




WHITE PAPER:

Revenue Cycle in a Post-ACA World

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The healthcare-insurance marketplaces that opened this month got off to a very rocky start in many states, with technical difficulties preventing many people from enrolling immediately.

But the marketplaces *did* open. And people in every state are expected to start getting their health insurance cards, many for the first time, within weeks. The government has been implementing parts of the Affordable Care Act (ACA), including crucial changes to Medicare, for several years already. Last-ditch efforts to defund or delay the insurance marketplaces have failed.

It's time to understand the implications of the ACA on your practice's revenue cycle.

Consider that:

- 1. The ACA means a lot more patients will have insurance.** The law requires almost everyone to have health insurance or pay a fine. It broadens access to health coverage in three primary ways: by establishing the online markets where people can shop for individual insurance; by requiring employers with more than 50 full-time workers to provide insurance (although this requirement has been delayed a year); and by liberalizing Medicaid eligibility. As newly enrolled people start receiving their insurance cards, they'll start seeking appointments. Many have been postponing needed screenings and services for months, even years, so you can expect these patients to arrive with multiple conditions.
- 2. Most of your new patients will have "lower-quality" insurance plans.** About half of the states are cooperating with the ACA's Medicaid eligibility expansion. If yours is one of them, and you accept Medicaid, expect a big influx of these patients. Meanwhile, most of those who sign up as individuals via the new online markets are expected to enroll in the "bronze" plans, which carry lower premiums but high deductibles and copays that your office will be expected to collect. Copays in the lower-tier plans in some states are as high as \$50 for office visits. Patients are typically harder to collect from than insurance companies.
- 3. Medicare is changing, too.** The ACA cut \$700 billion out of Medicare reimbursement over a decade. The government expects to get there partly by reforming the way physicians are paid. Already underway are various pilot programs that are designed to shift Medicare away



from its traditional fee-for-service payment methodology and toward a system of paying for case management. "All of these programs require comprehensive reporting, including the collection of significant data about clinical outcomes, detailed billing and reimbursement records, and compliance information," according to John Evenson, a vice president of FirstSource Solutions, which provides collections services to the healthcare and other industries.

4. **The ACA is mandating a tighter focus on Medicare overpayments and fraud.** Your practice's RCM system will need to keep careful compliance records, because so-called "[recovery audit contractors](#)" – private firms authorized to audit your books – are already out in force. These companies are paid a portion of whatever "inappropriate" payments they recover from practices like yours.
5. **There is some good news: The ACA will do more to force insurers to pay up.** The law imposes requirements on them to provide "qualified" health plans that clarifies and broadens the number of "[essential health benefits](#)" they have to cover. They'll also be required to spend at least 80 percent of the premiums they collect on actual health services.

The Affordable Care Act will affect virtually every aspect of your practice's revenue cycle. You'll need your RCM system to be able to run more sophisticated reports to comply with evolving reimbursement methodologies and stiffer fraud enforcement. And you'll have a big influx of new patients, many carrying insurance with high copays and deductibles. If you haven't yet gathered with your revenue cycle management vendor to discuss the implications of health reform on your cash flow, now is the time to have those conversations.

Bob Keaveney *is a journalist who has been covering the business of health care and practice management issues for more than 10 years.*