



# XIFIN on Effective Lab Revenue Cycle Management



Lale White, executive chairman and CEO, XIFIN

An interview with Lale White, XIFIN's executive chairman and CEO

By Chris Gaerig

**E**conomic pressures, legislative mandates, and technological advancements are driving significant changes in the diagnostic services segment, while reimbursement for lab testing and diagnostic services continues to shrink. In efforts to provide increasing levels of service as efficiently as possible and to capture every dollar earned, ensuring effective revenue cycle management (RCM) is a priority for many labs. XIFIN Inc, San Diego, recently released a white paper highlighting key technological considerations and RCM strategies necessary to ensure data access and streamline revenue capture and profitability. *Clinical Lab Products* sat down with Lale White, XIFIN's executive chairman and CEO, to discuss the critical role RCM systems will play in successfully competing and surviving in the diagnostic service provider marketplace.

**CLP: What role do you see clinical laboratories and diagnostic service providers playing in response to health care reform initiatives?**

**White:** While lab testing represents only 2% of total health care costs, test results influence nearly 70% of all health care decisions. So despite the relatively small amount spent overall on laboratory data, the value of this data toward understanding diagnostic treatment, patient outcomes, and value-based pricing will be critical to health care reform initiatives. We will definitely see labs playing an increasingly important role in collecting and reporting data to help reduce costs, measure medical outcomes, and better inform decisions for physicians, payors, and patients. This is going to require an unprecedented level of data access and information sharing.

**CLP: What is the significance of value-based pricing and reimbursement?**

**White:** The health care market is moving toward a model driven by value, where purchasers of health care services will hold providers of those services accountable for both the cost and quality of care. Determining value requires data to analyze the quality of health care, including patient outcomes and health status, against data on the cost to provide the care or service. Purchasers can then contract selectively with labs, other provider organizations, or health plans based on demonstrated performance and value. Since labs generate the majority of the data driving health care decisions and clinical outcomes, diagnostic services and reimbursement for labs need to be value-based, instead of frequency- or diagnosis-based. Some examples of value-based pricing models include Comparative Effectiveness Research (CER), Pay-for-Performance (P4P), Accountable Care Organizations (ACOs), and bundled payments. All of these organizations and payment structures require that diagnostic service providers be able to readily provide diagnostic results and the associated costs of those results.

**CLP: How will next-generation revenue cycle management systems serve as part of the technological solution for value-based health care?**

**White:** The primary source for this needed clinical, financial, and cost data is the RCM system. Yet in our ongoing assessment of the RCM practices at leading laboratories, XIFIN found most laboratories are losing between 8% and 15% of their daily revenue due to inefficient RCM systems and practices. Much of this is due to the inability to leverage multiple information systems and data sources to maximize the effectiveness of their business. Next-generation RCM systems must be able to distribute and exchange billing information and revenue cycle management functionality



## INDUSTRY NEWS: UP CLOSE

Insight Genetics Partners with QIAGEN: Continuing innovations in cancer diagnostics

By Judy O'Rourke

**I**nsight Genetics, Nashville, Tenn, has just inked an agreement with QIAGEN, Hilden, Germany, with US headquarters in Germantown, Md, whereby the companies will develop a cancer diagnostic test related to the anaplastic lymphoma kinase (ALK) biomarker, to be validated and sold by QIAGEN as a companion diagnostic. ALK mutations are a driver in non-small-cell lung cancer and several other cancers, and QIAGEN has licensed from Insight diagnostic rights for the ALK gene, a key target for a novel class of lung cancer drugs. *CLP* spoke with David Hout, PhD, vice president, research and development, for Insight Genetics, to learn more about this technology and where the molecular diagnostics company is heading with its work in personalized cancer care.

**CLP: How is this agreement in line with where oncology diagnostics are headed?**

**Hout:** Perhaps no clinical area has been more altered by molecular diagnostics than oncology. The greatest need for cancer patients today is in increasing the efficacy of treatments. Diagnostic tests are key to addressing this need, providing information that allow physicians to pinpoint which patients are most likely to benefit from a drug and sparing other patients from needless side effects and expense.

For years cancer care has been headed toward more targeted treatments, and this move requires significant advancements in companion diagnostics—molecular tests that are fast, accurate, and comprehensive enough to make targeted therapies possible. There are several cancer drugs on the market that have been approved with a companion diagnostic, including Gleevec, Iressa, Camptosar, Tarceva, Erbitux, Herceptin, and most recently, Zelboraf and Xalkori. But, we have a lot of work yet to do in this space to add to and enhance our base of companion diagnostics.

Insight Genetics' partnership with QIAGEN will yield an FDA-cleared test that will enable more sensitive detection and increased selection of anaplastic lymphoma kinase (ALK) mutations and fusions, which have been implicated in several cancers. We see our test becoming a new standard for ALK testing for ALK inhibitors such as Xalkori, and also enabling clinical trials for next-generation ALK inhibitors, of which there are more than 10 already in development.

— Judy O'Rourke is editor of *CLP*

To read the entire Q&A, visit [www.clpmag.com](http://www.clpmag.com)

with other systems, including lab and radiology systems, computerized patient order entry, and electronic medical records, to streamline and speed the billing and collections process. Staff should be provided access to search for patients' outstanding balances while obtaining eligibility, co-insurance, and deductible information in real time. Staff should have the ability to accept payment from the patient or a client, wherever and whenever the capability is needed. Through secure, self-service portals, patients and clients should have 24/7 access to real-time data about their health care costs. These capabilities increase efficiency and patient satisfaction while decreasing the likelihood of errors to help capture more revenue faster while providing the data needed to determine service value.

A key feature of next-generation RCM systems is that they be able to provide information access and functionality at the right time and at the right place, whether inside or outside the billing department, across multiple end users. In my white paper, I describe four key technological aspects of effective RCM systems, including the need for systems to be interoperable, informative, intelligent, and instantaneous. Next-generation systems that incorporate these features will be better able to adapt to the changing environment and improve business operations.

**CLP: What is the most important step a lab can take to help maximize revenue?**

**White:** The largest single factor to help labs remain consistently compliant and able to support the data requirements of other entities—for example, EHRs, practice management solutions, ACOs, and P4P systems—is to ensure clean claims enter the system and that you have clean claims up front so that payment is not denied. Next-generation RCM systems have built-in edits that automatically minimize the number of errors that enter a system initially to ensure the most clean claim submissions possible. These edits accelerate the speed of collections by avoiding denials and delays, and minimizing administrative costs and the rework required to resubmit a claim. A next-generation RCM system can perform these edits, as well as eligibility checking and co-pay collections, at any end point—CPOE, EMR, LIS, HIS, CRM, Client Portal—in real time. As a result of automated claims-editing software, over 95% of claims submitted can be paid on the first submission, significantly improving the laboratory's bottom line and efficiency of the billing team.

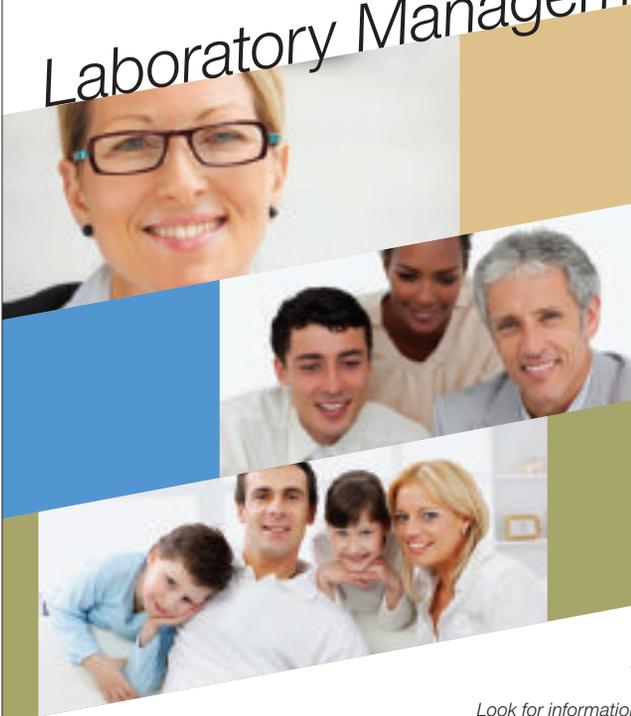
**CLP: What purchasing options and models are available to labs interested in upgrading their RCM systems?**

**White:** There are a number of relationship options with RCM providers ranging from licensing software directly from a vendor, where the lab owns and maintains the software, rules, and data used by their internal billing staff. There is also an outsourced purchasing model whereby the lab contracts with a vendor to own and maintain the software, rules, and data and to process claims on their behalf. Software as a Service (SaaS) is the hybrid model of the future and already embraced by many labs. In the SaaS model, the vendor owns and manages the system, and the lab's staff contracts to access it remotely via the Internet. This hosted model has a far superior total cost of ownership requiring no upfront costs, capital expense, equipment or licenses, IT personnel costs, data centers, or maintenance. The management of electronic files is completely eliminated. Additionally, the software is always at the latest version with the most recent payor rules, settings, and regulatory configurations. This type of partnership also allows staff to identify and completely focus on working on the most important denials and the largest underpayments. At XIFIN, we have repeatedly demonstrated that this is the most powerful model for allowing diagnostic service providers to optimize their business. ■

*Chris Gaerig is associate editor of CLP.*



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