SECRETS OF EFFICIENT PAYER PAYMENT AUTOMATION

MAY 24TH, 2017

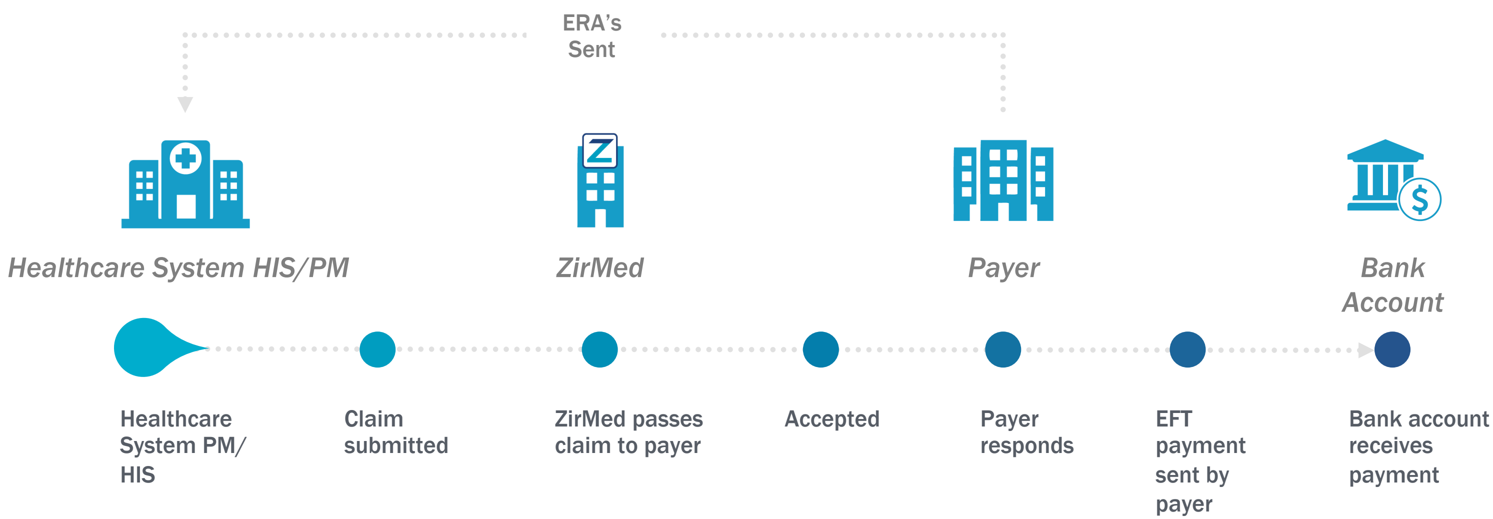
Agenda

- Payer Payments Today
- Paper and Electronic Transactions – Challenges and Opportunities
- Payer Payment Complexities
- There's a Better Way
- Key Takeaways
- Q+A

Payer Payments Today

Payer Payments in a Perfect World

Workflow of Payer Payments: Post Claim Submission to Payment

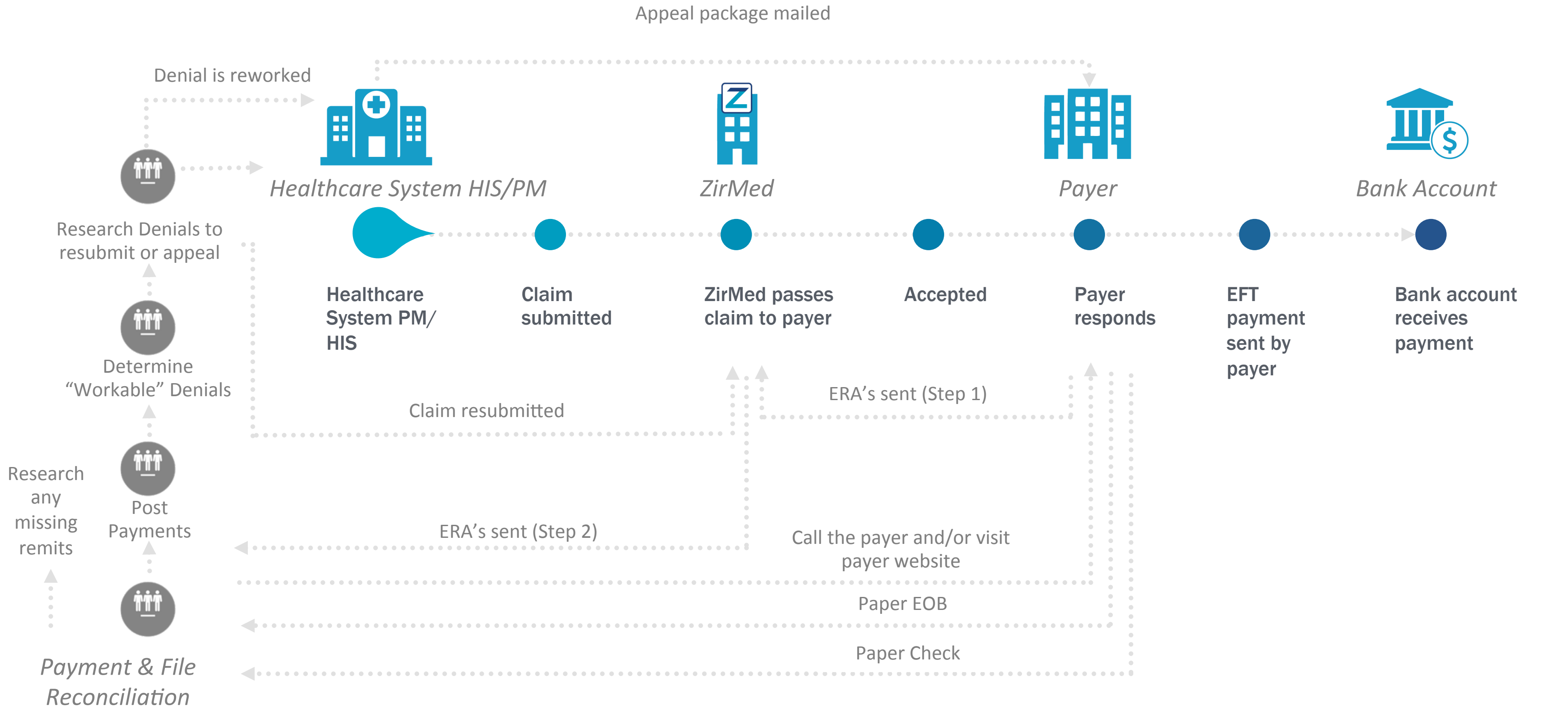


In a Perfect World:

- ✓ Remits & bank deposits match perfectly
- ✓ All claims result in payment
- ✓ Fully automated process with no human intervention
- ✓ Realizing revenue is simple and accurate

The Industry's Reality

Time Consuming & Error Prone Processes
Bottleneck Productivity & Cash Flow



Risk of Remaining Status Quo

30% of the US healthcare dollars in 2022 are projected to be wasted due to inefficient payment processing[1]

$9.4B projected annual savings when best practice of ERA & EFT transactions exist across provider networks[2]

Preventable Productivity Loss

- Reassociation, scanning, & finding of missing deposits & remits can take hours
- Deciphering workable vs. informational denials is time intensive

Increase in Audit Risk

- Error prone reconciliation leads to inaccurate AR & increases risk for audits
- Risk of inaccurately depicting cash flow by posting receivables prior to cash received

Error Prone Manual Efforts

- Manual posting has high administrative costs with large risk of inaccuracies
- Manual efforts in working denials & managing missing information increases risk for errors & AR days

Risk in Increasing AR

- Posting delays cause bottleneck in AR realization
- Delays in reconciling postpone secondary billing, patient collections, denials, & underpayment analysis

[1] The McKinsey Quarterly (June 2007)
[2] 2016 CAQH Index

Paper and Electronic Transactions – Challenges and Opportunities

Paper/Manual Transactions – Current Landscape and Challenges

- Error prone record keeping
- Lost checks
- Manually post payments and denials from paper EOB

37%
Manual/Paper
Claim Payments

34%
Manual/Paper
Remittance Advice

- Trips to the bank
- Storage constraints
- Manually match EOB with bank statement

2016 CAQH Index

Paper/Manual Transactions – Opportunity

	Manual/Paper	Provider Cost Manual	Provider Cost Electronic
Claim Payments	37%	$2.89	.69
Remittance Advice	34%	$5.69	.95

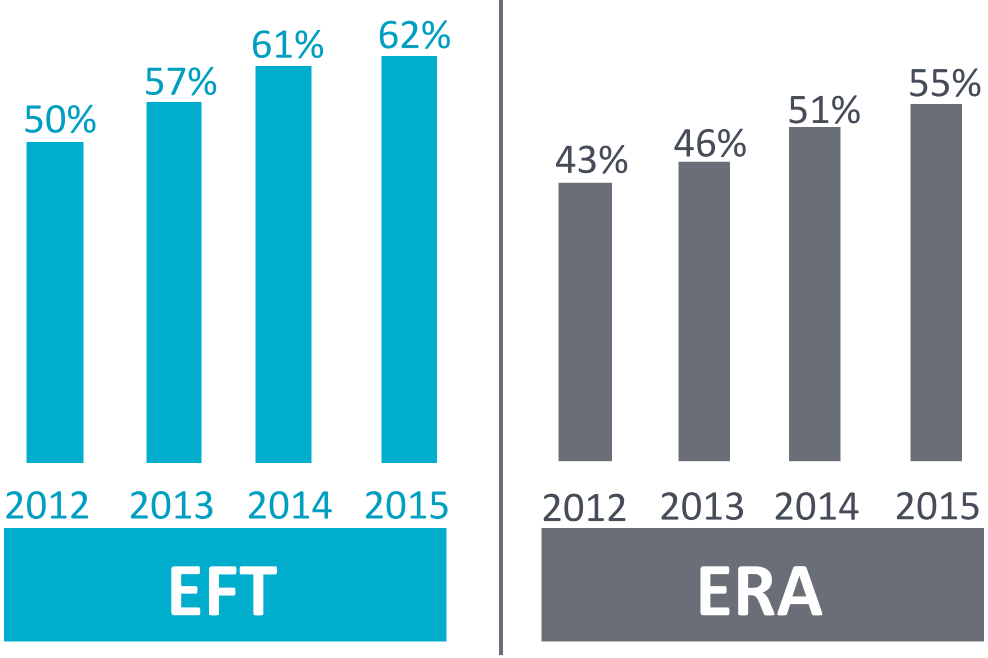
Utilizing EOB Conversion/Payer Lockbox
can save significant dollars in cost to collect and
reduce error prone mistakes.

2016 CAQH Index

Electronic Transactions – Current Landscape

It's getting better over time…

CURRENT PAYER/PROVIDER ADOPTION RATES:



But there are still challenges:

- Main challenge isn't resolved - reconciliation
- Manual reconciliation leads to:
    - increased room for error
    - inaccurate view of AR
- Information needed for matching can be missing, or not provided in a way that is meaningful
- Increased risk of an audit

2016 CAQH Index

Electronic Transactions – Opportunity

When best practice of ERA and EFT transactions exist across provider networks, projected annual savings to the healthcare industry soar to

$8+ BILLION[1]

8 billion dollars would pay for 110 space missions to Mars[2]

8 billion dollars would buy clean water for the entire globe for 10 months[2]

8 billion dollars would feed 20 million people for a month[3]

[1] 2016 CAQH Index
[2] https://en.wikipedia.org/wiki/Demographics_of_the_United_States
[3] Gifted Green "8 Billion dollars would buy clean water for the entire globe for 10 months"

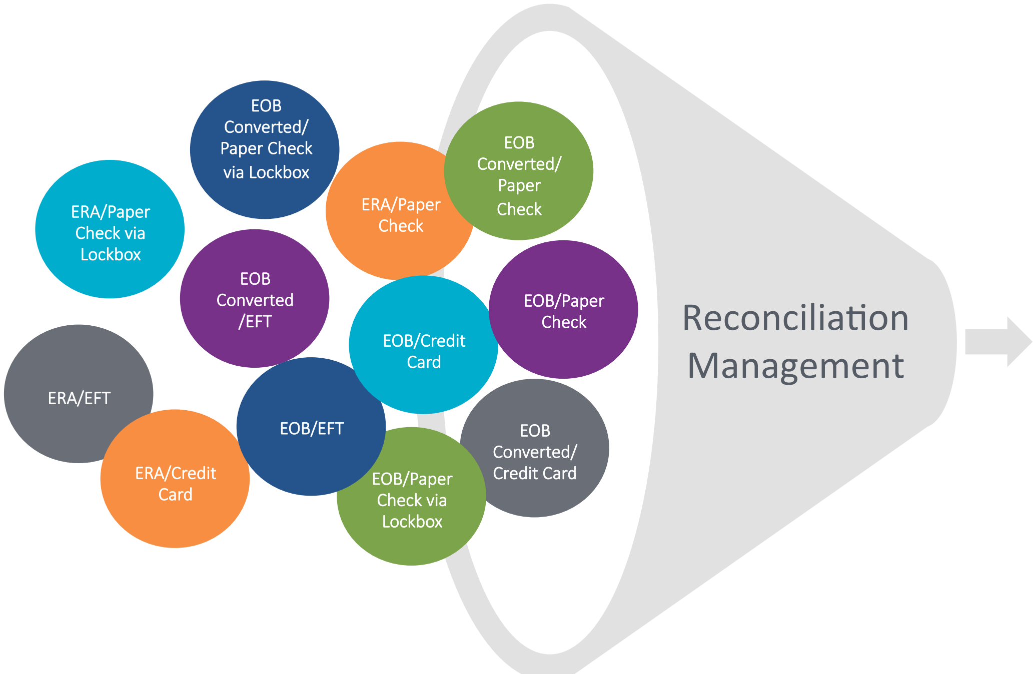
Payer Payment Complexities

Reconciliation: Each Combination Brings a Unique Set of Challenges

- ERA/EFT
- ERA/Paper Check via Lockbox
- EOB Converted/ EFT
- EOB Converted/ Paper Check via Lockbox
- ERA/Paper Check
- EOB Converted/ Paper Check
- EOB/EFT
- EOB/Paper Check via Lockbox
- ERA/Credit Card
- EOB Converted/ Credit Card
- EOB/Credit Card
- EOB/Paper Check

- Due to provider's limited control on the combination received by the payer, all scenarios must be optimized
- Regardless of the combination, all result in a manual process of reconciliation: error prone, time intensive, inaccurate AR, and increase of audit risk

Reconciliation in a Perfect World



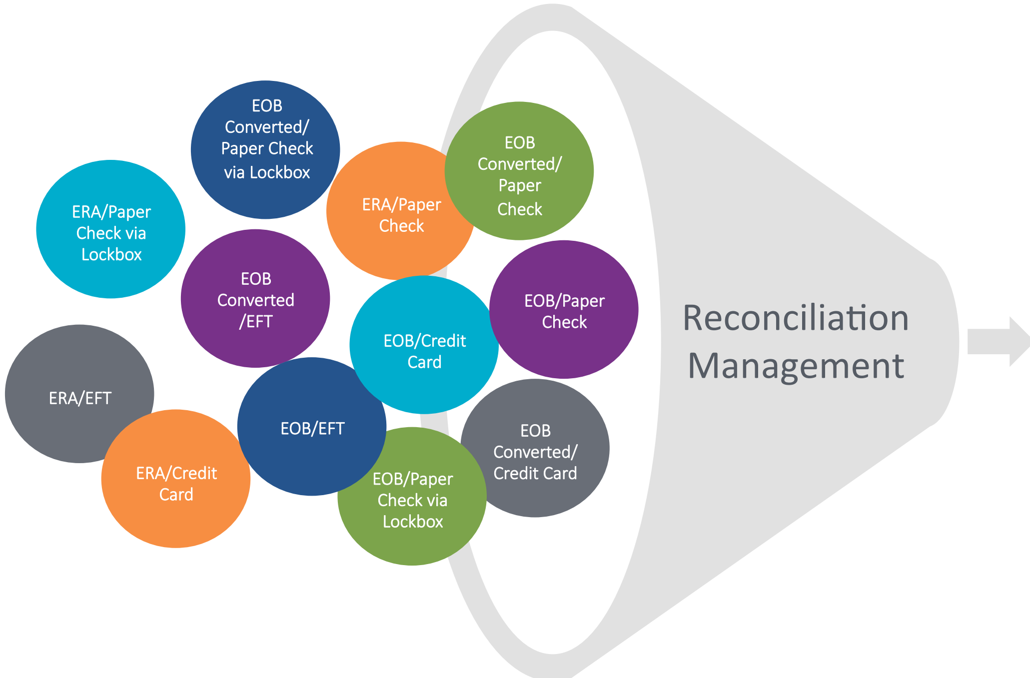
Bank Statement

		Receipt	Money
✓	Blue Cross Blue Shield	\$100	\$100
✓	Anthem	\$50	\$50
✓	Cigna	\$40	\$40
✓	Humana	\$200	\$200
✓	Blue Cross Blue Shield	\$500	\$500
✓	Anthem	\$250	\$250
✓	Cigna	\$400	\$400
✓	Humana	\$600	\$600

We assume that:

- Everything comes in with its match
- Everything balances
- Everything is received electronically when it can be
- Nothing is missing

Reconciliation Reality



Bank Statement

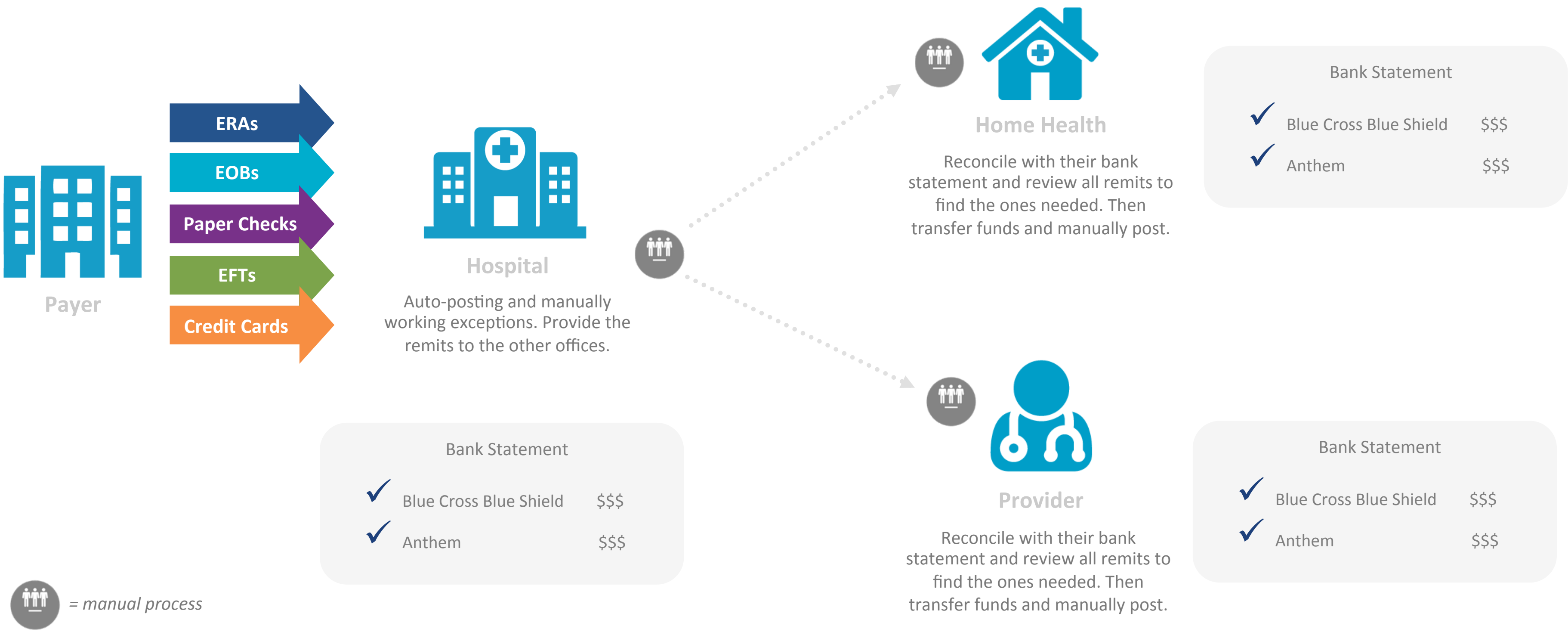
		Receipt	Money
✗	Blue Cross Blue Shield	---	$50
✗	Anthem	$45	$65
✓	Cigna	$100	$100
✗	Humana	---	$500
✗	Blue Cross Blue Shield	---	$700
✗	Anthem	$125	$130
✗	Cigna	$400	---
✓	Humana	$20	$20

But in reality, with 12 different combinations of transactions, reconciliation becomes complex and confusing. As a result, your bank statement doesn't always match up with all the remits and deposits coming in.

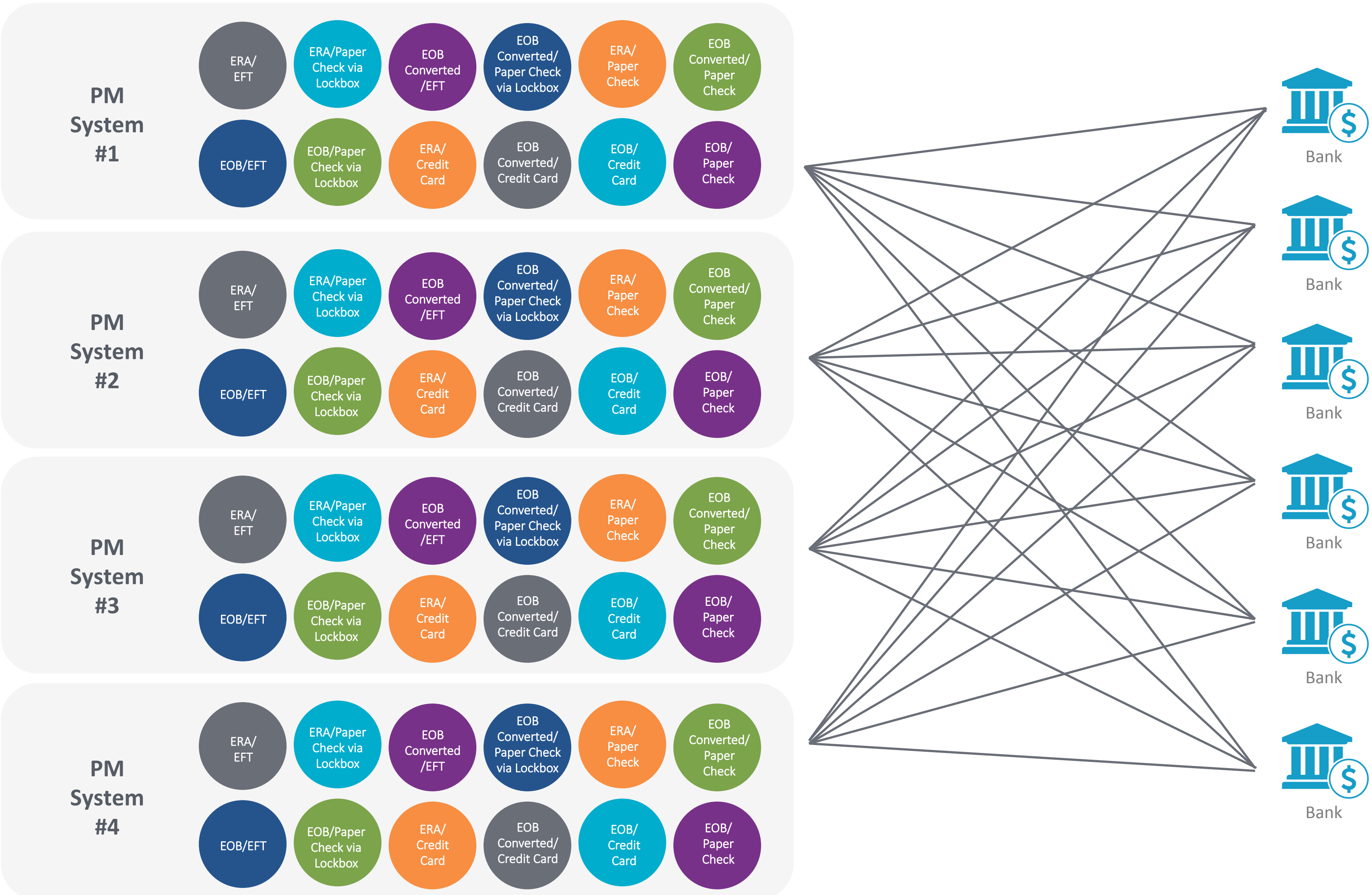
- Missing main component – remit or deposit
- Missing information needed to tie elements together – check number, tracking number, MPI
- Balances don't match – dollar amount on remit doesn't match what was deposited in bank account
- Multiple remits that match to one deposit

Additional Complexity: Remits Needed in Multiple Locations

Remits can only be returned to one location and in some instances, providers need to share information. The management of reconciliation and remit ownership becomes even more difficult.



Making Matters Worse: Dealing with Disparate Environments



Common Problems with Most Reconciliation Processes

1 Negatively Consumes Productivity

- FTEs devoted to reconciliation process
- On average, 2-4 minutes/ remit are spent on matching alone
- Scanning paper checks, correspondence, and EOBs
- Follow-up on missing remits
- Multiple systems need this process managed

2 Increases AR & Bottlenecks Cash Flow

- Inaccurate reconciliation increases AR days
- Reconciling AR causes billing lag for days/even weeks
- Increases secondary billing and time to collect self-pay
- Slows down the Denial and Underpayment process
- Delays patient responsibility from being collected

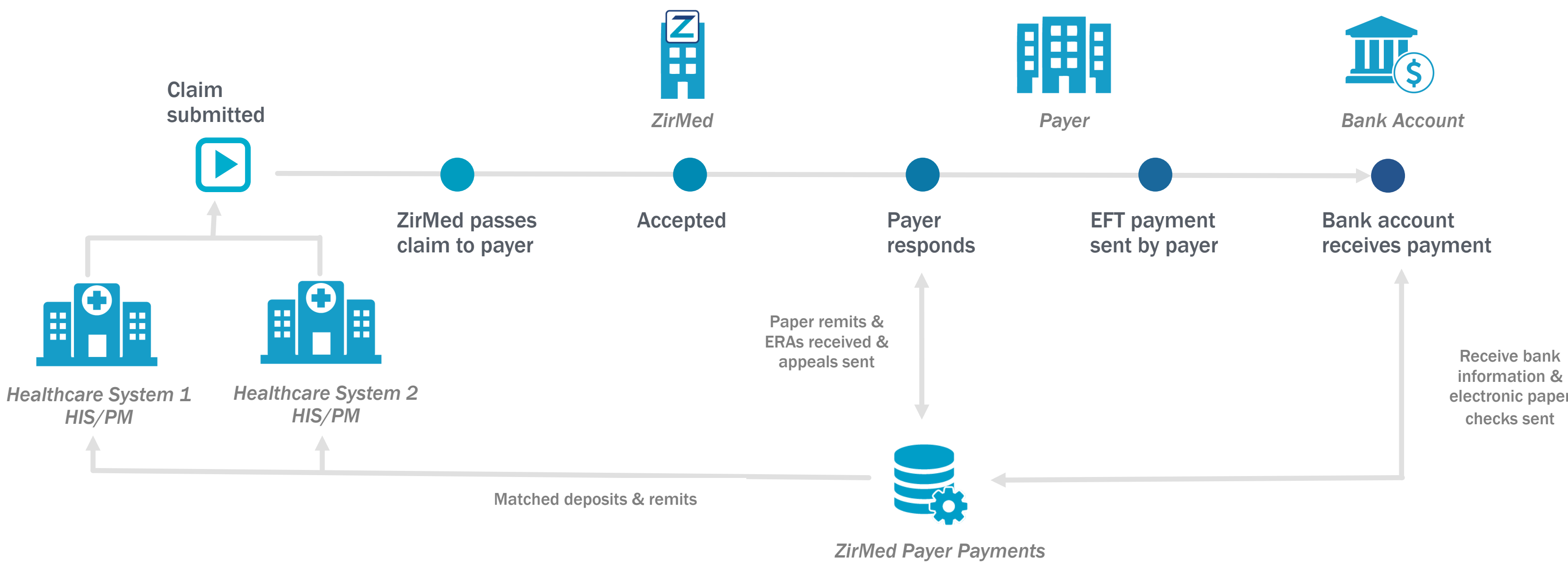
3 Inaccurate View of AR

- Inaccurate posting of receivables before cash is received inaccurately depicts cash flow and violates Sarbanes-Oxley if left at month's end
- Failing to recognize missing remits causes inaccurate receivables and billing issues

There’s a Better Way

New Reality

Automated Workflow with Optimal Results

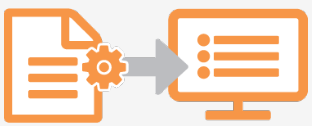


Automate, Prioritize, & Deliver Results:

- ✓ Minimize paper with EOB conversion & Payer Lockbox
- ✓ Paperless Appeal process
- ✓ Eliminate manual reconciliation
- ✓ Distribute remits & provide reconciled downloads for auto-posting

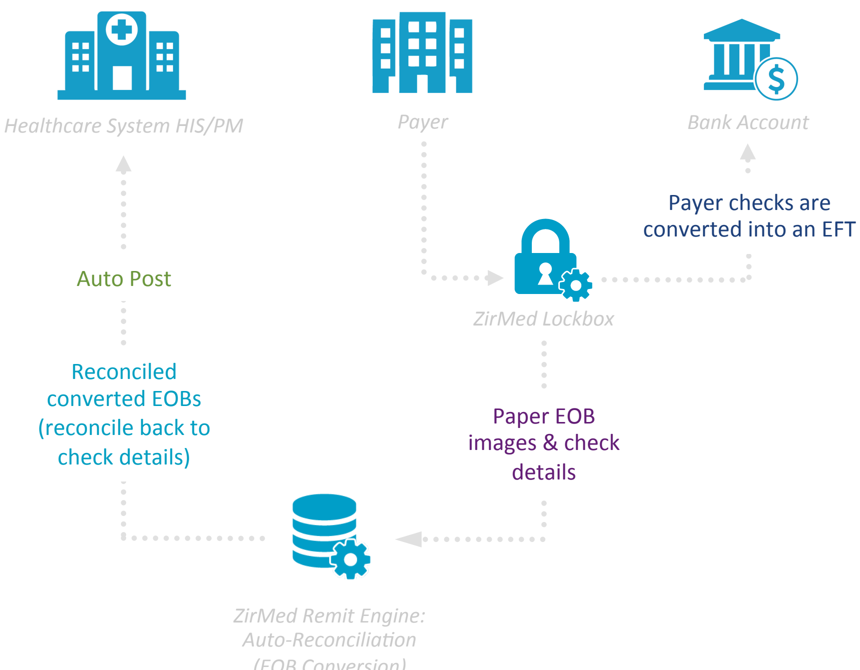
A Better Payer Payments Process

Gain Clear Insight Into Your Cash Flow

Automate to route the right data to the right place	Prioritize exceptions to maximize productivity	Deliver results to optimize & confirm revenue
		
By maximizing automation: • Remits are split appropriately • All paper is converted • Remit/deposit matches are aligned	• Focus on unmatched deposits first • Reduce manual bottlenecks • Decrease complexities in AR accuracy • Increase and streamline cash flow	• Deliver reporting for root cause identification, productivity insight, and actionable follow-up • Provide single repository of payer payment information

Solve for Paper Challenges: Convert to EFT

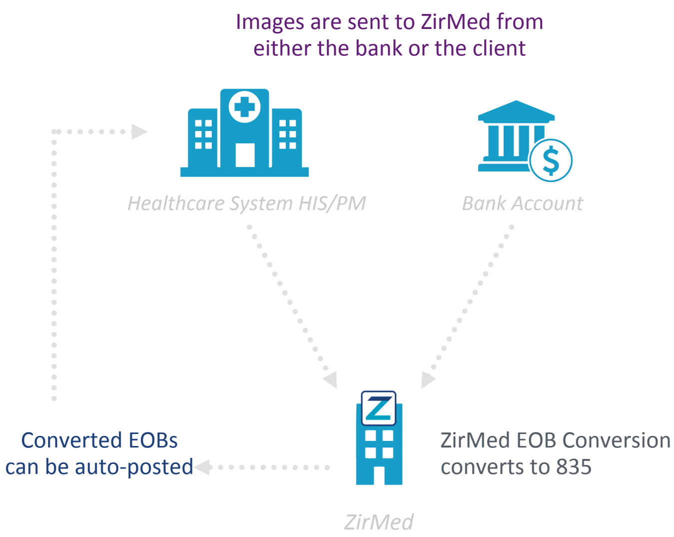
Automatically convert and deposit paper checks into the bank account as an EFT transaction



- Scan and save all paper information
- Reconcile individual checks to their converted payment and create download file
- Assist reconciliation process with easy to use reporting
- Send and store images of originals
- Use individual checks for reconciliation research
- Convert Zero Pay remits from correspondence

Solve for Paper Challenges: EOB Conversion to 835

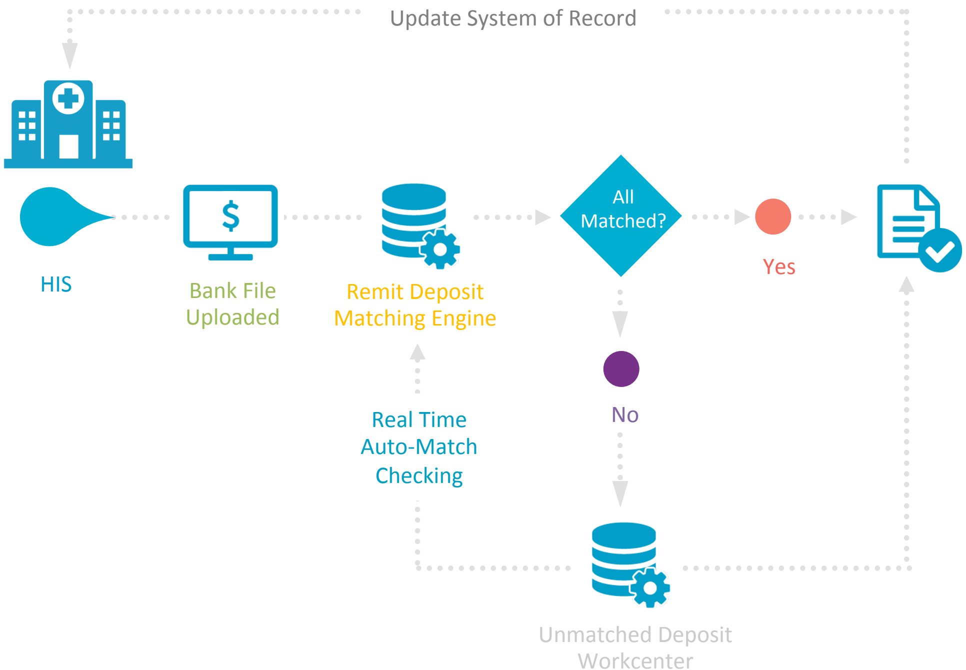
Convert paper EOBs into an 835



- Provide one streamlined workflow for all EOBs in one system by:
  - Converting and standardizing your paper payers
  - Allowing paper files to be processed electronically
  - Reporting on information received via paper
- Convert paper EOBs to an 835 and use for auto-posting
- Match converted files to their claim to fill in any holes on the paper EOB
- Manage all posting and denial workflow
- Enjoy easy paper information search process
- Holistically report on payments being received

Work Smarter, Not Harder: Manage Remits and Deposits

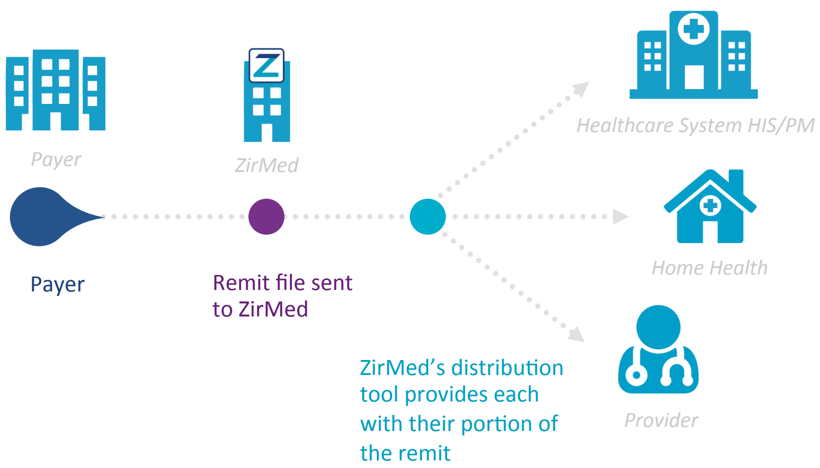
Remit and Deposit Management



- Reduce the complexity of manual matching and provide a clear depiction of cash flow
- Eliminate bank reconciliation
- Provide "pre-reconciled" downloaded files for auto-posting
- Expose missing items up front
- Increase staff productivity allowing more time closing AR days and appealing denied information
- Provide a central location for working missing remits
- Allow reporting on un-matched and matched information

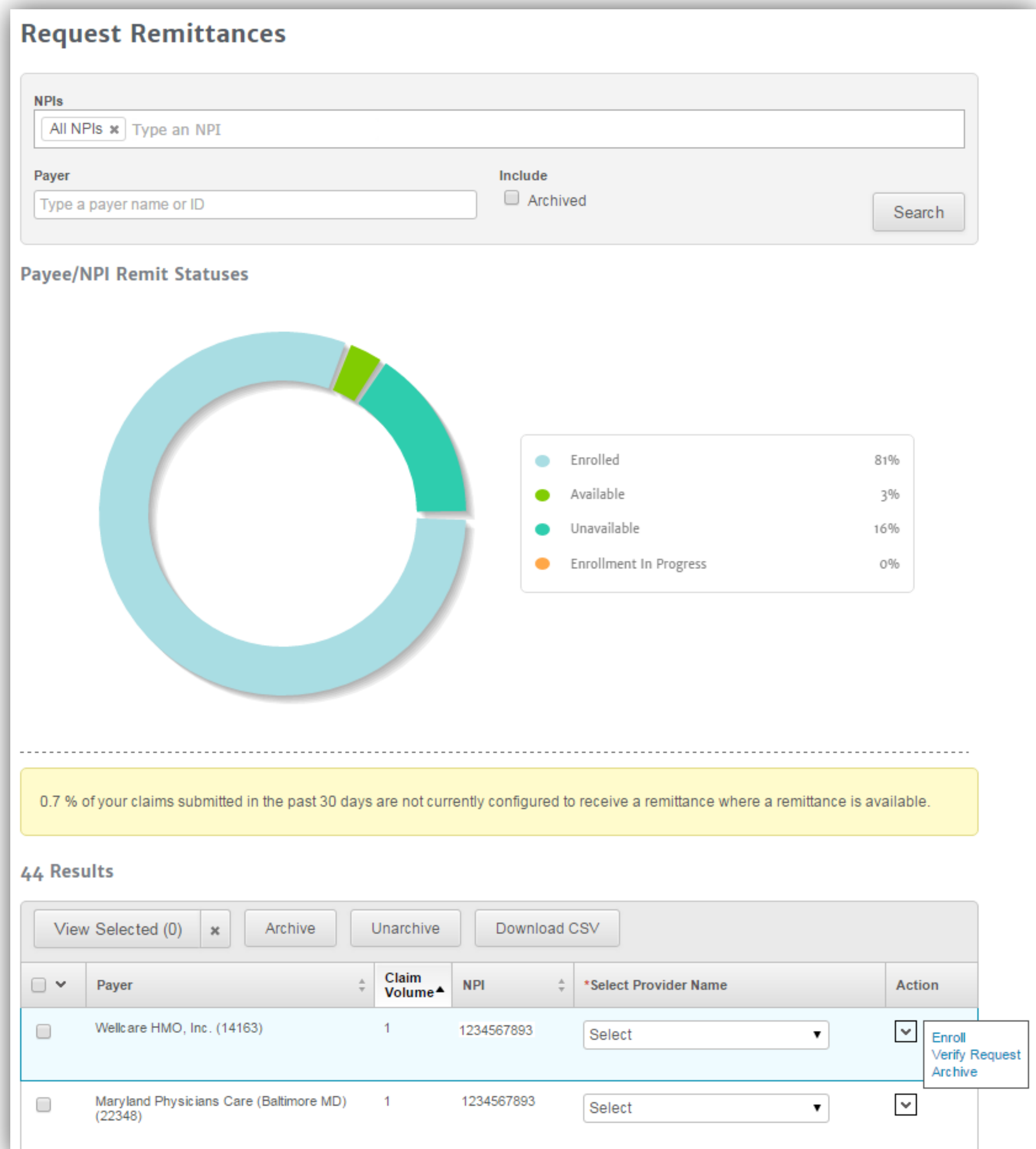
Work Smarter, Not Harder with Automated Remit Distribution

Divide electronic remits



- Automatically separate remits and provide auto-postable files to the right location
- Show a full original amount to be used for reconciliation, as well as split amounts for posting groups
- Eliminate the need to print, scan, or send any EOBs to another office
- Enable all offices to have access to the remits they need
- Allow for auto-posting of the appropriate remits
- Permit auto-posting to be accurate for multiple PM systems
- Reduce the risk of PHI issues

Request Remittance Report



Manage electronic remit enrollment opportunities over time

Key Takeaways

The ZirMed Difference

Accelerate Cash Flow

Advanced Automation

- ✓ Delivers 95%+ match rate of remits & payments
- ✓ Monitors receipt of files proactively
- ✓ Ensures global access to remit information by automatically splitting electronic remits

Single Repository

- ✓ Supplies comprehensive reporting on remits, denials, & deposits
- ✓ Enables interconnected workflow management
- ✓ Provides real-time access to data

Streamlined Cash Flow

- ✓ Automates reconciliation to ensure accurate posting of receivables
- ✓ Distributes remits across shared systems, increasing productivity & accuracy of auto-posting & enhancing financial transparency

Value of ZirMed's Payer Payment Solutions

Reduce AR days
by speeding up workflow

Minimize manual processes
by automating workflow to produce optimal results

Increase staff productivity
by exposing missing remits up front

Reduce Search Efforts & Provide Comprehensive Reporting
by providing claim, remit and banking info in a single repository

Provide accurate view of cash flow
by eliminating the bank reconciliation process

Maximize productivity
by eliminating time consuming processes

Streamline payment posting by eliminating paper and automating reconciliation to provide a clear depiction of cash flow as quickly as possible

Results

97%

Match Rate

5:1 ROI

Highlights:

- 63% time savings in overall reconciliation process
- Time spent researching unmatched deposits reduced by 50%
- Results achieved within 30 days
- 50,000+ payments processed monthly

INNOVATIVE SENIOR CARE by BROOKDALE

> “With this automated way to reconcile our payments, we’re able to quickly uncover missing remits & get a more holistic view of the revenue cycle.
>
> *– Candi Bell, Manager Healthcare AR Support*

Q&A and Resources

Q&A

For more information

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Call (855) 820-7854
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