



## **Re-Defining Physician Credentialing Software – A New Approach**

The upcoming reimbursement shift from “fee for service” to “fee for quality” has generated an increased focus on population health management. In order to ensure a sufficient clinical delivery base, healthcare organizations have begun to consolidate clinical providers at an unprecedented rate. Current credentialing software products are not equipped to handle the complexities of a highly distributed, multi-provider, quality driven reimbursement model. Credentialing software must offer an open and revenue centric solution which empowers healthcare organizations to meet the operational and financial demands that population health management requires.

## Background

Today's healthcare industry is undergoing unprecedented change. As a result of the Affordable Care Act (ACA), CMS and commercial payers are moving from a "fee for service" reimbursement model to a "fee for quality" model. One of the primary ways that healthcare organizations are looking to capitalize on the "fee for quality" reimbursement model is to move toward population health management. Defined roughly as providing the complete continuum of clinical care for a geographic population from pre-admission wellness, to service line clinical delivery, to post-discharge wellness follow up, the goal of population health management is simple: keep people from having to go to the hospital and in the event that they have to go to the hospital, provide the right care across all specialties so that once they are discharged, they do not have to go back to the hospital. In response for successfully accomplishing the above, any cost savings that are attained will be shared between CMS/commercial payers, and the healthcare organizations/providers.

The move to population health management has forced healthcare organizations to ensure that they have the appropriate number of primary care and specialty providers in order to successfully treat their geographically based patient populations. This in turn has had a dramatic effect on the revenue of healthcare organizations and has gained the attention of every healthcare leader in the country. Whereas healthcare leaders were previously concerned primarily with core revenue cycle concepts including scheduling, insurance verification, authorization, charge capture, medical coding, and accounts receivables follow up, healthcare leader' attention is now focused on the direct linkage of provider on-boarding, linking those providers to the appropriate payer(s), and identifying the financial impact of those linkages to their ability to collect on their population health delivery initiatives. From a credentialing and provider enrollment perspective, healthcare leaders are realizing that their current credentialing software capabilities are limited at best and that new alternatives are critical to successfully maximize their shift toward population health management.

## Population Health Management and Provider Credentialing Software

In order to understand the impact of population health management on the credentialing software industry, we should first look at how healthcare organizations are a) hiring more and more providers to meet a critical mass of needing to employ primary and specialty providers, b) moving non-critical, ambulatory services out of the hospital and into off-site locations and c) how healthcare leaders are mandating that all of their healthcare providers provide service across all clinical delivery locations.

In order to ensure that healthcare organizations can meet the demands of population health management, as well as reap the benefits of attained cost savings and improved patient outcomes, healthcare leaders and organizations have been acquiring physicians and allied health providers at an unprecedented rate. According to a January 9<sup>th</sup>, 2012 article in *Fierce Healthcare*, "Hospitals' physician employment jumped 32 percent from 2000 to roughly 212,000 physicians in 2010, according to the 2012 edition of *AHA Hospital Statistics*. That means hospitals employ almost 20 percent of all physicians, notes a *Hospitals & Health News Daily* article."

*Fierce Healthcare* continues, "What's more, the amount of hospitals employing hospitalists rose

from 29.6 percent in 2003 to 59.8 percent in 2010.”<sup>1</sup> The impact of this hiring binge has been a negative impact on healthcare organization’s revenue due, in part, to inadequate credentialing software and services skill sets.

Additionally, due to increasing costs as well as a premium on hospital square footage, increasing numbers of healthcare organizations are moving non-critical, ambulatory services out of the hospital setting and into off-site locations. The concept is simple, take non-critical, low revenue generating services out of the hospital and replace them with critical, high revenue generating services. No longer are hospitals being viewed as an “all in one” clinical service provider. Rather, they are being viewed as service delivery experts for only the most complex clinical services. As a corollary, non-critical, low revenue generating services are being moved off-site and directly into the community. The impact of this shift is a) to ensure that providers are managing the health of their population within the community itself and b) the ambulatory centers will serve as a feeder for any in-patient, hospital based services.

As a result of this shift, healthcare leaders are mandating that their employed providers provide services across all off-site locations. For example, providers that previously provided services at only one or two locations are now providing services at multiple locations (both within their employed healthcare organization as well as with competing healthcare organizations).

With this population based and multi-location delivery shift, healthcare leaders are realizing that they need to credential and enroll their providers across all locations. However, in doing so, they are realizing that the credentialing and enrollment process becomes incredibly more complicated. When coupled with the negative revenue impact that not correctly cross credentialing their providers entails, healthcare leaders are realizing that existing credentialing software tools are not equipped to meet these newly emerged, multi-faceted demands.

### **Credentialing Software – A Brief History**

In order to best understand how the credentialing software industry can meet population health based demands, we should first understand the historical evolution of the credentialing software industry. Prior to the advent of credentialing software, most government and managed care provider enrollment applications were filled out manually (e.g., paper and pen). Providers would complete 20-25 applications with an average length of 30-40 pages. Typically, it would take 2-3 hours to complete one application and all data was paper based. In the late 1990s, software companies developed software that reduced the data entry time needed to complete a credentialing application by allowing a physician to enter demographic data into a client server database and “auto-populate” applications from the same database. As a result, physicians only had to enter data one time, but in doing so, could populate all 25 applications at the same time. Whereas it may have previously taken a physician 40 hours to populate and submit all of his/her application(s), it now only took 4 hours.

While tremendously innovative at the time, most credentialing software tools have not evolved past this point. In particular, credentialing software tools have not adapted to the demands of a population health based management in the following ways:

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<sup>1</sup> <http://www.fiercehealthcare.com/story/hospitals-employing-32-more-physicians/2012-01-09>

- They do not offer a cloud based, multi-location, 24/7 web accessibility
- Because they are client server based, they do not have the programming flexibility to adapt to the changing healthcare environment in a rapid and flexible manner. Enhancements, if any, are rolled out sporadically, and only for those users who are willing to pay an enhanced fee.
- They do not offer easy to understand cross-location operational and financial performance metrics. It is incredibly difficult to understand an organization's performance from an Institution, Facility/Location, Department/Office, Provider, or Payer perspective.
- They do not offer flexible, system generated work list and follow up capabilities
- They do not offer robust analytics that allow the user to conduct data analysis so as to identify operational, financial, or payer bottlenecks
- They do not offer quality assurance mechanisms
- They do not offer productivity standard tracking mechanisms
- They do not incorporate revenue and physician credentialing life cycle metrics into one unified tool
- They do not offer the ability to link gross charges to their in-process applications
- They do not offer Key Performance Indicators (KPIs)
- They do not offer revenue cycle metrics such as: Days In Enrollment (DIE) calculations
- They do not offer payer performance metrics to keep payers accountable
- They do not offer a way to link provider credentialing data with provider clinical outcome data

Based on this assessment, it is evident that the existing credentialing software tools have not adapted to the demands of a population management reimbursement and a new approach to credentialing software must be created.

*Without tools to meet these growing demands, healthcare organizations will experience an increase in credentialing related denials, frustrated providers, and a loss of critical revenue.*

### **Credentialing Software – A New Approach**

In order to meet the demands of a population health management, health leaders must ask their credentialing software vendors for new ways to help them meet their combined cross-location, revenue centric needs. Health leaders would be well positioned if they demanded the following credentialing software functionality:

- **Cloud based, Multi-Location, 24/7 Web Accessibility.** Credentialing and revenue data should be available to anyone who has access to the internet and has a user name and password. All data should be stored “in the cloud” and healthcare managers and providers should be able to access their credentialing data and identify where they are in the enrollment process so as to ensure that they are not losing revenue due to delayed credentialing timeframes.

Another benefit of “being in the cloud” would be a dramatic reduction in upfront capital expenditures. No longer would a healthcare organization need hardware, servers, software, or staff to subsidize their credentialing systems. Rather, all of their software

would be hosted by a HIPAA and HITECH approved vendor and the vendor would bear all hosting and data encryption costs.

- **Institution, Facility/Location, Department/Office, Provider, or Payer Operational and Financial Performance Metrics.** In this instance, healthcare leaders and managers would be able to instantly identify how their entire institution is performing from an operational and financial perspective. Healthcare leaders and managers would be able to move from a 30,000 foot understanding of their institution's performance, to a 1 foot understanding of a particular provider's performance by simply "drilling down" from the highest institutional level down to the provider level. As most successful leaders realize, understanding current performance is the first step in improving and/or maintaining organizational and financial performance.
- **Flexible, System Generated Work List and Follow up Capabilities.** Healthcare leaders and managers must require flexible, system generated work lists that their staff can use to meet the growing on-boarding and cross-credentialing demands of their growing organization. Gone are the days of using post-it notes or calendar reminders to conduct credentialing follow up. Rather, credentialing software should drive each step in the credentialing life cycle. Further, by using a system generated work list methodology, healthcare leaders and managers can gain full control over the work of their staff as well as establish accountability metrics.
- **Robust Analytics to Allow the User to Conduct Data Mining and Analysis.** Healthcare leaders and managers should require robust analytics to easily identify operational, financial, or payer bottlenecks. Healthcare managers should be able to instantly identify which providers are participating, non-participating, or in process as well as be able to identify the financial impact (positive or negative) of their in-process applications. Additionally, analytics should be easy to use and value-add. Analytics should help identify process breakdowns *before* they become financial breakdowns. Not the other way around.
- **Quality Assurance Mechanisms and Tools.** Healthcare leaders and managers should require the ability to track, trend, and monitor the quality of the credentialing work that their staff is conducting. Currently quality monitoring mechanisms do not exist within the credentialing software industry. Quality monitoring and staff feedback/training should be proactive and on going. It should not be something that exists as an "unknown."
- **Productivity Standard Tracking Mechanisms and Tools.** Healthcare leaders and managers should also require the ability to establish and track productivity metrics and statistics. What actions is your staff taking on an hourly, daily, or weekly basis? Are these actions geared toward obtaining a PIN faster or are they miss-guided efforts? Is your staff wasting critical time during the day or maximizing their time for the good of your organization? The ability to establish and track individual staff productivity metrics should make the staff more efficient and ensure that you are not losing revenue due to inappropriate staff activities.

- **Combined Revenue Cycle and Credentialing Concepts.** Key to meeting the demands of population health management initiatives is to understand the financial impact of your credentialing efforts. Current credentialing software tools do not spend any time connecting revenue cycle and credentialing metrics. However, this puts the healthcare leader at a significant disadvantage because a) he/she does not have the correct revenue cycle and/or credentialing metrics to track in the first place and b) he/she does not know what revenue they are losing because their providers are not correctly cross credentialed, or credentialed at all. Examples include:
  - Linking gross charges to “in-process” applications
  - Establishing payer performance metrics such as Days In Enrollment (DIE) for delegated and non-delegated payers
  - Stratifying credentialing follow-up efforts based on providers with the highest associated gross charges first, and then working on the providers with lower associated gross charges second.
  - Following up on credentialing tasks based on a system generated tickle timeframe as opposed to post-it notes and calendar reminders
  
- **Provider Performance Metrics.** In order to facilitate provider participation, software tools should exist which track provider performance and adherence. How long did it take a provider to sign a credentialing application(s), what was the turn around time of the signature process and what are the gross charges, by payer that were affected by the provider’s quick or delayed turn around? Healthcare leaders and managers can effect more timely provider response times if they have the data show the provider whether they are or are not adhering in a timely manner.
  
- **Payer Performance Metrics.** As with facilitating provider participation, software tools should exist which track payer performance. Healthcare leaders need the data to hold payers accountable for their credentialing processing delays. Particularly the managed care contracting departments housed in both hospitals and academic medical centers. The ability to maximize billable charges rests solely in the skills of the managed care contracting department and they need as much data driven assistance as possible when negotiating managed care contracts for your organization. By collecting payer performance data, and publishing that data in a cloud based environment for all healthcare leaders to view, healthcare organizations should be able to incent and/or negotiate improved payer performance rates and turn around times.
  
- **Provider Score Card Linking Clinical Outcomes With Provider Credentials.** As payers continue to link reimbursement with quality outcomes, credentialing software should be able to connect a provider’s primary source documentation verifications (e.g., background checks, criminal history, sanctions monitoring, quality outcomes report cards, etc.) with their patient outcomes. There is a growing trend to link both primary source documentation verification and continuing education credits with quality outcomes so as to get a more complete reimbursement picture. Forward thinking credentialing software vendors will create the ability to link all three components together as well as provide a value add score card which payers and healthcare leaders can evaluate provider performance.



### **Results – “So What?”**

The “So What?” is simple - After an assessment of the growing demands of population health management, it is clear that as the industry continues to evolve, forward thinking healthcare leaders should demand more from their credentialing software vendors. Healthcare leaders should conduct a needs assessment of their current credentialing software tools and speak with their credentialing departments to see what additional tools they believe that they need to meet the increasing demands of population health management. Healthcare leaders that do not take the time to do so will run the risk of increased credentialing denials, frustrated providers, and ultimately lost revenue. Those leaders that do take the time will be well positioned to exceed the demands of population health management.

### **About the Author**

Scott T. Friesen is the CEO of Newport Credentialing Solutions and has over 12 years of healthcare experience in the hospital and faculty practice setting.

### **About Newport Credentialing Solutions**

Newport Credentialing Solutions is the nation’s premier provider of cloud based software and comprehensive services dedicated to the physician credentialing life cycle. Newport’s industry defining, patent pending software and services enables clients to meet the operational and financial demands of a re-defined Credentialing Life Cycle.

For more information on Newport’s software and service solutions, please contact 516.593.1380 or [info@newportcredentialing.com](mailto:info@newportcredentialing.com).