

The Best Hidden ROI for Health Care

By Robert A. Fisher

One of the most overlooked opportunities for covered entities under HIPAA may also be the best: deriving a return on investment (ROI) already made in the transaction and code set (TCS) compliance. As of the expiration of the federal deadline on Oct. 16, 2003, few if any, covered entities would claim to have achieved ROI in complying with HIPAA TCS. That's not surprising since HIPAA simply substituted one electronic standard for several older ones. In fact, introducing the additional complexity of the EDI syntax and numerous business rules has created hundreds of new opportunities for compliance errors.

But the introduction of HIPAA also set the stage for efficiencies not previously achieved for payers and providers willing to complete the journey. The same level of regimentation that makes HIPAA TCS so difficult to implement initially also permits a higher level of automation in transaction processing.

To better understand this, consider the sources of inefficiency in health care transaction processing.

Inefficiencies don't arise just by virtue of having to deal with multiple parties (i.e., providers, third-party administrators, re-pricing agents, clearinghouses, health plans, etc.), which are a given within our current health care system, but rather the causes of slowdown in processing claims, eligibility, payments and related transactions.

Issues in this category include too many transaction rejections, too much manual intervention and systems operated using legacy processes.

The opportunity lies in better automation. The standardization of HIPAA TCS permits greater automation because the more regimented formats permit smarter processing. Consider the following examples:

- Real-time filtering. Software available on the market can identify any non-compliance that may exist within an EDI transaction, remove the non-compliant data in real time, and rebalance and forward all of the compliant data and thereby ensure that everything sent by a provider will not be rejected with errors.
- Reach-back error notification. Regardless of whether the filtering is done by provider, payer or clearinghouse, the automated and detailed detection made possible under the stringent HIPAA TCS formats permits direct notification to be sent to the area where the error originated. For example, the billing department of a hospital can be notified directly of errors detected without requiring the involvement of IT, operations or support staff by any of the covered entities. If the notification has been formatted in terms that the billing department can understand, then they can resolve the error without assistance. A well-executed reach-back solution not only provides notification back to the point of origin (hence the term "reach-back"), but also permits corrected transactions to be fed directly into the receiver's process without delay. In this manner, payers and providers can eliminate 90 percent of the time and manual intervention required to resolve errors. The only human involvement required is one that can fix the error.
- Real-time operational management. As the use of automation techniques such as real-time filtering and reach-back improve system throughput, high-level system monitoring becomes essential. Use of Web-based dashboards increases the ability to view system-wide performance and monitor for problem areas and trends.

For example, a hospital can see the volume and success/failure rates of transactions submitted by various departments (or other hospitals within an integrated delivery network) and determine the problem areas that need to be corrected. By identifying sources and causes, errors can be eliminated. This exception-only monitoring is key to fully automating transaction processing and minimizing human intervention.

From the start, administrative simplification has been the objective of HIPAA TCS. While government mandates always draw their share of criticism, it is important to keep sight of the true benefit available to the health care industry as a result of HIPAA standards.

Use of the EDI syntax with detailed semantic business rules for common transactions permits a higher level of automation than previously possible. In particular it permits providers, payers and clearinghouses to go after the greatest sources of operational inefficiency which include the time-consuming and expensive manual processes required to fix problems that occur in transaction processing. Automating error detection and error resolution and establishing system-wide monitoring of transaction activity provides an unprecedented payback for an organization's HIPAA investment.

The efficiencies gained will provide value for the HIPAA TCS investment to date, and position health care organizations for future growth using an automated platform with minimal human intervention. This may be the best ROI readily available to covered entities today.

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