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Hospital Registration Provides an Example for Automating Healthcare Payments

By Greg Lusch

In recent years, hospitals have been pushing hard to automate their front-end patient registration process to ensure that they capture clean data as early in the delivery of care as possible. The goal is to expedite the flow of information to back-end billing and payment and systems, in turn, streamline the hospital's revenue cycle. With 31 percent of every healthcare dollar spent on paperwork and administrative costs (Plunkett Research Ltd.) these initiatives can pay big dividends for hospitals.

But they can also provide an example for automating the processing of healthcare payments.

Despite the industry's push towards electronic payments using electronic funds transfers (EFTs) and electronic remittance advices (ERAs), 55 percent of healthcare payments still arrive as paper checks, according to Celent, LLC. The majority of these checks are mailed as remittances. Celent finds that only 40 percent of healthcare payments are automated clearing house (ACH) transactions.

Making matters worse, most providers have to deal with all these checks themselves: only 39 percent of healthcare providers use a wholesale lockbox to process transactions on their behalf, compared to the 60 percent of other middle market companies that use a wholesale lockbox. Even those providers that use a lockbox can't avoid the hassles of processing paper checks. Celent research found that the majority of lockbox clients receive some "stranded" payments that never make it to the lockbox.

With over 1 billion healthcare payments made each year (McKinsey study), the healthcare industry can put a significant dent in the money it spends if it can find a better way to process paper payments.

A Better Approach

The answer lies in bringing the approach hospitals use for patient registration to the back office.

In general, healthcare providers require a solution that can process payments (remittances) received from payers and patients through the mail, as well as those payments made by patients at the point of care. The solution must also have the ability to reconcile Explanation of Benefits (EOBs) and payments to the provider's patient accounting system. Of the 2.5 billion claim payments made in the U.S. each year, 65 percent are paper EOBs. Lacking true standards for electronically postable files, EOBs are costly and time-consuming to process, often totaling dozens of pages.

Providers can automate healthcare payment processing by using intelligent scanning to ensure that the proper documentation accompanies each check, and that each check is appropriate for processing.

This approach enables providers to scan payments and EOBs at the lockbox or in their own operations, update patient payments more quickly, and transmit deposits electronically. In addition, providing can eliminate the physical storage of processed payments, and allow for image-enabled research.

The use of intelligent scanning for payments processing improves the operation of an organization by providing faster access to information, while requiring less labor than traditional manual systems.

Other benefits include:

- Automated posting
- Increased operations efficiency
- Faster identification of errors
- Reduced labor costs
- Faster posting
- Improved tracking and control
- Tighter processes around revenue cycle management
- Continuous process monitoring/management

This approach is already helping one of the nation's largest providers of revenue-cycle services to physicians manage tens of thousands of paper documents daily. On behalf of its customers, the company submits claims to insurers, and in turn, receives paper remittances and EOBs. The documents are scanned, data is extracted, and items are posted for payment. Information from insurance plans is also processed and converted to images. Using the company's digital workflow, it is then possible to link every posted payment to the digitized source document for easier tracking and follow-up.

As a result of integrating intelligent scanning into its operations, the company has accelerated processing turnaround, increased system scalability, improved quality, and introduced a new revenue-generating service to manage active patient records for the clinical side of a practice.

This isn't an isolated example. Other providers can relieve the costs and hassles associated with payments processing by using the intelligent scanning they may be using for patient registration.

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