

# How to Increase Reimbursements & Upfront Collections



**MAURY REGIONAL  
MEDICAL CENTER**

*“As we looked for improved ways to identify and recover underpaid claims, our team explored a number of options.*

*It quickly became apparent that a combination of process improvement changes and the right tools would yield the best results.”*

**Nick Swift**  
Chief Financial Officer  
Maury Regional

## PMMC Solutions Used

- » **CONTRACT PRO**
- » **ESTIMATOR PRO**
- » **Lost Revenue Recovery**

## *The Issue*

Maury Regional Medical Center (MRMC), a 275-bed facility in central Tennessee identified opportunities to collect underpayments from its contracted payers and improve point-of-service collections. Their goals were to:

- » Identify, validate and collect contractual underpayments through an automated process,
- » Monitor the overall performance of its payer contracts and negotiate improved reimbursement,
- » Verify insurance and benefit coverage before the point of service, and
- » Increase patient collections and patient satisfaction by addressing the growth of self-pay patients and high-deductible health plans.

To accomplish these goals, it required teamwork, process improvements, the right software solution and the flexibility to respond to change while maintaining the focus on the outlined goals.

## *The Solution*

Through process improvement changes and providing new tools to its staff to properly perform their jobs, MRMC created an integrated process for:

- » Calculating the contractual expected reimbursement for underpayment collections, and
- » Leveraging that data for generating patient estimates.

After payment posting, MRMC is now able to now track payer performance and recover underpayments from the primary insurance company.

Prior to the patient's service being provided, these improvements allow MRMC to accurately calculate the patient financial responsibility based on the latest eligibility data as well as the primary payers' negotiated rates and terms increasing point-of-service collections.

## *The Process*

With contractual adjustments growing and net revenue remaining flat, MRMC's finance team suspected there were opportunities to improve their managed care and commercial reimbursement. They also identified the need for a contract management system to support prospective contract modeling as well as auditing the anticipated contract terms that were becoming more intricate.

Contract Compliance Analyst Kristen Wayne, notes, “After implementing process changes and a new contract management system we immediately

began uncovering contractual underpayments as well as billing, coding, and registration process changes that generated tangible results.”

Adding to the revenue cycle challenge, MRMC projected self-pay A/R would increase as patients either lost insurance coverage or migrated to high-deductible health plans. While the hospital had begun to collect the co-payment at the time of service, a larger portion was being balanced-billed to the patient once reimbursement had been received from the primary payer. With higher patient balances, this was quickly becoming an inefficient process that generated longer payment delays and higher bad debt.

“We understood not only did our process need to change, but we needed an automated means for calculating the patient’s full out-of-pocket, including the co-payment and the co-insurance amount,” said Rodney Adams, Director of Pre-Service and Patient Access. “More importantly, our staff needed to become more comfortable in discussing the financial side of health care services upfront.”

MRMC implemented a more pro-active approach to financial counseling. Statistically, if the patient leaves the facility without paying, the chances of collecting drop by as much as 60%. In an effort to maximize their collections, the registration process was assessed to determine how patient collections could accurately be performed on the front end.

According to Mr. Adams, “Point of service collections was a new concept for many hospitals including Maury Regional. We didn’t want to automate a bad process so we started by working closely with our front line staff members on how to initiate the collection discussion with our patients. We took an educational approach with our customers, who needed to understand

how health care providers bill, insurance companies pay and patients are responsible for a portion of their health care services. Once that was in place, we were ready to move from co-payment collections to a broader estimate of the full patient financial portion.”

Within four weeks of choosing a partner for generating patient estimates, it was fully implemented and in use. The estimates enabled the staff to easily determine and communicate the patient’s estimated bill and payable portion, using the insurance plan for calculating the estimated contractual allowance along with the patient co-pay, co-insurance and remaining deductible. It also allows for financial arrangements to be included on the patient form.

### *Outcome*

As it relates to contract management services, MRMC has successfully renegotiated several payer contracts and has implemented an improved contractual underpayment identification and collection process. “We are constantly working to streamline processes and increase efficiency so we have more time to collect the money we are owed. Since implementing PMMC’s software solution, Maury Regional has identified, tracked and collected over \$1.5 million in underpayments,” noted Ms. Wayne.

While great strides were made with process improvement and patient education, since implementing a patient estimation solution in July 2009, MRMC has experienced approximately a 1,000% increase in point of service collections over the baseline from improved patient communications.

This translated into a 13% growth in total patient cash collections and a nearly 650%

return on investment in the first year alone. “Patient Access now has a more proactive role in cash collections and the revenue cycle. Two years ago, 5% of our patient collections were at the time of service. Through process changes we increased this to 12-15%. By incorporating PMMC’s patient estimation system, we have seen this increase to 22-26% each month,” noted Adams.

An additional positive outcome has been the ability to resolve issues and misunderstandings at the source. Providing patients with an accurate estimate of their financial responsibility prior to performing services has also improved our patient satisfaction scores. On a survey administered to the patients, 52% of respondents said they had an excellent experience, a 9.1% increase from previous years.

### *About PMMC*

PMMC is a Microsoft-certified software development and consulting company. Its focus is to drive financial performance through automation and process improvement. Since 1986, its innovative software and consultants have assisted more than 400 hospitals and 20,000 physician clients improve their financial operations through enhanced contract management, payment verification, cost accounting, financial decision support and consulting services.



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