

Fairfax Pathology Associates Sees Big Gains after McKesson Launches Professional Component Billing

At a Glance

Organization

Fairfax Pathology Associates
Fairfax, Va.

- 18 physicians
- Serves two hospitals
- Performs approximately 108,000 anatomic pathology procedures per year

Solution Spotlight

- McKesson Revenue Management Solutions

Critical Issues

- Professional component billing
- Reporting
- Coding compliance

Results

- Professional component collections exceeded projections by 300%
- Professional component revenue grew to about 40% of total collections
- Standard collections increased by more than 12%
- Coding education and compliance improved
- New reporting capabilities yielded detailed, real-time business intelligence

Fairfax Pathology Associates is an 18-physician group serving Inova Fairfax Hospital in Fairfax, Va. and Prince William Hospital in Manassas, Va. In 2007 the group ceased internal billing operations and partnered with McKesson for complete billing and revenue cycle management solutions. The decision followed McKesson's success in billing for the group's professional component of clinical pathology (PCCP). Today, professional component billing makes up about 40% of Fairfax Pathology's total collections, up from zero before McKesson aligned with the practice. And overall revenue management and compliance for the group has never been stronger.

Challenges

In the past, Fairfax Pathology Associates did not bill for PCCP services due to the complexity of the billing process, the necessity for intensive data mining, and the high-volume, low-dollar nature of professional component claims. But as increasing numbers of pathology groups recognized the logic and legality of billing for PCCP services, Fairfax decided to seek out a partner who could competently oversee the process.

Answers

Fairfax Pathology Associates quickly identified McKesson as

one of the most experienced providers of outsourced PCCP billing solutions nationwide.

The group contracted with the company in early 2007 for PCCP billing and ten months later shifted its anatomical pathology billing to McKesson.

"McKesson was very proactive in reaching out to our partners," says Phillip Branton, M.D., chair of the Pathology Department at Inova Fairfax Hospital. "And once McKesson started, we were extremely impressed with the collections we were seeing." In fact, according to Dr. Branton, new revenue from PCCP billing exceeded McKesson's initial projections by more than 300%.

"McKesson was very conservative initially and we appreciated that," explains Dr. Branton. "But we also were pleased when the projections were substantially exceeded."

Results

Because of McKesson's success in collecting for PCCP services, Fairfax Pathology Associates subsequently decided to turn its entire billing process over to the company. At the same time, a third-party practice manager – an individual recommended by McKesson – was brought in to oversee the billing process and other business functions.

Case Study

“Bringing McKesson on board has been enormously beneficial to our group in a number of areas. Perhaps the most important thing is that with McKesson handling the billing, we’re freed up to do what we do best, which is practice medicine. In addition, the enhanced revenue has made it possible to hire additional staff. For those reasons, we think of McKesson not as a vendor but as our business partner.”

Phillip Branton, M.D.

President

*Fairfax Pathology Associates
Chair, Pathology Department
Inova Fairfax Hospital*

While some group physicians initially were skeptical about ceding billing authority to McKesson, the transition was seamless, according to Dr. Branton. The group’s financial results quickly underscored that the move was the right one.

Today, non-PCCP collections have increased by more than 12%. Equally important, detailed management reports are now available to provide group leaders with clear snapshots of the practice’s financial performance.

“McKesson’s ability to drill down and provide detailed data analysis is really quite impressive,” says Branton. “If I or one of my colleagues has a question about how we’re doing with collections in a certain specimen area, an answer can be provided in almost real-time, which I think is nothing short of amazing.”

McKesson has also played a key role in strengthening the group’s compliance program and provides assistance in managed care contract negotiations.

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