

Boston Emergency Physicians Foundation Overhauls Billing Operations to Strengthen Cash Flow

At a Glance

Organization

Boston Emergency Physicians Foundation, Inc.
Boston, Mass.

- Serves Boston Medical Center, a 547-bed nonprofit hospital
- Affiliated with Boston University School of Medicine
- Member of Boston HealthNet

Solution Spotlight

- McKesson Revenue Management Solutions

Critical Issues

- Coding complexities that were creating revenue deficiencies
- Incumbent billing vendor that was incapable of keeping pace with growth
- Documentation deficiencies that were slowing collections
- Lack of comprehensive reporting that was impeding decision making

Results

- Detailed reporting has provided needed financial insight
- Stronger compliance program has sped reimbursement
- Documentation improvement has reduced denials
- Average E&Ms improved from 3.36 to 3.8
- Gross collections rose from \$3.2 million in FY'05 to \$4.7 million in FY'06, then to \$5.8 million in FY'07

In 2004 billing operations were floundering at Boston Emergency Physicians Foundation, Inc., the emergency department practice group serving Boston Medical Center. Cash flow was in jeopardy. The group replaced its incumbent billing vendor with Per-Se Technologies, now a part of McKesson, the leading provider of medical billing and accounts receivables management services. With McKesson, Boston Emergency Physicians Foundation was able to increase gross collections and improve its financial health significantly.

Challenges

Boston Medical Center has New England's largest Level 1 trauma center. About 25% of its patients are uninsured and 25% are covered by Medicaid. To serve this diverse patient base, Boston Emergency Physicians Foundation must be financially sound. But with the group's gross collections declining, management felt a change in medical billing vendors was required.

"We needed a larger billing vendor with more depth," says Diane Barry, administrative director. "In the past, we found ourselves behind in coding and that had an impact on our revenue."

Additionally, key documentation and reports reflecting the group's finances were seldom available.

"We wanted detailed information about the level of denials, but we received mostly anecdotal information," Barry explains.

Answers

Officials turned to the consulting firm Cap Gemini to assess various revenue management solutions companies. Based on its recommendation, McKesson was selected to streamline the group's medical billing and accounts receivable management needs with a focus on maximizing reimbursements.

Rachani Phadungchai, revenue manager with the Boston Medical Center Faculty Practice Plan, says McKesson was selected "largely on the strength of its academic expertise and extensive experience in billing for emergency medicine groups." McKesson's emergency medicine coding expertise was critical since group physicians do not code due to the often frenetic pace of the emergency department, according to Phadungchai. Moreover, the group received positive opinions about McKesson from the Boston Medical Center Ob/Gyn and orthopedic groups for whom McKesson was already providing billing services.

Results

McKesson took charge in July 2004 in what Barry describes as "a remarkably smooth transition." "We really did not have any cash flow issues during the changeover,"

Case Study

"We need to do the best job we can to collect every dollar owed. McKesson has helped us to do that. We are very pleased with the success of this partnership."

Jonathan Olshaker, M.D.
Chairman, Department of Emergency Medicine, Boston University School of Medicine
President, Boston Emergency Physicians Foundation

Barry explains. Paul Drew, executive vice president of Boston Medical Center, was particularly impressed that senior McKesson Revenue Management Solutions leaders were involved in the transition. "I was pleasantly surprised at the level of commitment and dedication from the management team and their availability on-site to assist in the process," Drew says. "They certainly exceeded my expectations."

Productivity improvements were equally positive. McKesson's on-site tutorials helped decrease physicians' chart documentation deficiencies from 7.5% to just over 3% in the first year, a figure that beats the industry target. Today, documentation deficiencies now average an enviable 1.6%, thanks to ongoing physician education and a subsequent EHR (electronic health record) implementation.

With additional improvements in coding and fewer denied claims, the group experienced a 25% increase in collections in the first year. Gross collections, previously averaging \$250,000 per month under the prior vendor, peak today at \$500,000 per month.

Managers are now routinely given summary and detailed reports on key financial metrics, including average daily billings, days in accounts receivable, denials and cash flow. McKesson was able to help the group exceed its budget

for collections by \$1.1 million, largely due to documentation process improvements.

Individual physician performance reports and chart documentation allow executives and managers to more effectively track financial performance, make proactive interventions and provide timely feedback on faculty performance. "McKesson's reporting tools have allowed us to redesign a number of workflow processes to improve cash flow," Drew relays.

McKesson has helped the emergency group strengthen compliance with both public and private payor requirements, initiate much needed electronic transfers of Medicaid payments and update physician credentialing information. McKesson has also assisted in providing benchmarking data that allows the group to compare its financial and operational metrics with emergency departments at teaching hospitals nationwide.

"To attract the best physicians and nurses and provide exceptional care, we have to pay our people competitively," explains Jonathan Olshaker, M.D., chairman, Department of Emergency Medicine, Boston University School of Medicine, and president, Boston Emergency Physicians Foundation, Inc. "We need to do the best job we can to collect every dollar owed. McKesson has helped us to do that. We are very pleased with the success of this partnership."

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