Hospital Automates Revenue-cycle Processes

Software is instrumental in helping perform root-cause analysis of coding errors and omissions, creating an early identification process of clinical practice charge-capture trends.

St. Joseph Hospital, a 112-bed nonprofit community hospital in Bangor, Maine, recognized that it had several pressing revenue-cycle challenges. Among these were concerns that as coding requirements continue to increase in complexity, capturing all charges manually and then ensuring accurate coding would become more difficult.

To make its claims cleaner prior to submission, which would, in turn, alleviate time-consuming rebilling activities and help minimize lost revenue, Lisa Killam, reimbursement charge supervisor at the hospital, looked to automation of the charge description master (CDM) management processes.

"I maintain the CDM for the entire hospital, but as the volume of coding changes and compliance requirements continued to grow, I found that I didn’t have the time to monitor CDM performance to ensure that the hospital was capturing charges correctly," she says.

Killam and her colleagues began looking at numerous chargemaster management software applications in order to find a suitable solution. As a small hospital, both range of functionality and value were key. St. Joseph ultimately selected Chargemaster Toolkit from Craneware, an integrated suite of modules that automate streamlined CDM maintenance for greater accuracy and compliance.

"The solution we chose included numerous features in one package, from transmittals to CCI (correct
coding initiative) edits to Medicare APC (ambulatory payment classification) rates,” Killam adds. “We could see that implementing it would eliminate time-consuming manual updates of the chargemaster, which was one of our primary goals.”

Chargemaster Toolkit was installed in 2006 in just two days, requiring minimal involvement from St. Joseph’s IT department. Craneware led on-site training following the software installation, and Killam and her team worked closely with the training staff over the next several months as the hospital acclimated to the new system and updated its CDM.

With the solution, Killam discovered that she no longer had to review the CDM line item by line item using current procedural technology (CPT) and other reference books. Instead, the software now enables her to identify line-item problems and correct them immediately.

Even the cleanest chargemaster cannot guarantee that all the appropriate charges will appear on the final patient bill. This is why St. Joseph also implemented Craneware’s Bill Analyzer software to examine final billing data for completeness, accuracy and timeliness. Such analysis enables staff to identify true problem-trend patterns. Seeing these patterns clearly lets staff determine their root causes, so that charge capture and coding problems can be stopped at their source in a more timely fashion.

According to Killam, the software has been instrumental in helping St. Joseph perform root-cause analysis of coding errors and omissions, creating an early identification process of clinical practice charge-capture trends. Early trend identification allows for timely recognition of coding and billing errors that can result in lost revenue. This potentially missed legitimate revenue might not otherwise be discovered and captured.

On the first day Bill Analyzer was in place, St. Joseph identified, and ultimately recouped, $153,000 in uncaptured charges related to an upgrade in software in the radiology department. The source: A CPT code/charge was inadvertently missed over an eight-month period.

In the past two years, Killam and her clinical department managers have relied on Bill Analyzer to monitor claims coding and investigate any possible missed charges. Killam also uses it to generate weekly reports on potential coding issues.

“Because the software indicates the probability of missing charges in claims, it allows me to then focus my efforts on claims that are in the most need of attention,” she says. “This means that I don’t have to go through pages of reports anymore, looking for potential errors. It helps me to identify potential problem areas much more quickly.”

St. Joseph has added other Craneware applications, including Pharmacy ChargeLink, a pharmacy supply application that helps hospitals improve charge capture, pricing and billing for administered medications, connecting the hospital’s drug purchasing history and its CDM.

In the last five years, St. Joseph has seen an increase in the demand for estimates from patients who want to know what a procedure costs prior to the time of service. This is due in large part to increasingly high deductibles and co-payments, the growth in consumer-driven health plans such as health savings accounts (HSAs), as well as the spike in uninsured Americans.
To support this trend, St. Joseph implemented Craneware’s Patient Charge Estimator earlier this year, which enables staff to respond to estimate requests from guarantors, patients and clinicians for inpatient and outpatient services.

"Before we implemented Patient Charge Estimator, price quotes for patients were very difficult for us to handle - involving cumbersome spreadsheets and phone calls to medical records," explains Killam. "Now, we are able to provide this information much more efficiently."

The estimates provide clear, concise financial information and outline payment options upfront. Estimate letters generated by the software help consumers understand the costs associated with different treatment choices. This helps create a more positive patient experience, Killam says, through understanding financial expectations before service occurs.

Also, if hospitals do not set advance expectations on pricing, there is a much lower chance of collection at the time of service, she says. Accurate and complete estimates allow the hospital to increase up-front collections and reduce bad debt.

Patient Charge Estimator uses the hospital’s own claims data and managed care contracts to generate cost estimates, including the negotiable allowable amount, depending on the level of mitigating health circumstances, complications or add-on services required.

"By giving patients our pricing information in advance, they know what to expect and can settle their account upfront - helping to improve our cash flow," says Killam.

Killam emphasizes the importance of hospitals finding ways to accurately capture all charges, reduce claim denials and optimize revenue in a timely manner. "Managing processes manually had an enormous cost for us - in terms of labor and the potential for errors and lost revenue. Automation has helped St. Joseph to eliminate these risks while also significantly reducing time requirements," she says.

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