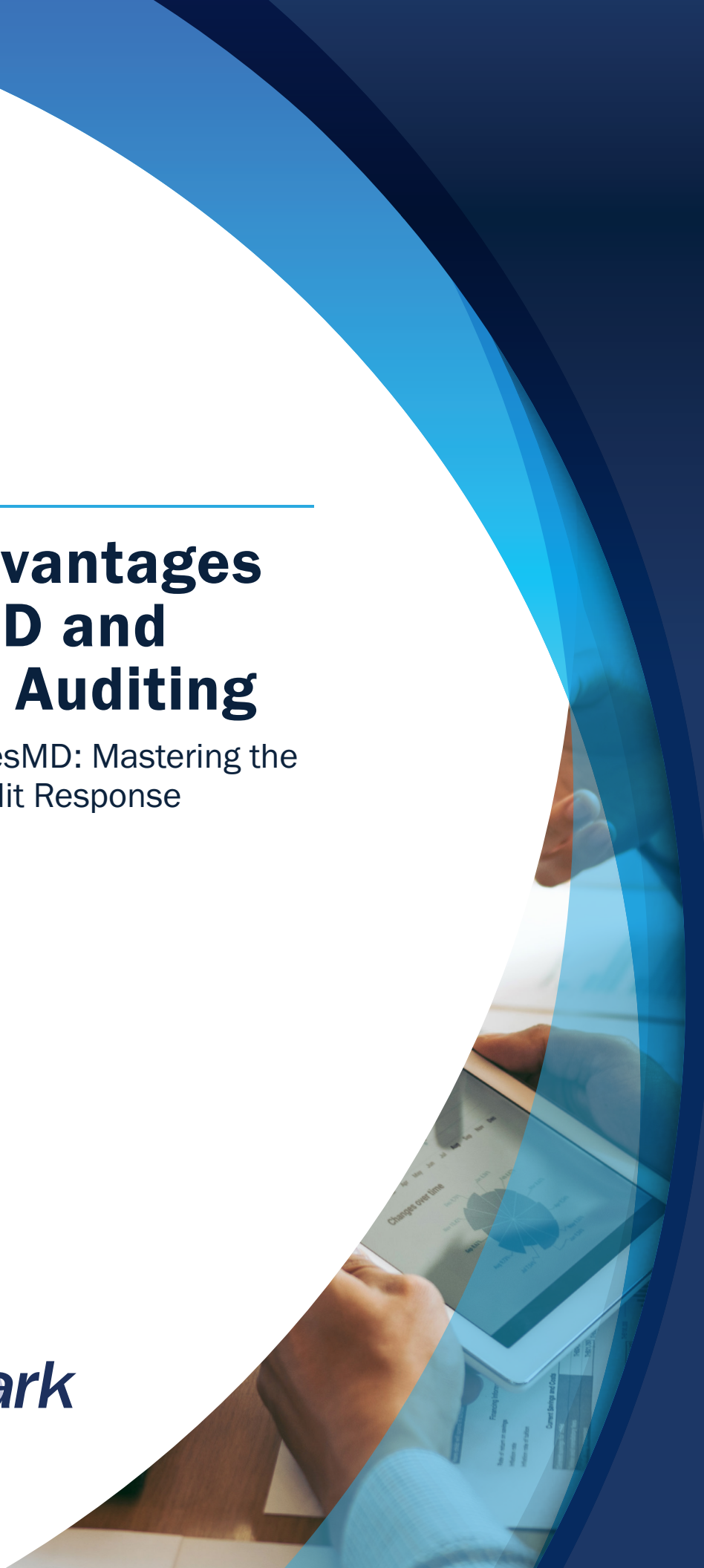# The Advantages of esMD and Digital Auditing

10 Years of esMD: Mastering the Future of Audit Response

February 2022

Bluemark

Happy birthday to the Centers for Medicare and Medicaid Services' (CMS) Electronic Submission of Medical Documentation (esMD) Program! At ten years old, we can safely say it's only getting better with age.

It's been ten years since CMS gave healthcare providers the option to submit documentation for Medicare audits using the internet rather than mailing in paper documents by hand. Since then, thousands of providers have taken advantage of the program, working with certified health information handlers (HIHs) to upload and submit their documentation.

Bluemark has been an HIH for 8 years and has been involved in esMD since 2014, two years after its initial launch. To mark the program's tenth anniversary, we're highlighting some of the best practices and critical information we've learned with close to a decade of experience sending electronic health records back and forth, as well as our predictions for the future of the program.
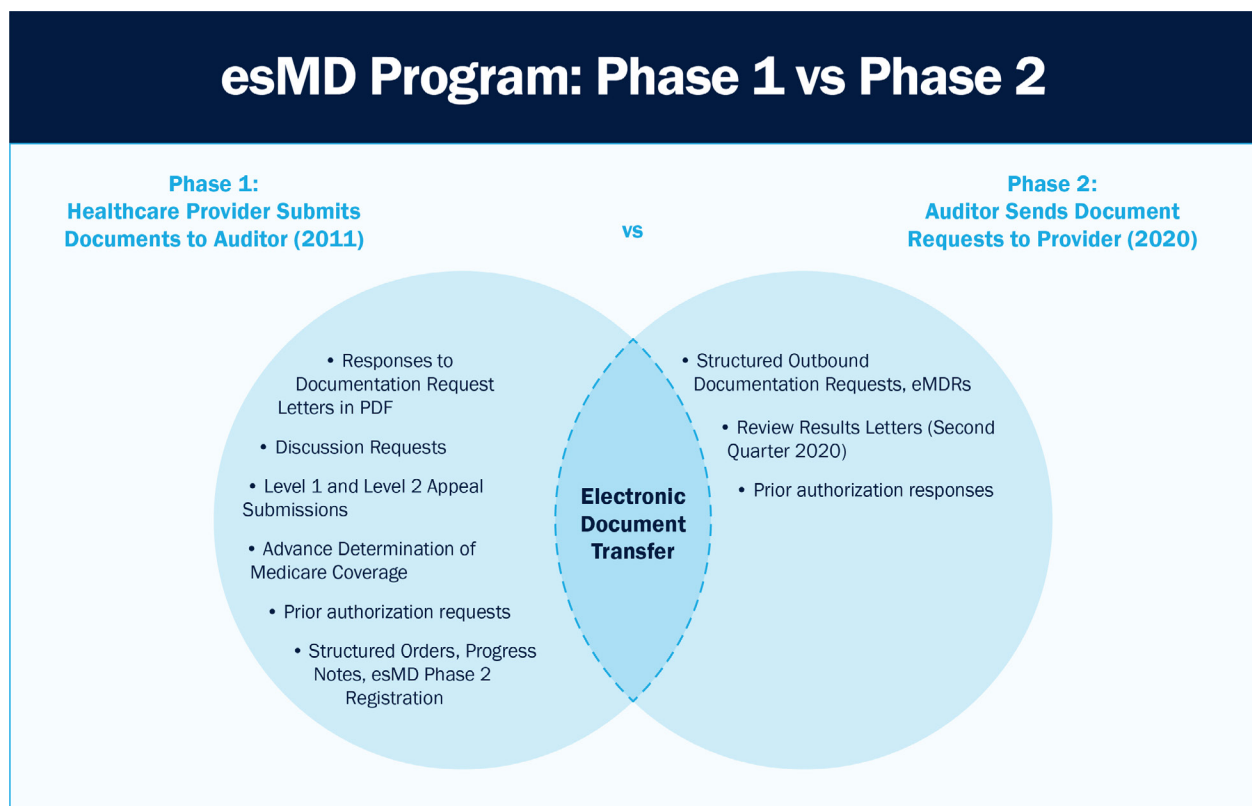
The State of the esMD Program

In the past ten years, the esMD program has grown from a fairly rudimentary, one-way portal to a sophisticated piece of technology enabling efficiency in the healthcare audit process.

In September 2011, Phase 1 of the program launched, focusing solely on submissions. Providers who received an additional documentation request (ADR) in the mail were able to submit requested medical records via an electronic response.

In 2020, after several years of anticipation, Phase 2 finally launched, allowing providers to receive ADR notifications electronically. Auditors of Recovery Audit Contrators (RAC) sent out requests for information and providers responded by uploading the appropriate documentation, creating a closed-loop system.

esMD Program: Phase 1 vs Phase 2

Phase 1:
Healthcare Provider Submits Documents to Auditor (2011)

vs

Phase 2:
Auditor Sends Document Requests to Provider (2020)

- Responses to Documentation Request Letters in PDF
- Discussion Requests
- Level 1 and Level 2 Appeal Submissions
- Advance Determination of Medicare Coverage
- Prior authorization requests
- Structured Orders, Progress Notes, esMD Phase 2 Registration

Electronic Document Transfer

- Structured Outbound Documentation Requests, eMDRs
- Review Results Letters (Second Quarter 2020)
- Prior authorization responses

There are currently 15 HIHs nationwide that handle esMD transactions between CMS and healthcare providers. Hospitals who do not wish to employ an HIH are required to either set up their own CMS-certified connection to the esMD gateway or continue to use a manual process with paper documentation sent through the mail.

HIH services are purely transactional. Some offer software-as-a-service (SaaS) products to allow for electronic documentation submission. Others act as outsourcing companies hospitals can hire to come in and take care of release of information, including esMD transactions on their behalf without having to work the software on their own.

It's up to the hospital audit response team to determine the best option should they choose to upload documents electronically. Over the past ten years it's become clear that providers opting out of electronic submission are at risk of falling behind, especially in terms of time savings and cost.

CMS has yet to release updated data on the percentage of provider medical records submitted electronically across the industry. However, the most recent report from the organization provides interesting information on electronic transactions specific to the RAC program. It is important to keep in mind that these data elements are specific to the RAC, which would technically represent five of the recovery contractors (RC) on the total esMD contractor list.

Submission Methods by RAC Region (percentage)		
RAC	**METHOD**	**FY19 PERCENTAGE**
1 - Performant	esMD	33.64%
	CD/DVD	15.38%
	Paper	44.44%
	Fax	6.54%
	Other	0%
2 - Cotiviti	esMD	27%
	CD/DVD	22%
	Paper	27%
	Fax	5%
	Other	19%
3 - Cotiviti	esMD	28%
	CD/DVD	15%
	Paper	27%
	Fax	11%
	Other	19%
4 - HDI/HMS	esMD	37.68%
	CD/DVD	6.92%
	Paper	37.80%
	Fax	13.54%
	Other	4.06%
5 - Performant	esMD	5.29%
	CD/DVD	1.52%
	Paper	26.18%
	Fax	67.01%
	Other	0%

Source: https://www.cms.gov/files/document/fy-2019-medicare-ffs-rac-report-congress-appendices.pdf

Data shows that usage of electronic methods for document submission in this small sample of RCs varied across the board with some consistent trends; namely, that electronic transactions are used just as often or nearly as often as paper transactions. We can expect these numbers to trend toward electronic transactions in alignment with the industry's growing acceptance of esMD use.

Recent Changes to the esMD Program

Even though Phase 2 of the esMD program launched just under two years ago, there have already been two major changes to the program worth mentioning that many providers are not yet aware of. These changes revolve around structured documentation and updates to key user acceptance testing (UAT) projects.

1. Structured documentation

Structured documentation was a significant release of new functionality made available after Phase 2. Structured documentation features introduced Document Codes data elements into both prepayment and post-payment eMDR transactions. These data elements provide programmable access to letter information and business situations that are specific to the underlying ADR letter.

Prior to Document Codes, the only way to interpret the context of a given eMDR (ADR letter) required a person to read the document. An example of a Document Code would be a request for "interim verbal orders" for a specific date of service.

2. UAT project updates

As a certified HIH, Bluemark is actively involved in several UAT projects that provide key insights into the current status and future of the esMD program. The current UAT phase (April 2022) is underway and contains several updates that are scheduled to be deployed in the coming months.

These items are typical maintenance items and are specific to improvements in Prior Authorization (PA) transactions and general process signaling. These types of UAT phases are essential to improving the esMD program as they improve reliability and overall user experience.

Data Bluemark Has Collected as an HIH

While we wait for further updates from CMS, there's plenty to do in the present when it comes to ensuring success with the esMD program. Like many CMS programs, esMD can be complicated for seasoned users, let alone beginners.

After being deeply involved in esMD for eight years, Bluemark has learned, to speak plainly, a heck of a lot. We've seen best practices, pitfalls and everything in between, setting up dozens of esMD gateways for clients.

We're excited to share some of our more interesting findings with you, especially around time savings and bottom line improvement we've observed in our own clients and throughout the industry.

1. esMD lowers document management time by as much as 40%

The quicker you can react to ADR notifications, the better the outcomes you have, especially with pre-pay reviews. Shaving just a week off that time means real money back into your organization's bottom line.

To fully understand the time savings an organization can experience when switching to an electronic audit response process, review the data we've collected on manual ADR processing times.

Manual ADR Administrative Statistics

3 DAYS

Average days to receipt: average time between the date on an ADR letter and receipt by resource.

5 DAYS

Average days to work: average time between the date on an ADR letter and completed data entry in tracking system

10 MINUTES

Time spent on scanning: amount of time spent scanning and filing a paper ADR letter

15 MINUTES

Time spent on data entry: amount of time spent data entering claim information from an ADR letter

4.3 CLAIMS

Average # of claims per ADR: average number of requested claims per ADR letter across all Medicare FFS contractors.

It is much faster to prepare your documents in a HIH tool as opposed to a hybrid or fully manual mode, especially when it comes to tracking. Through the use of esMD, process elements like the time between ADR letter generation and days to initiate the response would be reduced to essentially zero. Additionally, esMD changes the audit management initiation process from a heavy data entry process to a much lighter read and review process.

Overall, blinded aggregated data from our customers shows, on average, a 40% decrease in time spent managing documents when using esMD vs. traditional offline methods.

Document Management esMD vs Traditional
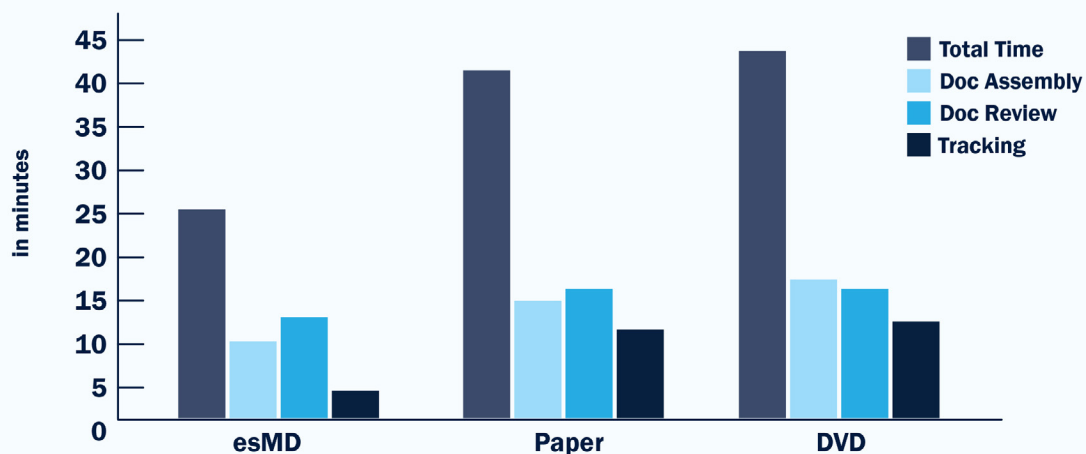
Blinded national data acquired by Bluemark through its tracking system and custom polling.

2. esMD is around 75% less costly than a paper-based approach and 60% less costly than a DVD-based approach on a per submission basis

Aggregated data sourced across a broad number of clients shows around a 60% cost savings vs. a DVD process and a 75% cost savings vs. a paper process compared to those using esMD. The definition of "cost," here, includes both labor costs and hard costs. Let's examine each one.

Labor Costs

First, the cost of labor. The average audit response coordinator receives around $70,000 in salary and benefits each year, which translates to a cost of $0.56 per minute.

SALARY + BENEFITS = $70,000/year ($0.56 per minute)

The audit response coordinator functions as a facilitator, managing the process of compiling documentation and submitting eMDR transactions. This process can can be broken down into three steps:

- ☑ **Document Assembly,** or pulling together the requested documentation and medical records to respond to the audit request
- ☑ **Document Review,** a typical QA process where a supervisor reviews the documents to make sure everything is complete prior to submission
- ☑ **Submission Tracking,** making sure the documents are received by the requesting contractor

With esMD, an audit response coordinator will be using 40% less time than that of an offline process.
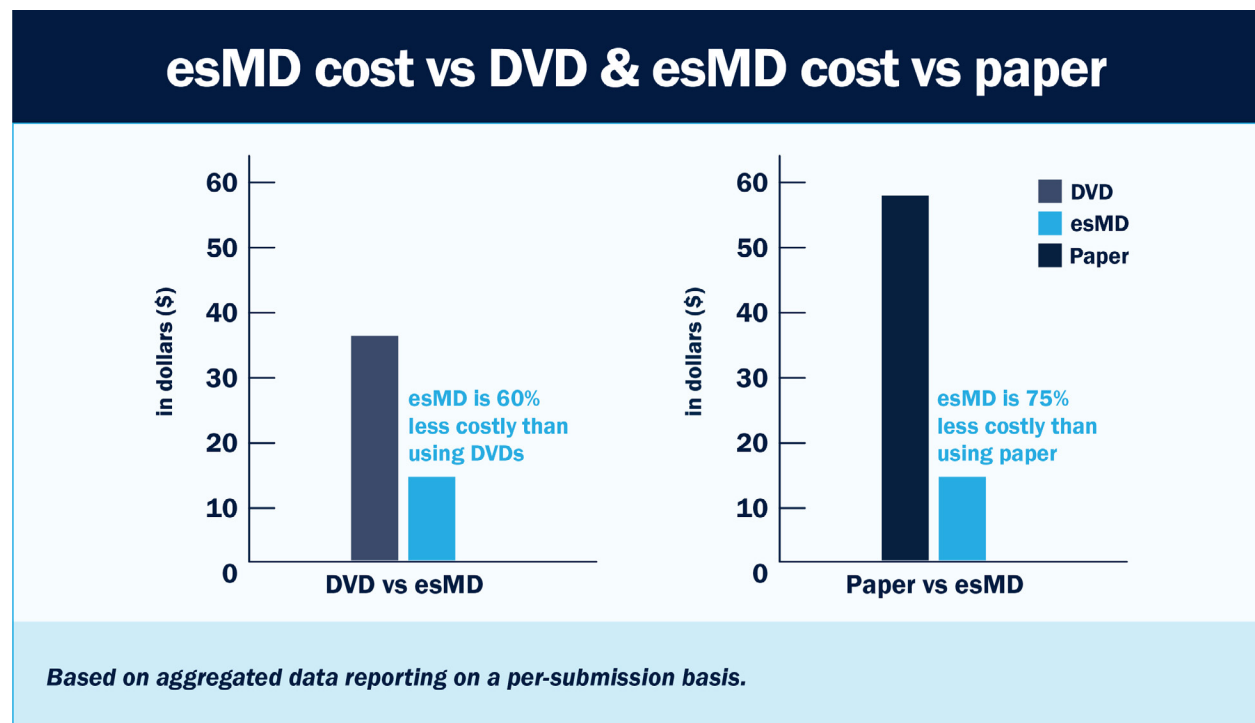
Hard Costs

The second element of the cost is what we refer to as the "Hard Cost," which includes paper and printing of documents, burning DVDs, shipping packaging, and postage. These costs only apply to the offline based submission process. The typical ADR response can be several hundred pages of documents and records, all of which need to be printed or burned, properly packaged and shipped with the correct postage.

Total cost varies, but for the purposes of this example, let's say a hospital receives 100 ADRs per month.

- **Printing Method:** If each response totals 375 pages, all of which need to be printed and shipped with postage and proper materials, hard costs total around $32.80 per submission for printing, shipping and postage for each submission.
- **DVD Method:** DVDs are cheaper than printing in terms of hard costs. But teams must still purchase DVDs and ship with appropriate postage. Adding together the cost of DVDs, shipping materials and postage totals around $11.30 per submission.
- **esMD:** With esMD, hard costs always total $0 as no postage, paper or shipping materials are required.

Total Cost

Finally, add together the labor costs and hard costs to receive the total cost per submission for each format. For esMD submissions, this cost totals $15.14—only the cost of labor. For each paper submission, the cost is around $58.00, including labor and hard costs. For each DVD submission the cost is around $37.00.

esMD cost vs DVD & esMD cost vs paper

esMD is 60% less costly than using DVDs

DVD vs esMD

esMD is 75% less costly than using paper

Paper vs esMD

DVD
esMD
Paper

*Based on aggregated data reporting on a per-submission basis.*

To be clear, this is only related to the submission process and does not quantify the other benefits tied to the electronic transmission process. But we aren't talking about saving a few hundred in your bottom line. **When you combine the time and hard costs, esMD is around 75% less costly than a paper-based approach on a per submission basis and 60% less costly than a DVD-based approach.**

3. Turnaround time is 70% faster with esMD as opposed to a paper process

Time savings is also apparent when examining turnaround time post-submission. With esMD, providers receive eMDR transactions in near real-time which allows the response process to start immediately, providing the quickest path to payment. In fact,

"Our providers have reported that payment turnaround when using esMD is six days as opposed to the paper process which is approximately three weeks."

Recovery Contractor Turnaround (2019)
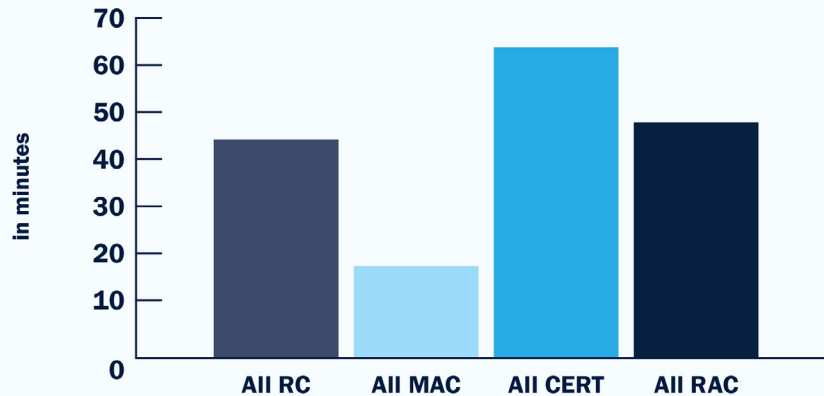
As a certified HIH, Bluemark has seen rapid adoption of esMD among clients. Based on its own internal data, Bluemark has seen an average turnaround time of 44 minutes.

It's easy to see why companies that don't invest in esMD now run the very real risk of falling behind in the near future. Organizations waiting five days to enter their data into a manual system simply won't be able to keep up with those turning the process around 20% faster, consistently meeting deadlines and protecting at-risk audit dollars. The future is esMD.

Tips for success we've learned as an HIH

Through conversations with clients and constant updates to our own software, we've identified several best practices that can help all types of medical practices provide the best possible audit response in order to achieve the reductions in time and cost detailed above. They are as follows:

1. There is a formula for success when setting up an dedicated audit response team

We've found that the most successful audit responses start with the foundation a great team provides. The best teams consist of some combination including at least the following necessary roles:

- A documentation lead with access to medical records
- A project manager responsible for making sure all paperwork is sent on time
- A doctor or nurse who can provide a clinical perspective to create a complete picture, if needed
- A quality assurance team member to review all information before it's submitted

We've found the best teams always have someone in each of those four roles. Of course, the team is not limited to four people or four roles. Include as many employees as your organization needs to send a timely, complete audit response. Scale as needed depending on the size of your operation, but refrain from creating teams too big to manage.

2. NAYF (Notifications Are Your Friend)

Notifications and alerts are an essential part of managing the audit response process. A provider must have controls in place to monitor transactions, ensuring a smooth process where requests do not fall through the cracks. Some key best practices we have found are:

- eMDR transactions can come into your HIH in near real-time. We have found that it is critical to have a responsible party or group that receives a notification via email or messaging upon receipt.
- All esMD transactions are workflow and deadline based. Ideally, you can set up your product with automatic deadlines based on the type of request. Furthermore, your workflow management tool should have an escalation mechanic to alert users when items are in danger of missing a timeframe. In the real world, your teams are busy and requests do not get handled immediately. An escalation mechanic helps guard against items "falling off."
- Errors can and do happen, so it is important that your product has alerting around these situations. More importantly, one should ensure their software provider has a documented process and clear procedures around these scenarios.

3. With software, things can (and sometimes will) go wrong. There's always a fix.

Generally speaking, esMD operates with fairly few errors and exceptions. However there are situations where problems do occur.

Defined Errors

Problems that can come up in the actual back and forth transactions are what we consider "defined errors." Defined errors are very manageable and generally can be addressed by correcting information and resending a transaction.

An example of this type of a problem would be a provider sending a level 1 appeal request to a RAC contactor. As RAC contractors are not appeal agents, they do not support this content type, causing an error. The key here is having a software product that alerts you to this situation or has a validation that does not allow you to send this type of transaction mismatch.

Level 3 (L3) Administrative Errors

Issues that do not trigger errors can also occur, which can be frustrating and difficult to track down. This secondary group of errors that we have seen are a bit more complex and typically occur around timing of letters or receipt of ADRs by the RC. These types of errors are generally referred to as L3 administrative errors and can occur after a provider receives a valid L2 confirmation.

L3 errors are very challenging to manage as there is no specific timeline on when one could occur. We have seen many examples of an L3 error triggering weeks after an L2. Given this unclear timeframe it is very important for your vendor/HIH to stay on top of these errors and to have good procedures in place to mitigate these occurrences. Root cause analysis and issue tracking are essential for this classification of errors.

A quick real world example of how this can occur would be if a provider accidentally sent an ADR transaction to their MAC instead of their RAC. Unfortunately they would get an L2 acknowledgement when the MAC gets the document. The problem here is that the MAC was not the requestor and it could take weeks to have the contract determine this and send an L3 back to the vendor. Unfortunately, people make mistakes and this type of error could be costly as the provider may be beyond the request date by the time the L3 occurs. A couple of steps that we have taken with our products is to reinforce in our education process the importance of double-checking the proper destination. We have also built in some validations that prompt the user to check their destination.

In our experience these issues are fairly limited and can be tied to specific Review Contractors. We have found analyzing the ticketing/support process and working closely with our CMS contacts to be a tremendous help when this occurs.

The Future of the esMD Program

esMD has come a long way from its introduction in 2011, but its evolution is far from over. Based on our experience, the next logical step in the process is a true Phase 3 that allows providers to review results, truly closing the loop of transactions.

This will be a huge deal when it launches, paving the way for digital documentation to become the requirement - not just a cost-effective option. Auditors will no longer send out letters or accept hard copies of documents except for special use cases. This is just another reason why we encourage providers to adopt a technology solution now so they aren't caught off guard in the future.

After adoption of a digital process by government auditors, we also anticipate commercial payors will be next in line. In a few decades, the idea of using paper or DVDs to respond to any audit will be as outdated as the idea that we ever owned phones that couldn't leave our houses.

Future UAT projects

There has also been documentation circulating about a potential new use case for esMD that may be of interest to providers. The idea is to use esMD as a general delivery method for letters from Recovery Contractors to providers. This would potentially entail the delivery of Review Result Letters, PA Decision Letters, education and general letters. This is a very exciting project that would significantly increase the usage and value of esMD.

Of course, those who have followed the launch of Phase 2 closely know that the creation of a closed-loop system and the addition of these new updates represents only a fraction of what CMS had planned for the next phase of esMD. We're still waiting for several features we hope to see launch in the next few years. Specifically the ability to review the results of an audit electronically to truly close the loop on transactions.

Prepare for the Future by Setting Up a Foundational Technology Solution Today

If reading all this has you ready to revamp your audit response process, there's no need to wait. Get started today by deciding whether or not to work with a certified Health Information Handler (HIH).

It is possible to manage electronic audit responses without the help of an HIH, but you take on several risks by DIYing the process. Each organization that sends you ADR has its own portal you can almost always use for free. But you'll quickly find yourself juggling 15-20 different portals and profiles, each with their own specific document requests.

Using an HIH lets you handle everything in one place and removes risk of losing audit dollars via human error. Start by selecting the provider that you want to use based on your needs. Are you looking for an all-in-one audit system or more of a standalone solution? Do you need to manage a high volume of requests, or are you processing just a handful per year? Shop around and find an HIH you can trust.

Debunking the Cost Barrier

We've seen too many organizations hesitant to adopt technology because they don't think they need a change or don't perceive their systems as inefficient. Investing in electronic document submission for audit response doesn't mean your current system is broken or your team is doing their jobs ineffectively. It means you have the smart business sense to recognize where our industry is heading.

There is a perception that a technology solution comes with a high cost, but a good HIH can offer custom software configurations that fit your needs. There are solutions that are cost effective and can allow you to start taking advantage of the esMD process.

Putting off an investment in better technology is no longer worth it. The longer your organization waits to adapt electronic audit response processes, the more your team will find itself scrambling to catch up in the future.

Audit Response Technology in Action

Atrium Health Wake Forest Baptist is a pre-eminent academic health system based in Winston-Salem, North Carolina and part of Atrium Health Enterprise. Atrium Health Wake Forest Baptist's two main components are an integrated clinical system – anchored by Atrium Health Wake Forest Baptist Medical Center, an 885-bed tertiary-care hospital in Winston-Salem — and Wake Forest School of Medicine, the academic core of Atrium Health Enterprise and a recognized leader in experiential medical education and groundbreaking research that includes Wake Forest Innovations, a commercialization enterprise focused on advancing health care through new medical technologies and biomedical discovery.

Size of Organization: Health System includes Brenner Children's Hospital, five community hospitals, more than 300 primary and specialty care locations and more than 2,700 physicians.

Product of Choice: Blueway Tracker.

Primary Usage for Software: Track all payer audits, both government and non-government including pre-pay, post-pay and charge audits. This information is presented to Executive leadership and Corporate Compliance monthly. It is also used in Managed Care negotiations and audit limitation language.

Reason for Switching to a Tech-based Solution: Lack of support from previous vendor including turnaround time on issue resolution and cost involved in routine maintenance. Reporting was also lacking in previous product.

Roadblocks in Software Implementation: As with any software, there can be problems at times. We have had a couple of issues with records failing to be picked up by the contractor. Bluemark works with CMS to solve these types of issues for us in a timely manner. Blueway Tracker monitors our record submission to verify that we do not have issues with our esMD transmissions on a daily basis.

The one thing that most surprised me is Bluemark's willingness to work with us to ensure that we are getting the best use out of the product that we can. They have been helpful and easy to work with when we have any issue that comes up.

Value Gained with Audit Response Software: In large organizations such as ours, we face challenges in getting paper correspondence. In additional any means of electronic retrieval and submission allows for remote/at-home staff to continue to be productive.

Money saved: Our department sends between 100-250 records a month via esMD using our Blueway Tracker vendor process. Without this quick and reliable process we would be spending thousands of dollars in FED-EX charges, and countless dollars in CD-DVR supplies in order to download medical records to CD-DVR secured disc.

Time saved: We would also be losing a significant amount of time which it takes to secure the disc for each patient and to load records to the disc. Then to verify each disc is accurate, load, package, and ship each CD as well as verifying that each CD reached its destination, with additional password instructions and password protection under separate cover. Our productivity immediately would go down without esMD.

esMD allows for quicker response time to receive the results of any review process that is in place by CMS. We receive it faster and more timely yielding to quicker payment or lack of payment and a quicker time frame for possible appeal.

The esMD submission process allows for the record to be sent one time and is forwarded to the next provided. We are informed of any changes that may need to be corrected without a complete new record having to be sent with each new level of denial. We can submit only the new documents when needed.

Bluemark: An HIH You Can Trust

Bluemark is a specialized software developer providing expert solutions for healthcare professionals. We solve complex problems with our adaptive technology and industry expertise.

Bluemark also specializes in developing the most powerful audit management and response solutions available in the market today. Our sophisticated cloud-based audit and compliance technology solutions streamline the response process, providing the technology to efficiently and effectively manage and respond to all types of audits—and protect valuable reimbursement dollars.

To accomplish this, we offer Full Cycle esMD high-tech solutions, appropriate for providers of all sizes from individual practices to complex health systems.

Blueway Tracker

Blueway Tracker is the most powerful audit management and response solution available in the market today. This all-in-one software platform features enhanced case management, claims and remittance file interfacing, electronic document transmission, payer contract tools and reporting. This solution was designed with large hospitals and health systems in mind.

Blueway Portal

Blueway Portal enhances any audit response process with electronic document transmissions. Utilizing Blueway Portal, providers can quickly and easily initiate esMD transactions while continuing to use existing audit workflow management tools—acting as a true complement to your current processes.

myesMD.com

myesMD.com is a simple, secure, and free online portal designed to give Providers the access and ability to rapidly submit Medical Records and other documentation to CMS approved audit contractors such as the MAC and RAC.

Bluemark offers solutions that range from free to full audit management and several configurations in between. Which one might be right for you?

Click here to learn more about each of Bluemark's payer audit management solutions.