MEDICAL BANKING BEYOND LOCKBOX

Overview and Outlook

Many banks are already familiar with healthcare providers through lockbox, cash management, lending, and other related services. Healthcare centric Revenue Cycle suite of solutions can be offered to current and prospective healthcare providers such as medical practices; hospitals, medical billing companies to not only create additional revenue stream relationships, and that help maximize deposits.

Problem for Healthcare: Still Paper EOBs

Significant healthcare administrative costs and fees result from fragmented manual processes for posting and reconciling payments. The manual processes behind a paper-based system, such as having employee's key information off of paper documents, are very inefficient and error-prone. Also, paper presents storage and retrieval challenges, forcing providers to research paper archives in order to manage their secondary claims. In addition, without a central repository of data, providers cannot properly analyze and research their payments, so they are not very effective at being able to handle their denial management.

Each payer has its own EOB formats and proprietary claim-adjudication reason codes, which makes it difficult to post and reconcile payments. The sheer size of bulk paper remits presents its own challenges.

Moving to a Digital Payment and Remittance Environment

Enhancing operations by enabling a transition from paper-based processes to a digital payment and remittance processing has the potential to save providers as much as $35 billion and eliminate 2.5 billion pieces of paper annually by some estimates. By going digital, the challenge of handling the sheer size of paper payments and remits diminishes, along with the high error rate and high labor rates. Posting in a paper world is an all-day job for one person in comparison to posting digital forms that takes maybe an hour of someone's time. Allowances on paper EOBs are not always

accurate, nor is the amount of the patient's responsibility. A digital environment provides the capability to more efficiently address these inaccuracies as well as track trends, which can help to identify overall billing problems that can then be corrected.

So, the situation creates a need to:
- Reduce costs associated with balancing, reconciling, and posting EOBs/ERAs
- Improve timeliness of posting receivables
- Improve information availability and reporting

Shift in Focus to Transaction Automation

The adoption rate towards digital automation must improve as the industry responds to costs inherent in manual processing. Having access to EOB information in a digital and electronic format offers a faster, more accurate method for processing the payment data that is integral to improving the provider's revenue cycle. Medical Lockboxes play a vital role in the paper-to-electronic shift as they focus their attention on facilitating electronic transactions and cost reductions. Over the next several years, payers are expected to increasingly send e-remittances and e-payments. Providers must have systems in place to ensure they have the ability to automatically process and balance ERAs and patient payments for direct posting to their management systems.

The solution….. As a fee-based branded service for your bank, Paperless Productivity will consolidate and aggregate the data from your lockbox (check & EOB image), the Payer's clearinghouse (ERA & ACH) and the Provider's billing system (837 file of claims submitted). Enabling you to provide within healthcare a blended solution that automatically balances, reconciles and more importantly re-associate's

all of the healthcare claims against all of the financial transactions.

There are many vendors that offer tools to address critical touch points in managing healthcare payments and remittances. However, what is critical is the ability to weave together the processes, and most importantly, offer these tools through a single portal. What providers need is too able to connect the dots through an end-to-end solution capable of linking and managing every player and process in the medical claims and receivables processing transaction environment. This offers healthcare providers a clear and efficient pathway for integrated communications between payers, providers and other parties – regardless of their current data types, document formats and system capabilities.

Working directly with Paperless Productivity will provide your bank with a true medical lockbox, all elements of a healthcare transaction can be delivered in a single digital stream. Electronic remittances (835 files) are retrieved from providers and clearinghouses; and as required, transform paper EOB's to electronic 835 formats to enable truly paperless or "straight-through" processing. Key functions include a Single View presentment of all EOB data, Denial and Exception processing, Secondary Billing, reconciliation of payments and remittances, and balancing and re-association of all of the financial transactions with the original healthcare claims.

Benefits of this integrated approach:

- Conversion of EOB documents and images to HIPAA compliant 835 ERA transactions
- A web-based document search and electronic archive tools allow you to search on any data field and immediately retrieve every matching transaction and associated image

- Technology for converting data to one single presentment format allowing providers to post payments electronically regardless of IT platform
- Interfaces to Revenue Cycle Management, Billing Services or directly with Provider organizations to complete the transaction loop and tie critical data elements together for reconciliation and balancing of claim payment.
- Guaranteed turn-around-times and data quality SLA's.

- One single data hub (portal) for accessing and viewing status of transactions in process.
- An a la carte menu of services – Only use what is necessary

To learn more about Paperless Productivity's medical lockbox services and solutions, call Shamel Naguib, Director of Business Development for Paperless Productivity at (206) 428-6184, or email him at shamel@paperlessproductivity.com