

## Pomona Valley Imaging Medical Group Partners with McKesson to Engineer Financial Turnaround

### At a Glance

#### Organization

Pomona Valley Imaging Medical Group  
Pomona, Calif.

- Serves 436-bed hospital
- Five outpatient facilities
- 11 radiologists

#### Solution Spotlight

- McKesson Revenue Management Solutions

#### Critical Issues

- A/R management
- Contracting assistance
- Coding and billing

#### Results

- Improved collections from \$220,000 to \$522,000 within 60 days
- Reduced A/R days from 180 days to 55 days
- Lowered bad debt from more than 10% to less than 5%
- Reduced documentation errors and denials
- Strengthened managed-care contracts

Pomona Valley Imaging Medical Group, based in Pomona, Calif., was created following the breakup of a 70-physician radiology practice that had served southern California's Inland Empire for nearly 30 years. The decision to disband the megagroup was driven by worsening financials and a belated recognition that the group's internal practice manager was not capable of meeting the demands of such a large practice.

Physicians affiliated with Pomona Valley Hospital formed an 11-member group to serve the 436-bed hospital and its five ancillary facilities. The group outsourced billing to a small California company. But early in the relationship it became apparent that the billing vendor was unequipped to handle the radiology group's volume, which totals nearly 200,000 exams per year.

Faced with decreasing revenue and a growing backlog of unpaid claims, Pomona Valley Imaging turned to McKesson Revenue Management Solutions, a national company with more than 25 years of experience in radiology billing. The radiology practice quickly regained its financial footing. Within 60 days, collections increased by more than 100%, and days in accounts receivable were reduced by two-thirds.

#### Challenges

Johnson Lightfoote, M.D., medical director of Pomona Valley Imaging, says the financial situation with the previous billing vendor was marked by enormous, unexplained swings in monthly collections. As a result, the group was frequently forced to draw on a \$2 million line of credit established by the hospital to make payroll. Other problems weighed down the practice: The electronic interface between the billing vendor and hospital did not work, denials were not addressed, and management reports were nonexistent.

"The previous vendor was simply in over its head," says Dr. Lightfoote. "It was used to receiving 40 or 50 CPT codes each day, and all of a sudden it was getting 600."

After interviewing numerous potential partners, the radiology group selected McKesson on the strength of the company's in-depth understanding of radiology billing and national experience, as well as its competitive bid. "Everyone I met from McKesson impressed me as being very interested in radiology billing and extremely knowledgeable about it," adds Dr. Lightfoote.

#### Answers

Because the group's financial condition was deteriorating rapidly, McKesson accelerated the typical transition time between billing

# Case Study

*"We have a wonderful partnership with McKesson. Its team has a profound understanding of radiology billing and is committed to providing the highest level of customer service."*

*Johnson Lightfoote, M.D.*

*Medical Director*

*Pomona Valley*

*Imaging Medical Group*

vendors, reducing it from 90 days to 30 days. At the end of the 30-day period, McKesson's team had successfully taken over the group's current A/R and established a reliable electronic interface with the hospital to receive patient demographics and physician reports.

Additionally, McKesson began returning dictated reports to the group's physicians for correction of errors, much to Dr. Lightfoote's surprise.

"It was simple stuff to correct, but my first thought was: 'Why hadn't I been getting these from the previous billing provider?'" recalls Dr. Lightfoote. "Obviously, we'd been undercoding for a long time and hadn't even realized it. McKesson's staff told us what we were doing wrong, and to me, that showed a real dedication to radiology billing."

## Results

At the time McKesson came aboard, Pomona Valley Imaging was collecting only about \$220,000 per month, nearly half the amount needed to meet its business plan objectives, according to Dr. Lightfoote. Within 60 days, however, monthly collections jumped to \$522,000 and exceeded even McKesson's projections. Days in A/R were cut from 180 days to 55 days, and bad debt was reduced from more than 10% to less than 5%.

In addition to overseeing the radiology practice's financial turnaround, McKesson's practice manager also has played a key role in managed-care negotiations. In one instance, she called the bluff of a major carrier that was attempting to reduce physician reimbursement. She advised the group to drop out of network. Pomona Valley Imaging followed her advice. As a result, collections from the carrier paid at out-of-network rates increased by \$50,000 per month. The insurance company eventually agreed to terms proposed by the group, and Pomona Valley Imaging rejoined the network.

"We have a wonderful partnership with McKesson," relays Dr. Lightfoote. "Its team has a profound understanding of radiology billing and is committed to providing the highest level of customer service. We meet with the McKesson team monthly, and if a problem or issue comes up, they're just a phone call away. We couldn't be more pleased with the expertise, skill and the level of service they provide."

**McKesson Provider Technologies**

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