University of Iowa Hospitals & Clinics: Using Payer Contract Management to Improve Reimbursement

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Today’s discussion

- Healthcare industry challenges
- About University of Iowa Health Care
  - Challenges facing University of Iowa Health Care
  - Importance of hospital revenue integrity
  - Leveraging technology to verify reimbursement accuracy and recover underpayments
- Contract Management Process
- Questions and answers
About University of Iowa Health Care

• 2 hospitals
  – UI Hospitals and Clinics
  – UI Children’s Hospital

• 200 outpatient clinics & care areas
  – FY2012: 977,337 visits

• Inpatients: >32,000 inpatients

• Emergency: >59,000 visits

• 57 commercial, governmental, work comp contracts
How hospital revenue integrity got started at the University of Iowa Health Care

Simple Access Database

SQL Server Database Backend

2004

2013

Access Front End
What does this iceberg have to do with revenue integrity and the revenue cycle?

A second look can uncover great opportunities.
Revenue Integrity

Revenue Integrity is another check & feedback mechanism

- Silent PPO activity
  - Financial Analysis
  - Payor Report Card
  - Payment is posted
  - Bad debt collections

- Contracts negotiated
  - Pricing of services
  - Market share

- Patient Access/Scheduling
  - Check in/Admission

- Patient is seen/discharged
  - Charges posted

- Documentation & Coding
  - Bill created
  - Claim submitted

- EOB analysis
  - Denial management
  - Not covered charges
  - Contractual adjustments
  - Insurance Follow-up

- Inappropriate adjustments & denials

- Systematic Payor Errors
  - Fee Schedule Verification

- Obsolete, Outdated Contracts
  - Inaccurate/obtdated Registration Info
  - Untimely Payments

Feedback

- Denial management
- Not covered charges
- Contractual adjustments

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Feedback
The University of Iowa Health Care
Revenue Integrity factors for success

Getting paid from the *right* party

Getting paid in the *right* amount of time

Getting paid the *right* amount of money

Getting paid with the *least* amount of effort

EVERYTIME!
Issues facing University of Iowa Health Care

• Healthcare contracts growing in complexity
  – Current payer contracts have methodologies using outliers, carve-outs, fee schedules, and a variety of groupers including MS-DRG, EAPG, APR-DRG, and APC’s

• Current Revenue Integrity Database
  – Unable to handle Medicare reimbursement methodology
  – Large number of false variances and underpaid claims not being flagged
  – Lack of real time data
  – Lack of reporting functionality
    ▪ Unable to provide any analytical reports unlike the physician group
Healthcare Contract Management process

• Extract and load claims and transactions on a daily basis
• Compare what the payer allows against what is expected
• Ability to review detailed information on how expected reimbursement is derived
• Document follow-up with payer
• Useful information for contract analysis
Current state of project

• Data integration
  – 1.3 million historical claims & related transactions loaded

• Contracts defined
  – 39 contracts set up
  – Wide variety and complexity supported

• QA has been completed- and ongoing

• Live web instructor training week of April 1\textsuperscript{st}

• Working LIVE in the system, as of 4/8/2013 in identification of variances and submitting appeals
Expectations

• Accurate and clean data
• Ability to validate reimbursement accuracy
  – Both underpayments and overpayments
• Increase underpayment recoveries
• Identify opportunities and fix internal issues
• Reporting functionality – entirely lacking with the current system
  – Will allow to provide additional feedback to individual departments
• Increasing staff efficiency in Revenue Integrity department
Suggestions / What we’ve learned

• Create open communication with Payer Relations and your HCIS departments

• Get familiar with your data sources

• Understand your payer contracts
  – Knowledgeable project manager/lead

• Focus not just on underpayments, but also internal opportunities

• Establish credibility with payers
  – Appeal claims based on contractual data and not just a hunch
Questions?