



\$1,000,000 Revenue Tip of the Month

This tip came to us from Bobbie McAdams, Director of the Revenue Management Department (RMD) at University Health Care System (UHCS) in Augusta, Ga. An IRM client for over three years, University recently renewed their agreement for another year.

Focus

Process Improvement: Patient Financial Services – Business Process Redesign

Departmental Areas of Focus

The electronic claims editor was generating over 100,000 claim edits monthly. This continually required both significant re-work and resource consumption within the Patient Financial Services Department (PFS).

Financial Impact

Although it can be difficult to quantify the dollar impact of the process improvement for business process redesign, the increased efficiencies will likely result in overall improvements in PFS.

The RMD Discovery Process

Targeted data was accumulated. A strategic focus was placed on the 20% of errors responsible for over 80% of the rejections. Once identified, the team performed a variety of analysis on the claims edits. UHCS examined discrepancies for root causes by asking the questions of ‘why’ in the processes. This led UHCS to define and create action items for each major error type.

Corrective Action Taken

Among other findings, UHCS determined the number one reason for edits was that an edit was not required. This simple corrective action reduced the number of claims requiring re-work by 12,000 per month.

It took UHCS five months, but they reduced the number of claims requiring editing from over 100,000 to just over 1,000. This demonstrates the power, effectiveness, and ultimate efficiency of having the time and focused resources to look at data and processes in a different way.

Another aspect of note is UHCS did not wait for all of the data before taking necessary action to make corrective changes. They made the easy changes in a very timely basis which accounted for the rapid reduction in the number of edits requiring re-work.

Awareness and Process Impact

UHCS has used a similar process, with similar results, with their contract modeling software for payment discrepancies.

Application to Other Facilities

All hospitals use claims editors. In healthcare, we sometimes become habituated to ‘just’ correcting the errors. Although it may only take a second or two to make the correction, it can easily add up to ½ FTE. IRM is confident that UHCS put that ‘additional time’ to more efficient use. We commend them for their thorough process improvement actions and findings. We thank Bobbie McAdams and her team for sharing this tip, and we encourage all hospitals to re-visit edit reports to insure you are not also spending ‘FTE’ time doing re-work based on old rules.

Please let us know if you found this tip useful. Visit our website at www.IRMonline.com to view additional tips available in our growing library!

***Legal notice:** Our attorneys have advised us to disclose that we are offering these tips as a service to you and that we are making no representations or warranties relative to the appropriateness of modifying your business practices. Each hospital will have to evaluate their specific opportunities and take such action as, in the best judgment, meets their business needs.*