

# Performance Strategies



Help Address the Economic Downturn with Financial Clearance Tools

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## Health Alliance Nets Financial and Patient Satisfaction Benefits with Real-Time Eligibility Verification



*By Doug Gardner  
Director of Patient Financial Services  
Health Alliance*

**Health Alliance™**

### Shedding Light on Eligibility

At [Health Alliance of Greater Cincinnati](#), we've found that the more we know about a patient's eligibility upfront the better. That's why we started to review the pre-service financial clearance process used by our healthcare system, which comprises four hospitals and one long-term care facility. Our health system uses a central business office that processes about \$440 million in accounts receivable each year.

Because we sent our requests to verify eligibility in a batch once a day, it took 24 hours or more to learn whether patients were qualified for Medicaid coverage. So, we would treat them first and later figure out exactly how payment would be made — a process that was not optimal for us or our patients.

In addition, our previous revenue cycle system did not connect to all of Medicaid's payors, which made it difficult to ascertain whether patients had coverage through the state program. And because eligibility checking was such a laborious, paper-intensive process, we typically would check self-pay patients for Medicaid eligibility once. We did not have the time to perform rechecks to ascertain if their status changed.

### Verifying Eligibility in Real Time

We realized that our processes were not financially healthy for us or the patients. As a result, we decided to overhaul our pre-service financial clearance operations to move eligibility checking upfront and in real time. Automating it meant eligibility was checked each time a patient presented for care so that we were able to stay up-to-date with Medicare status changes.

Two years ago, we implemented the [RelayHealth RevRunner](#) solution for financial clearance. The solution electronically accesses patient demographic files from the hospital's accounting systems. After formatting the data, it sends an eligibility request in real time to the correct payor. Once the payor response is received, the patient's eligibility status is displayed in a format that enables our staff to quickly identify the patient's eligibility coverage before service is provided.

With this technology update, we are able to stay on top of eligibility status from the second that a patient walks through the door until reimbursement is received. For example, when patients arrive for care, we receive real-time verification of Medicaid eligibility. As a result, we are able to work closely with ineligible patients to identify alternate sources of reimbursement before delivering care.

### Realizing Results Today, Making Improvements for Tomorrow

Health Alliance carries self-pay accounts for 90 to 120 days. During this period, we run a batch eligibility check at 6 days and again at 75 days. Rerunning the check identifies patients who were deemed ineligible for Medicaid coverage when they received services, but whose status has changed since then.

**Recovery of \$500K per month:** By automatically running these eligibility verification checks, we typically recoup \$500,000 worth of additional Medicaid eligibility each month. This money previously would have been lost, or the account would have been forwarded to a collection agency. In some cases, the agency would discover that the patient had, in fact, become eligible for Medicaid, but we still would have to pay the collection agency fee.

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## Health Alliance Nets Financial and Patient Satisfaction Benefits with Real-Time Eligibility Verification (Cont.)

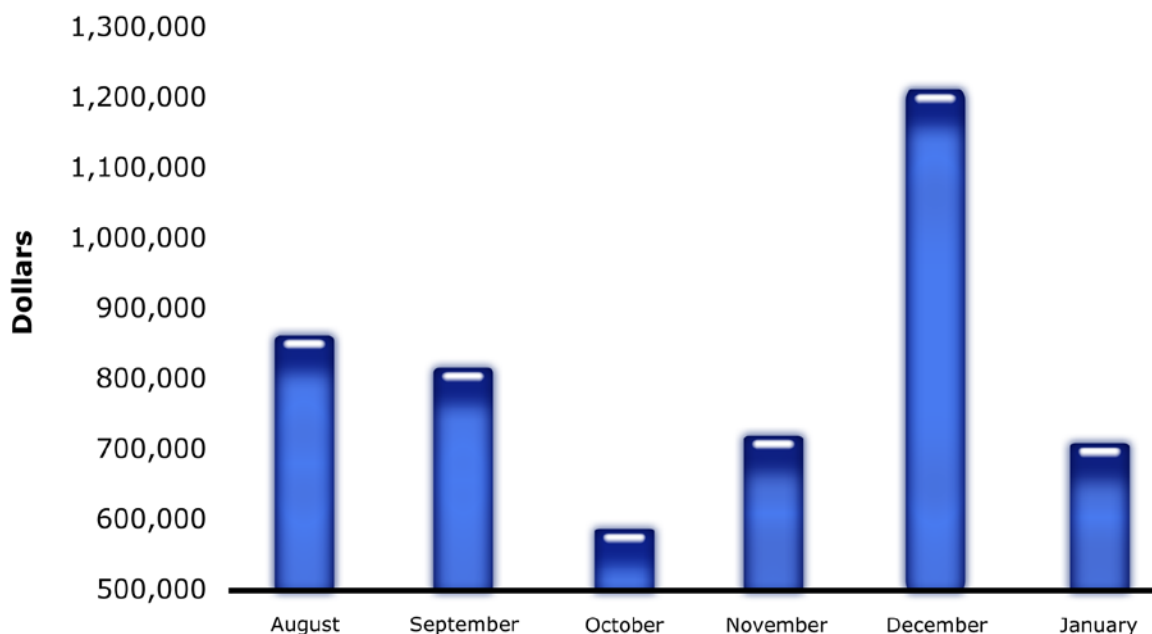
**Reduced agency fees:** Because we no longer forward these status-changed accounts for collection, we have been able to reduce our agency fees substantially. In addition, the agencies that we work with have found that it is much more difficult to collect on our accounts because our technology uncovers reimbursement sources early in the process.

**Improved patient satisfaction:** Real-time eligibility verification also improves patient satisfaction. By providing us with current information, we can explain payment options to patients at the time they present for care. Also, previously collectors might call patients seeking reimbursement after care and find their Medicaid status had changed. Some of these patients would become upset because they assumed that we would be aware of their new eligibility.

Our success has reinforced the need for a proactive approach to improve our revenue management processes. For example, we currently have staff members manually checking the status of claims for those that need follow-up. However, we are looking at automating the entire process with RevRunner technology, which would automatically flag such accounts. We expect that automating the process will enable us to further improve workflow and reduce labor costs significantly.

*Doug Gardner is the Director of Patient Financial Services for the Health Alliance of Greater Cincinnati. Prior to working for Health Alliance, Doug spent eight years as an Operations Manager at Citibank, managing various stages of retail collections. After joining the Health Alliance as the Self-Pay Manager, Doug transformed the once dormant collections operation into a progressive, technology-focused, high-performing revenue generator. By installing processes commonly used in retail collections, and incorporating state-of-the-art equipment, Doug was able to increase self-pay collections from \$19M a year to \$34M a year in less than 3 years. He continues to emphasize technology and progressive performance management strategies in his role as Patient Financial Services Director.*

### Health Alliance Recoups Monies by Identifying Medicaid Status Changes



#### First Six Months of Review for Status Changes in 2006-2007

*During the first six months of automatically reviewing self-pay accounts at 6 days and 75 days, Health Alliance was able to identify status changes in Medicaid eligibility prior to sending for collection. The reviews enabled the organization to recoup these charges, reduce bad debt, and save fees that would have been paid to a collection agency. Now the status change reviews recoup approximately \$500,000 per month.*

## Learn More

[Eligibility Verification: Once is Not Enough](#)

[AHA Report on the Economic Crisis](#)

[Moving to the Front End of the Revenue Cycle](#)