

Uncovering contractual details helps collect revenue left on the table

Emory Clinic uses automation that identifies contractually allowed line-item claim amounts to recover reimbursements and prevent underpayments

Client. Atlanta-based Emory Clinic is a 1,700-physician multi-specialty practice affiliated with Emory University School of Medicine, with more than three million patient encounters annually.

Challenge/Objective. Identifying and validating underpayments on a large number of claims; monitoring the overall performance of its payer contracts; verifying insurance and benefits information before or at the time of service; increasing patient collections to address the growth of self-pay patients and high-deductible health plans; and reducing patient bad debt by properly identifying patients eligible for financial assistance programs.

Resolution. Experian Health Contract Manager verifies line-item contractually allowed amounts for claims to recover and prevent underpayments; Experian Health Patient Responsibility Pricer calculates patient financial responsibility by adjudicating charges on demand, incorporating contract terms and payment rules, and applying up-to-date co-pay, co-insurance and deductible information through integration with Experian Health Eligibility and Benefits Verification; Experian Health Financial Assistance Screening properly classifies patients who meet qualifications for Medicaid, charity programs and other government assistance and automates the enrollment process.

Results. \$21.3 million in underpayments recovered in 8 years; 85 percent collection rate from patients when estimates are provided, increasing financial counseling collections to \$5 million annually; patient bad debt trimmed to just 1.1 percent of total charges.

“With Experian Health, we not only identify underpayments and hold the payers accountable to their contract terms, but we also are transparent with patients on their out-of-pocket responsibility and collect more timely payments, nearly eliminating bad debt.”

—Taylor Williams, Director, Patient Financial Services,
Emory Healthcare

Client

With 2.6 million claims worth more than \$600 million filed annually, Emory managers suspected there was significant

opportunity to identify and recover underpayments at the Emory Clinic. In 2001, consultants were hired to work with the clinic's business office to identify appeal opportunities on its managed care contracts. Their initial recovery efforts were successful, much of it in transplant and underpaid cancer drug claims. However, after harvesting the low-hanging fruit, this process proved ineffective, prompting the clinic to bring payment verification in-house. A difficult search effort quickly ensued for employees with the rare combination of skills to both mine the clinic's complex contract database and identify potential payment variances and errors.

Adding to the complexity of the revenue cycle management challenges Emory Clinic faced, beginning in 2007 the medical group saw self-pay A/R rising drastically as patients either lost insurance coverage due to unemployment or enrolled in consumer-directed or

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high-deductible health plans — a shift with a significant impact on the bottom line. That year Emory's outstanding accounts receivables reached a startling \$20 million with approximately three-quarters of this total consisting of patient responsibility amounts. A/R days for self-pay patients also ballooned to more than 100 days.

Challenge/Objective

To address its contractual underpayment problems, Emory quickly realized that it would need to implement technology in order to combat the challenge and capture every dollar for services rendered. "Manually identifying underpaid outpatient claims proved an overwhelming task for our small, yet dedicated staff," says Bernadette W. Cotton, Director of Contract Reimbursement for Emory Healthcare.

Employees who had the managed care contracting experience to identify errors generally lacked the complex data management skills to find the data, and vice-versa. "After we identified the low hanging fruit, the amount of training and effort it took to identify smaller variances and underpaid claims was prohibitive," Cotton says. In particular, errors by smaller IPAs and contracts were overlooked because it simply didn't pay to invest the staff time to look for them. "We quickly realized we needed an automated solution to keep up with our growing claims volume and ensure we were being paid what we were owed."

Related to its challenges with patient collections in 2007, Emory also faced additional barriers as it examined ways to increase the amount of revenue collected from patients at or before the time of service by shifting efforts from the back office to the front end of the revenue cycle. "In taking this approach, the primary challenge we experienced was calculating a patient's out-of-pocket expenses. It was virtually impossible to accurately determine the patient's portion of the total bill without knowing what the insurance company would allow for the procedure," says Taylor Williams, Director of Patient Financial Services at Emory Healthcare.

Because of this approach, Emory was primarily able to collect the deductible and co-payment at the time of service and had to bill the remainder of the patient's portion once reimbursement was received from the payer — a process that often resulted in payment delays and patient bad debt.

Resolution

Emory identified the need for an automated solution to help monitor payer compliance, accurately identify and appeal underpayments and ultimately improve revenue cycle management processes. After thoroughly reviewing the options, Emory Clinic chose **Contract Manager and Analysis** because "it was the best system on the market," Cotton says. "The Experian Health solution is user-intuitive and easy to learn, even for employees with minimal computer or contracting experience."

After an implementation that Cotton describes as "painless," Contract Manager and Analysis went live at the Emory Clinic in January 2004. The system enables Emory to identify workflow errors and document underpayments with the touch of a button. And the powerful contract analysis tools empower Emory to run what-if analyses on proposed contracts with its payer partners prior to agreeing upon new terms and fee schedules. The result is better contracts and the peace of mind that the group is able to fully monitor the performance of its payer contracts.

Every month, Emory Clinic now generates a complete list of claims with a variance of \$1 or more and works them according to value. Patterns of small variances that add up to big dollars are often identified and collected. "We have all the data at our fingertips," Cotton says. In addition to supporting successful underpayment appeals, Contract Manager has helped Emory identify and correct systematic payment errors with payers and major IPAs.

"Thanks to the contract analysis tools, we are also on a more equal footing with the payers during contract negotiations," Cotton says.

After initially partnering with Experian Health for contract management technology and services, Emory Clinic looked to the company again in September 2007 for assistance in expanding its use of revenue cycle management technology to address challenges with patient payment collections. At that time, **Patient Responsibility Pricer** was selected to increase up-front collections, improve patient benefits education and reduce bad debt. Utilizing the contract data loaded in the system, Patient Responsibility Pricer generates an estimate of the patient's responsibility for medical procedures, which Emory's financial counselors then mail to patients and discuss with them via phone before the scheduled appointment. "We use the estimates as a way to start dialogue with patients so they better understand their financial responsibility," Williams says.

To further enhance its revenue cycle management capabilities, Emory Clinic implemented **Eligibility and Benefits Verification** in January 2009 and later expanded its use enterprise-wide to include Emory Healthcare's hospital locations as well. Staff members use the product daily to conduct insurance eligibility and benefits checks for all patient visits.

With Patient Responsibility Pricer, the functionality and benefits of both products ensure estimates are based on the latest eligibility and benefits data, payment rules and contract terms. As a result, staff can produce quick, accurate estimates without having to call payers or visit their websites. "Having to manually verify eligibility and benefits at a was a time-intensive process that was not cost

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effective for certain departments nor lower-cost procedures based on staff member productivity,” Williams says. “With the integrated applications, staff has eliminated the need for these hands-on processes, resulting in improved collections processes and streamlined workflow.”

Shortly thereafter, Emory Healthcare’s hospitals began utilizing Patient Responsibility Pricer in an effort to provide patients with estimates that reflect projected charges across the entire enterprise, helping to boost satisfaction and overall collections. Currently in use in both the orthopedics and radiology departments, the organization has its eye on adding more services in the future.

“Anytime there is an inpatient quote, we can easily add facility charges or any other fees that may apply, which gives patients a better understanding of what they will owe out-of-pocket,” Williams says.

Beyond collecting more from patients up-front, Emory Clinic has further reduced patient bad debt through its use of **Financial Assistance Screening**. The tool, which employs healthcare-specific predictive models to properly classify patients based on their unique financial situation, enables staff to quickly determine eligibility for Medicaid, charity programs or other government assistance. If patients qualify, Financial Assistance Screening streamlines the process by matching patients to the most appropriate workflow, generating the required documentation and automating the enrollment process.

“Financial Assistance Screening makes it easy to screen for charity care and enables staff to focus their efforts on those patients that are most likely to qualify,” Williams says. “As a result, we can recover more revenue and minimize patient write-offs.”

Results

Experian Health’s products and consultative services have dramatically improved Emory Clinic’s staff productivity and increased overall revenues. Among the benefits:

- \$21.3 million in contractual underpayments recovered in 8 years
- 47 percent increase in financial counseling collections
- Patient prepayments are now estimated at \$5 million annually
- Reduced time spent generating patient estimates by half and reallocated 3 FTEs to other tasks while maintaining the same number of printed patient estimates
- Decreased patient bad debt from 3.5 percent in 2007 to 1.1 percent of total charges in 2011
- Fewer eligibility-related denials

- Improved contracting performance with ability to model contract changes using actual historical data

“We were losing money and we didn’t even know it,” Cotton says. “We found instances where health plans were reimbursing us according to previous rate agreements.”

In addition, identifying underpayment and denial patterns have also helped Emory improve coding, posting and billing processes to reduce denied and underpaid claims. “Improving internal processes has been an unexpected benefit.”

Contract Manager has also helped Emory better deploy its billing resources among the 25 divisions within the clinic. “There’s no question about whose claims get priority. We just work everything with a variance for every department,” Cotton says.

Equally important, Emory now has the tools it needs to reduce patient bad debt by collecting more payments up-front. “Expanding our partnership with Experian Health to include more products and services has helped us achieve new operational efficiencies,” Williams says. “Most notably, time spent verifying eligibility and determining patient responsibility has been cut in half because staff members at our hospitals and clinics no longer have to devote countless hours on the phone with payers or looking up information on various payer websites. Without the assistance of technology, it would not be possible to increase the effort of financial counselors on preservice collections to improve patient payments or cover the volume of estimates we want to provide without a large increase in staffing across the enterprise,” says Williams.

Experian Health adds \$21.3 million in 8 years to the bottom line of Emory Clinic January 2004–January 2012

Number of successfully appealed claims:
124,380

Value of claim recoveries: \$21,300,000

Underallowed variance: 2.7 percent

Increase in financial counseling
collections: 47 percent