# Study on Compliance in Billing Process: Achieving Transparency in Estimated and Final Bill

***By***

*Shovika Negi*

*Dissertation submitted for the partial fulfillment of the*

*MBA Hospital and Health Management*

*Academic year, 2015-2017*

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IIHMR UNIVERSITY

**TO WHOMSOEVER MAY CONCERN**

This is to certify that Shovika Negi student of MBA Hospital & Healthcare Management from The IIHMR University, Jaipur has undergone internship training at Sarvodaya Hospital from February 6, 2017 to May 12, 2017

The Candidate has successfully carried out the study designated to her during internship training and her approach to the study has been sincere, scientific and analytical.

The Internship is in fulfillment of the course requirements.

I wish her all success in all her future endeavors.

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sarvodaya
HOSPITAL AND RESEARCH CENTRE

CELEBRATING 25 Years

**TO WHOMSOEVER IT MAY CONCERN**

This certificate awarded to

**Shovika Negi**

Student of Masters in Hospital Administration (MHA) of IIHMR University, Jaipur has successfully completed 03 (Three) months (From 6th February 2017 to 6th May 2017) long internship/Dissertation and completed her dissertation project under the guidance of Ms. Sweta Singh, Quality Manager.

**In the Department**

Quality

**Organisation**

Sarvodaya hospital, Sec 8 Faridabad

She comes across as a committed, sincere; diligent person who has a strong drive and zeal for learning.
I wish her all the best for future endeavours.

Singh

Authorized Signature



NABH

## THE IIHMR UNIVERSITY, JAIPUR

## CERTIFICATE BY SCHOLAR

This is to certify that the dissertation titled **Compliance in Billing Process: Achieving Transparency in Estimated and Final bill of surgery** and submitted by Dr. Shovika Negi Enrollment No. IIHMR-U/01/2015-17/0347 under the supervision of, Dr.Mohan Bairwa , for award of MBA in Hospital and Healthcare Management of the University carried out during the period from February 15, 2017 to May 12, 2017 embodies my original work and has not formed the basis for the award of any degree, diploma associate ship, fellowship, titles in this or any other institute or other similar institution of higher learning.

Signature

## THE IIHMR UNIVERSITY, JAIPUR

## CERTIFICATE BY SCHOLAR

This is to certify that all ethical issues have been considered while collecting data for my dissertation titled **Compliance in Billing Process: Achieving Transparency in Estimated and Final bill of surgery.**

Signature of student

# Acknowledgement

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# 1. Abstract

*Title:*

*Compliance in Billing process: Achieving Transparency in Estimated and Final Bill*

*Background*:

Understanding why there is unexpected rise in final bill and there is huge difference between the final bill and estimated bill. It leads to dissatisfaction among the patients and trust issues arise among the patients. Communication is important part in the healthcare settings and this chain shouldn't be break.

*Objective:*

1) To identify the bottlenecks in the process of estimated and Final Bill.
2) To identify the root cause of discrepancy in the estimated and final bill.
3) To provide an action plan to combat with the situation.

*Methods:*

Study was cross-sectional and descriptive.33.33% of average surgeries (Planned) were taken that is 100. Data was collected from financial estimation sheet of the December 2016 to February 2017 and gaps were identified and OPD prescriptions were reviewed.

*Results:*

In December 2016 compliance between the estimated bill and final bill was seen only 23% in January it was seen 37% and in February it was seen for 43%.Root cause analysis was done and it was found the lack of coordination between the counselor and surgeons and documentation gap from consultant sides. As a result Action Plan is made to define Schedule of charges and to be more comprehensive. The CAPA was designed accordingly and again the data was analysed for March 2017 to April 2017 and 92% of compliance has been achieved.

*Discussion:*

Compliance has been achieved for 92% of patients. The next target is to achieve 100% compliance in final and estimated bill for planned surgeries and moreover it has to be achieved for all patients. To study the effectiveness of CAPA, comparative analysis to be done after the collection of complied data for the month of May. Communication and coordination needs to be maintained. To study the effectiveness of CAPA, comparative analysis to be done after the collection of complied data for the month of May.

## 2. Introduction

Patient satisfaction is an important indicator by which a patient is satisfied with the care and services provided to them. Hospital quality is evaluated by patient satisfaction; it is a key performance indicator and a precise type of customer satisfaction metric . Dissatisfied Patient with the healthcare services always gives scope for improvement.A patient encountered with healthcare services depends on duration and efficiency of care at the same time healthcare provider should have empathy towards the patient and communication chain should not be broke.

Doctor-Patient relationship is important; they should be well informed of the services and necessary procedures, the duration and the cost of the procedure it will expect to take. This will make patients more satisfied even after there is longer waiting time (1).Patients initially satisfied by attractive healthcare services but in actual effective healthcare tend to make them more satisfied.

Reliable and valid measure to patient satisfaction is reduced complaints about any services of the hospital and more commitment to turn-up for the services for next time.Patients' satisfaction has multiple attributes;if one attribute creates lower performance will create more dissatisfaction than the satisfaction created by higher performance on an attribute. Negative feedback is noteworthy than positive performance, more focus should be on it so that negative performance can be reduced and positive performance can be maximized.

Billing process is always a most crucial and sensitive area, if at all the patient experience is good throughout his stay in the hospital but if any issue arises in the billing process leads to dissatisfaction some time situation gets out of control. Transparency in this case is not only necessary but a mandatory part for smooth functioning of the hospital operations. If the Processes are pre-defined then extra-resource will not be utilized for resolving the issues.

Transparency not only required for inpatients but also for ambulatory patients be its imaging, laboratory, preventive health checkups or any kind of diagnostic

services.Hospitals need to design strategically solution to address the issue of transparency. Mediclaim payments that are processed in the name of hospital are based on quality and value. Billing is the one of the most common critics of patient satisfaction; it is an effort to improve the patient revenue cycle.Patient encouragement is an established path and hospitals are taking initiatives to meet the new challenges and financial imperatives associated with the patient satisfaction.

In this era there is increased focus on the quality and satisfaction of the patient from an entry to exist point. Entrants of new competitors into healthcare delivery system tends to change the economics of care and it requires a focus on encouraging patient satisfaction in the revenue cycle and may use as a new metrics for assessing effectiveness (2). Patients belief regarding bill generation will be accurate is low this leads to their reduced responsibility in paying bills. Hence transparency is necessary.

## 2.1. Problem Statement:

There is unexpected rise in the final bill and a huge difference between the estimated and final bill of surgical patients.

## 2.2. Rationale:

In Sarvodaya hospital, there is a huge difference between the estimated and final bill that leads to dissatisfaction in patients. Billing being most sensitive part hence it requires attention and intervention.Healthcare settings shifted their focus on being Patient-centric, hence patient satisfaction is important for the organization. Patient centric approach will increase the safety, quality and efficacy. It is essential indicator to measure quality in hospital settings. Timely and patient- centered approach affects delivery of healthcare**.**

# 3. Review of Literature:

A report concludes that information gathering by patient and hospital staff is uncoordinated ,redundant and sometimes inaccurate(4). A study utilized the collected data for the response of patients to their hospital experiences. It examined the relationship of a variety of patients and their hospital conditions to the satisfaction of patient and their perception to their hospital experience . The term patient satisfaction

and perceptions regarding hospital experience are two multidimensional terms and often used in the hospital setting and communication with nurses and responsiveness of staff plays an important role (5). Reimbursement and performance policies have become normative and Patient experience has become an indicator to measure the payment system for quality .

A convergence of policyprimacies, inspired by the "Affordable Care Account" (ACA; Office of the Legislative Counsel, 2010) and the Centre's of Medicare and Medicaid Services (CMS) Quality Strategy (2013), Had brought the focus on delivering care that provides a quality experience within the healthcare systems (6). ACOs(Accountable care organization) standards to measure patient experience are timely care, provider communication, their rating , accessibility to specialty care, health promotion and education, shared decision-making, health status, courteous staff, care coordination, between visit communications, medication adherence education and good use of patient resources (CMS Centre for Medicare, 2015) this will provide transparency in the system (7).

A study concludes thatthe primary, crystal clear financial communications are the foundation of the patient friendly billing projects. The vision of the same is patient-focused financial services, as patients are accountable for large share of the hospital bills, it is important for them that they understood expected out-of-pocket costs so that they will arrange and handle their medical bills resolve it becomes increasingly important that they understand their expected out-of-pocket costs and resolve how they will handle their medical bills and prevent themselves from the cost of services (8). This gives them the opportunity to compare the service and prices of the services and they can explore other services with their own physicians.

Focus group research conducted a project regarding patient financial service the patients who knew their payment obligations, arrange before and less anxious about their healthcare bills, but simultaneously this depends on the professionals also who explained them clear transparent bill(9).

A study by leading health system in California experienced a 29% increase in patient payment after implementing "Adremia's Patient Advocacy" and at the same time a survey conducted for 100% of patients agreed that the patient advocacy improved their experience with the hospital, and would like to recommend the hospital to family and

friends (10). Patients with the advocacy were happier and likely to pay their bills and it had a larger financial impact for the hospital.

A study by "Center for studying Health system change" addresses the issue of price transparency by analyzing the quality transparency. Patients feel slight influence from variation in pricing because of the insurance coverage (11).Ginsburg states "that the effect is alleviated barring fundamental change to the healthcare market. Though, he proposes that quality transparency delivers a better tool for engaging healthcare providers and patient".

Increased attention focused on comparative value research as a tool to increase decision making regarding which healthcare services should be used in which patients and under what circumstances. There had a call for increased transparency regarding prices by the providers and hospitals, but both fails to provide sufficient transparency information to enhance healthcare resource allocation (12). Reallocation of resources will reduce cost without compromising the health and in this manner the services will be cost-effective.

A Study in United States stated that $700 billion spends on hospital care in each year and 32% of National Healthcare Budget and it is increasing 7% annually, nearly twice the overall rate of inflation (Hartman et al., 2009). "Rising prices drive less than half of this increase, with growing service intensity per individual patient, number of encounters per patient, and population growth driving the remainder of the increase". This had been inferred that increasing expenditure not led to any increase in quality and safety of care, but instead determinedwide variation in care.

Only two in 10 patients (22%) had a clear understanding of how much their healthcare insurance plan would cover before they received treatment, according to TransUnion's survey. Patient confusion comes at a time when patients were responsible for 30% of healthcare costs in 2016, compared to 10% of costs in 2002*(13).

Transparency is utmost important in healthcare organization and it strengthen the quality, at times it is difficult to decrease the cost of surgeries without knowing what all resources and cost incurred on individual operating room. In hospitals generally the problem faced due to unawareness about the different resource cost. In a recent article in Becker's Hospital Review, Cleveland Clinic CEO Dr. Toby Cosgrove revealed "that they have begun to tape price lists to supply cabinets in some of their ORs". This method will help in increasing knowledge of the staff and they can provide exact

estimated bill to the patients. The department of the Hospitals being unaware of the quality initiatives taken by others in the same setting, informing them about quality improvement efforts will prioritize transparency and can be useful in technical and cultural barriers. (14). Hence, transparency is predictable at every point of view and from everyone.

# 4. Methodology:

**Material and Methods:**

**4.1. Study Design**: Cross-sectional, Descriptive study

**4.2. Setting:** Sarvodaya Hospital, Faridabad, Haryana which is a 300 bedded hospital.

**4.3. Duration of study**: February 2017 to April 2017

**4.4. Sample size & sampling technique:**

Random Sampling.

Number of surgery- 300 in a month

Sample Size – 100

Sampling Technique= 300/100=3

Any number is selected from IP NO. 1to 3 , in this study 2$^{nd}$ number is selected then next will be 2+3=5. 5$^{th}$ IP No. is taken.

## 4.5. Objectives of the study:

1) To identify the bottlenecks in the estimated and final bill
2) To identify the root cause of discrepancy in the estimated and final bill
3) To provide an action plan to combat with the situation

**4.6.Data Collection Procedure:**

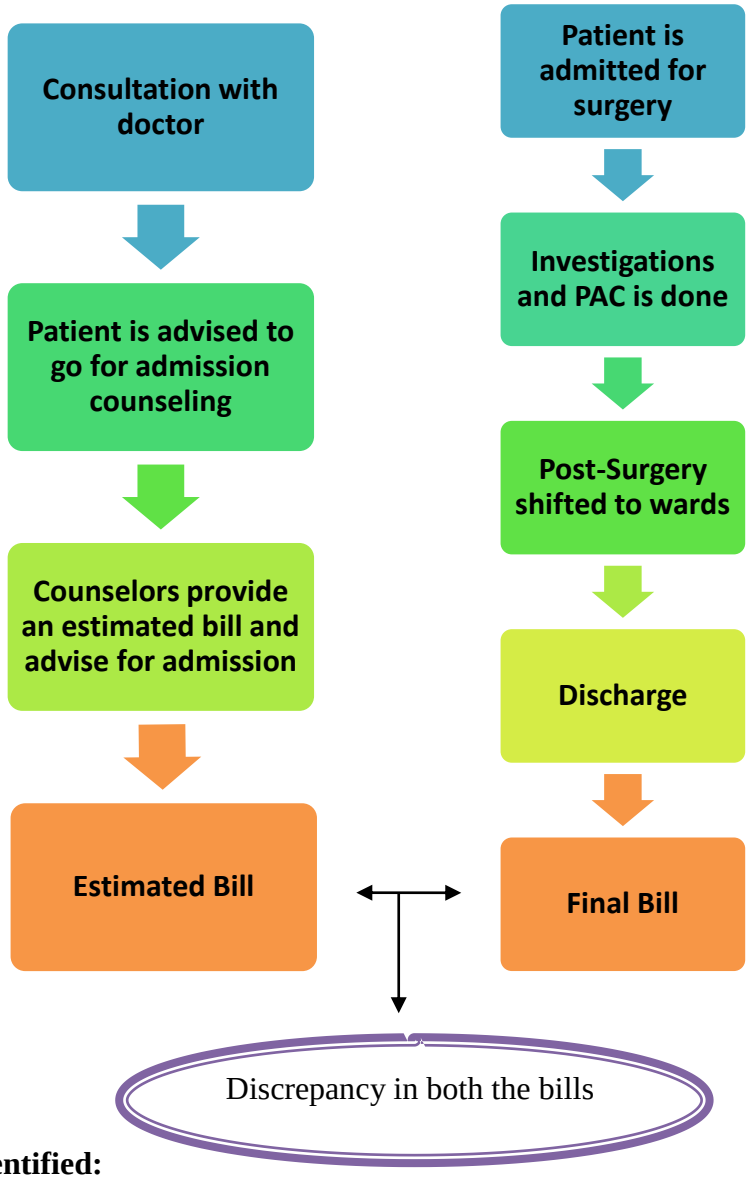
- ✓ Reviewing the OPD prescription of surgical patients
- ✓ Financial estimated bill given to patients were retracted from the 2016 files

**4.7.Inclusion and Exclusion Criteria**

- ✓ Planned surgical cases

# 5. Results:

### 5.1. Process Flow




**Gaps Identified:**

- Ineffective counseling
- Tariffs were not defined
- Surgeon does not documented the actual surgical procedure in OPD sheet which leads to miscommunication between the patient Counselor & surgeon and billing department
- Poor coordination between the counselor and the surgeons for drugs/investigations and consumables
- Delay in bill updating information to the patients

**5.2.Gaps Result into:**

- Difficult to explain the patients about the discrepancy or unexpected rise in the final bill
- Patient frustrated
- Trust issues
- Cash patients - Issue in arranging the money.
- TPA Patients - Difficulty occurs when there is a co-payment
- This will lead to **Patient dissatisfaction** due to uncertain rise in bill

5.3.**Analysis**

**Retrospectively data was collected from the admission desk about the final bill and estimated bill for the surgeries.**

| Month | Sample Size | Compliance in final and estimated bill |
|---|---|---|
| **December 2016** | 100 | 23 |
| **January 2017** | 100 | 37 |
| **February 2017** | 100 | 43 |

**Table 1: Showing compliance in the final and estimated bill**

**Interpretations:**

In December out of 100 only 23 estimated bills were complied to the final bill and in January 37 bills were seen complied and in February 43 bills were complied

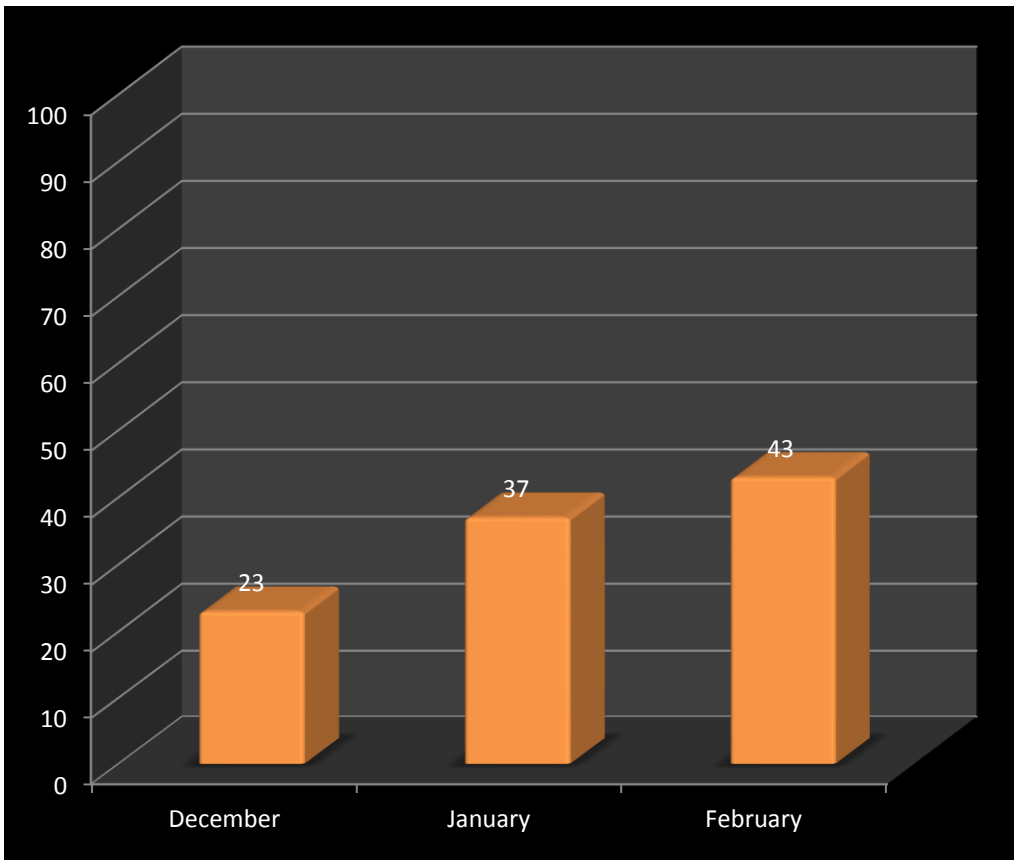



**Figure 1:Compliance in final and estimated bill**

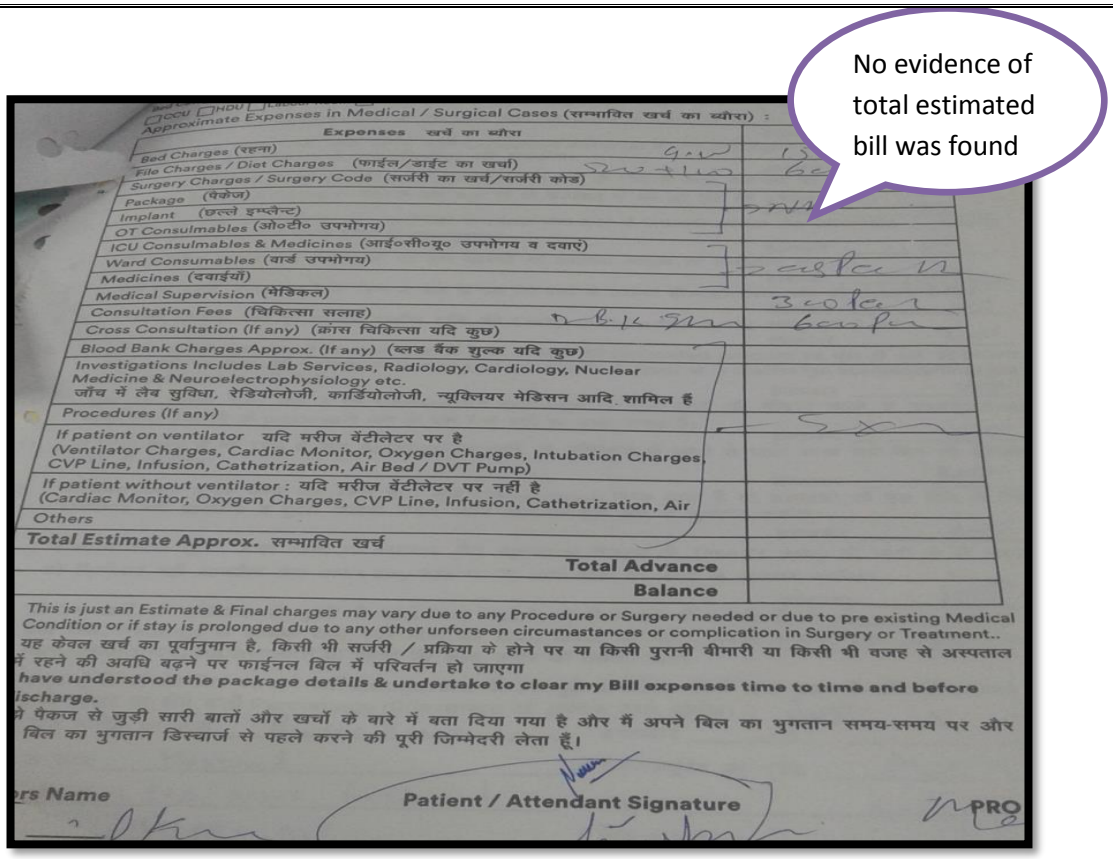



**Figure 2: Proper estimated bill was not stated in form**

### 5.4. 5 Why's

Why - Ineffective counseling

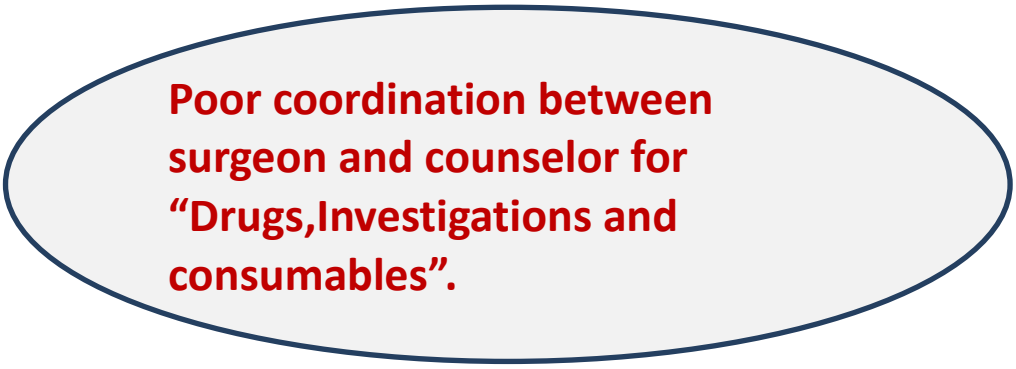
Why - Tariffs were not defined

Why - Consultants don't document the whole procedure

Why - Poor coordination between surgeon and counselor for "DIC"

Why - Non-consumable cost was not informed to the patients at the time of counseling

## 5.5. Root cause:




5.6. **Action Plan:**

- Effective counseling.
- Coordination to be improved between the counselor and surgeon for "DIC"
- Schedule of charges to be more comprehensiveConsultants document the whole surgical procedure in the OPD sheet.

## 5.7.CAPA

- Counselor asked about "DIC" to the surgeon and then inform to the patient
- Recounselling for the updating of bill
- Schedule of charges were defined
    - Packages defined for the surgeries
    - Stay during the surgery and post surgery were defined
    - Non – Payable consumables added in the packages

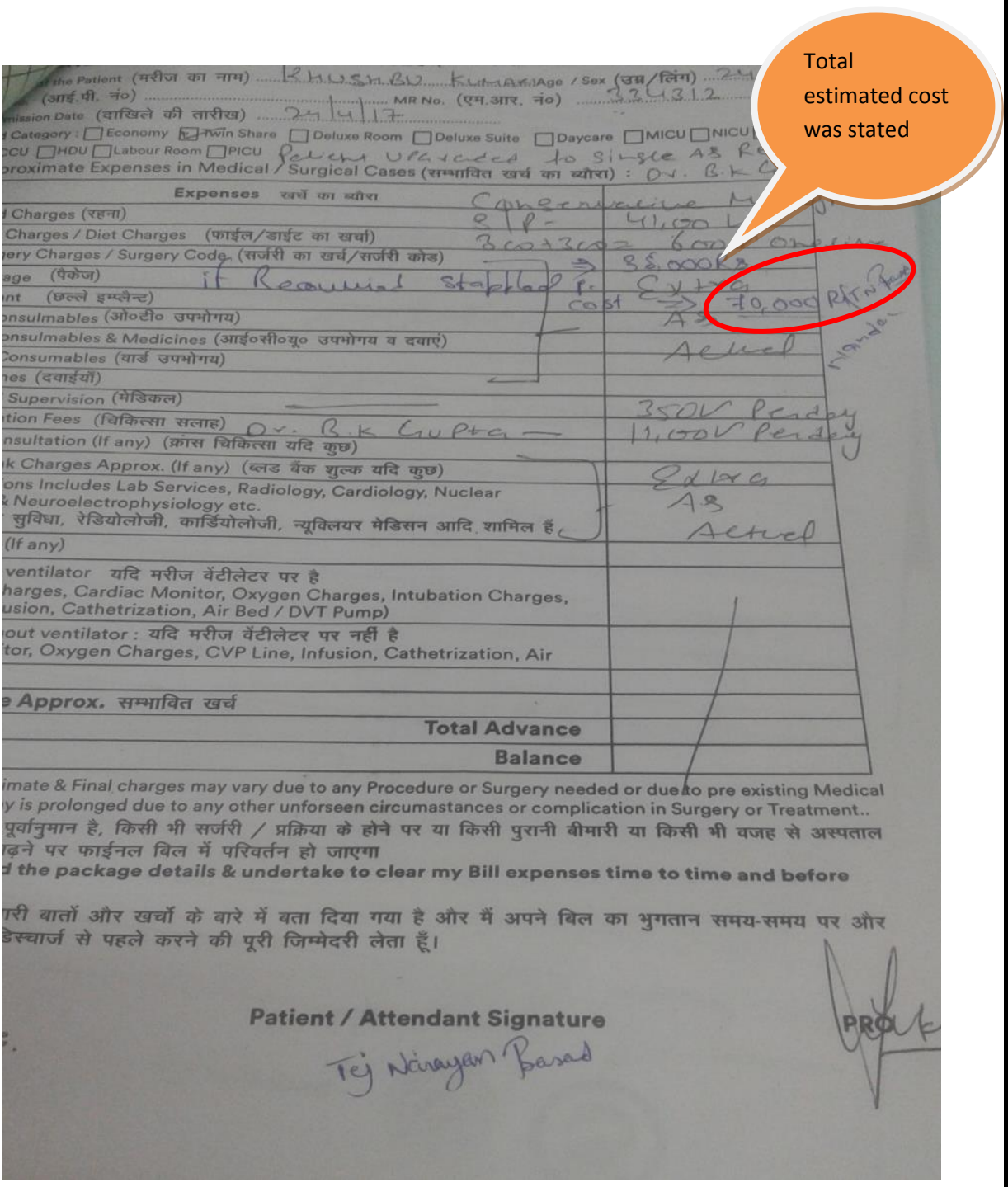



**Figure 3: Estimated bill is stated in the form**

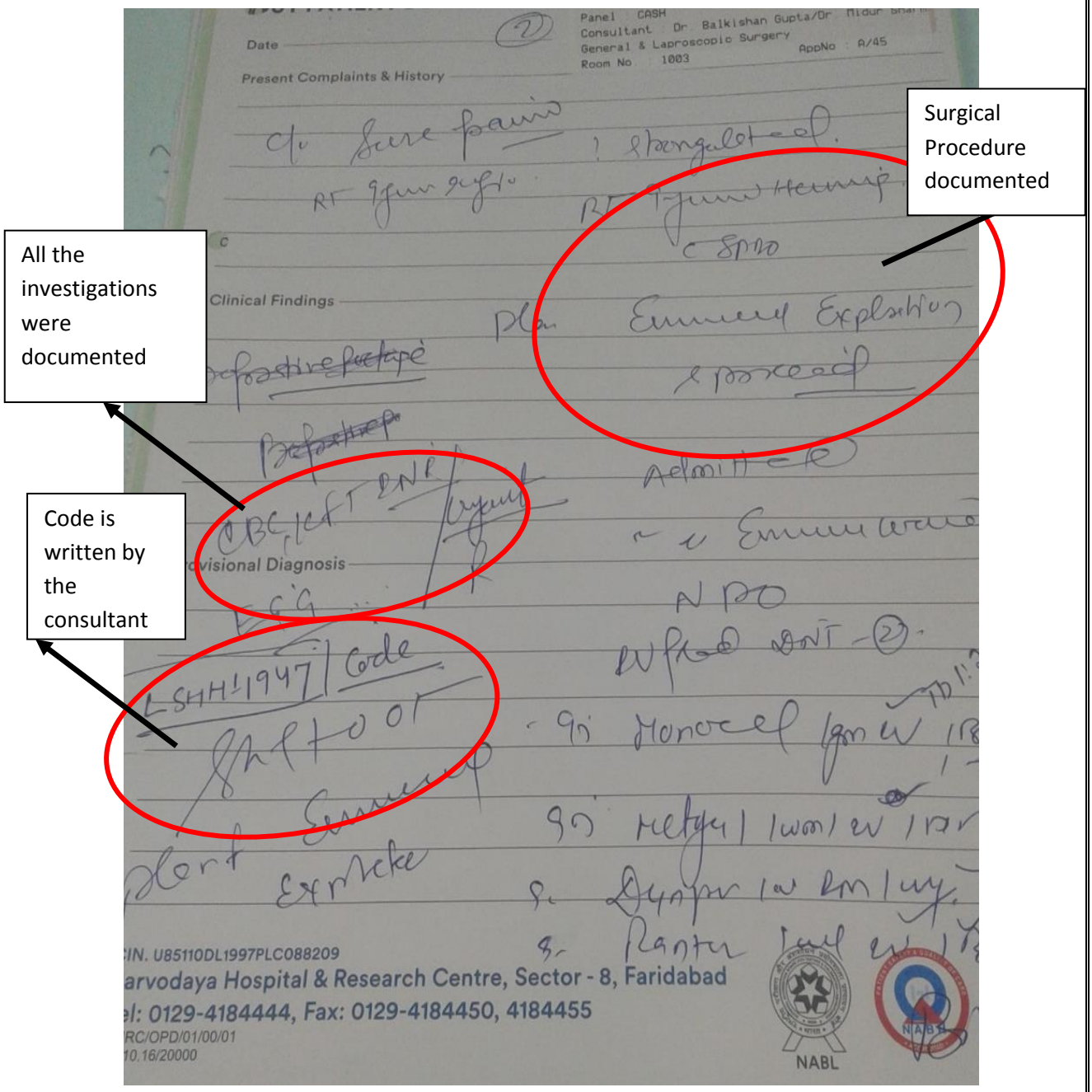



**Figure 4: In OPD sheet Surgical procedure, investigation and code is written by the consultant**

| Month | Sample size for Surgeries | Compliance in final and estimated bill |
|---|---|---|
| March 2017 | 100 | 60 |
| April 2017 | 100 | 92 |

**Table 2: Compliance is seen for the estimated and final bill**

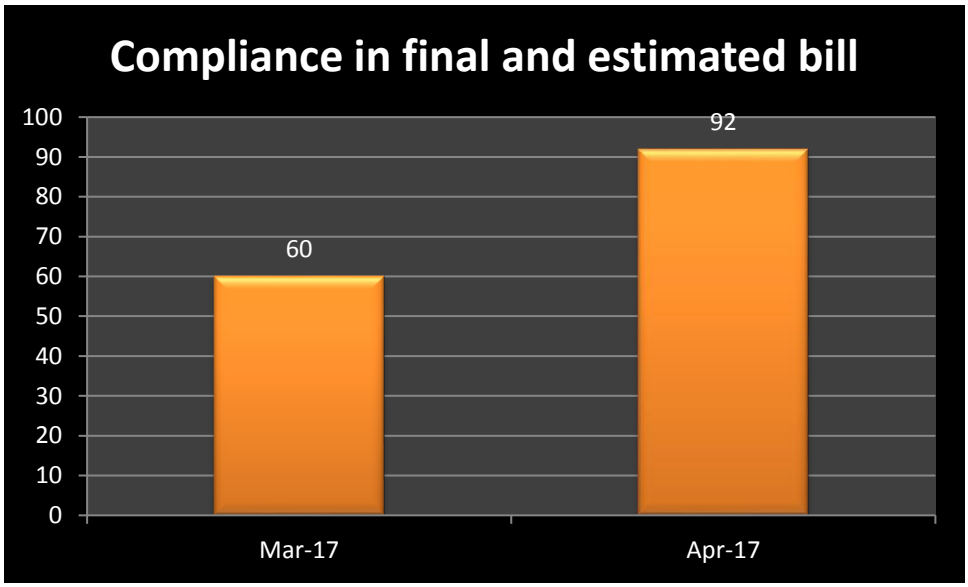



**Figure 5: Compliance with final bill and estimated bill**

## 6. Discussion:

During the data collection of past months, the discrepancy was noted more than 50% of the cases. In December 2016, out of 100 the discrepancy was noted in77 patients and in the month of January it was in 63 patients but in February it was reduced and seen in 57 patients only as the management has started paying attention on this problem. The gaps identified were mainly of undefined tariffs; surgeons do not document the whole procedure in the OPD sheet and poor coordination between the counselor and consultant regarding Drugs, investigations and consumables. It has been seen due to rise in the final bill because of unexplained investigations lead to unsatisfied patients with the billing process and mostly patients demand discount on their bills and if not provided the same to them results into violence. Organsiation was continuously facing the same problem, keeping in mind these problems an action plan had been designed consultant had asked to document the whole surgical procedure with the codes and investigations, counselor was instructed to coordinate and communicate with the consultant. Packages were made defining the number of stay and consumable cost. The patients were explained about non-paying consumables. Implementing the CAPA results were improved but not reached upto 100%. A study showing 2 in 10 patients were having clarity about their bills, similarly in December 2016 the scenario was same in the organization but it is improved after implementing the CAPA. In studies it was seen that well informed patient will be more satisfied, hence communication and coordination is important at every point of time.

Strength of the study was that improvement has been increased to 19% in the month of March 2017 and in April it rises to 29%. Limitation was for the effective implementation of CAPA data has not been collected for the month of May and a comparative analysis has to be done for the effectiveness of implementation of action plan. The bottlenecks were subjective.

## *7.* Conclusion:

During the study following gaps were identified: Ineffective counseling, Tariffs were not defined, Surgeon do not document the actual surgical procedure in OPD sheet which leads to miscommunication between the Counselor & patient ,Poor coordination between the counselor and the surgeons for Drugs, Investigations and consumables(DIC), Delay in updating the patients regarding

the bills.5 why analysis is done to find out the root cause. During the study Poor coordination between surgeon and counselor for “DIC” was identified as the main root cause. CAPA had been designed Consultants were asked to write about “DIC” and counselors had started coordinated with the surgeon regarding the drugs, investigations and consumables. Recounselling for the updation of bill has been started. Schedule of charges were defined. Packages defined for the surgeries and it includes Stay during the surgery some of the Non – Payable consumables added in the packages. . The next target is to achieve 100% compliance in final and estimated bill for planned surgeries and moreover it has to be achieved for all patients.

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