# Voice Documentation for ROI in Healthcare Offices

## Improving Profitability, Efficiency and Quality with OAISYS® Solutions

Most healthcare providers are very aware of the value of maintaining accurate and well-organized documentation. Proper recordkeeping and archival saves time when staff members need to locate vital information; it improves coding, billing and collections; it also is mandated by state and federal laws, including the Health Insurance Portability and Accountability Act (HIPAA) as well as fraud and abuse compliance regulations.

This document explores how the implementation of OAISYS voice documentation and quality assurance solutions within a healthcare services environment can deliver a considerable return on investment (ROI) by enabling faster collections, quantifiable cost reductions and significant productivity gains. OAISYS consulted with a representative of the Physician Office Managers Association of America (POMAA) and business administrator of a family medical practice in the development of this ROI analysis.

**OAISYS®**
The Right Choice for Call Recording

The variable factors to be considered when assessing the ROI for a technology investment in a healthcare practice are numerous. For the purposes of this analysis the following conditions were assumed:

- A seven-physician healthcare office that operates nine hours per day, five days a week

- One supervisor with five staff members handling phone calls

- Staff members experiencing 10 percent attrition and growth rates per year

- Average staff salary of $35,000 per year

- On average, 350 calls per day, both inbound and outbound

- Average annual revenue per patient of $1,500

- Outstanding patient accounts receivable in the amount of $75,000 each year

- Claims down-coded by payers in the amount of $50,000 each year

- 4 percent of outbound call volume per day resulting in revenue (estimated average revenue value of $125)

- 15 percent of total call volume per day resulting in revenue (estimated average revenue value of $100)

- Attrition rate of 200 patients per year

- 40 hours of training needed to get new hires up to speed

- Two regulatory violations and six potential lawsuits in a given year

With this basic understanding of the methodology and variables considered, let's examine the key benefits and savings that can be realized by healthcare providers deploying OAISYS solutions:

**Call Handling Efficiency:** Using OAISYS Tracer and Talkument® solutions to assist with new hire training and development can potentially increase the overall number of calls handled per day by 10 percent and outbound calls (to insurers, collections, patient reminders, etc.) per day an estimated 20 percent. With this increase in overall call handling efficiency, a conservative 3 percent increase in the percentage of calls that result in direct revenue was hypothesized.

**Patient Retention:** Using the Tracer and Talkument solutions to assist in performance reviews can directly enhance the level of service and professionalism shown by staff, ultimately having a direct and positive effect on patient retention. An 8 percent drop in patient attrition rates was estimated as a result of an OAISYS system deployment.

**Staff Development and Training:** There is no better way to educate staff with reference to the telephone-based aspects of their job than by using actual call recordings to demonstrate what was done well and what areas are in need of improvement. Assuming an effective use of OAISYS solutions for this purpose, an estimated 25 percent reduction in the time required to get a new hire fully trained is likely achievable.

**Collections:** Many practices are unwilling to outsource unpaid patient bills to collection agencies for fear of damaging patient relations and retention. When dealing with collections in-house, script development,

procedure and protocol establishment and notation of payment arrangements, supported by voice documents and informative accompanying annotations, can dramatically shorten the revenue collection cycle. A modest 5 percent improvement was estimated in the number of calls made, along with a 3 percent improvement in the number of calls resulting in payment and a 5 percent increase in the value of payments collected.

**Billing and Coding:** All medical procedures are billed based on standardized billing codes. Some codes, such as "consultation," pay more than others, such as "transfer of care." A common tactic of Medicare and private insurers is to "down-code" or deny payment for a higher level code, paying only for a lower one. The appeals process can be cumbersome, particularly when care requests are made by phone between practices. OAISYS solutions provide irrefutable evidence as to what services a practitioner or doctor was asked to provide. Regularly or habitually disputed claims can also result in allegations of fraud or abuse, which can even carry fines or incarceration penalties. It was estimated a practice could realize a potential 11 percent reduction in down-coded payments due to more successful appeals.

**Compliance and Liability:** Regulatory violations can result in significant fines, and the cost to defend against a lawsuit can be staggering. OAISYS solutions can resolve disputes before they ever reach that stage, since voice documents eliminate the possibility of "he said/she said" arguments and are an inherently accurate account of what was said when and by whom.

For the purpose of this analysis, it was assumed that OAISYS could help a practice decrease any regulatory violations by half and potential lawsuits by one third. An extremely conservative cost per violation of $10,000, an average cost to prepare for a violation charge at $10,000 and average expense per lawsuit at $250,000 were assigned. While recent articles have estimated the actual cost of defending and preparing discovery for a lawsuit can regularly exceed $1.8 million[1], a more conservative number was used to eliminate the possibility of overstated savings and also because many organizations may never actually face a lawsuit.

Using a traditional cost-benefit analysis methodology and variable factors that are likely common to many healthcare providers, the following table identifies, calculates and details a potential annual return on investment for a practice deploying an OAISYS solution.

## Summary

| Annual Cost Savings: | |
|---|---|
| Call Handling Efficiency | $7,292 |
| Staff Development and Training | $5,084 |
| Billing and Coding | $5,500 |
| Compliance and Liability | $515,000 |
| **Increase in Annual Revenue:** | |
| Improved Overall Staff Efficiency | $551 |
| Improved Collections/Scheduling Effectiveness | $33,997 |
| Increased Patient Retention | $24,000 |
| | |
| Total Annual Financial Impact | $591,424 |
| Total Annual Financial Impact *Without* Compliance And Liability Potential Savings | $76,424 |

*Clearly, an OAISYS solution deployment can provide healthcare practices with significant return on investment, in addition to improved patient service and goodwill, as well as peace of mind for providers and administrators. There are a number of compelling reasons for healthcare organizations to consider implementing OAISYS voice documentation and quality assurance technology, including increased patient satisfaction, improved collection cycles and dramatic cost reductions. While the degree of actual benefits realized in these areas will vary from practice to practice, the potential for real and immediate bottom line impact cannot be denied.*

1. InformationWeek ("IT Fought The Law…," June 23, 2008)