PRACTICE PROFILE

Imperial Calcasieu Medical Group, Lake Charles, La.

Streamlining payment collections

Technology helps multispecialty group increase collections, decrease bad debt

Like many physician practices, Imperial Calcasieu Medical Group in Lake Charles, La., faced the dual challenges of rising operational costs and declining reimbursement, making it imperative to collect every dollar due. Adding to these challenges, patients were shouldering a greater financial responsibility for their care, putting the practice at risk for rising levels of patient bad debt.

In recent years, an increasing number of patients are enrolled in health savings accounts and consumer-directed care plans, but knowing exactly what to collect from these patients was difficult and time-consuming. At the same time, clinic staff lacked confidence in the accuracy of reimbursement from payers, which fueled fears of lost revenue.

Internal processes for eligibility and benefits verification were equally time-consuming, requiring staff to frequently call payers or conduct Web searches. As a result, the clinic experienced a significant amount of eligibility-related claim denials.

The practice handles more than 18,000 patient visits a month and regularly deals with more than 3,000 CPT codes between its 17 specialties. With the large volume of patient encounters, the practice quickly outgrew its practice management system's ability to track whether the contracted amount had been allowed by the payer upon posting of the explanations of benefits.

Clinic staff attempted to enter payer allowables manually to determine if payments were correct, but the process was time intensive and the data were often incomplete.

While payment posters were responsible for manually detecting reimbursement errors, staff believed the sporadic spot-checks were insufficient to flag all of the underpayments.

Catching underpayments manually was not practical for an organization of this size, especially given the complexity of the payer contracts.

With this in mind, the group began looking for technology to verify payments, identify and appeal underpaid claims and evaluate proposed payer contract terms based on the mix of services provided without exhausting staff resources.

The clinic also wanted to find a solution that would generate accurate patient estimates for out-of-pocket costs before or at the time of service based on the latest eligibility and benefits information to allow collection of accurate payments upfront.

The practice was relying on an in-house spreadsheet to track payer allowables by contract and then manually calculating the patient portion due, but staff frequently encountered overcharges or undercharges because there was no way to account for multiple procedures or the host of other variables that affect payment.

Searching for a solution

When Imperial Calcasieu staff began searching for technology to automate these manual hit-or-miss processes, its first priority was securing a solution that would be intuitive and easy to use.

Nearly 60 employees from various departments would be required to use the technology, so it was important to find a system that would not involve a great deal of training. From an information technology perspective, the group desired a solution with minimal maintenance requirements, particularly since it was implementing a new practice management system at the same time.

see **Practice Profile**, page 30

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The selection team, which included the executive committee and chief executive officer, surveyed the market and narrowed the pool to two finalists. Following a final vote by the physicians, the team selected a software-as-a-service provider that is Web-based, which meant there would be no hardware or software to manage. Another selling point was that it gave staff the ability to identify payment trends and patient insurance coverage.

A better way

To initiate the implementation process, Imperial Calcasieu loaded the terms of its payer contracts into the contract management system. The group also reorganized its departments to prepare for the rollout, devoting one and a half reimbursement analysts to managing the system, as well as any resulting underpayments and appeals.

One of the keys to the group's success was finding the right people for the job. Management identified staff members who were analytical and had a strong understanding of practice management systems and Medicare payment rules.

Throughout the implementation, clinic staff participated in weekly calls with the provider to ensure successful extraction of data. Once the interface was in place, the system began evaluating claims based on contract terms, fee schedules and payment policies, taking into account variables that impact reimbursement, such as carve-outs, site-of-service differentials and bundling edits.

When variances are identified, analysts validate underpayments before initiating an appeal. The four-step process includes validating, appealing, recovering and reporting.

Staff members also use the new system to check eligibility at multiple points, including pre-arrival, check-in and charge entry. This real-time eligibility and benefits verification functionality combined with the claims valuation engine allows the group to calculate the patient's financial responsibility before or at the time of service.

After determining payer allowance and applying any remaining deductibles or coinsurance, the system automatically generates an estimate of the patient's out-of-pocket obligations.

With this information at their fingertips, staff members can advise patients of amounts due prior to procedures, collect prepayments and build net cash receipts.

At first, some patients who were used to being billed after the procedure resisted the new process, but over time, the staff has been able to educate patients about the new collection policy, and the practice has actually seen a boost in patient satisfaction because staff members rarely have to deal with refunds and rebilling.

Reaping the rewards

Within four months, Imperial Calcasieu recovered its investment costs and transformed its financial operations, which resulted in a 12 percent increase in time-of-service patient collections and a 13 percent decrease in patient bad debt.

The group runs quarterly reports to demonstrate the value of the system to the physicians, who were impressed when they saw how much money was being collected at the time of service.

Providing patients with service estimates based on their latest deductible, coinsurance and benefits information has helped improve the provider-patient relationship and increased patient satisfaction, while helping the group maximize cash flow and minimize payment delays.

In addition to eliminating many of the expenses related to billing statements and postage, the group has reduced the number of refunds processed because patient estimates are more accurate.

In addition, the group now collects coinsurance percentages at the time of service along with copayments for office-based charges.

Capturing payments upfront is especially vital for services such as chemotherapy, where the margins are very slim.

More accurate eligibility and benefits information is paying off as well. Claim denials related to eligibility errors have decreased from 1.6 percent to 0.9 percent. Overall contract performance has also improved because the group can use historical claims data in the system to negotiate more favorable contract terms.

Imperial Calcasieu has leveled the playing field with payers because it can forecast how changes to contract terms will affect payment. Now that the system is in place, the staff has the tools needed to collect more accurate payments from both payers and patients.

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