

Bellingham Anesthesia Associates Increased Net Collections by 17% with Improved Billing and Financial Reporting

At a Glance

Organization

Bellingham Anesthesia Associates, P.S.
Bellingham, Wash.

- 25 physicians
- Serves the operating rooms and Level III trauma center of a two-campus, 253-bed hospital
- Serves 8 outpatient clinics

Solution Spotlight

- McKesson Revenue Management Solutions

Critical Issues

- Inaccurate coding
- Lack of denial management
- Need for national pricing information
- Insufficient management reports

Results

- Net collections increased 17%
- Days in A/R were reduced by 7 days, increasing cash flow
- Stronger compliance has safeguarded the practice
- Detailed management reports have helped the group plan strategically for the future

The management at Bellingham Anesthesia Associates, P.S., recognized that the practice's billing operations were inadequate. Management wanted change. Bellingham hired a practice administrator, fired its incumbent billing vendor and partnered with a world-class medical billing service and revenue cycle management services provider — McKesson. McKesson helped Bellingham turn around its billing operations and improve its financial standing.

Challenges

Although Bellingham Anesthesia Associates was the only anesthesia group in the Bellingham, Wash.-area in the late 1990s, the practice wasn't meeting its financial targets and suffered as accounts receivable days jumped. In addition, a lack of reliable and timely financial data negatively affected the group's revenue stream and hamstrung its ability to make sound management decisions. Finally, compliance requirements further distracted the practice from its clinical mission.

Answers

To turn the practice around, Bellingham hired its first-ever practice administrator, Carole Lefcourte. She immediately examined all aspects of the operation, including legal, accounting, banking and

billing/collections. "Billing and collections were the most problematic," Lefcourte recalls. "We were experiencing an unacceptable level of return on charges billed and were plagued by billing inefficiencies."

After an audit confirmed systemic problems with the incumbent medical billing service and collections vendor, Bellingham Anesthesia Associates searched for another firm to handle these critical services. The practice selected McKesson, an industry leader with a national reputation and presence and more than 20 years of revenue cycle management. "McKesson's reputation as a medical billing service and compliance leader on a national level was attractive to us," explains Lefcourte. "We can rest assured that we have an expert partner looking after this vital part of our practice."

McKesson began providing medical billing services in January 2001, following a 90-day transition and implementation period. Almost immediately, Bellingham saw improvements to its billing operations.

McKesson began conducting coding and compliance educational sessions with Bellingham physicians. It also applied in-depth expertise in the area of compliance that was critically needed. The practice's compliance officer can now turn to McKesson for expert advice on compliance issues and changes.

Case Study

“McKesson makes my job easier; I can’t give a better commendation than that.”

Carole Lefcourte

Practice Administrator

Bellingham Anesthesia

Associates

Additionally, McKesson has shown Bellingham how reliable practice and financial reporting can be used to gain strategic advantage. The reports allow the group to access targeted data about a specific physician or an area of the practice. For the first time, this capability will help the group accurately plan for future growth.

“We went from not knowing what was in accounts receivable to descriptions of how our receivables are classified and which payors are lagging behind,” Lefcourte explains. “We know whether our payor mix is getting skewed, and every month we receive a snapshot of bad debt. The information is valid, useful and easy to read. McKesson provides the information we need to make strategic business decisions.”

Results

Within 12 months of contracting with McKesson, Bellingham’s net collections increased by 17%. In addition, accounts receivable days significantly improved. Just as important, physicians immediately had access to detailed financial reports to help guide management decisions. The cumulative effect of these improvements was that the practice was able to hire three additional anesthesiologists to handle an expanding workload.

The quality of McKesson’s medical billing service and processes – along with access to national and regional comparative data to help determine base charges – have been essential in strengthening the group’s billing capabilities, according to Lefcourte.

“McKesson maximizes our dollars and provides excellent advice,” she says. “It also has the systems to competently conduct billing and collections. The McKesson staff stays on top of billings as they age. Charges are not billed out and ignored.” Lefcourte adds that McKesson’s national database has played a vital role in helping the group determine fair market value for its services when negotiating with payors.

Lefcourte says the partnership with McKesson continues to grow stronger.

“McKesson has done a fabulous job and we’re confident in its ability to continue performing,” she observes. “The company has delivered the service promised by the sales staff and has been very responsive to suggestions to make our partnership stronger. When I offer ideas, our McKesson account representatives are never defensive, nor do they insist that their way is better. McKesson makes my job easier; I can’t give a better commendation than that.”

McKesson Provider Technologies

5995 Windward Parkway
Alpharetta, GA 30005

<http://www.mckesson.com>
1.800.981.8601

Copyright © 2007 McKesson Corporation and/or one of its subsidiaries. All rights reserved. All product or company names mentioned may be trademarks, service marks or registered trademarks of their respective companies. PRT321-11/07