

Baylor College of Medicine



“Prior to MPV, Baylor was unable to assess payor performance or determine if we were being paid correctly for the services we provide.

With MPV, we now have the peace of mind that we can monitor payment accuracy.”

*– Sonja Beaty,
Executive Director of
Business Development,
Baylor College of Medicine*

THE ORGANIZATION: Houston-based academic faculty practice plan, including more than 1200 physicians in 21 clinical departments

THE CHALLENGE: Manage payor contract performance and reduce payment errors on 44 unique managed care contracts with 11 payors generating more than 300,000 claims annually; increase negotiation leverage with payors; reduce patient bad debt

THE SOLUTION: MPV Phynance™ verifies line-item contractual allowed amounts for all applicable claims and monitors payor contract performance and compliance; MPV Patient Portion Pricer estimates patient liability for timely collections

THE RESULTS: Performance standards negotiated for new contracts and systematic payment errors corrected; Recovery of \$2.6 million in additional revenue

Baylor College of Medicine achieves payment accuracy, improves payor contract performance with MPV

‘MPV provides accurate, defensible data that allows us to successfully challenge issues with payor contract performance’

Situation

As with many medical groups, Baylor College of Medicine’s managed care contracts were not performing as expected. The lack of a standard underpayment analysis tool based on contract terms resulted in an uncoordinated approach to identifying and correcting payment errors across the college. Additionally, the manual processes developed to attempt to audit contract performance were time-consuming, expensive and only sporadically identified payment errors. This inability to verify contract performance resulted not only in revenue losses and inefficiencies, but also in considerable physician dissatisfaction over suspected underpayments.

In addition, Baylor struggled to collect the correct patient responsibility at the time of service because it could not accurately determine what the payor would allow for the service. This overall lack of information resulted in billing delays, patient confusion as to financial responsibility and increased write-offs.

Challenge

After ineffective attempts to establish effective internal, manual contract compliance procedures, Baylor concluded that automating claims valuation was the only way that underpayments could be consistently identified and recovered and contract performance monitored. “We created extravagant spreadsheets and databases, but we never got above 15% to 16% in monitoring claims,” says Sonja Beaty, executive director of business development at Baylor College of Medicine. The group also faced additional challenges that affected payment, including inaccurate registrations, posting issues and a fragmented denials management process. “Our approach was uncoordinated and depended on the judgment and resources available in each area of the practice. We needed a tool that could track claims across all departments so we could have a unified front in dealing with payors concerning claim disputes and contract negotiations.”



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Solution

Baylor considered several external contract compliance solutions before choosing MPV for a pilot in 2002. Eighteen months after testing MPV Phynance in two of its departments, Baylor expanded its use of the application to an additional three departments. The second implementation was complete in just 15 business days, with new departments receiving recoveries in the same month. Today, the group uses Phynance in all clinical practice departments.

“We started out looking for a way to identify and recover underpayments, but what we’ve found is an effective contract management tool that helps us gain credibility with our payors,” Beaty says. Baylor uses Phynance to regularly monitor contract performance, and it shares the findings with payors during quarterly meetings. “We’ve found you can’t fix the problems once and walk away. Payor activity is constantly changing, and the payors are just as happy as we are to find and correct payment issues as they arise.”

Baylor also uses the MPV Contract Analysis Tool to run “what if” scenarios during contract negotiations, helping the group to better understand how new and alternate contract terms will affect payment for the unique mix of services it provides. “MPV has empowered Baylor at the negotiating table with payors and given us leverage that we previously did not have,” said Beaty.

In addition, Baylor uses MPV Patient Portion Pricer to help the front office know how much to collect from patients at the time of service. Because MPV has fully defined Baylor’s contracts, the system is able to estimate the patient portion due based on the payor allowable for each procedure. Based on specific contract data, Baylor is able to print an estimate for the patient and properly counsel the patient as to his/her financial responsibility.

Results and ROI

Since the initial pilot implementation in July 2002, Baylor’s ROI reaches far beyond bottom line results, Beaty says. Among the gains Baylor made:

- Negotiated contract performance standards into new managed care contracts that increase rates to compensate for additional handling costs if payment errors go above set thresholds.
- Identified and corrected systemic payment errors.
- Established uniform revenue cycle management processes across departments, leading to improved workflow and increased efficiency.
- Achieved payment accuracy and generated an additional \$2.6 million in revenue.

Beaty emphasizes that Phynance has forged a partnership among the operations and contracting departments within the college, which she feels is one of the keys to Baylor’s success. “MPV has given us a better way to communicate internally, and this increased level of collaboration allows us to maximize the value of our payor contracts much more than any individual department could on its own.”

MPV adds over \$2.6 million to the bottom line

Baylor College of Medicine, March 2003-September 2006

Annual underallowance variance	2.8%
Recoveries from successful appeals	\$2.6 million

About MPV

MPV helps medical groups maximize the value of their payor contracts and improve revenue cycle efficiency through a comprehensive set of financial tools and services designed to optimize contract performance, identify and recover underpayments, correct front and back-office errors, negotiate better contracts and reduce patient write-offs.