Ciox
HEALTH

Release of Information: What You Don't Know Will Cost You

Understanding Release of Information's New Challenges, Complexities and Concerns for Hospitals

Executive Summary

In today's evolving healthcare environment, the release of information (ROI) process is not a simple function – it involves at least 32 specific steps, each presenting its own complexities and compliance risks. HIPAA privacy and security rules under the American Recovery and Reinvestment Act's (ARRA) HITECH provisions have elevated the importance of ROI even further and increased its costs.

Furthermore, the industry is influenced by a variety of market drivers pushing the limits of operating budgets, including rising volumes of requests from government auditors, the drive to meet Meaningful Use criteria for electronic health records (EHR), and rapid-fire advances in medical record technology. The "human" checks and balances that protected health information in the past are slowly disappearing as information moves rapidly from paper-based to fully electronic and online. Stakes are higher and the financial penalties for wrongful information disclosures have grown.

As a result, many more healthcare facilities – large and small, urban and rural – are seeking cost-effective and efficient ways to manage this process. They are revisiting ROI options, evaluating costs, and searching for new solutions.

This white paper explores the impact of new federal rules, regulations and auditors on the ROI process and presents viable alternatives for addressing current issues. Second, it provides financial executives and health information management (HIM) directors with essential information for making strategic, cost-benefit decisions that will minimize compliance risk and enhance revenue.

Growing Demand in an Evolving Industry

Hospitals are legally required to release medical records and often receive hundreds and up to thousands of requests a day. Many requests are time-sensitive due to patient care, payment for services, litigation, recovery audits, or insurance deadlines, so they must be expedited promptly. However, at the same time, hospitals must judiciously protect patient privacy, security, and confidentiality. It is a delicate balance that requires the proper management of each request along with the knowledge and expertise of a highly skilled ROI specialist.

According to the Association of Health Information Outsourcing Services (AHIOS), nearly 80% of hospitals nationwide have outsourced their ROI function to alleviate the administrative burden of fulfilling medical requests. Of the hospitals that outsourced, an estimated 40% have done so with at least one vendor-supplied ROI consultant. Significant costs can be incurred retaining a fully staffed HIM department, legal counsel, and for the technology necessary to manage high volumes of requests, meet time constraints, and comply with privacy demands. However, failure to do so will result in lost revenue due to fines for wrongful disclosures and technical denials from payers and recovery contractors. As an example, the fines for wrongful disclosure of protected health information can now climb to $1.5 million per year.[1]

Although EHRs have made ROI processing faster; there is also a greater risk for information breach. Many of the human check and balances inherent within the ROI process have been removed. Furthermore, records are now available to many more people, and much more easily. The advantages of ubiquitous access have increased the risk for security breaches.

For these reasons, many organizations are choosing to partner with an ROI services company that offers extensive industry experience and understanding of the new laws and rules, and the new risks. Some organizations will choose to completely outsource the entire process, while others may choose a partial approach and outsource only part of the process.

Other Market Drivers — Building the Case for ROI Outsourcing

Factors driving changes in ROI

Since ROI service providers began operating in the mid-1970s, the process has undergone massive transformation driven by unprecedented changes in the healthcare industry. Together with Meaningful Use requirements and HITECH, these changes will ultimately demand new ways of practicing medicine, including the process for managing ROI.

According to Health Financial Management Association's (HFMA) former President/CEO Richard L. Clarke, DHA, FHFMA, "It's not just sweeping legislative changes that hospitals face – market forces are driving change. In addition to integration pressures, hospitals are coping with increases in the cost of capital, payment decreases, and increased regulation and enforcement. Above all, hospitals must make a commitment to change in order to create a more rational healthcare system."

Providers must adopt a proactive approach to addressing the effects of increased regulation and enforcement on the ROI process. While evaluating critical factors – staffing, processes, technology, partnership – it is important to consider the potential benefits of outsourcing the ROI function.

Special Considerations

- The auditors are coming. Previously complaint-driven, the auditing process now allows the government to proactively audit a provider, in addition to reacting to complaints.
- The Department of Health and Human Services, Office for Civil Rights is very concerned about mass breaches, particularly unencrypted data from mobile devices – laptops, flash drives, etc.
- Focused primarily on improving patient care, new HIPAA regulations go beyond information technology and legal process. The HITECH changes and the drive toward automation and interoperability require new ways of practicing medicine and sharing protected information.

Reasons for outsourcing

Recent research indicates that hospitals currently outsourcing the ROI process rank cost effectiveness as the top consideration impacting their decision. Other reasons to outsource include:

- Anticipated increase in ROI requests due to government audits
- Vendor expertise in ROI
- Insufficient funds to hire ROI staff
- Vendor assuming operational and legal responsibility for HIPAA breaches

Despite the obvious advantages, making the decision to outsource is often met with resistance. The main reasons cited for hospitals

choosing to continue managing ROI in-house include:

- More control over information released
- Easier to provide hands-on customer service
- Potential source of revenue

So, why would you move from the perceived control and security of a familiar internal process – the way it's always been done – to a more cost-effective, best practice approach?

Among those currently committed to managing ROI in-house, certain factors are most likely to motivate these providers to outsource ROI:

- Anticipated increase in ROI requests due to RAC audits
- Overall reduced cost of ROI management
- Opportunity for partial outsourcing "hybrid" approach
- Vendor assuming responsibility for HIPAA breaches

At a time when the economy has pressed hospitals to cut budgets and reduce staff, it stands to reason that common factors within the three categories listed above (reasons to outsource, reasons to continue managing ROI in-house and reasons to switch) would include cost effectiveness, volume of ROI requests, and responsibility for breaches – three of the primary pressure points affecting health care facilities regardless of size or location.

New Costs / Pressure Points — Increasing Challenges with HIPAA, RAC, EHR

From large teaching hospitals to rural community hospitals, healthcare facilities across the country are feeling the pain points associated with HIPAA, RAC, and EHR, and their impact on ROI. Smaller facilities lack the funds to hire a dedicated HIM professional/ROI

specialist to handle complex record requests that require compliance with HIPAA regulations and state laws.

Larger, urban health care facilities have a unique set of concerns around the ROI process: they are constantly under budget pressures, they cannot always staff their HIM departments to accommodate high volumes of record requests, and their accounting departments often have trouble tracking and processing the low-dollar amount invoices for medical record requests.

Outsourcing the ROI function to a company who can provide experienced staff and service to process requests can be a distinct advantage for the facility.

Financial Penalties for Wrongful Disclosure of PHI

- "Did not know of the violation" – $100 per violation, up to $1.5 million/year
- "Reasonable cause" – $1,000 per violation, up to $1.5 million/year
- "Willful neglect" (new) – $10,000 per violation, up to $1.5 million/year
- "Intentional disclosure" – $50,000 per violation, up to $1.5 million/year

What You Don't Know Can Cost You – Understanding HIPAA Risk
According to Deven McGraw, deputy director for privacy at the Department of Health and Human Services' Office for Civil Rights (OCR), the

healthcare industry can expect greater emphasis on the HIPAA security rule than in years past. In fact, OCR has already added investigators in its twelve regional offices to heighten enforcement of the security rule. New rules, penalties and fines will place even greater scrutiny on information privacy, and more responsibility on ROI workers.

Because rules and regulations have become so complex, it is impossible for a single employee or manager to know it all. Just the costs to educate and monitor internal ROI staff with regard to the new regulations can cost a typical 200-bed hospital more than $100,000. ROI service providers are experts at meeting and exceeding regulatory requirements, and their professional personnel are trained accordingly. Healthcare providers must have sound privacy and security protocols in place to protect against HIPAA violations that could result in severe financial penalties.

Recovery Audits Driving Volumes, Costs
Concerns about liability and higher penalties are further complicated by the increased number of auditing entities within the Centers for Medicare and Medicaid Services (CMS) looking to recover payments. For example, with with the increasing numbers of audits related to the Recovery Audit Contractor (RAC) program, hospitals are pressed more than ever to increase budgets and staffing to meet an unprecedented volume of record requests within strict timeframes, or reimbursement will be lost.

Recent reports from the American Hospital Association's (AHA's) RACTrac survey of 872 hospitals nationwide revealed the average dollar value of a complex denial (where medical records are requested by the RAC) was $5,395. The AHA report also mentions that, during the

first quarter of 2015, 53% of all hospitals reported spending more than $10,000 managing the RAC process, 33% spent more than $25,000 and 7% spent over $100,000.

Furthermore, the RAC program has opened the door for other payers to move forward with their own recovery audit projects. According to industry experts, requests from similar types of requestors is a growing trend, whereby hospitals can expect to experience more "CMS copycats" in the future as payers push their own agendas. Greater pressure will be placed on in-house personnel at a time when HIM departments are already understaffed and overburdened.

The Department of Health and Human Services estimates that there are approximately 60 million requests for medical records made per year, which will significantly rise with the expansion of the RAC program. The volume of requests and related costs significantly impact the hospital's revenue cycle. Even a single mistake can potentially cost a hospital thousands, even millions, of dollars.

EHR Relieves Cost Slightly, But Heightens Risk for Breach
An HIM department can receive hundreds, even thousands, of ROI requests per day depending on the size of the facility. The response time for each varies, ranging anywhere from half an hour to several days depending on the type of request and the status of the requested records. Releasing copies of medical records is already a complex process consisting of highly regulated steps, only 20 percent of which are automated with an EHR. The process has become increasingly more labor intensive for HIM departments, diverting valuable staff time from daily responsibilities to the administrative

burden of managing record requests.

The most critical and labor-intensive part of the ROI process involves a thorough review of each piece of documentation to make sure that no PHI is released without proper patient authorization. Many of the human checks and balances inherent in the process are eliminated in completely electronic environments. It is much faster to click on the entire chart and hit "send" versus taking the time to select specific pages of a record and ensure that only the correct dates of service and the "minimum necessary" information are released.

Also with an EHR, medical records have grown in size. A dictated and transcribed discharge summary report may be two to three pages in length. The same report generated by an EHR is usually ten pages or more. With more documentation to review it is easier to make mistakes. Perhaps this is why a 2010 HIMSS Vantage Point survey found that 32 percent of health IT professionals said their healthcare organization has had a patient safety or healthcare quality issue that could be classified as being a direct result of an electronic record system.

Finally, the logical inference with electronic records is that they afford greater user access to information. And they do. Increased access helps expedite processes and improve patient care. However, an unintended consequence of interoperability and electronic record sharing is a greater risk for information breach. Providers must implement stronger disclosure practices to safeguard personal information.

At a time when security guidelines are tightening, the potential for security breaches is increasing. Whether processed in paper or electronic format, HIM professionals handling requests must be knowledgeable about the privacy regulations of each medical condition,

as the rules for all diagnoses are not the same. Furthermore, they must have extensive knowledge of regulatory requirements which vary from state to state.

Faster Turnaround Required Under Meaningful Use

The Meaningful Use rule requires hospitals to meet a three-business-day turnaround time for at least 50% of all patients who request electronic copies of their records. Though final guidance is still pending, the healthcare industry cannot afford to ignore the potential impact on ROI workflow.

"Many providers are struggling with ARRA requirements to simply produce electronic copies on demand," says Ira Parker, chief legal officer for Ciox Health. "Adding such a turnaround time requirement for Meaningful Use on top of that adds a layer of complexity [for HIM personnel]." Hospitals with hybrid records will be especially hard pressed to meet the new deadline, notes Parker. "When patients present to the emergency department (ED) and are subsequently admitted to the hospital, ROI specialists must look in myriad systems to track down ED records, inpatient records, prescription records, and more, making a three-day deadline nearly impossible." Regardless of whether the turnaround time requirement and other proposed Meaningful Use criteria related to ROI are finalized, healthcare organizations must be ready to provide electronic information to patients. Many organizations, like University Medical Center in Tucson, Arizona, rely on Ciox to provide this service to their patients.

Accounting of Disclosures Comes with Hefty Price Tag

HIPAA's accounting of disclosures regulation for

providers with EHRs is intended to give patients more information about how their PHI is used. The HITECH Act modifies HIPAA to require that all covered entities using EHRs provide an accounting of all disclosures, including those that were previously exempt.

Increased accounting of disclosures places even more demands on HIM personnel. Respondents in a recent AHIMA survey said that tracking disclosures is already a frustrating challenge. Most report that the way their organizations disclose information—from multiple departments through disparate IT systems—makes it difficult to compile a complete and accurate accounting.

According to the Medical Group Management Association (MGMA), expanding patients' rights to obtain an accounting of disclosures of their health information will be extremely difficult to achieve without an enormous outlay of resources.

Other New Costs to Consider
Beyond those described, many of the costs of ROI are hidden – you don't even see the dollars, because they're going out the door so fast. The growing list of new costs includes:
- Legal fees – hire or retain an attorney; possible payment of damages/fines
- More staff to manage higher volumes of requests, handle risk assessments and breach notifications to patients and others, and possibly offer credit monitoring services
- Staff training/education on new policies, procedures, laws
- Encryption software to render patient information unreadable, undecipherable
- Increased costs to destroy records – hard copies shredded; e-copies cleared, purged, or destroyed

- Additional resources to handle billing and collection
- Cost to print and mail request, or produce encrypted CDs or otherwise deliver records electronically
- Cost to collect small-dollar invoices (average ROI bill is $30 or less); amounts determined by law in most cases
- High bad-debt ratio of ROI requests (40-50%)

By outsourcing ROI to a proven, secure service provider, healthcare executives relieve themselves of these costs and burdens while also reducing their risk of penalties and fines. For those who have chosen either a full or shared outsourcing approach, the benefits are clear, with convincing evidence of significant cost savings/return on investment.

Providers Calculate Their Costs and Choose Outsourced ROI Services
The consequence of not fulfilling each step in the ROI process according to state, federal, and other regulations can be legally and financially damaging. One way to ensure the most cost-effective, best practice approach is to consider outsourcing the ROI function to a company with trained, certified professionals who can manage the ROI process for your organization.

Florida Hospital Centralizes HIM and Outsources ROI Process
Florida Hospital, a 2,675 bed hospital system with twenty-one locations across Central Florida, has centralized its HIM services and deployed Ciox Health's release of information (ROI) technology and outsourced services alongside the organization's Cerner® EHR. Using Ciox's ROI Partner Service, Florida Hospital outsources all medical record request distribution, invoicing and collections to Ciox while the organization's internal ROI staff manages up-front functions such as

HIPAA privacy and security training, customer service, and document selection.

"Ciox Health's ROI Partner Service has helped us improve customer service: we focus on the front end of the ROI process; create consistent messaging across locations; and ensure the right documents are sent to requestors," mentions Margaret Verity, Assistant Vice President, Revenue Cycle. "Ciox does the rest." Once the Florida Hospital ROI staff logs requests and identifies the correct documents for release, they are uploaded electronically from Cerner or scanned into Ciox Health's online ROI system. Ciox takes over from there and completes the remaining ROI tasks from their centralized processing center in Alpharetta, Georgia. "Having Ciox manage record production and mail distribution from their centralized facility is a time savings for us; they can print and ship records much faster than we could internally," Verity adds.

Finally, at any time, HIM managers across Florida Hospital can see the status of requests and expected delivery dates using Ciox Health's eSmartLog™ and Field Online Websites. "Ciox's ROI technology and online tracking tools have really made it a lot easier for us to see the status of ROI processing and respond to requestor inquiries in real-time," concludes Verity. Before selecting Ciox's ROI Partner

Calculating Basic ROI Costs

Item	Cost	Annual Expense
Labor • Hours per Week • Hourly Rate • Management Expense • Employee benefits		
Supplies • Annual Billable Requests • Averages Pages per Billable Request • Annual Non-Billable Requests • Average Pages per Non-Billable Request • Space Allocation		
Hardware • Desktop PCs and Scanners Needed		

For assistance in calculating your fully-loaded ROI costs, contact a Ciox Health representative.

Service, the organization seriously considered bringing the entire ROI function in-house. Verity felt the organization would have better control over the ROI process and could potentially earn some ROI revenue. "Instead we discovered that Ciox's shared service approach gives us the control we wanted without the back-end burdens of billing, collections and invoicing— tasks that may not be a natural skill set for HIM professionals," concludes Verity.

Today Florida Hospital recognizes monthly revenue from the ROI process through the Partner Service and receives money back from Ciox to compensate for its portion of initial ROI processing.

Ciox Medical Record Release	Description
On site Service	Ciox sends a customer service representative to your office to perform all aspects of medical record release. We capture, process, and QA the record before sending to our distribution center.
Partner Service	Your staff uses Ciox technology to capture, process, and QA the medical record. Then, the record is sent to our distribution center. Each month, we send a percentage of the fees collected from invoices back to your office.
Remote Service	Ciox customer service representatives access your EHR through secure technology to capture, process, and QA the medical record from our centralized facility. Then, records are sent to our distribution center.

When contemplating whether to outsource the ROI function, cost analysis should include the fully-loaded costs (wages plus benefits) for each full time employee dedicated to ROI; recruitment, training and supervision costs; capital investment for the copying equipment; and ongoing expenses (e.g., paper, toner, postage, e-delivery method). Once the costs are totaled, the hospital should determine the revenue generated from billable requests. Typically only 30 to 40 percent of ROI requests are billable and, of those, only 70-80 percent are ever paid. If a hospital's expenses total $100,000 and it is billing $120,000 per year but only collecting 70 to 80 percent of that amount, the expenses are not being covered.

Conclusion

Faced with rising costs, decreased revenue, and reduced access to capital, hospital executives and HIM Directors are forced to weigh the advantages of staffing an HIM department with ROI specialists against the benefits of outsourcing the function. ROI service providers can reduce immediate backlog, handle specific tasks of the ROI process, or manage the entire process. Whether or not to outsource should be an informed decision based on careful evaluation of costs and resources available to comply with new regulations.

As a business associate of more than 18,000 hospitals, physician practices, and clinics across the country, Ciox has become an industry leader on HIPAA and the American Recovery and Reinvestment Act's HITECH provisions. With the guidance of our in-house legal counsel, we take a hands-on approach to educating our employees, our customers, and our industry on HIPAA compliance under HITECH.

For more information about Ciox Health's products and services designed to streamline the administrative and business processes of the healthcare community, visit cioxhealth.com or call 1-800-737-2585.

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[1] American Medical Association, December 2016, "HIPAA Violations and Enforcement."