

Emory Clinic



“With MPV Contract Management we not only identify the underpayments, we can prove to the payers that they owe us the money. I expect to collect every dime we appeal.”

– Bernadette W. Cotton,
Director,
Contract Reimbursement,
Emory Healthcare

THE ORGANIZATION: Atlanta-based, 1,200+ physician multi-specialty practice affiliated with Emory University School of Medicine, with more than 2.2 million patient encounters annually

THE CHALLENGES: 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; and increasing patient collections to address the growth of self-pay patients and high-deductible health plans

THE SOLUTIONS: MPV Contract Management verifies line-item contractually allowed amounts for claims to recover and prevent underpayments; MPV Patient Portion Pricer integrated with MPV Eligibility enables practices to calculate patient financial responsibility quickly and accurately based on the latest and most up-to-date eligibility data, payment rules and contract terms, leading to increased time-of-service patient collections

THE RESULTS: \$16.2 million in underpayments recovered in 74 months; 85 percent collection rate from patients when estimates are provided, leading financial counseling collections to increase to \$2 million; cut patient payment A/R days in half and lowered outstanding receivables by \$7.4 million in two years; patient bad debt trimmed to just 1.7 percent of total charges

Emory Clinic recovers \$16.2 million in underpayments, while increasing financial counseling collections to an estimated \$2 million annually.

‘Before MPV we were on a scavenger hunt. Now we can identify every underpaid claim, use historical claims data for enhanced negotiations with payers and collect more from patients.’

Situation

With 2.6 million claims worth over \$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 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. And A/R days for self-pay patients ballooned to more than 100 days.

Challenges

To address its underpayment problems, Emory quickly realized that it would need to implement technology in order to combat the problem and capture every dollar for services rendered. “Manually identifying underpaid outpatient claims proved an overwhelming task for our small, yet dedicated staff,” said 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 said. 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 payment 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,” said Taylor Williams, assistant director of patient financial services at Emory Healthcare.

Because of this approach, Emory’s was only 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—an inefficient process that often resulted in payment delays and patient bad debt.

Solutions

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 MPV Contract Management because “it was the best system on the market,” Cotton said. “The MPV solution is user-intuitive, and easy-to-use, even for employees with minimal computer or contracting experience.”

After an implementation that Cotton describes as “painless,” MPV Contract Management 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 each claim 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 said. In addition to supporting successful underpayment appeals, MPV Contract Management has helped Emory identify and correct systematic payment errors with payers and major IPAs. “Thanks to the contract analysis tools, MPV Contract Management also puts us in on an equal footing with the payers in contract negotiations,” Cotton said.

After originally partnering with MPV for contract management technology and services, Emory Clinic looked to MPV in September 2007 for assistance in expanding its use of revenue cycle management technology to address challenges with patient payment collections. At that time MPV Patient Portion Pricer was selected to increase up-front collections, improve patient benefits education and reduce bad debt. Utilizing the contract data loaded in the system, MPV Patient Portion 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 said.

To further expand its revenue cycle management capabilities, Emory Clinic implemented MPV Eligibility in January 2009. The solution is integrated with MPV Patient Portion Pricer, expanding the functionality and benefits of both products by ensuring patient estimates are based on the latest and most up-to-date eligibility and benefits data, payment rules and contract terms. Emory Clinic had already rolled out MPV Patient Portion Pricer across all departments, but faced some limitations prior to MPV Eligibility. "In order to provide the most accurate estimate possible, we needed to call payers or visit their Web sites to manually verify the latest insurance and benefits data," Williams said. "It was a time-intensive process that was not cost effective for certain departments and lower-cost procedures based on staff member productivity. With the integrated applications, staff has eliminated the need for these manual processes, resulting in improved collections processes and streamlined workflow."

Results and Return on Investment

MPV solutions have dramatically improved Emory Clinic's staff productivity and increased overall revenues. Among the benefits:

- \$16.2 million in contractual underpayments recovered in 74 months
- 35% increase in financial counseling collections
- Patient pre-payments are now estimated at \$2 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
- Lowered outstanding receivables by \$7.4 million in two years and cut A/R days related to patient payments in half
- Decreased patient bad debt from 3.5% in 2007 to 1.7% of total charges in 2009
- 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 said. "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."



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MPV Contract Management 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 said.

Equally important, Emory now has the tools it needs to reduce self-pay accounts receivables and reduce patient bad debt by collecting more payments upfront. “Expanding our partnership with MPV to include more solutions and services has helped us achieve new operational efficiencies,” Williams said. “Most notably, time spent verifying eligibility and determining patient responsibility has been cut in half because staff members no longer have to devote countless hours on the phone with payers or looking up information on various payer Web sites. Without the assistance of technology, it would not be possible to increase the effort of financial counselors on pre-service collections to improve patient payments or cover the volume of estimates we want to provide without a large increase in staffing,” said Williams.

MPV adds \$16.2 million in 74 months

Emory Clinic, January 2004 – March 2010

Number of successful appeals:	112,000
Value of recoveries:	\$16,192,400
Underallowed variance:	4.5%
Increase in financial counseling collections:	35%

About MPV

MPV helps medical groups to maximize practice revenue and meet the demands of healthcare consumers by combining technology and consultative services to fully automate eligibility and insurance verification; reduce patient write-offs; monitor payer contract compliance; recover underpayments; and negotiate better contracts.

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