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EXPERT REVIEWED

Enterprisewide physician advisor programs are key to improving costs and **revenue cycle performance**

Making sure physicians understand the financial implications of how they document their care is critical to a health system's financial sustainability.

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Hospitals and health systems must maintain a constant focus on containing costs and ensuring revenue integrity if they are to remain financially viable. But their efforts in these areas are often impeded by front-line providers who do not recognize how their day-to-day actions could have a negative impact on the organization financially.

The problem often lies with clinical documentation. All too often, front-line providers do not understand how clinical documentation translates into payment, and they may not even regard this activity as being a part of care delivery.

Yet a lack of integration between documentation and care delivery can yield grave financial consequences for a provider organization due to inaccurate administrative data and assessment of performance and outcomes, which can require significant rework and lead to denials by payers.

A ROLE FOR PHYSICIAN ADVISORS

The most effective way to meet this challenge is by using physician advisors to help inform and guide front-line providers. The advisors are best deployed via an enterprisewide program developed through a clinical and financial partnership, in accordance with value-based care principles.

By ensuring clinical documentation accurately reflects the high-quality clinical care patients receive, such a program can help an organization stem significant revenue losses associated with avoidable payer denials. The program should focus on the mid-revenue cycle, which is when providers translate bedside care for accurate payment, justify services rendered and measure quality. The program's effectiveness will depend on the advisors' skill and knowledge of what constitutes accurate clinical documentation and their ability to collaborate with the front-line caregivers. Physician advisors also must be able to speak both clinical and financial languages to bridge operational and knowledge gaps.

6 STEPS TO CREATING AN ENTERPRISEWIDE PROGRAM

Creating an enterprisewide physician advisor program requires six steps.

1 Appoint a physician advisor director. To break down silos between clinical care and finance, leaders from these two areas should work together to appoint a full-time director to oversee the physician advisor program. This individual should be responsible for establishing key performance indicators for the program that align with organizationwide strategic initiatives.

The director should possess the following qualifications:

- Be an exceptional, respected clinician and communicator who is intellectually curious and dedicated to lifelong learning
- Exhibit a genuine interest in how clinical documentation affects revenue, quality and utilization
- Be able to understand a variety of clinical and administrative workflows
- Be humble and willing to relinquish control and learn from others

2 Perform a pilot program. A pilot program can help the organization assess opportunity, refine scope and demonstrate ROI before moving ahead with the program. For example, if an organization wants to develop a physician advisor program focused on DRG assurance, the pilot program should incorporate the following revenue integrity KPIs:

- Case mix index (CMI) (medical and surgical)
- Denial rate by payer/denial write-off as a percentage of net patient revenue
- Discharge not final billed (as a function of program efficiency and provider participation)
- Revenue at risk (amount of decreased payment due to errors or clinical validation)
- Revenue recovery (amount of added payment)

If, however, an organization with a program already rooted in DRG assurance wants to expand into utilization management (UM), the UM pilot program could incorporate the following care-coordination KPIs:

- Authorizations/appropriateness of therapy
- Avoidable days, including length of stay (LOS) and LOS/CMI
- Medical necessity denials
- Observation-to-inpatient-status ratios

Or a program expanded into quality could incorporate the following KPIs:

- Clinical variation
- Hospital-acquired condition rates
- Observed versus expected mortality
- Patient safety indicator rates
- Performance penalties

$1M

Approximate annual savings for a 250-bed hospital from a physician advisor program, based on an analysis of the hospital's top 10 DRGs

Source: Pahuja, D., "Physician advisors add up for some hospitals," Physician Leadership Journal, March 2017.

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How a physician advisor program helps contain costs — and why it requires an enterprisewide approach

An enterprisewide physician advisor program can help healthcare organizations contain costs by reducing the following:

- Clinical variation (via appropriate utilization and care management)
- Dollars at risk for denial from lack of clinical validity
- Labor costs for denial management, appeals, documentation queries
- Pay-for-performance penalties as well as costs associated with poor outcomes and readmissions

An enterprisewide approach is required to ensure optimal revenue cycle performance. Under an enterprisewide approach, the CFO works collaboratively with the CMO to create a clinically integrated revenue cycle, thereby ensuring that no significant patient care improvements are made without an understanding of their financial impact.

An enterprisewide approach also has the benefits of being dynamic and easily adaptable. For example, when an organization identifies denials stemming from complex procedure codes or a problem with clinical validation, it can quickly deploy advisors to work with revenue cycle staff or CDI key stakeholders, respectively, to address issues. Similarly, if a payer challenges medical necessity, a physician advisor can work with utilization management to obtain the necessary documentation to justify any services rendered. (See also a sidebar discussion of the limitations of traditional physician advisor programs in the online version of this article at hfma.org/hfm.)

- Readmission rates
- Third-party reporting (e.g., *U.S. News & World Report*)

Health systems whose programs yield a positive ROI from these three initial areas of focus may also want to expand their programs through pilots in other areas, such as health IT (i.e., developing templates and documentation tools), population health management (e.g., for hierarchical condition category coding) and physician billing.

3 Determine the physician advisor staffing model. To determine physician advisor staffing in an enterprisewide program, health systems should consider factors such as patient volume and anticipated scope. When seeking to increase the scope of the program, the organization needs to determine whether to hire part- or full-time physician advisors or to cross-train existing physician advisors.

A key point to consider regarding cross-training is that specializing in multiple areas requires significant foundational knowledge, which may be beyond the ability of a single individual to master.

Nonetheless, cross-training has the following advantages:

- It allows for flexible coverage to ensure documentation needs are met even when there is a staffing gap due to illness or emergencies.
- It promotes consistent messaging to clinical staff.

Another staff-related question to consider is whether the physician advisors will serve in a dual role (i.e., providing advisory services and delivering patient care). If so, the organization should consider including a significant nonproductivity factor in its compensation model to account for physician education, complex care rounds and patient throughput

An enterprisewide physician advisor program enhances revenue cycle performance and achieves a postitive ROI by ensuring clinical data are accurate and can fully support revenue integrity, care coordination and patient outcomes.

activities. One advantage of performing clinical shifts in addition to advisory work is that the physician advisor maintains a presence on the medical staff and therefore can observe workflows directly, evaluate interventions and tools and build credibility with other clinicians. These relationships help drive behavior change.

4 Provide robust physician advisor training and onboarding. Physician advisor training is paramount because the field changes constantly, and it requires a high level of expertise. The specific training advisors receive depends on their unique focus and background and whether they will be cross-trained. A CDI physician advisor, for example, should be well educated on CDI fundamentals and best practices, including chart reviews and clinical topics tied to evidence-based medicine and coding rules and guidelines.

Other topics include:

- Alternative payment models
- Case management and patient flow
- Contracting and payer relationships
- Denials and appeals processes
- DRG management principles
- Fundamentals of IPPS/OPPS, coding guidelines and regulations
- Quality programs
- Risk adjustment
- Value-based care

5 Develop internal partnerships. For example, shared savings programs present opportunities for advisors to collaborate with staff dedicated to population health management, data analytics, quality improvement and care integration management, as well as with clinician representatives from primary care and hospital and emergency medicine.

Similarly, clinical validation denials may be an opportunity for physician advisors to collaborate with payer relations, and they may be able to participate in patient safety indicator committee meetings and provide thorough documentation reviews to ensure coding and data integrity.

They can also track and trend data to share with process improvement teams to reduce the rates of complications or adverse events. Most important, when other departments have questions about the impact of clinical documentation, physician advisors can serve as educational resources.

6 Leverage new and emerging technology. Today's front-line clinicians simply lack the bandwidth to learn every regulation, quality program and payer requirement. The effort would likely drive burnout, leaving organizations at a loss from having physicians become deflected from their primary purpose, which is to deliver high-quality clinical care.

Technology can help. For example, it can prioritize cases for review, pull critical

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A snapshot of costs and ROI for a physician advisor program at a large health system

The experience of one large health system in operating an enterprisewide physician advisor program that employs multiple full-time physician advisors and support staff provides a perspective on the costs a health system can expect to incur from such a program, and the ROI it can expect to realize.

Costs

Education and training. Initial training may cost up to $10,000 per advisor. There also is a time investment, as an advisor may require anything from a few weeks to more than a year to have a full impact. Nonetheless, the ROI for the program will come quickly. It is important to make sure the annual budget includes funding for continued education.

Salaries for full-time physician advisors. The health system found that salaries for physician advisors are similar to those for hospitalists.[a]

Support staff. Pay rates should be comparable to those for clinical analysts and CDI managers.

ROI

Query agreement rate. This is a measure of the percentage of positive responses by front-line physicians to queries by clinical documentation improvement (CDI) specialists or physician advisors resulting in agreement regarding the documentation issue in question. The health system saw a rate increase of 8% in the first year and a 19% increase in the ensuing years. (Such increases have the potential to translate into millions of dollars of increased payment.) In the most recent fiscal year, the hospital's agreement rate was above 85%.

Query clinically indeterminable rate. This measure represents the percentage of CDI queries that could not be resolved. The health system saw a decrease of 5% in the first year and 8% to date. In the most recent fiscal year, the health system's clinically indeterminable rate dropped to 5%.

Expected mortality. The hospital saw a 13% improvement in mortality index and a 9% decrease in length-of-stay index in one year because of a focused project.

Risk adjustment factor score. Pilot programs yielded a 5,000% ROI.

DRG reviews. The hospital saw a 398% net ROI amounting to $318 per chart on average.

Revenue protection. Initiating a concurrent denial peer-to-peer program prevented the loss of more than $1 million per month.

Savings. Internalizing the utilization review advisor services yielded a savings of more than $500,000 annually.

a. Physician advisor salaries in the United States currently range from $111,150 to $200,000, averaging about $165,800, but they can average as much as $280,000 for a physician advisor/medical director. Sources: Talent.com, "Physician advisor average salary in the USA, 2023"; and Comparability, "Medical director/physician advisor salary," 2023.

documentation to the forefront and provide artificial intelligence that can greatly augment a physician advisor's operational and financial impact. Physician advisors also can help vet technology solutions through their understanding of the relationships between stakeholders and various areas of impact.

ACHIEVING A POSITIVE RETURN BY ENSURING DATA ACCURACY

An enterprisewide physician advisor program enhances revenue cycle performance and achieves a positive ROI by ensuring clinical data are accurate and can fully support revenue integrity, care coordination and patient outcomes. At a minimum, ensuring data are accurate will help an organization avoid denials, thereby realizing higher payment while reducing costs associated with denials management. ∎

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