

Performance Strategies



Accelerate and Improve Revenue Results Now

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WellStar Leverages Existing Financial Technology to “Find” \$10.8M



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[WellStar Health System](#) has long been dedicated to delivering excellent healthcare to the more than 600,000 residents of our suburban Atlanta service area. This year we announced that we would spend up to \$800 million over the next decade to expand facilities and continue rolling out technology such as [electronic health records \(EHRs\)](#) and [computerized provider order entry \(CPOE\)](#).

Yet, WellStar also knows that doing a great job on the clinical side is not enough. To continue funding improvements in the patient experience, we have to manage the contracting and reimbursement process efficiently to make sure we are billing correctly as well as getting paid for our services.

Using Existing Technology

More than 10 years ago, WellStar deployed McKesson's [contract and denial management solution](#), but we weren't using its capabilities to the fullest.

Instead of letting the system calculate expected reimbursements and monitor performance for a myriad of payors, financial office staff reviewed stacks of printed reports, doing manual calculations of claims payments to ferret out underpayments.

Automating Manual Processes

About three years ago, partnering with McKesson, we focused on taking advantage of the robust capabilities of the existing system. A base requirement for improvement was properly loading contracts into the software. With contracts online and accurate, we eliminated manual usage of variance reports to determine underpayments. In less than a year, the Contract Management Department totally automated the process and eliminated the manual intervention, which was plagued with huge volumes of underpayments, coding inaccuracies, and an inability to fully manage payor agreements.

The results of the automation were immediate. Denial and appeal analysis pinpointed claim denial problems, enabling our staff to set up an automated process for tracking appeal status and recovery amounts. Once the system was used to its full potential to monitor payments and update accounts receivable, the extent of our payment problem became obvious, allowing us to focus on solutions.

In just two years, our Contract Management staff recovered more than \$10.8 million in underpayments. We also bolstered our long-term bottom line by negotiating more advantageous contracts and speeding insurance recovery.

Since expanding our use of the contract management system, WellStar has:

- Recovered underpayments totaling \$3.6 million in FY08 and \$7.2 million in FY09. We expect to recover \$4.7 million in underpayments in FY10.
- Lowered AR days from 47 in 2008 to 45.2 this year.
- Exceeded our annual cash collection goal.

CONTINUED ON PAGE 2

WellStar Leverages Existing Financial Technology to “Find” \$10.8M (Cont.)

Just installing a system is not enough. One has to use the system properly and effectively to achieve one’s goals. By utilizing the full effectiveness of the system, we now have much greater control over payor reimbursements. Now instead of underpayments going unnoticed, the system flags the problem, and we can take immediate action. If I may add a cliché that explains how effective the system and our staff have been, “you can run, but you cannot hide.”

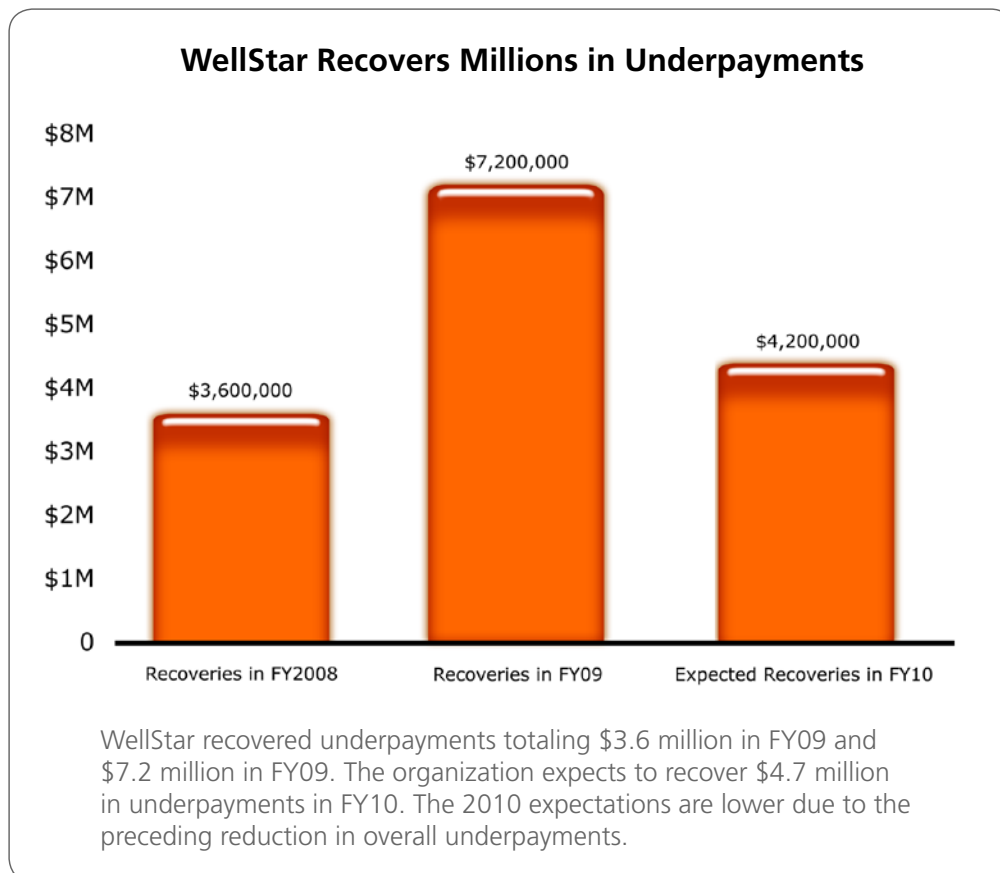
Increasing the Bottom Line

Along with finding underpayments, the contract management system has also enabled us to better classify payments and liabilities. By moving improperly posted patient liability back into patient accounts, we recovered additional revenue. The system also ensures that charges are applied to the appropriate account. Instead of uncollectible patient bills being charged off as bad debt, they can be directed to meeting community charity care obligations.

WellStar also leveraged the solution in payor contract negotiations. The Contract Management staff models all changes in contractual terms so we can see the financial implications of particular proposals. Having this knowledge puts WellStar in a much stronger position during negotiations and helps us ensure long-term gains in revenue we might otherwise have lost.

Our reimbursement and contracting experience has taught us a valuable lesson. Make sure you are using your existing technology to its fullest. The answer to your financial challenge may already be right in front of you.

Lee Evins, vice president of Revenue Cycle Management, joined WellStar Health System in November of 1999. He is Past President of the Georgia Chapter of Healthcare Financial Management Association (HFMA) and is nationally recognized as a Certified Manager of Patient Accounts, Certified Managed Care Professional, and a Fellow of HFMA. Lee, who holds a Master’s Degree in Health Services Administration, has had several articles published and has recently been quoted in articles in the Atlanta Business Chronicle and the hfm Journal. Periodically, Lee is asked to speak or participate in national focus groups as a recognized leader in accounts receivable management.



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