

# Scripps Clinic



*“Phynance allows us to identify true appeals opportunities and provides us with tools to collect the underpayments.”*

*– Curtis Medlock,  
Supervisor of Business  
Services, Scripps Clinic*

**THE ORGANIZATION:** San Diego-based multispecialty group practice, 350 physicians in 50 specialties

**THE CHALLENGE:** Monitoring performance of 35 payor contracts generating over 2.0 million claims annually

**THE SOLUTION:** MPV Phynance™ verifies line-item contractual allowed amounts for applicable claims to identify, appeal, recover and prevent underpayments

**THE RESULTS:** \$7.3 million in underpayments recovered in 60 months. Systematic payment errors, such as underpayments for second surgeries, corrected.

## ***Scripps Clinic captures \$7.3 million in underpayments in 60 months***

*‘If you include the number of underpayments we’ve prevented, it’s at least double that’*

### ***Situation***

With more than 35 payor contracts generating over 140,000 claims per month, Scripps Clinic found it couldn’t monitor contract payment performance. “We would negotiate a rate, but when you looked at the money coming in, we weren’t sure we were getting everything we had agreed to,” says Curtis Medlock, supervisor of business services at Scripps. “We needed a tool to monitor and enforce our contracts.”

### ***Challenge***

Because of the volume of claims and the complexity of its contracts, Scripps knew it needed an automated system to verify payments. Detecting underpayments was especially difficult, especially for errors that were small, but applied over thousands of office visits. “There was no way we could manually detect all contract underpayments. Automating the process was essential to improving the performance of our staff,” Medlock says. The clinic’s inability to successfully monitor contract performance not only resulted in underpayments, it made it difficult to plan practice finances and to effectively negotiate for better terms. “We needed a way to verify our current revenues were correct so we could project revenues from contract changes.”

### ***Solution***

Scripps chose Phynance because of MPV’s extensive experience in defining, modeling and tracking multiple contracts. This made it possible not only to identify individual underpayments, but also to detect patterns of underpayments and identify ambiguous contract language for renegotiation. “We knew if we had a good tool we would uncover contract issues that we weren’t even aware of,” says Medlock. “MPV had a solution that had been successful in the market for more than six years, and had processed more than six million claims.”



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MPV and Scripps staff identified and modeled contracts that account for about 75% of its claims. MPV also trained Scripps staff dedicated to appealing underpayments. “Proper staffing is the key to successfully appealing claims and monitoring the performance of your contracts,” Medlock says. The result is a streamlined unit that automatically verifies payments, allowing the practice to spot and appeal many more payment errors, and patterns of errors, with much less effort.

### *Results and Return on Investment*

“Since the launch of Phynance, the system has more than paid for itself,” Medlock says. “The five-year ROI on MPV exceeds 100%.” Among the benefits Scripps has seen:

- Between March 2003 and February 2008, Scripps identified, appealed and recovered \$7.3 million.
- Greatly increased appeals success and reduced turnaround time.
- Improved ability to project revenues and practice finances.
- Improved relations with payors thanks to focusing disputes on quantifiable data about contract terms.

Medlock believes the systemic payment errors he has detected and corrected using Phynance have prevented at least as many underpayments as Scripps has appealed. He also reports that payors often return to underpayments after weeks or months of compliance. “It’s usually when they make a contract change. Sometimes the whole contract reverts back to previous rates and terms. The value of MPV is more than just recovering underpayments – it’s also the peace of mind that comes with the ability to monitor and know with certainty that you’re being paid accurately.”

### *MPV adds \$7.3 million in 60 months*

Scripps Clinic, March 2003 – February 2008

Claims with successful appeals	Value
209,951	\$7,300,000
Underallowed variance	3%

### *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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