

Simulating Complex Payer Terms To Maximize Reimbursements



*How Adena Health System saved \$3.7M
in potential reimbursements*



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of how we will analyze and
manage rates. This is the only
system that can give us the
future state.”*

*Drew Hinty
Coordinator, Payer
Relations / Contracting
Adena Health System*

Number of Hospitals: 3
Number of Beds: 311
Employees: 2,500
Founded: 1895
HIS System: MEDITECH

PMMC Solutions Used

- CONTRACT PRO
- CONTRACT PRO
SIMULATOR
- ESTIMATOR PRO

Customer Spotlight

Adena Health System provides state-of-the-art medical care to more than 400,000 patients in 12 south central southern Ohio counties. Today, Adena has grown to provide state-of-the-art medical care, serving more than 400,000 patients in 12 south central and southern Ohio counties. Adena is also a leading employer in the region with more than 2,500 caregivers. Comprised of three hospitals (Adena Regional, Adena Greenfield, and Adena Pike) and five regional clinics, the System has a total of 311 beds.

Drew Hinty, Coordinator, Payer Relations & Contracting, is part of a department of six – which also includes an analyst, specialist, director, and two provider enrollees. Adena uses MEDITECH as its core HIS system for hospital facilities and eClinicalWorks (ECW) for its physicians. However, Adena will be converting completely to MEDITECH with a new upgrade in 2015.

Engagement with PMMC

During the vendor selection process, Adena searched for a solution that could accurately calculate reimbursements and identify opportunities for collecting underpayments. After a thorough investigation process, Adena chose PMMC because of its strong

reputation through word-of-mouth and referrals based on results and its high level of customer service.

Adena implemented PMMC CONTRACT PRO in 2008 to manage its third-party payer contracts, and to help identify underpayments. Adena's Revenue Cycle Department has a 2014 goal to collect \$450,000 in underpayments. In 2013, Adena implemented PMMC ESTIMATOR PRO to generate patient estimates based on the claim data from CONTRACT PRO.

Challenge

Several years ago, the Department found itself in transition following staff turnover. Drew and others new to the department were faced with learning about their new systems and processes as they went along.

One particular challenge beyond their control was the evolution of third-party payer contracts. As third-party payers shift from a “fee-for-service” or “percent of charge” reimbursement model to value-based reimbursement, contract terms, coding, and their interpretations inevitably become more complex.

This new reality, coupled with the fact that Adena Health contracts with 32 different payers, causes

Adena's third-party contracts are undergoing a shift toward the following:

Value-based contracts	A reimbursement model in which a portion of the provider's payment is tied to performance, based on cost efficiency and quality performance measures.
DRG (Diagnosis Related Group) Reimbursement Methodology	A methodology that pays the provider, based on the weight assigned to the DRG code that is used to adjust for the fact that different types of patients consume different resources and therefore have different costs. Weights are updated annually by Centers for Medicaid and Medicare Services (CMS) to reflect changes in medical practice patterns, use of hospital resources, diagnostic and procedural definitions and MS-DRG assignment criteria.
HEDIS (The Healthcare Effectiveness Data and Information Set)	An incentive-based reimbursement model that measures performance based on care and service. Established by the NCQA (National Committee for Quality Assurance), HEDIS consists of 71 measures across 8 domains of care. According to NCQA, this is used by more than 90% of America's health plans to measure performance on important dimensions of care and service.

projections to be nearly impossible when calculated manually.

"We previously used tools like Microsoft Access and Microsoft Excel, but there are simply too many variables and too much data involved to try and project future reimbursements," explained Drew. "If contracts are not the same as they were previously, you cannot use the same tools."

Drew and his department chose to strategically focus on simulating future proposed contract terms with their top five payers. In May 2014, Adena "turned on" the SIMULATOR function of CONTRACT PRO when it was time to re-negotiate with one of their largest payers. The tool played a huge role in managing the data and using it to report internally. "CONTRACT PRO SIMULATOR is the only tool I was going to use," he said.

Results

The findings provided from CONTRACT PRO SIMULATOR were dramatic. After plugging in the proposed contract terms, Adena realized it would have lost \$3.7 million in reimbursement dollars had it just agreed on the terms without modeling them. Because the tool pulls EDI 835 and EDI 837 claim

data, Drew had the accurate data he needed when entering negotiations.

"I could have never done this without CONTRACT PRO SIMULATOR. There are simply too many variables involved," explained Drew. Not only did the savings have an obvious financial impact, it boosted the morale and confidence among the staff that the department was headed in the right direction.

"This allows us to go into new negotiations with the utmost confidence," added Drew.

What's Next

As Adena continues to move away from percent of charge and toward value-based contracting, it will be using CONTRACT PRO SIMULATOR exclusively, including with two more of their payers for their evergreen contracts.

"This is the 'be-all and end-all' of how we will analyze and manage rates," Drew concluded. "This is the only system that can give us the future state."

About PMMC

PMMC provides industry leading revenue cycle management solutions to more than 400 hospitals and 21,400 physician clients. By finding additional cash and creating more efficient workflow processes, PMMC helps healthcare providers improve their margins so they can focus on serving their patients.

PMMC is a Microsoft-certified provider and earned the Healthcare Financial Management Association (HFMA) Peer Review designation in 2013 for its CONTRACT PRO and ESTIMATOR PRO solutions, meeting an objective third-party assessment of overall effectiveness, quality, and value.



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