

Capturing Lost Revenue

BY ROSA BROWNING



A 10-physician practice recovers more than \$2.4 million through improved payor contract management.

As a premier neurosurgery and spine surgery practice in south central Texas, Neurosurgical Associates of San Antonio, P.A., (NASA) participated with most insurance plans. The practice grew steadily over the years, but as the volume of managed care contracts grew, so did the denials and underpayments.

Unfortunately, the manual process of detecting these payment errors was overwhelming. With more than 110 managed care contracts—each with its own payment schedule, global service bundles, and billing rules—practice staff had to manually go through stacks of EOBs each day. This cumbersome task consumed a lot of staff time and also caused our group to miss a significant amount of contractual underpayments.

A BETTER WAY

After exploring technology solutions aimed at improving the efficiency of our payor contract management process, we partnered with Austin, Texas-based Medical Present Value Inc. (MPV). The company's Web-based MPV Phynance application allows our practice to check for denials and underpayments, identify payment trends, and stay on top of constantly changing payment rules.

Before we implemented Phynance, MPV's contract analysts defined and modeled the individual terms of our payor contracts and loaded them into the database. Once this step was complete, we were ready to begin monitoring the accuracy of our reimbursement.

Here's how it works: The application

extracts claims data from our practice management system on a daily basis so it can be compared to the expected allowed amounts designated in each individual payor contract. Claims and allowables are verified at the line-item level along with continually updated public and private sector payor rules, fee schedules, and formulas. Updates related to Medicare and other payment rules are tracked regularly to ensure pricing information is accurate.

Now, the process of detecting underpayments and other payment variances is as simple as running a daily report. We can monitor more than 200 claims generated daily to ensure they're filed correctly and paid in full compliance with all contract bundling, documentation, and payment terms. Our practice is also able to quickly

Contract management software can not only help identify and eliminate overlapping and underperforming contracts, but can also empower staff during their interaction with payors, giving them the complete and accurate data they need to back up appeals cases.

identify and rectify systematic payer processing errors, another important benefit.

THE POWER OF DATA

Using the data stored in Phynance, our practice has identified and eliminated overlapping and underperforming contracts, reducing the total number of contracts it manages from 110 to 32. Today, both commercial and government contracts are modeled in the system and all of our claims volume flows through the application.

The tool not only allows our practice to determine which payors are compliant with contract terms and which are not, but it also empowers staff during their interactions with payors. When an appeal is warranted, users are directed to specific language in the contract that explains why a claim is underpaid or contains a variance. Staff can then share this information with the payor, improving communication between the two parties and enabling us to recover the revenue we're owed. With complete, accurate claims information at our fingertips, we have the data to back up our appeals cases, making the entire process more productive for our practice.

Although many thought the overall number of appeals would go down once we started using the application, we actually discovered the opposite. Payors are continually initiating new bundling pricing procedures, and our automated process helps us manage these claims.

Having payor contracts modeled in Phynance has also enabled our presurgery department to estimate a patient's portion of the bill prior to the procedure. To generate an estimate, our staff members enter the patient's benefit information, the scheduled procedure(s), and our practice's collection policy into the user interface. The application automatically takes into account multiple line items, valuation estimates, and payment rules to calculate the patient's portion of the bill.

As a result, our practice can collect these revenues before treatment and minimize billing expenses. By giving patients their payment options up front, they have the opportunity to know what their insurance is paying and plan accordingly. It's been a great education tool for us, particularly as the number of self-funded insurance plans, such as health savings accounts, continues to grow. This approach has also increased average monthly collections and reduced the risk of nonpayment following treatment.

GAUGING SUCCESS


Our approach to payor contract management has raised the level of expectation for effectively auditing and recovering payments.

Since implementing the application in 2000, NASA has recovered more than \$2.4 million in contractual underpayments. In the first year alone, underpayment recoveries more than paid for the cost of implementing Phynance.

In addition, we can now submit cleaner claims. The system helps staff identify registration and posting mistakes as well as data entry errors, minimizing the need to re-submit claims and improving cash flow. Time spent documenting and appealing underpayments is also down, resulting in lower overhead costs.

Finally, the data stored in Phynance helps staff negotiate increased payment rates. When it's time to renegotiate contracts, staff members can generate reports on previous contract performance and run "what if" scenarios for proposed terms—providing insight on which contracts to sign, renegotiate, or cancel. By evaluating proposed contract terms based on the actual mix of services we provide, we can provide the data we need to secure more favorable rates.

LOOKING AHEAD

As the complexity of our payor contracts continues to increase, this approach to contract management affords our practice a unique advantage. With the ability to effectively track the performance of our contracts, generate patient estimates, and negotiate better-performing contract terms, we have the resources we need to improve revenue cycle management practice-wide. 

Rosa Browning serves as the business office coordinator at Neurosurgical Associates of San Antonio.