

# Performance Strategies



Help Address the Economic Downturn with Financial Clearance Tools

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## St. Elizabeth Optimizes Pre-Service Financial Clearance



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### Optimizing Our Financial Clearance Processes

At [St. Elizabeth Medical Center](#), we've always had a successful revenue cycle management program, including efficient insurance verification. Our 1,169-bed healthcare system in Northern Kentucky had a well-organized process and competent staff in place, but we knew there was room for improvement. To take our pre-service financial clearance processes to the next level, we introduced automation to optimize and streamline the process.

### The Right Technology

Unfortunately, we learned the hard way just how important it is to get the right technology in place. With our initial insurance verification system, transaction fees made the process expensive. It also artificially limited the number of transactions we could send on a monthly basis. The lack of payor connectivity limited the technology's value. In addition, the system was difficult to use because of a cumbersome user interface and non-standard data formats, which made it even less effective. In short, the system did little to help us go from good to great.

When we replaced this technology with an integrated suite of revenue management technology tools, we saw quick results. For example, with [RelayHealth RevRunner](#), we quickly identified valid insurance coverage for 3% of our self-pay accounts that previously had been written off as bad debt. This provided an immediate \$375,000 boost to our bottom line.

Being able to identify appropriate coverage is becoming increasingly important. About one in four non-elderly uninsured people in 2006, or about 12 million, were eligible for public health insurance programs but were not enrolled, according to a study conducted by the National Institute for Health Care Management, a Washington, D.C.-based non-profit group.

### The Right Results

Now with automated eligibility processing in place, we can:

- Quickly verify insurance during pre-registration and/or registration.
- Verify eligibility when patients submit new insurance information.
- Identify patients who have been awarded Medicaid insurance.
- Search for Medicaid or Medicare insurance on self-pay accounts prior to sending the accounts to bad debt.
- Estimate patient liability in the emergency department and outpatient clinics.

Because now we are paying a fixed fee, instead of a fee based on the number of transactions, we can send unlimited insurance verifications. St. Elizabeth is saving \$20,000 per month as compared to our previous transaction-based model.

The system, which features an inviting color-coded user interface, also has helped us streamline registration, insurance verification and point-of-service collection — processes that previously took significant staff time. As a result, staff members can now redirect their energies to tasks that further enhance our revenue management success. For example, registration auditors use the tool to work registration exceptions the day after a patient is admitted, a task that formerly occurred several days after admission.

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## St. Elizabeth Optimizes Pre-Service Financial Clearance (Cont.)

### An Important Tool for these Economic Times

To further improve our processes, we plan to implement the automated financial advocacy functions of the technology. When these features are up and running, we will be able to qualify patients for coverage and financial assistance pre-service, enabling staff to automate the process for enrolling patients in financial assistance programs.

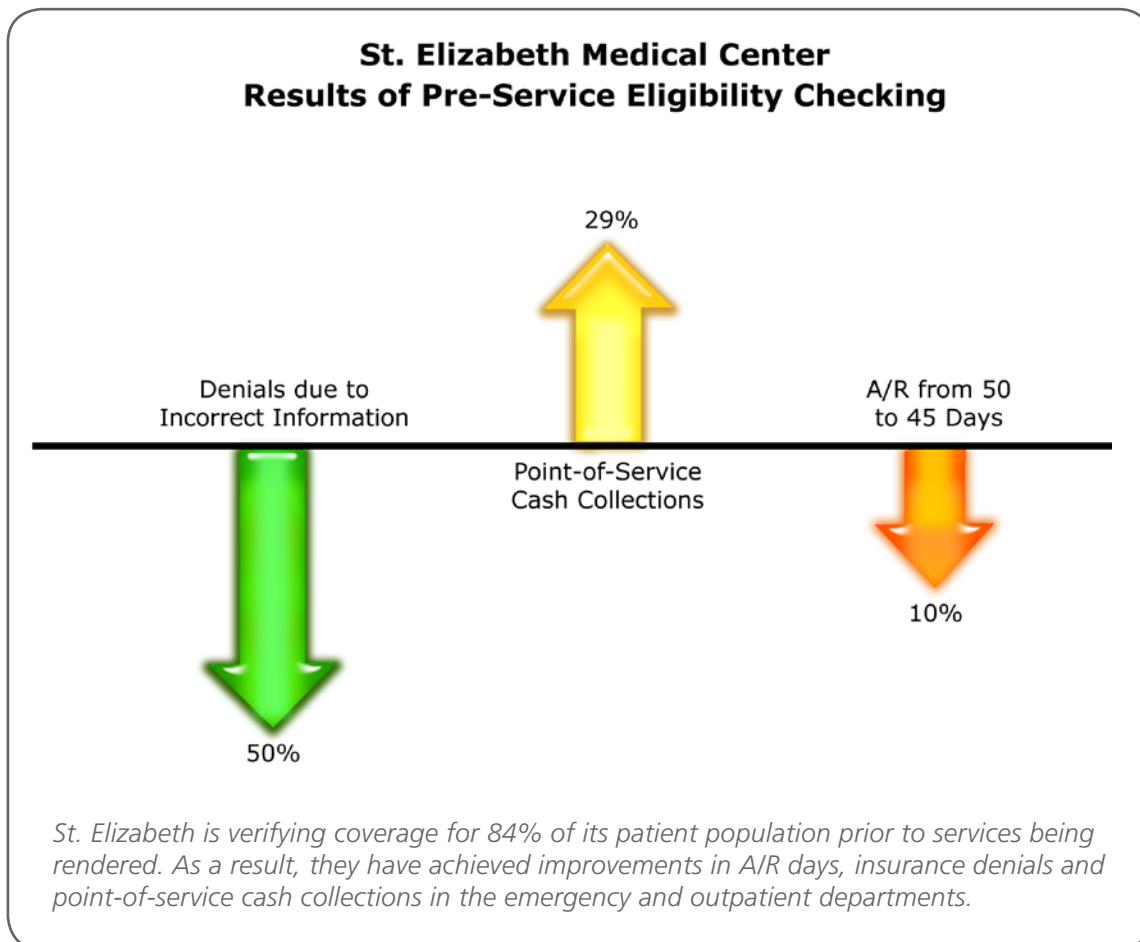
In addition, a propensity-to-pay function will enable registrars to determine both a patient's ability to pay and their probability to pay.

Using this tool to automate insurance verification during pre-registration and registration, St. Elizabeth has been able to:

- Verify insurance coverage for 84% of the patient population prior to services being rendered.
- Reduce by 50% insurance denials due to incorrect information collected during pre-service.
- Increase by 29% point-of-service cash collections for outpatients and in the emergency department.
- Decrease days in A/R from about 50 to just 45.

These results are especially important in these uncertain economic times for both providers and patients. Financial clearance automation helps us focus and streamline our efforts to identify financial responsibility, and it helps patients find alternate financial resources before delivery of care.

*Joseph Ruark, CPA, has 29 years of financial and accounting experience. He currently is the Assistant Vice President of Patient Finance at St. Elizabeth Medical Center in Northern Kentucky. The St. Elizabeth Medical Center, founded by the Sisters of the Poor in 1861, is a five-hospital system located in Northern Kentucky. St. Elizabeth recently merged with St. Luke Hospitals to form one health system. Mr. Ruark also is a part-time instructor at Northern Kentucky University. He is a CPA and a member of the Kentucky Chapter of the Healthcare Financial Management Association (HFMA).*



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