

Meridian Laboratory Physicians Boosts Financial Performance with Professional Component Billing

At a Glance

Organization

Meridian Laboratory Physicians
Manasquan, N.J.

- 3 hospital-based laboratories
- 12 physicians

Solution Spotlight

- McKesson Revenue Management Solutions

Critical Issues

- Ability to create new revenue stream with professional component billing
- Coding accuracy
- Denial management
- Documentation reporting

Results

- Revenues increased 15%-20%
- Days in A/R reduced by 14 days
- Documentation improved
- Physician education improved compliance and dictation
- Improved coding accuracy
- Detailed monthly management reports became available

After physicians learned that they could legally bill for professional services related to clinical pathology, Meridian Laboratory Physicians' group leadership began looking for a vendor with an established track record in that area. They eventually selected McKesson, a leading provider of medical billing and accounts receivable management services. Drawing on its years of experience in professional component billing services, McKesson gave Meridian the power to increase cash flow by implementing a new revenue stream and enhancing the current anatomic billing processes. Through physician education to improve dictation, Meridian's coding accuracy increased, denials were reduced and revenues rose 15% to 20%.

Challenges

Meridian, a 12-physician group operating three hospital-based laboratories in east-central New Jersey, was working with a regional billing vendor that had neither the expertise nor capacity to bill for the professional component of clinical pathology services. The group sought a new billing partner with expertise in billing for the professional component of clinical pathology.

Answers

McKesson's demonstrated ability to increase reimbursement for the professional component of clinical pathology services reflects years of effort aimed at reducing the uncertainty and misinformation surrounding professional reimbursement to develop a rigorous and reliable billing protocol. It was this ability that led Meridian to select McKesson as a billing partner.

McKesson immediately established electronic interfaces with Meridian's three affiliated hospitals to expedite the transfer of demographic and clinical data and help ensure clean and timely claim submission. McKesson also worked closely with the group to handle any questions or concerns from hospital administration regarding the professional component billing process.

At the same time, McKesson implemented comprehensive revenue cycle management procedures, including proactive denial management, to ensure timely submission and full reimbursement for all the group's billed services. Because of McKesson's expertise in navigating public and private payor requirements, Meridian quickly realized improvements in revenue.

Case Study

“McKesson has been extremely efficient in terms of turning around the billing and making sure that we’re paid in a timely fashion. And they’ve done a very good job with the professional component billing. It’s a complex, time-consuming process, but one they have executed flawlessly. As a result, we have a revenue stream that did not exist before.”

Dr. Anis Rangwala

President

Meridian Laboratory Physicians

Results

Since McKesson took over coding and billing for the group, net collections have increased by approximately 15% to 20%, according to Dr. Anis Rangwala, Meridian’s president. This gain reflects both new revenue from professional component billing as well as improvements in the anatomic billing process, including more accurate coding and a reduction in denials. Overall, Dr. Rangwala says, average days in A/R have been reduced by about 14 days since McKesson partnered with the physician group.

“McKesson has been extremely efficient in terms of turning around the billing and making sure that we’re paid in a timely fashion,” Dr. Rangwala says. “And they’ve done a very good job with the professional component billing. It’s a complex, time-consuming process, but one they have executed flawlessly. As a result, we have a revenue stream that did not exist before.”

In addition to improving cash flow, McKesson has provided an array of monthly management reports that deliver previously unavailable insight and knowledge about the group’s daily operations, Dr. Rangwala says, adding that customer service has been exemplary.

“Whenever we have a question or a concern, they are immediately responsive,” Dr. Rangwala says. “The channels of communication are always open, and they’re very flexible and very efficient in the way they address issues.”

In the compliance area, McKesson has helped the group strengthen its oversight capabilities by providing physician education in-services to make sure that doctors understand and comply with all payor regulations.

“The relationship we have with McKesson is excellent,” Dr. Rangwala says. “It’s a true partnership and one that provides us with a great deal of peace of mind.”

McKesson Provider Technologies

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