

MeritCare Health System Reaps Financial, Productivity and Patient Satisfaction Benefits from Leading-Edge Practice Management Solution

At a Glance

Organization

MeritCare Health System
Fargo, N.D.

- Integrated health system with the largest group practice and hospital in North Dakota
- 20,700 hospital admissions per year
- 74 specialty areas of medicine

Solution Spotlight

- Horizon Practice Plus™

Critical Issues

- Revenue loss from denied claims
- Slow claims processing and reimbursement
- High A/R days
- Duplicate data entry
- Need to accommodate growth
- Migration to paperless workflow
- Low patient satisfaction

Results

- Streamlined processes that enabled the submission of 47,000 claims per week
- Saved more than \$900,000 by preventing coding-related denials and \$1.2 million from medical necessity justification
- Gained the scalability to accommodate new facilities and increases in patient volume
- Achieved insurance denial rates of 5.1%
- Reduced inbound patient calls about billing by 25%
- Increased patient satisfaction

MeritCare Health System is an integrated clinic and hospital system logging nearly 2 million patient visits per year across a service area spanning 250 miles west to east, from Jamestown, N.D. to Bemidji, Minn. Several years ago, MeritCare's central business office became overwhelmed by unprocessed and denied claims from its clinics as well as incoming calls from patients regarding their bills. Simultaneously, the organization and the community it serves were experiencing rapid growth and reimbursements were flattening and costs increasing industrywide.

Challenged to meet the demands of its growing demographic while preserving revenue, MeritCare transformed its practice management operations with Horizon Practice Plus™ from McKesson. The results were significant. Today, MeritCare processes more than 188,000 claims per month, has insurance denial rates at 5 points below the industry average, and has preserved more than \$2.1 million in revenue. Additionally, patient satisfaction has improved. With Horizon Practice Plus, the stage is set for MeritCare to integrate the claims processing of two recently acquired clinics.

Challenges

As MeritCare's patient volume grew, its existing practice management solution proved insufficient to withstand the increased billing

pressure on its central office. Even with 100 coders and 38 billers on staff, MeritCare was unable to keep pace with the growing workload. Billing staff were hampered by paper-intensive workflow. Additionally, of the thousands of claims processed, about 10% were denied. MeritCare staff had to manually rework those claims each week.

Patient satisfaction was affected by these back-office problems. Statements from the existing practice management system were not patient-friendly, and patients routinely called the billing office for an explanation of their bill. Scheduling in this multispecialty environment was challenging. Patients endured long wait times. Additionally, patient registration was cumbersome. Patients had to provide demographic information multiple times, which introduced errors into the system, and patient information was not shared across facilities.

MeritCare sought a scalable solution that could evolve to support a paperless environment to process clean claims, improve workflow design and reporting, and promote higher patient satisfaction.

"We needed a new practice management system — one that would not only enhance patient satisfaction but also process claims efficiently and prevent lost revenue," explains Doug Okland, executive partner, revenue management.

Case Study

“The investment in Horizon Practice Plus has more than paid for itself.”

Doug Okland

Executive Partner,

Revenue Management

MeritCare Health System

Answers

MeritCare chose the Horizon Practice Plus solution from McKesson. With Horizon Practice Plus, MeritCare automates processes to drive productivity, enhance patient service, improve cash flow and reduce costs. The system’s workflow management simplifies insurance processing and maximizes cash flow by managing third-party payor payments through online worklists instead of paper reports. Integrated electronic connectivity to payors through McKesson’s claims clearinghouse means faster reimbursements for the health system. Additionally, MeritCare uses the system’s various worklists to assist with follow-up for claims as well as credit and collections.

MeritCare uses Horizon Practice Plus to ensure that accurate patient data is available across its locations. The Master Person Index (MPI) in Horizon Practice Plus streamlines patient registration. At registration, advanced search and retrieval technologies prevent duplicate registrations and errors, while efficient and flexible patient data capture reduces wait times and patient frustration. Patient statements from the system are easier to read and understand. Additionally, MeritCare uses the unique scheduling features of the Horizon Practice Plus solution to improve staff and patient satisfaction with simultaneous scheduling of equipment, rooms and personnel.

Results

MeritCare realized significant productivity improvements in just the first 12 months alone. After converting \$70 million of existing accounts receivable to the penny, MeritCare began using the Horizon Practice Plus solution to manage claims submissions and now files almost 13% more claims due to the organization’s growth. Additionally, MeritCare has saved more than \$900,000 by preventing coding-related denials and another \$1.2 million from medical necessity justification. The health system also lowered the overall volume of denied claims from 10% to 5%.

MeritCare now submits more than 90% of its claims electronically and receives 90% of its remittance advices electronically as well. Patient satisfaction at MeritCare has also risen because of seamless scheduling, the elimination of duplicate registrations and increased accuracy of patient information across care settings. Also, clearer patient statements have resulted in a 25% reduction in incoming phone calls from patients regarding their bills.

“The investment in Horizon Practice Plus has more than paid for itself,” states Okland.

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