

Kansas University Physicians, Inc. Overhauls Billing and Claims Operations with Revenue Management Solutions Partner

At a Glance

Organization

Kansas University Physicians, Inc.
Kansas City, Kan.

- Multispecialty group practice
- Affiliated with the University of Kansas Medical Center
- Nearly 300 physicians

Solution Spotlight

- McKesson Revenue Management Solutions

Critical Issues

- Local medical billing service vendor unable to keep pace with medical center's rapid growth
- Days in A/R > 120 reached 46%
- Collections were down sharply
- Medical center had huge credit balances

Results

- Average days in A/R dropped to 48
- Days in A/R > 120 dropped to 17.3%
- Monthly cash balance increased by 72%
- Billing statement redesign increased cash by \$12,000 per week

Kansas University Physicians, Inc. (KUPI), the largest multispecialty group practice in Kansas, found itself in a quandary when the local medical billing company it retained to oversee its claims and invoicing process was not keeping pace with its growth. With days in accounts receivables rising and cash flow declining, the group turned to McKesson, the leading medical billing service provider. McKesson provided the personnel and expertise needed to reverse a crisis situation. As a result of KUPI's partnership with McKesson, KUPI can accurately be described as one of the most advanced academic practice groups in the country based on its revenue cycle management solutions.

Challenges

In the late 1990s, physicians affiliated with the University of Kansas Medical Center in Kansas City faced a growing problem. Several years earlier the state had ordered that the 16 independent physician groups affiliated with the 475-bed medical center provide a single, consolidated patient statement for services rendered. To meet the mandate, the specialty groups – representing nearly 300 physicians – combined to create a new entity, Kansas University Physicians, Inc.

The organization acquired software from IDX Systems Corp., now part of GE, and retained a local medical billing service to

oversee the newly centralized claims and invoicing process. But by early 1999, KUPI's billing had fallen into disarray since its growth had outstripped the services offered by the local billing company. Accounts receivable exceeding 120 days were soaring, collection rates were down sharply and huge credit balances were on the books.

Answers

For help, KUPI turned to its software vendor, the former IDX, who in turn brought in McKesson. McKesson was assigned full responsibility for all back-end revenue cycle management issues, including claims processing, accounts receivable reporting, insurance follow-up, payment posting, denial review, private pay collections and customer service. McKesson immediately began stabilizing KUPI's medical billing processes by deploying a dedicated operations staff as well as a group of account managers, each of whom had direct responsibility for four of the 16 physician practice groups. Redundancies between KUPI's departments were quickly eliminated, reducing its FTE costs.

The McKesson account managers provide the KUPI staff with a weekly detailed trend analysis. On-site specialists and managers from McKesson help the smaller physician groups minimize denials and accounts receivable days. For example, McKesson specialists assisted one clinic that had fallen seriously behind in managing its

Case Study

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Kirk Benson, M.D.

President

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Medicare denials and was at risk of losing the chance to resubmit the claims. "They're very good at identifying problems early so that we can minimize denials and rejections," explains Barbara Timberlake, KUPI's director of medical billing services.

McKesson's account managers also serve as liaisons between the KUPI staff and McKesson's operations center. McKesson handles all billing queries through its toll-free customer call center. The center, one of seven McKesson operates for its various academic clients, performs the day-to-day claims processing and follow-up on outstanding receivables for KUPI. Total invoice count for the last fiscal year was approximately 625,000 while total units billed were approximately 1.55 million.

Backed by high-speed servers with dedicated off-site storage, the McKesson academic center of excellence dedicated to the KUPI account empowers the account managers with the tools necessary to translate such raw claims data into meaningful, actionable business information.

Another key advantage McKesson provides is real-time connectivity between KUPI's front-end access management applications and McKesson's back-end services. Documents relating to patient accounts are scanned into the system by McKesson staff and are

immediately available electronically to KUPI personnel in registration and admissions. This instant access translates into faster customer service, improved staff productivity and enhanced provider-patient relations.

Results

With McKesson's expertise and support, KUPI dramatically improved its financial performance. Between 1999 and 2004, KUPI's average accounts receivable days dropped from 110 to 49, while the percentage of accounts receivable 120 days or greater fell from 46% to 17.3%. Charges, meanwhile, have increased from \$10.7 million to \$18.5 million per month. By 2007, monthly charges were running over \$23 million. Additionally, McKesson helped KUPI simplify its patient statements. The redesign alone helped KUPI begin to collect an additional \$12,000 a week in patient remittances.

The collaboration between KUPI and McKesson has grown stronger through the years. "We view McKesson as a trusted business partner," explains Kirk Benson, M.D., president of KUPI. "In today's environment, it makes sense to focus on your core offerings and then find expert suppliers to address the elements of your business that are outside that core. For revenue cycle management solutions, McKesson has time and again demonstrated that expertise and earned our respect."

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