Case study: Indiana University (IU) Health Physicians

Client. Indianapolis, Ind.-based multi-specialty academic practice with more than 950 physicians.

Challenge/Objective. Implement an automated insurance verification process to confirm eligibility and benefits prior to patient arrival; perform self-pay verification to identify additional reimbursement opportunities; minimize claims rejections and denials; and negotiate more favorable contract terms.

Resolution. Experian Healthcare Eligibility and Benefits Verification provides electronic access to patient co-pay, benefit and deductible information prior to a patient’s appointment while also facilitating the matching of self-pay patients against Medicaid databases to maximize revenue collection; Experian Healthcare Contract Analysis assesses the implications of new and proposed contract terms on reimbursement.

Results. Recovered $350,000 in self-pay revenue in first sweep of Medicaid databases; significant reduction in denials; and increased staff efficiency.

“With Experian Healthcare, our practice is able to perform thorough analyses of payer contracts, so that we reach a better understanding of how they affect our revenue.”

— Tom Carson, Director of Managed Care, IU Health Physicians

IU Health Physicians optimizes eligibility and benefits management and negotiates better performing contracts with Experian Healthcare

“We consistently identify and recover self-pay revenue that might have slipped through our fingers, and we have optimized reimbursement by negotiating more favorable contract terms.”

Client

Since IU Health Physicians did not have an established system in place to verify a patient’s insurance eligibility prior to the time of service, the practice was frequently sending claims to the wrong payers. Although the group, which includes 22 departments, had made two previous attempts to automate eligibility management, staff had found the software difficult to use and maintain.

In addition, because the practice is highly decentralized, each department...
was employing its own eligibility and insurance verification processes, which varied considerably.

While some of the departments were making phone calls or using the Internet to verify eligibility, some departments had no established verification process in place, resulting in inefficiencies and potential loss of revenue. In addition, the decentralized nature of the organization and lack of a standard method for confirming eligibility made it difficult to measure the number of denials and claim rejections.

The practice also realized it needed a better way to identify self-pay patients covered by Medicaid. It knew that a percentage of its self-pay patients had insurance coverage, but it didn’t have an efficient way of gathering that information on a consistent basis.

Originally, IU Health Physicians turned to Experian Healthcare for its eligibility needs, but the practice also lacked access to important data that it could leverage when assessing potential reimbursement associated with new contracts. There was not a streamlined solution for determining the most profitable terms for each contract negotiation it encountered.

Challenge/Objective
In 2002, IU Health Physicians decided to take another look at automated solutions in an effort to more effectively manage the eligibility and insurance verification process. To ensure maximum benefit from the chosen solution, the practice realized it was important that the software integrate with the group’s practice management system. It was also key to be able to perform real-time benefits verification in order to facilitate the collection of patient co-pays, deductibles and co-insurance.

The practice looked to its payer contracts as another way to maximize revenue. “We wanted the ability to electronically apply proposed contract terms to the mix of services we provide to help us identify costly reimbursement rules and negotiate better-performing contracts,” says Tom Carson, Director of Managed Care for IU Health Physicians.

Resolution
After investigating the available options, IU Health Physicians selected Eligibility and Benefits Verification. The practice’s objective was to choose a solution that would not only be easy to use, simple to maintain and cost-effective, but that would also help streamline eligibility processes and improve cash flow. In addition to meeting those criteria, Eligibility and Benefits Verification integrates with the practice management system, which the practice saw as a strong benefit.

IU Health Physicians employs a multi-pronged approach to eligibility and benefits management. Staff members typically work edits created as a result of automated batch verification of patient coverage two to three days in advance of the patient’s visit. If there has been a change in insurance, they can enter the new plan information and determine whether there’s a need for a referral. On a monthly basis, the group compares invoices ready to be sent to collections against Medicaid databases to determine potential revenue opportunities. The practice also performs a quarterly sweep of all self-pay patients to check for Medicaid coverage.

In addition, the practice implemented Contract Analysis so it could more accurately determine the impact of its payer contracts on revenues. Prior to each renegotiation, IU Health Physicians takes proposed fee schedules and compares how these terms would impact future reimbursement across various departments based on previous utilization. By doing so, the practice is able to evaluate how site-of-service differentials, modifiers or other variables might influence payment.

“The ability to model the financial implications of existing and proposed contracts and eliminate underperforming contracts has positively affected our bottom line,” says Carson. “We are able to conduct true apples-to-apples comparisons and come to the negotiating table well-informed, which strengthens our position and results in better contracts.”

Results
IU Health Physicians has achieved significant efficiency gains since implementing Eligibility and Benefits Verification.

The practice is now able to work by exception, so it only has to handle records where there has been an edit. Workflow has improved and staff is no longer burdened with labor-intensive manual verification processes.
Additional benefits include:
• Reduction in claims rejections and denials
• Increased up-front collections from patients
• Improved identification of self-pay patients covered by Medicaid
• Fewer accounts sent to collections

Eligibility and Benefits Verification has been instrumental in helping IU Health Physicians improve its cash flow. The practice is experiencing fewer denials and is getting cash in the door faster.

Contract Analysis further strengthens the bottom line by enabling the practice to negotiate more favorable contract terms and avoid potential reductions in reimbursement rates. The tool also saves valuable staff time, which the practice estimates is equivalent to that of one full-time employee.

“The value that Contract Analysis provides is immeasurable,” says Carson. “In the past, we may have accepted an increase that actually equated to a loss because we weren’t able to analyze it properly. With Experian Healthcare, we can conduct a thorough analysis in a matter of hours and better understand how proposed changes will impact reimbursement, right down to how many dollars an individual department may gain or lose.”

About Experian Healthcare
Experian Healthcare provides revenue cycle products and consultative services powered by data and advanced analytics that allow health systems, hospitals, medical groups and specialty healthcare organizations to more effectively manage critical financial decisions. Its suite of patient access, claims and contract management and billing and collections products and consultative services empowers clients at more than 900 healthcare organizations to optimize payment from patients and payers at every step of the revenue cycle, resulting in lower costs, improved cash flow and enhanced financial performance.