

The Connected Laboratory: Leveraging LIS & RCM to Grow Your Business



Analysis:

The majority of laboratories rely on stand-alone information systems for both operations and testing (LIS), and revenue cycle management (RCM). High denial rates and sizable write-offs have long been part of this siloed implementation. Now, downward market trends and shrinking margins are forcing pathology, clinical, and reference labs to consider changing the way they approach LIS & RCM functionality or face an onerous future.

What You Will Learn:

In this White Paper, we will examine how most laboratories handle the revenue cycle, along with the pitfalls associated with this conventional approach. We'll also offer an alternative viewpoint plus a new collection model that bridges LIS & RCM workflows and protects labs from external threats.



A New Perspective:

Laboratories traditionally begin the billing process after the report has been finalized. This was the accepted way of doing business in the past when budgets and margins were bigger, laboratories were more profitable, and an alternative approach to stand-alone RCM systems wasn't needed.

But those days are fleeting and lab leaders, squeezed by market pressures like reimbursement cuts, unique payer requirements, fast-changing rules, increased regulations, and growing patient responsibility for healthcare costs, are open to change and motivated to find a better way.

In this report, we will highlight the advantages that come with starting RCM at order entry, in real-time. We will also discuss how leveraging automation and an end-to-end LIS & RCM operating platform allows laboratories to gain maximum efficiency, real-time patient and insurance data verification, clean claim validation, and laboratory insights - all while increasing net collections and improving patient, client, and payer satisfaction.

There is a much-needed paradigm shift taking place within the industry as old and disconnected processes are being replaced with a new way of thinking and new powerful tools that will allow laboratories to meet their present and future challenges, become more profitable, gain an edge over the competition, and steadily grow their operations.

A Comprehensive, Connected Solution:

Across the United States, an estimated 35% of all claim denials and rejections are caused by inaccurate or missing data. Stand-alone RCM systems that are interfaced with LIS platforms but not fully integrated noticeably contribute to this high rate. Lack of transparency and synchronization leads to inconsistencies, increased denials, and a loss of revenue. Labs that operate this way have traditionally had two choices. Either add more resources to rework the claims before resubmitting them or write-off the claims as bad debt.

35%



There is a better solution and laboratories nationwide are taking notice.

Old and outdated systems are being replaced with highly-flexible and comprehensive LIS & RCM platforms that leverage integration and automation to optimize net collections, minimize the need for manual labor, and position laboratories to scale.

Short-Term Improvements To RCM Workflow:

We hope that this White Paper will serve as an educational tool that lab leaders can reference as they evaluate their operational limitations. We suspect that in most cases, laboratory RCM workflow will be at or near the top of these priority lists, as data mismanagement continues to be a major roadblock to growth. In the meantime, we've identified actionable steps that laboratories can take in the short-term to improve their first-pass resolution rate. This will allow them to stabilize and buy time before implementing a long-term solution.



**Download Our RCM
Process Improvement
Checklist**

Northwest Pathology Laboratory – Case Study:

Tina Quevedo is the Billing Manager for Northwest Pathology Laboratory, with operations based out of Bellingham, Washington. NWP employs 10 pathologists with a primary focus on anatomic pathology and has served northwest Washington for over 25 years.

NWP has partnered with LigoLab for its laboratory information system solution since March of 2015 and, as of January of 2019, it became fully integrated by switching from its legacy RCM vendor to LigoLab's all-in-one LIS & RCM platform.

NW PATHOLOGY

Within four months of enabling the LigoLab RCM module, NWP started to witness measurable gains in efficiency, accuracy, and net collections. Quevedo and her team were now armed with effective new tools and full transparency. That gave NWP accurate demographic and billing information in real-time on the front-end of the billing cycle, something that the business had lacked previously.

Before full integration, LigoLab LIS interfaced with NWP's stand-alone billing solution provided by a well-known RCM vendor, but according to Quevedo, the arrangement wasn't very user-friendly, particularly for TC/PC splits. The previous system lacked much-needed functionality and transparency. All coding was done in LigoLab's LIS, but the billing rules resided within NWP's legacy RCM. Often rules that were set-up in the background of that old system prevented her staff from physically being able to submit a claim, even with accurate data. The legacy RCM software lacked real-time claim scrubbing tools and NWP's billing department was unable to validate information coming into the system. The legacy system also produced double balances and false refunds, creating accounting headaches and the need for human intervention.

Quevedo said the issues with the old system were many, and it was necessary for staff to manually go through every single payment application on the backend to check for accuracy. It was very slow and inefficient. She described the old system as having no flexibility, and she was also unsatisfied with the help and assistance provided by the vendor when problems did occur.



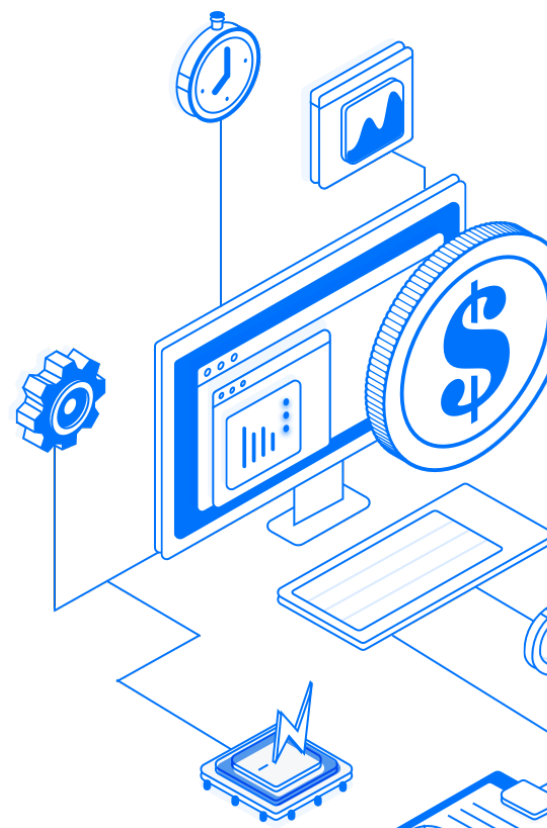
Tina Quevedo
Billing Manager,
Northwest
Pathology

The validation of patient information is no longer a problem that takes up valuable time and resources. We went from a slow and inefficient system with no flexibility to an end-to-end platform that produces clean claims, minimizes denials, and significantly increases our net collections.

Quevedo said her staff now focuses on appeals management and payment collection rather than wasting time trying to track down missing and inaccurate patient demographics.

As a lab order originates, NWP is now able to do an immediate and automatic demographic look-up, address validation, prior authorization, live eligibility check, and insurance discovery. All lab processes are united on one shared platform. There is no need for synchronization of clients, tests, and payers because the same information is shared instantly by the LIS and the RCM, and the solution automatically checks for duplicate demographics and history. Additionally, new provider information can be added quickly and accurately because the operating platform has a real-time interface with the Centers for Medicare and Medicaid Services and the NPI Registry.

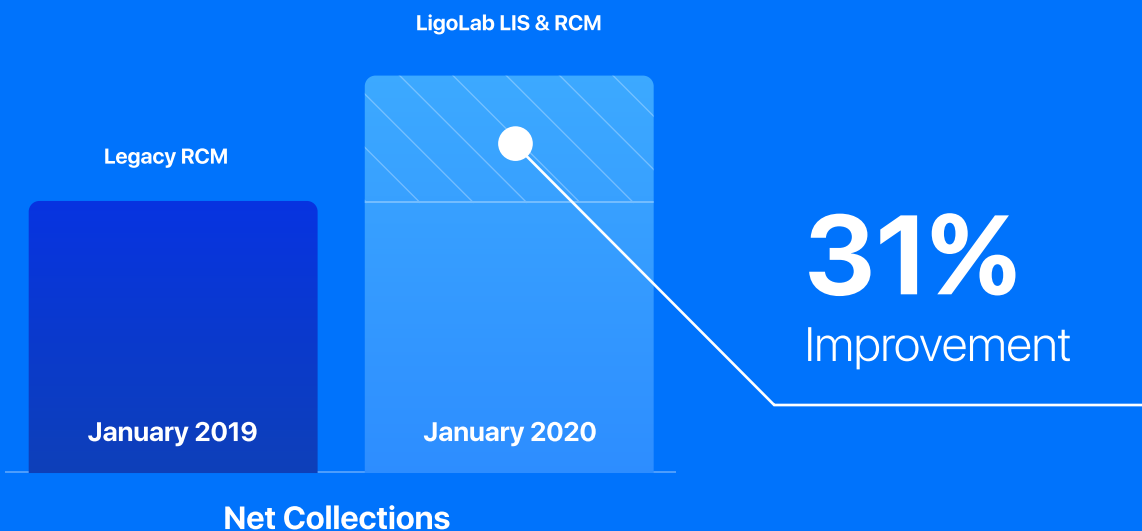
The LIS & RCM solution features an “Encounter” data structure that advances transparency by consolidating all relevant data and providing a real-time composition of patient demographics and order and claim data, all visible within a comprehensive screen. All scanned documents, including requisitions, reports, and test results, are also available for review as the Encounter optimizes workflows and seamlessly streamlines the transition from testing and reporting to statement and payment processing.



NWP PATHOLOGY

A Closer Look

NWP enjoyed unprecedented revenue growth with net collections going up a staggering 31% from January 2019 to January 2020. Even more impressive, the explosive growth came without any added operating costs.



Powered by automation, the flexibility to schedule and distribute statements, fully customizable statement templates, and better patient engagement, NWP's patient net collections jumped **30%**. The lab, equipped with efficient tools created by the shared LIS & RCM platform, on average was able to send patient bills three weeks faster than before, and that early outreach accelerated laboratory cash flow. The platform also provided a more patient-centered payment experience, making it easier for patients to pay their bills via an online portal that automates posting. Patients received regular notifications through email and SMS and **36%** of them took advantage of the online portal option to pay their bills.

NWP's client net collections grew by **45%** thanks to the automation, integration, customization, and convenient payment management built into the platform. That also led to a big reduction in the need for manual labor and resulted in fewer clerical errors. Another driver was the client notification functionality, an automated process that gave NWP clients the ability to review charges daily instead of having to go through a lengthy document at the end of the month. Clients were able to call in advance of their monthly invoice to report errors, dispute a charge, or ask a question. This led to fewer concerns post-receipt, resulting in faster payments.

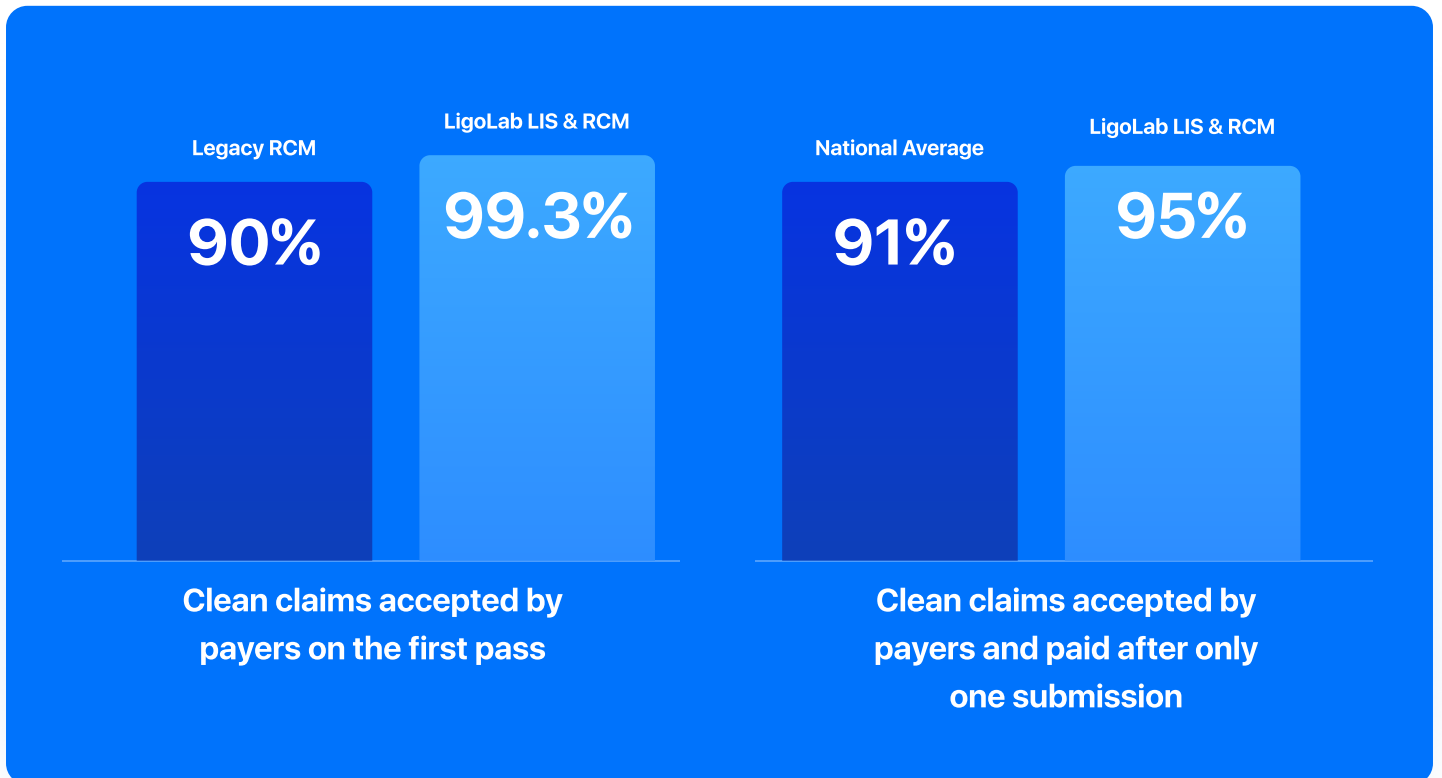
Net collections from payers increased by **27%** as NWP's real-time access to patient demographics, insurance discovery, and eligibility led to optimized clean claims and a first-pass resolution rate much higher than the year before, and well above the national average. Automated CPT and ICD-10 coding, and real-time rejection and denial queues were other key elements that contributed to the significant growth in this category.

NWP Net Collections Comparison:

Legacy RCM vs. LigoLab LIS & RCM



In addition to impressive growth in net collections across the board, NWP also benefited from key performance indicators that can be directly traced back to full integration and improved efficiency.



NWP's percentage of annual net collections per employee went up **31%** because the lab's full-time equivalents didn't change year-over-year and total net collections went way up, reflecting growth without any additional operating costs.

Lastly, thanks to the improvements provided by the end-to-end platform, NWP was able to dramatically increase its output. The lab submitted **22%** more claims (adjusted for growth) than the previous year.



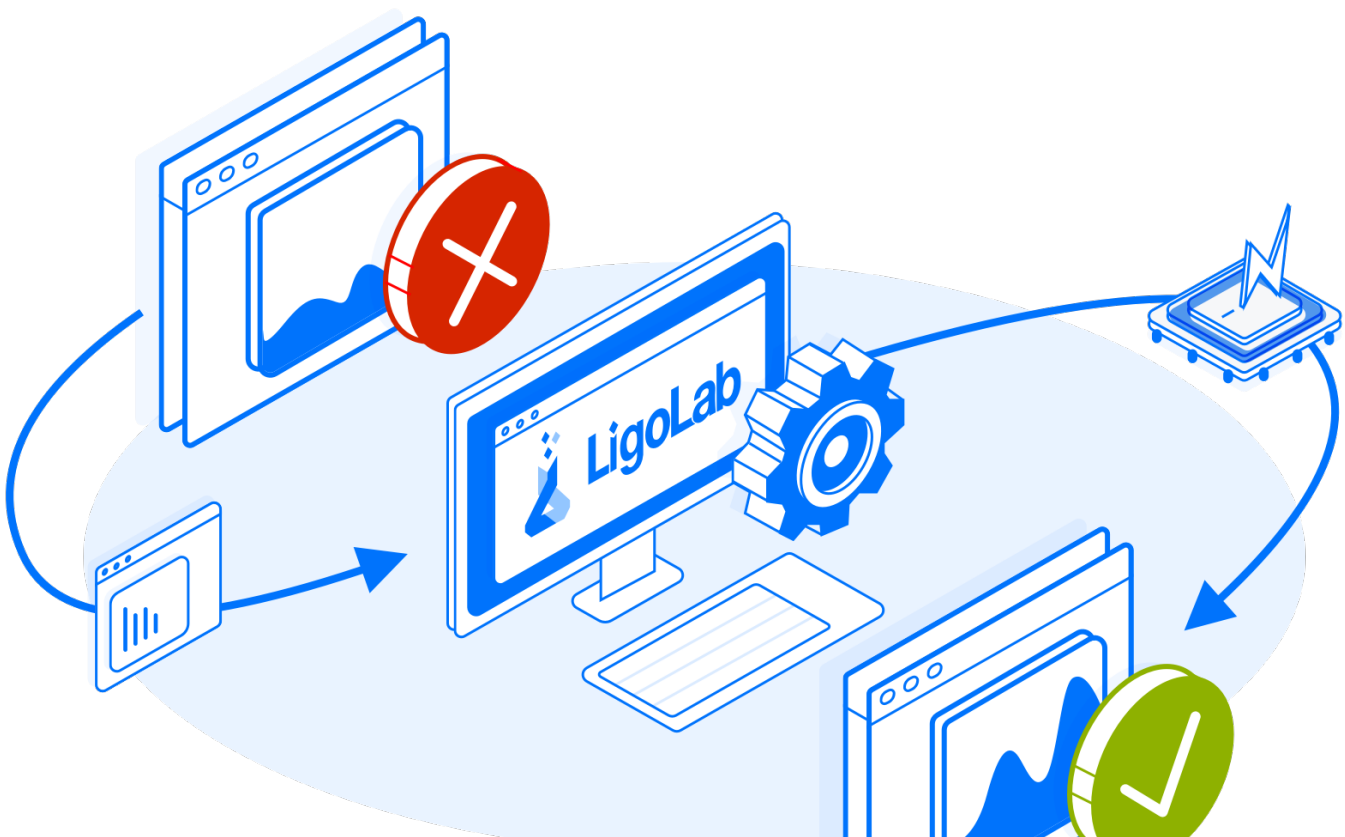
Conclusion:

The reality is that several industry challenges and pressures exist and the time to act is now for pathology, clinical, and reference labs. By acting now, they can unlock their true potential and not only survive but grow and thrive despite the present threats with a robust and future-ready all-in-one LIS & RCM solution.

The platform they choose should be integrated, easily accessible with open architecture, comprehensive, transparent, and secure, providing vital real-time data at the beginning of the billing process through deep third-party integration and automation. The solution should also propel the lab to a near-perfect clean claims percentage on the first-pass, while also scoring much higher than the national average of 91 percent for first-pass payments, and dramatically decreasing the need for expensive and time-consuming manual processing of claims.

The right solution will include automatic coding and billing, and secure payment processing via an online portal. It will have the capability to handle vast amounts of data and turn that data into currency as the platform teaches itself in real-time and gradually becomes more efficient.

A modern integrated LIS & RCM will put the lab in a position to scale due to a spike in net collections that will come as a result of this optimized platform, a platform that has been engineered to meet the complex and specific needs of all laboratories, no matter their size.



RCM Wish List:

With a future-ready LIS & RCM laboratory operating platform, labs can enhance their operations in the following ways:

- Gain full control and transparency of operations and finances.
- Capture valuable and accurate information needed for billing on the front-end such as address validation, demographic check, insurance discovery, eligibility verification, prior authorization acquisition, and dynamic procedure send-out logistics, all while utilizing real-time integration and automation.
- Benefit from full bidirectional synchronization with third-party services such as mailing companies, multiple clearinghouses, NPI registry, and payment processors.
- Utilize automation, operational and financial insights, and highly detailed data mining and tracking to streamline operational and billing workflows, and curtail clerical errors.
- Benefit from automated CPT coding at different stages in compliance with every known regulation including PTP, MUE, NCCI, and custom payer requirements.
- Use automated policies and statistical analysis for diagnosis (ICD-10) assignments.
- Expedite the collection of claims and appeals while minimizing labor costs by auto-assignment of the rendering provider, the rendering facility, the billing facility, and auto TC/PC splitting.
- Address financial regulations during a patient visit, by generating an Advance Beneficiary Notice (ABN) and collecting prepayment.
- Apply QA and QC throughout the entire billing cycle with a fully inclusive audit trail.
- Apply machine learning to relevant data and drive continuous process improvement.
- Employ high-visibility components such as real-time workflow queues for each lab role.
- Create detailed statistical reports to monitor trends, key performance indicators, and benchmarks within the operation, all from the convenience of an inclusive dashboard platform.

More To Consider:

Once a lab recognizes the need to change to remain viable and profitable, the next step is for that lab to look internally to establish goals and objectives.

LigoLab gives forward-thinking laboratories the tools to successfully negotiate these challenging times while also separating itself from other laboratory solutions in the following ways:

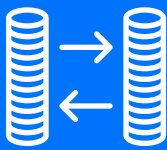
- The LigoLab LIS & RCM operating platform is flexible and can be easily configured to meet the unique needs of any lab.
- LigoLab clients can easily add embedded elements of the comprehensive laboratory operating platform (LIS & RCM) to their operations at any time without the need for additional servers, hardware, middleware, or interfaces. The full suite is available to them on day one, positioning them to scale quickly by adding new modules and new tests as their business grows.
- LigoLab works closely with its partner labs every step of the way during the implementation process. From domain analysis to validation, to go-live and beyond, the LigoLab implementation and support team guides users throughout configuration while at the same time mitigating risk. In 15-plus years of doing business, LigoLab partner labs have never experienced a rollback after go-live, and not a single customer has chosen another system after implementing the LigoLab operating platform.
- The software solution is ever-evolving and feature-rich. Not a day goes by without LigoLab's talented team developing and deploying a new feature to better serve its partner labs.
- Unlike traditional vendors, LigoLab doesn't require capital-intensive or prohibitive upfront licensing fees – instead, it invests in long-term relationships with its customers through an aligned transactional pricing model. Through shared-risk, LigoLab and its partner labs grow together.
- LigoLab is headquartered in Los Angeles and the company specializes in the development and licensing of software for pathology, clinical, and reference laboratories. By partnering with LigoLab, clients gain the deep domain expertise and best practices that come with software developed by pathologists and laboratorians, plus friendly, responsive, and unlimited customer service available 24/7.

Last Thought:

Laboratories using outdated processes and legacy RCMs are being left behind because the old systems lack a foundational link and all of the advantages that come with it.



Labs that have the wisdom to employ modern all-in-one operating platforms like the LigoLab LIS & RCM solution will take pleasure in the benefits that come with an efficient, flexible, and transparent platform, resulting in:



Accelerated
cash flow



Increased revenue
and margins



Competitive edge
in the market

At LigoLab, we've provided flexible all-in-one solutions for laboratories since 2006, and our LIS & RCM laboratory operating platform is currently driving efficiency, performance, and growth in over 100 facilities nationwide.

Contact us to schedule a demonstration and experience how a fully integrated LIS & RCM can unite and transform your lab's financial, administrative and technical operations.

To request a personalized demo fill out this [demo](#) form or call (818) 395-4659.

For more information visit [LigoLab.com](https://www.LigoLab.com).