

# Texas Orthopedics Sports & Rehabilitation Associates



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*– Twyla Fuertes,  
Business Manager,  
Texas Orthopedics  
Sports & Rehabilitation  
Associates*

**THE ORGANIZATION:** Austin, Texas, a midsize orthopedic surgery, sports medicine/rehabilitation, and occupational medicine practice

**THE CHALLENGE:** Ensuring proper payment and managing complex contracts generating 4000 claims monthly; improving collections of growing self-pay accounts

**THE SOLUTION:** MPV Phynance™ verifies line-item contractually allowed claims amounts to identify and recover underpayments, and negotiate contract terms; MPV Patient Portion Pricer estimates patient liability, easing time-of-service collections

**THE RESULTS:** 213% return on investment in recovered underpayments; systematic contract underpayments identified and eliminated; contract pay increases negotiated; upfront collection of patient deductibles and co-pays nears 100%

## *Texas Orthopedics reaps 213% ROI in recovered contractual underpayments*

*Better contract management and increased patient collections also bolster bottom line*

### **Situation**

Like many smaller group practices over the past decade, Texas Orthopedics Sports & Rehabilitation Associates struggled to manage reimbursement governed by increasingly complex contracts. In an attempt to track and manage contract payments, the practice programmed its top 100 codes for its larger contracts into its practice management system. However, transaction volumes prevented loading all codes for all contracts, and the management system was not set up to apply contract rules. As a result, the practice often did not know when it was being paid according to contract and when it was not.

At the same time, the proportion of practice revenues due from patients rose with growing insurance deductibles and co-payments. Self-pay receivables climbed, along with the cost of carrying patient accounts.

### **Challenge**

When payments didn't match the system's allowables, practice staff had to manually determine why so that underpayments could be documented and appealed. Even when the system did flag a possible underpayment, it took a lot of work to produce enough information to successfully appeal claims, said Twyla A. Fuertes, Texas Orthopedics' business manager. "We were able to maintain our big contracts pretty well, but it was time-consuming to do it manually." The practice also found it difficult to analyze the impact of proposed fee schedule changes on revenues. "We needed something that could assist us in contract management."

In addition, a lack of detailed contract information made it difficult to accurately predict patient charges. That made it impossible to routinely collect upfront on all accounts, so the practice focused on large deductibles. "If someone had a \$2,000 deductible, we'd ask for \$1,000 upfront and put the rest on a payment plan," Fuertes said. "We collected upfront in about 30% of cases, and sometimes the patient never paid his remaining deductible and co-insurance."



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### *Solution*

In 2001, Texas Orthopedics began discussions with MPV. “It took many meetings to get us on board, but once we realized what Phynance could do for contract management, we were sold,” Fuertes said.

In late 2001, the practice’s contracts were loaded in Phynance. In the process, Fuertes and her staff uncovered many contracting issues. “Not all the information the insurance companies gave us about the contracts was correct.”

Once the contracts were loaded and verified, the results were enlightening, Fuertes said. The ability to track payment errors across services and providers revealed significant underpayment issues. One major managed care plan was found to be paying 25% less than the contracted rate. “You think you are being paid correctly, but when you get the data out on the table you find out you are not,” Fuertes said. “Phynance opened our eyes to a lot of contract issues – I never thought it would be as much as it turned out.”

The fully loaded contracts from its payors also allowed Texas Orthopedics to tackle the patient balance problem with MPV’s Patient Portion Pricer. Anticipating the ability to estimate patient deductibles and co-pays well before surgery, the practice adopted a policy of asking for the patient portion due at the last pre-surgery office appointment. Instead of offering payment plans, the practice now refers patients to a financing company. “When they hear that, patients often find credit cards they didn’t know they had in order to pay the estimated balance due,” Fuertes said.

### *Results and Return on Investment*

Fuertes calculates that Texas Orthopedics has generated a return on its investment in Phynance of 213% in recovered underpayments alone. “We have benefited at least that much in avoiding underpayments from payors updating their payment software in order to pay the correct allowables.”

The ability to test proposed fee schedule changes on a single contract review using real historical utilization data also enabled Texas Orthopedics to negotiate better rates. “We can now project exactly how payment changes are going to affect us,” Fuertes said. “Using this information, we renegotiated one major contract to yield 5% more revenues.”

Collecting co-payments and deductibles from patients upfront has increased average monthly cash collections by 45% in the first six months of 2005. The practice will also eventually eliminate the cost of carrying patient accounts – and the risk of non-payment after treatment, Fuertes points out.

While some patients are surprised to find out how much they will owe out-of-pocket, most are happy to know the charges upfront, Fuertes said. “This gives them a chance to review it with their insurance companies and employers before they go forward.”

### *MPV pays off at Texas Orthopedics*

ROI, Phynance (underpayment recoveries only):	213%
Increase in monthly patient cash collections, Patient Portion Pricer	45%

### *About MPV*

MPV helps medical groups to 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.

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