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Reduce Your DENIALS

HIM communication management helped Erlanger Health System cut its denials.

By Beth Walsh

Denied claims are a thorn in almost every health care facility's side, but Erlanger Health System in Chattanooga, TN, used to have a 6.8 percent denial rate and too many claims had to be submitted more than once. That was a significant problem that the facility decided to face head on.

You need all the available information to dispute denials, said

Rita Bowen, MA, RHIA, CHPS, director of HIM and resource and reimbursement management at Erlanger. That includes precertifications, authorizations and other data that helps pave the way to successfully submitted and paid claims. To make that information available, "we sought a technology solution that would help us cut costs and increase revenues."

BANNING BLAME

Erlanger was losing about \$13 million a year, Bowen said. There was a lot of blame placed on various departments for denials. A review, however, found numerous causes: insufficient documentation, non-response errors, lack of medical necessity and incorrect coding. There was plenty of blame to go around, but Bowen focused on ending the finger pointing.

She found that, according to the Healthcare Advisory Board, "evidence shows that 90 percent of denials are preventable through improved execution of verification, authorization and clinical documentation efforts."

To get a handle on the problem, Bowen looked for technology

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that would serve as a bridge to its voice capabilities and chose TRACE from The White Stone Group in Knoxville, TN. “We were trying to get our [utilization review] nurses off the phone. They were spending up to 20 minutes on the phone every time they had to call something in.” The technology lets them leave, retrieve and record voice messages rather than waiting to talk to someone.

The TRACE system improves the workflow and management of phone, fax, paper, electronic and Web health care communication events to enhance revenue cycle performance. TRACE DCR Tracker makes archived records of any communications available enterprise-wide for use in denials management, process improvement and quality assurance.

SAVING TIME AND MONEY

Within the first year of using TRACE, Erlanger saved more than \$1 million. Phone transaction times dropped significantly and TRACE supplied better documentation, explained Pamela Bassler, manager of care management. “If you’re not tracking your outcomes, you’re not showing your value.” Technology can help HIM show administration its value. “You need hard data to show how you affect the bottom line,” she said.

Because rebilling is cost intensive, Bowen knew Erlanger had to work smart with technology to instantly and permanently capture and archive routine communication. TRACE let the organization create an audit trail of communication surrounding each patient’s visit and index records by patient in a central tracking system. As a result, efficiency and productivity were improved to the point that three full-time equivalents (FTEs) were reallocated, saving more than \$300,000 in payroll and benefits.

Another problem Bowen and her team addressed was reducing the 8 percent denial days per 1,000 patient days. That added up to a significant amount of services rendered for which Erlanger never received payment. “We needed tangible, documented evidence of communication related to patient’s coverage for care. We needed to manage health information so we could use it effectively.” Doing so helped Bowen elevate respect for the department.

By better documenting routine communication, Bowen recovered nearly \$400,000 in denied claims over a 4-year period and the percentage of denial days fell from 8 percent to less than 0.5 percent per 1,000 patient days. The new system also prevented more than \$3 million in denials.

RESISTANCE AND OPPORTUNITIES

Despite the gains technology can help organizations achieve, resistance is a substantial obstacle. Bowen involved managers and end-users for an interdisciplinary approach to ensure system-wide functionality. The solution was selected to fit within Erlanger’s existing IT platforms and framework, she said.

The facility took advantage of vendor support for installation and training and carefully planned the rollout and return on investment schedule. They also established and communicated goals, such as reducing accounts receivable days and decreasing denials. “We gave leaders in-depth understanding of uses, benefits

and goals. We identified a solution with reports to track usage and results.” There was one “go to” place to verify all communication between staff and to validate communication with payers. Bowen and other leaders also made a point of sharing successes in meeting the goals across the system.

Bowen also noted that implementing new technology can provide employees with new career opportunities. “Set the stage to change roles,” she said. “Take the opportunity to partner with another department. It may be a springboard for you.” Bowen herself became more of an HIM strategist during this process.

Corralling your leadership is another important challenge to address, she noted. Often, there is a disconnect between front-end and back-end departments and a lack of understanding about the front-end role in the revenue cycle. With no checks and balance system between departments, there will be communication problems that will impact the bottom line.

The new system helped Erlanger create an objective source of communication records. System-wide, TRACE is used to track authorizations and precertification information. Before the implementation, about 29 percent of denials were due to nonresponsive errors—the claims were submitted outside the allowable time-frame—and another 48 percent were due to initial authorization not being obtained.

Better documentation and communication helps facilities get credit for what they’re already doing, demonstrates an impact on the bottom line, improves defense of denied claims and justification of care after it is delivered, increases reimbursement, streamlines the appeals process and focuses on patients, not paperwork, Bowen said. One system that can provide all those benefits is well worth the implementation challenges.

Overall, Erlanger’s use of technology reduced finger pointing, renewed accountability among departments, decreased fear of change and empowered staff to use the system. “I think that everybody needs to do their due diligence,” Bowen advised. Originally, she did not know that technology existed that could help her index and follow information. But, “when you’re talking about denials, you need to be able to collapse information about a patient so you can find it and trace the communication events.” ■

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