

CASE STUDY

MERITCARE HEALTH SYSTEM

FARGO, ND • REVENUE CYCLE 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

- Pathways Compliance Advisor
- Horizon Practice Plus

■ CRITICAL ISSUES

- Reduce denied claims
- Reduce revenue loss from denials

■ RESULTS

- 36 percent reduction in coding-related denied claims
- 50 percent reduction in all denied claims
- More than \$2 million of losses prevented
- 25 percent reduction in inbound patient calls about billing

COMPLIANCE CHECKING PREVENTS \$2 MILLION REVENUE LOSS FOR MERITCARE HEALTH SYSTEM

Profile

MeritCare Health System is an integrated clinic and hospital system. With headquarters in Fargo, N.D., MeritCare serves nearly 2 million people a year across the region. The health system has placed on *Hospital & Health Networks* magazine's "100 Most Wired Hospitals in the United States" list for the past six years.

Challenges

Several years ago, MeritCare found its volume of denied claims to be increasing precipitously. Of the 40,000 claims processed each week, overall about 10 percent were denied. As a result, the MeritCare staff had to manually rework 4,000 claims each week. Simultaneously, MeritCare experienced a tremendous growth in the number of outpatient visits, which added more billing pressure on the central business office. Even with 100 coders and 38 billers on staff, MeritCare was unable to keep up with the timely working of denials.

In addition to sheer volume, manual processes further complicated MeritCare's billing challenges. A central repository of denied claims did not exist. The staff used reports from MeritCare's practice management system, McKesson's Horizon Practice Plus™, to manually identify denials. Once identified, the staff researched the denials, located supporting data, corrected the error and resubmitted the bill. All of this activity had to occur before the filing date expired.

The backlog of denials at MeritCare continued to grow, prompting management to establish a comprehensive plan to control denials and prevent lost revenue.

"Our goal was to reduce denials by ensuring that the correct codes were applied before the claim was submitted and that the correct information was collected as early in the billing process as possible," explains Darlene Meyer, billing department manager.

Answers

As a user of Horizon Practice Plus, MeritCare looked for a solution with a high level of integration to enable more efficient processes and maximize productivity. MeritCare chose McKesson's Pathways Compliance Advisor™ solution to prevent denials for its clinics in a post-service mode at the central business office. Pathways Compliance Advisor checks claims against coding guidelines mandated by the Centers for Medicare & Medicaid Services (CMS) and other federal agencies. The solution automatically identifies services that do not meet payor coding and billing guidelines as well as those that require additional documentation to support reimbursement. At MeritCare, 100 percent of all Medicare charges now pass through Pathways Compliance Advisor. In addition, error reports from Pathways Compliance Advisor furnish MeritCare with valuable information to educate departments and providers to prevent future denials.

The post-service process for Medicare claims now operates like clockwork. Charges are entered into Charge Posting Batches in Horizon Practice Plus by the data entry staff. Before releasing those charges to Accounts Receivable (A/R), all Medicare batches are run through Pathways Compliance Advisor.

CASE STUDY

MERITCARE HEALTH SYSTEM • REVENUE CYCLE SOLUTION

“The investment in Pathways Compliance Advisor has more than paid for itself. This project has been so successful with Medicare claims that we have expanded it to Blue Cross Blue Shield and will be adding Medicaid and Medica in 2005 with custom-built accounts.”

Dan Trustem

Executive Partner

Revenue Management

Charges without errors are posted to A/R. Charges with errors are funneled to a report that is sent to the coding analysts.

MeritCare coding analysts review the physician orders/documentation to reconcile coding issues identified by Pathways Compliance Advisor. Coding corrections are made in the data entry batch in Horizon Practice Plus and then released to A/R for a clean claim to be sent to the payor.

Results

The results speak for themselves. In three years, MeritCare has saved more than \$900,000 by preventing coding-related denials and another \$1.2 million from medical necessity justification. Pathways Compliance Advisor enabled the central business office to initiate processes to eliminate backlogs, handle more volume, focus on high-dollar accounts, and work payment-challenged accounts — all without adding staff.

“With Pathways Compliance Advisor as a part of our revenue cycle management solution, we’ve realized our goal of reducing denials. We are now able to stay current and work all of our claims,” says Tanya Grieger, reimbursement analyst lead.

In addition to monetary savings, Pathways Compliance Advisor has helped MeritCare to:

- Reduce the volume of coding-related denials by 36 percent in one year
- Reduce the overall volume of denied claims from 10 percent to 4-5 percent
- Reduce incoming phone calls from patients regarding their bills by 25 percent
- Increase patient satisfaction
- Identify the source of denial errors

“The investment in Pathways Compliance Advisor has more than paid for itself,” says Dan Trustem, executive partner, revenue management. “This project has been so successful with Medicare claims that we have expanded it to Blue Cross Blue Shield and will be adding Medicaid and Medica in 2005 with custom-built accounts.” ■

MCKESSON

McKesson Provider Technologies

5995 Windward Parkway

Alpharetta, GA 30005

1.800.981.8601

<http://infosolutions.mckesson.com>

Copyright © 2005 McKesson Corporation and/or one of its subsidiaries. All rights reserved. Horizon Practice Plus and Pathways Compliance Advisor are trademarks of McKesson Information Solutions LLC. All other product or company names mentioned may be trademarks, service marks or registered trademarks of their respective companies PRT221-1/05