

## What Hospital Executives Should Know About Release of Information

*By Michael D. Pugh*

Hospital leaders, especially COOs, CFOs and CIOs, should have Release of Information (ROI) on their action list as a leverage point to improve financial performance and reduce potential HIPAA<sup>1</sup> liability exposure. Long considered an administrative headache, ROI represents both a financial improvement opportunity and a compliance risk for hospitals. Fortunately, there are new technology solutions to address these facts - but first, hospital leaders should be aware of three common misconceptions shaping the way that ROI processes are designed and operated in many hospitals today.

### We Save Money by Outsourcing ROI to a Copy Service

This might have been true ten years ago but is certainly not true today. The traditional value proposition for ROI service companies has been to relieve the administrative burden in exchange for collecting and retaining any release fees. What was once a small cottage industry has grown into a profitable \$1.5 billion niche industry with hospital market penetration approaching 50 percent. This growth has occurred largely unnoticed by hospital executives and outsourcing ROI has become a standard operating arrangement for many hospitals. However, in today's environment, changes in technology coupled with standardized fee schedules and new complications created by HIPAA should cause every hospital executive to question the value proposition offered by this approach to ROI.

In the end, outsourcing ROI to a copy service might be the most expensive solution for most hospitals. Yes, the copy service does provide "free labor," but it is anything but free. The following vignette is based upon our experience and knowledge of the costs associated with ROI.

A mid-sized suburban hospital uses a copy service to process 400 releases per month, half of which are billable and average 75 pages in length. The copy service provides onsite labor to process both the courtesy and billable requests. Based on the state regulated fee schedule<sup>2</sup>, the copy service bills and collects approximately \$116,170 per year in release fees. The estimated direct cost including all labor, systems, supplies, postage and printing for processing this volume of releases is approximately \$60,000 per year. Bottom line: the hospital is paying \$56,000 for the "free labor" to outsource this service.

Because fee schedules vary by state and because HIM departments face many operational challenges, outsourcing ROI may be the right decision for some hospitals. Hospital leaders should be fully aware of alternatives and the potential real cost of outsourcing as they evaluate how ROI is handled in their organizations.

### Our New EMR System Will Solve Our ROI Problems

EMR systems change the source of the records but may not improve the ROI process and occasionally have the opposite effect. While most EMR systems have features designed to track releases, few have automatic invoice creation, embedded HIPAA knowledge systems to guide users through the release process or accounting modules to track release fee collection status.

Over fifty million records are requested from providers each year but ROI continues to be an inefficient paper process - even in the rapidly evolving EMR world. Paper copies of records must be printed from EMR systems in order for them to be mailed or faxed. However, a growing number of routine requestors of records (like state Disability Determination Services) now ask that records be sent as electronic files of images. While EMR systems can improve the availability of patient information within a care system, they lack HIPAA-compliant electronic transfer mechanisms allowing direct digital transfer of requested records outside of that system.

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<sup>1</sup>The federal Health Insurance Portability and Accountability Act.

<sup>2</sup>Thirty-eight states have regulated fee schedules for billing copy fees to requestors. The example used here is based on a specific state fee schedule which is representative of the median fee schedules across the country.



While we believe that the creation of electronic health records will help clinicians provide better care, we do not believe that EMR systems will satisfy requestors who seek documentation of the process of care as well as clinical information.

On the market today are a number of new approaches designed to help providers better manage the ROI process. One of these, Web-based RecordJacket.com™ from Verisma Systems, Inc., combines online applications with remote service center administrative functions for distribution and billing. In addition, Verisma™ provides additional value-added services like HIPAA release decision review and HIPAA-compliant features for the safe electronic transfer of digital copies of medical records to any requestor. Our innovative ROI applications and services compliment EMR or paper-based record systems and provide new options for senior leaders seeking to improve the ROI process.

### **HIPAA Compliance is Not Important Because it is Not Being Enforced**

It is understandable that so many hospitals believe that compliance with the highly technical HIPAA release rules is a bureaucratic burden instead of a legitimate liability and compliance risk since, to date, enforcement has seemed casual and arbitrary. That attitude reminds us of the early 1990s when a "good faith effort" was sufficient with respect to Medicare and Medicaid billing and compliance. That world changed in the mid-1990s with aggressive Medicare fraud enforcement where admitting honest mistakes with good intentions was not enough. We believe that HIPAA enforcement will follow a similar course.

Over 30,000 HIPAA complaints have been filed with the Medicare Office of Civil Rights and the estimate is that over 300 have been referred to the Justice Department for possible enforcement action. While the current administration has been slow to act, it is unlikely that the next administration will take the same benign approach. Privacy advocates are lobbying for toughening disclosure, accounting rules and enforcement. Recently, Senators Ted Kennedy and Patrick Leahy introduced a bill designed to toughen enforcement and address concerns of privacy groups. While some believe that it is unlikely for this particular bill to become law, the fact that such a bill has been introduced by two influential senior members of the U.S. Senate should be a signal to hospital leaders.

Not all hospitals have adequate quality processes in place to monitor the accuracy of release decisions and compliance with HIPAA regulations. For the past two years, we have tracked the percentage of requests that are problematic when initially received. Our internal data indicate that approximately ten percent of all authorizations and requests requiring a valid HIPAA patient authorization demand additional review. About half of those reviewed are ultimately determined to be invalid requests and require modifications in the request or authorization before the records can be released. Prior to our involvement in their ROI process, few of our customers had routinely rejected requests. This suggests to us that HIPAA release decision errors are much more prevalent than most hospital leaders realize.

### ***Summary***

Hospital leaders should understand, analyze and ask very hard questions about the ROI process in their organizations. The increasingly challenging financial environment in which most hospitals operate requires leaders to reevaluate all processes and systems in their organizations for opportunities to reduce cost and compliance risk while improving margins. Fortunately, new solutions are available to hospitals to help manage this ROI process more efficiently and effectively.

Release of Information is one of those rare opportunities where a process can be improved, risk reduced and revenue increased without a major system overhaul.

### ***About the Author***

Michael D. Pugh is President and CEO of Verisma Systems, Inc. Mr. Pugh has over twenty years experience as a CEO of hospitals, health care systems and managed care organizations and nine years of experience as a health care consultant. Mr. Pugh is a former Trustee of the American Hospital Association, a former JCAHO Commissioner and has served as the Chairman of the Colorado Hospital Association and currently serves on the board of the AHA Health Forum. He is a senior faculty member of the Institute for Healthcare Improvement and is a frequent national speaker on topics of quality, performance and strategy. Mr. Pugh has authored and contributed to numerous articles and publications.

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