

Digging deep into payer contract details pays big dividends

Sansum Clinic realizes more than \$8 million in revenue following sophisticated analysis and renegotiation of payer contracts

Client. The largest non-profit, multi-specialty physician practice in Santa Barbara County, Calif., with 200 salaried physicians/physician extenders and 835 employees in over 20 locations in Santa Barbara County.

Challenge/Objective. Improving overall financial performance; verifying insurance eligibility and benefits to reduce claim rejections; generating patient payment estimates to increase up-front collections; identifying and appealing contractual underpayments; analyzing payer contracts during re-negotiations with payers; and managing frequent payer policy changes.

Resolution. Experian Health Contract Manager and Analysis monitor payer compliance based on the latest contract terms and assess the financial impact of each contract; Experian Health Patient Responsibility Pricer integrated with Experian Health Eligibility and Benefits Verification facilitates the collection of patient payments at or before the time of service and streamlines insurance and benefits verification and the associated billing processes; Experian Health Payer Alerts delivers daily updates on changes to payer policies and procedures.

Results. Optimized cash flow; significantly increased recovery of contractual underpayments; improved up-front patient payment collections and patient satisfaction rates; negotiated more favorable contracts; increased efficiencies; and decreased accounts receivable days.

“Experian Health is an invaluable asset to Sansum Clinic. Its solutions give us peace of mind that we are collecting accurate payments from both payers and patients in a timely manner — and just as important, we know our revenue cycle is performing at its very best as a result.”

—Jennifer Thomas, CPA, Vice President, Revenue Cycle, Sansum Clinic

Client

With a high volume of patients to care for and corresponding claims to manage each month at Sansum Clinic, efficiently verifying eligibility and benefits information, as well as the accuracy of payer reimbursement was a challenge. The

group knew its revenue cycle was not performing optimally and that there were missed payment opportunities on both the payer and patient sides.

Since Sansum did not have staff members dedicated solely to the process of identifying underpayments and managing appeals, it focused its efforts on a small amount of high-value claims.

“We knew we were being underpaid, but we didn’t know how much or how often or by which payers,” says Lupe Chavez, Manager, Appeals at Sansum Clinic. “It was a manual, hit-or-miss process.”

Front-line staff also lacked the ability to electronically verify insurance and benefits details, which resulted in claim rejections and time-consuming reworks for back-office staff. It also made it difficult for Sansum to collect up-front patient payments since it was not armed with the most up-to-date information from payers. With patients taking on

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greater financial responsibility for their healthcare needs, the practice desired a more proactive approach, but needed a better way to manage this time-consuming process.

Sansum's approach to tracking frequent changes to payer policies and procedures was equally labor-intensive and put it at risk for claim denials, payment delays and lost revenue.

"Sometimes we received policy updates from payers, but we often had to search for them online," Chavez says. "When changes were identified, we had no centralized way to store and distribute the information and to take the appropriate action to ensure accurate reimbursement."

Challenge/Objective

Having the ability to fully monitor payer compliance was a must for Sansum, as was securing the tools to identify, appeal and recover underpayments — all of which impact the bottom line. When an internal analysis conducted in one department confirmed the clinic was losing revenue due to underpayments, Sansum knew it was time to begin searching for a method that would consistently validate reimbursement accuracy and streamline appeals.

"We needed to be confident that contract terms were being properly executed by payers, and also know that when they weren't, we could identify those occurrences and capture accurate payment for services rendered," Chavez says.

Sansum also wanted the capability to assess the financial implications of proposed contract terms to ultimately improve its negotiation strategies with payers and resulting reimbursement rates.

An additional challenge was finding a way to increase time-of-service collections from patients and decrease eligibility-related claim denials. Despite efforts to copy each patient's insurance card at the onset of a visit, the information captured was often outdated or invalid, which meant Sansum was unable to accurately determine a patient's financial responsibility up-front. As a result, the clinic requested deposits from patients in advance of high-dollar procedures, but often had to deal with refunds and rebilling after services were rendered.

Resolution

Following a thorough vendor evaluation, Sansum selected Experian Health to address its contract management, eligibility management and patient payment management processes with the goal of optimizing its financial performance.

When originally rolling out Contract Manager and Analysis, Sansum overwhelmed its biggest payers with a huge volume of appeals. Since that time, Sansum has initiated monthly meetings with payer representatives, including its contract director and contract personnel from individual health plans, to discuss payment trends unresolved in the appeals process and to address any underlying contract issues that impacted reimbursement accuracy. This proactive dialogue has changed the way payers work with Sansum.

"Now payers take our appeal letters seriously and we've developed strong working relationships with our largest payers," Chavez says.

This automated approach also enables Sansum to detect and appeal underpayments sooner, which speeds cash flow. "We're typically filing appeals five to 10 days from the date of the electronic remittance posting, so the appeal turnaround is much faster," Chavez adds.

In 2011, Sansum expanded its use of Contract Manager and Analysis to include claims for its ambulatory surgical center (ASC). "When we were handling these claims manually, we knew there were issues that needed to be addressed," Chavez says. "Now, it's much easier to identify payment variances and appeal any underpaid claims."

The process for monitoring payer policy change notifications has been streamlined as well through Sansum's use of Payer Alerts, which provides access to changes posted on thousands of Web pages operated by more than 700 payers. With this standardized approach, staff can easily make any required changes to preauthorization processes and avoid denials for services that are no longer covered.

Contract negotiations have also improved. By running real-world information and "what-if" analyses on proposed contract terms, Sansum can pinpoint unfavorable terms, as well as the impact large policy changes have on the bottom line. This process has helped the clinic determine accurate ROI for proposed new service lines, such as when it explored the financial viability of opening a freestanding ASC.

Outside of better performing contracts, Experian Health has had a major impact on pre-registration and patient registration processes. Through its use of Patient Responsibility Pricer integrated with Eligibility and Benefits Verification, Sansum can quickly and easily confirm patient eligibility and benefits details prior to a patient's appointment and secure up-to-date details on co-pay, benefit and deductible information. In addition to

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significantly enhancing workflow, this capability leads to fewer claim rejections and increased preservice payments.

In areas of the clinic such as gastroenterology, neurology, oncology, physical therapy and orthopedics, our staff relies on this eligibility data, along with contract terms and payment rules, to calculate a patient's out-of-pocket obligations for a variety of items such as chemotherapy drugs, ASC facility fees, coinsurance/copays and treatment/therapies. By providing accurate preservice estimates, Sansum has not only increased its ability to collect more up-front fees from patients, but it has also avoided the need to re-bill patients or issue credits following treatment.

To further enhance the level of service it provides to patients, Sansum expanded its use of Patient Responsibility Pricer to include estimates for supplies in urgent care and orthopedics.

"Patient Responsibility Pricer has proven to be a valuable tool for educating patients about their benefit plans," Chavez says. "For instance, many patients are surprised by supply costs. By better setting their expectations at the point of service about how much a walking boot or sling may cost, we can increase the odds of collecting payment down the road." As a result, patients are happier knowing these costs in advance.

Additionally, surgery schedulers plan to begin using Patient Responsibility Pricer to accurately predict a patient's out-of-pocket obligations prior to orthopedic procedures.

Collectively, these revenue cycle tools work together to help Sansum reduce patient bad debt, optimize cash flow and streamline workflow.

Results

Experian Health has delivered results that have far exceeded staff and senior management expectations at Sansum. Being equipped with the analytical data needed to negotiate more favorable contract terms with payers through the use of Contract Manager and Analysis, Sansum estimates it secured an additional \$4 million in revenue since going live in 2008.

"As a result of our partnership with Experian Health, we're now getting more revenue for the services we provide our patients without always asking for an increased amount from payers. We're getting paid for what has already been negotiated," says Jennifer Thomas, CPA, Vice President, Revenue Cycle.

Furthermore, leveraging a chargemaster tool ensures that Sansum is setting prices in alignment with payer allowables.

"This, combined with a better understanding of payer contracts, and including pertinent Sansum staff involved in this process, has resulted in a significant revenue increase for Sansum."

Since implementing Experian Health products and consultative services, Sansum has recouped an additional \$4 million as a result of more than 60,000 successful claims appeals. This equates to an impressive 98.5 percent recovery rate. And with a 55 percent decrease in eligibility-related claim rejections as compared to its 2008 go-live, Sansum saved more than \$919,688.

In addition to the bottom-line benefits, Experian Health has helped better educate patients and staff with regard to eligibility and benefits so they have a clear understanding of what is covered and what is not. Now that staff has eligibility and benefits information at their fingertips, Sansum is able to reduce eligibility-related rejections and improve collections by proactively verifying insurance and benefits.

"Experian Health is a key, long-term partner for our clinic on both the front and back-end of the revenue cycle," says Thomas.

Experian Health adds \$8 million to the bottom line of Sansum Clinic March 2008–July 2014

Revenue increase due to enhanced payer contracts: Priceless

Value of claim recoveries: \$4 million and counting

55 percent reduction in eligibility-related denials, 2013 vs. 2008, clinic savings: \$919,688

Number of successfully appealed claims: 60,000 and counting

Appeals success rate: 98.5 percent

Decrease in A/R days: 87 to 41