

UT Medical Group



THE ORGANIZATION: Memphis, Tenn.-based faculty practice plan with 325-physicians — one of the largest multi-specialty group practices in the Mid-South

THE CHALLENGE: Improving the performance of the group's payor contracts without overextending staff resources

THE SOLUTION: MPV Phynance™ delivers the technology and contract definition and modeling services required to efficiently determine accurate payment and improve cash flow

THE RESULTS: \$1.7 million in 35 months — without adding staff

*UT Medical Group, Inc. captures \$1.7 million in underpayments in 35 months
'It doesn't take long to realize what Phynance is capable of.'*

Situation

In 1999, UT Medical Group consolidated billing functions for 12 different clinical departments into one. As a part of this process, the group focused on perfecting front-end processes and submitting cleaner claims because it felt this was the key to reducing back-end tasks, like appealing denials. After implementing a claims scrubber, electronic claims submission software and an imaging system, the group quickly realized that while very valuable, none of these technologies gave staff the ability to ensure that payors were holding to the terms outlined in their contracts.

“We initially employed a manual process for tracking underpayments where we ran queries from our practice management system and compared payments received against contract terms,” said Shannon Tacker, CPA, vice president of revenue services, analysis and decision support at UT Medical Group. But without the staff required to manage this process, UT Medical Group was forced to focus exclusively on high-dollar claims. It also tried to track payment variances by payor, but this method only verified if a payor was reimbursing the group accurately at the time of payment, not for payments going forward.

Challenge

While UT Medical Group knew it was being underpaid, it was often difficult to determine the exact amount. With payors constantly changing their fee activity, payment variances were constantly being created.

“Whether it was a modification to a fee schedule or an unknown system issue, we had to stay on top of each payment or we would lose money. Manual tracking requires a great deal of staff resources, so we either had to increase staff or find a more efficient way to handle this process,” said Tacker.

“With MPV Phynance, we can produce customized reports and accurately document our reimbursement levels and contract performance with each payor. This information strengthens our negotiation position during contract renegotiations with our payor partners.”

— Shannon Tacker,
Vice President of
Revenue Services,
Analysis and
Decision Support,
UT Medical Group



Medical Present Value

1-866-930-1230

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Solution

UT Medical Group selected MPV Phynance in December 2004, with very specific goals in mind. “We needed to better understand our contracts, improve our communications with payors, support denials management — and most importantly — improve our overall cash flow,” said Tacker. “If we could achieve these goals, we knew we would have a winner.”

Almost immediately, the group realized improvements in efficiency and productivity. By tapping MPV’s expertise in contract definition and modeling, UT Medical Group gained an electronic database that contained fully defined and modeled terms outlined in their payor contracts. Billing representatives can now access this centralized contract database and quickly reference specific contract language related to appeals when talking with payors.

Staff members can also monitor payment trends and flag potential issues. “When a payor recently changed its interpretation of the contract language and its payment policy accordingly, we were able to identify and address the change as a contract issue, rather than a payment issue,” said Tacker.

Results

UT Medical Group uses Phynance daily to identify and validate payment variances and better manage bundling and medical necessity denials. The benefits include:

- \$1.7 million recovered in 35 months
- A more efficient appeals process
- Ability to perform “what-if” analyses on proposed contract terms and negotiate better performing contracts

“MPV has given me the tools I need to negotiate improved rates on an individual CPT® code basis,” said Cassandra Taylor, manager of managed care contracting at UT Medical Group. “While negotiating with one of our largest payors who was adamant that we were being offered a substantial increase, I was able to show that although the entire range of codes showed an increase, we would actually experience a decrease in reimbursement given the codes we actually bill to the payor. The MPV contract analysis data provided me with the information needed to avoid a costly mistake.”

Tacker feels another benefit has been how Phynance has enhanced internal communications at UT Medical Group. “In many healthcare organizations, revenue services and the managed care department are two separate entities. Through Phynance, these two groups in our organization have forged a strong bond. By working as a team, these departments regularly review payments received and the policies that drive them, allowing us to appeal and recover more revenue than each department could on its own.”

MPV adds \$1.7 million to the bottom line in 35 months

UT Medical Group, March 2005 – February 2008

Appeals recovered	
# of successful appeals:	26,607
Value of recoveries:	\$1,700,000
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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