified professionals will be competing for the physician's business. By using the best systems available for order management, you ensure that your healthcare organization will stand out from the competition.
- **Maximize your physicians' time** with more efficient internal processes. iPro Heathcare's iOrder system shows how implementing technology increases internal efficiency and allow physicians to focus more of their time on patients.

Provide technological tools · Design system for ongoing communications · Commit to timely appointment process · Communicate regulary with ordering physicians · Understand the competition · Maximize your physicians' time

THE UPSIDE

Order management is often overlooked as a key factor in _significantly reducing a healthcare organization's revenue leakage_. This element is key to establishing _physician trust and commitment to an organization_ by making ordering physicians' lives easier while improving the quality of patient care. Lastly, it offers _a unique marketing opportunity to distinguish a healthcare organization_

throughout the network of actual and potential ordering physicians, thereby affording a distinctive branding and messaging approach to attract more revenue.

There are many elements involved in establishing a healthcare organization as a thought-leader and best-practices provider in the market space of patient referrals. All of these components ultimately hinge on receiving order requests and communicating order results back to the ordering physician easily and comprehensively. With today's competitive environment where it is a struggle to capture every possible source of revenue, no one in hospital administration can afford to overlook the power of something as essential as **order management**. This is the catalyst for ensuring the healthcare organization is perceived as distinctive, creditable, and trustworthy. Order management is the gateway to accessing the services offered which ultimately opens greater revenue capture opportunities. Healthcare administrators who take a closer look at both the conduit through which services are accessed as well as the means to properly disseminate results, will discover organization profitability, physician satisfaction and improved patient care.

ABOUT OUR COMPANY

Since 1998, iPro, Inc. has been dedicated to facilitating positive changes within manufacturing and healthcare organizations including managing costs, increasing productivity, and driving sustainable growth and profitability. We are focused on assisting providers successfully navigate their toughest issues and offering the tools they need to thrive.

iPro Healthcare, one of iPro's four divisions, is uniquely qualified to provide strategic and tactical advice that will produce measurable value and prolonged results that are consistent with client expectations and goals. We specialize in physician referral analysis & retention, medical workflow analysis, business model revitalization, and maximizing revenue capture opportunities.

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7