

# HealthData Management

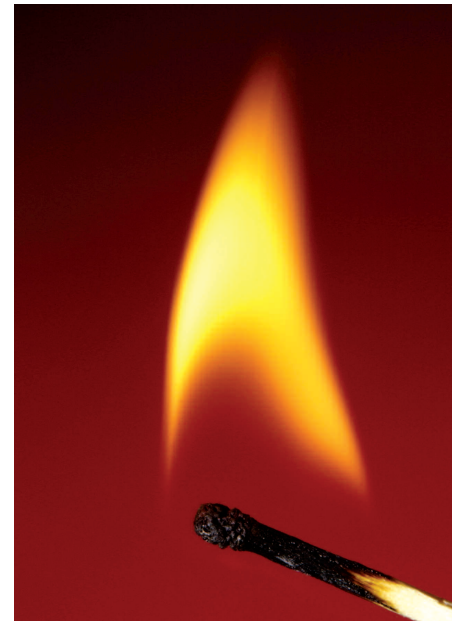
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## HOSPITALS

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Software helps a hospital track insurers' compliance with their own contracts.



## FEET TO THE FIRE

By Joseph Goedert, News Editor

**I**N 2000, MEDICAL NECESSITY DENIAL DECISIONS by insurance companies cost Marrero, La.-based West Jefferson Medical Center \$700,000.

Because of an aggressive response to denials, that's a lower figure than many hospitals comparable to 451-bed West Jefferson are used to seeing, says Angela Greener, chief administrative officer. But by 2006, the hospital had trimmed its annual medical necessity denials to \$50,000, and that figure has stayed about the same in subsequent years.

That's because the hospital became more aggressive in fighting denials in 2002 when it implemented an event communications system. The system consolidates voice, paper and electronic documentation. Moreover, it tracks delivery to insurers of evidence of medical necessity and other information to support claims. "In 2002, up to 50% of denials could be overturned," Greener recalls. "Now, 85% can be overturned."

The TRACE communications system, from The White Stone Group Inc., Knoxville, Tenn., generated a return on investment during its first full year of use, she adds.



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Angela Greener  
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Integrated with the hospital's ADT and clinical information systems, and using document imaging to digitize paper forms, TRACE captures data to document the patient's demographic, insurance, condition and treatment information.

That information is used to populate a templated transcription packet containing information insurers need to determine the medical necessity of treatment. As part of the claims process, the packet then is electronically faxed to insurers or delivered via automated phone calls. The system tracks inbound and outbound faxes and calls, documenting everything sent or received.

Before implementing the system, nurses would have to gather documentation and manually fax or call insurers. Some insurers have telephone systems that enable nurses to leave a voice mail with the pertinent information. For other payers, nurses would sit on hold waiting to talk to a representative to receive medical necessity approval. Or they'd get busy signals trying to fax documents.

"We were paying incredible high dollar for non-productive work by nurses sitting on hold on the phone," Greener

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recalls. Now, the TRACE server sends the faxes, or prompts a nurse to make a voice recording, then makes the call until it goes through.

If an insurer says it won't pay for a second day of hospitalization because it didn't receive necessary information in a timely manner, "I can tell them when it hit their telephone server and when they picked it up," Greener says. "Quite frankly, I can't imagine going back to the other way."

### Other uses

West Jefferson also uses the system to document payer contract negotiations. "I discuss the contract line-by-line and it's recorded," Greener says.

That's helped to further cut medical necessity denials, she adds. "We can even print out a screen from the medical necessity criteria that show the patients meet the standards. That puts the onus on the payer to show where the patients don't."

Having contract details a few key-strokes away also is helping the business office fight other denied or underpaid claims, she adds. And some insurers aren't so quick anymore to issue denials because they know that the staff members at West Jefferson Medical Center know what they are talking about.

The TRACE system also supports patient pre-registration over the phone, prompting the patient to enter necessary information. Staff members then confirm insurance eligibility and other information before the patient comes to the hospital. At arrival, registration is a two-minute check-in that includes the signing of consent forms.

Case managers use the system for discharge planning and to coordinate the hand-off of care to nursing homes,

outpatient therapists, durable medical equipment vendors and others.

When the hospital previously tried to place a patient for continued care, it would send a manually faxed request for a bed to an appropriate nursing home and await a response. If that home did not have a bed, it would contact another home. Now the TRACE server sends electronic faxes to all the homes at the same time.

That speeds up the time to find a home and discharge the patient. And that's cut the denials of payment for the last day of hospitalization on the grounds that there was no medical reason for the patient to still be in the hospital, Greener says.

As a result, the hospital has reduced its length of stay for Medicaid patients by nearly a day. And that has dropped the amount of days that Medicaid denies for payment by 64%.

### Speeding discharge

Speeding discharge also frees up beds quicker. That's important for any hospital but it's especially acute for those serving the New Orleans region, which lost many hospitals in Hurricane Katrina. "There are fewer hospitals and a population that continues to return, so our census is high," she adds.

The TRACE system also enables fast notification to insurers of the admission of a patient from the emergency department. That means insurers cannot deny payment on the grounds the admission was not a real emergency. To do so, they must immediately rule on the medical necessity and send a written denial.

Hospitals implementing similar technology should quickly expand its use in the facility, Greener advises.

West Jefferson Medical Center initial-

ly saw the TRACE system as a way to communicate clinical information—but not as an efficiency tool in the business office. "We were self-limiting in our use of the application," she concedes.

She also advises to be prepared for adverse reaction from insurers when the hospital starts to send them information more quickly. "The payers were not happy and we had pushback," she recalls. "Make sure you know the contract terms for when they do that."

That's because some insurers initially will deny payments because their usual procedures for getting medical necessity justification and other information were not followed. But Greener can show the insurers the exact language in their contracts with the hospital and how she followed the terms: "I agreed I would notify you; I didn't say how."

So while she's happy she knew the contract terms, Greener counsels others to be proactive in contacting payers and letting them know how they will get the information. That's also an opportunity to educate insurers on how the new technology can save them time, as well. If given a do-over, "I would be more aggressive in marketing benefits to the payers," she says.

One of the smartest uses of the TRACE system has been to document West Jefferson's payer contract negotiations, Greener observes. Being able to ask, "Would you like me to play the recording?" comes in handy when disputes over contract interpretations later arise.

For instance, one major insurer refused to pay for transportation provided by an ambulance service the hospital owns. But she was able to show in the contract that ambulance services would be billed separately and not lumped into a set case rate. •

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