Phoebe Putney Memorial Hospital identifies $12 million in lost charges; credits Claims and Billing Solutions

Every dollar lost due to inaccurate charge capture incrementally impedes the path to improved financial performance. For health care providers, an essential step in capturing earned revenue is to identify potential lost revenue from the billing process.

Phoebe Putney Memorial Hospital (PPMH), based in Albany, Ga., launched a successful initiative to identify previously unbilled services and bill and capture the complete revenue resulting from clean, accurate claims.

Challenge

PPMH is a 443-bed teaching hospital and one of Georgia's largest comprehensive regional medical centers, serving southwest Georgia residents for more than a century. The hospital processes more than 225,000 claims annually, but only 10 to 15 percent of its accounts were being manually audited prior to billing due to revenue cycle resource constraints. The hospital's team found that nearly three-quarters of audited accounts had errors—with missing charges accounting for most of these inaccuracies.

Compounding the situation, according to PPMH's Wendy Allen, director, revenue management, was too much manual intervention in the billing process creating a high risk for error. She acknowledged the complex billing process involved many departments that each had their own objectives and lacked familiarity both with the process and the complexities of coding. The economic implications of so many unchecked claims flowing through the system were significant. PPMH needed an automated solution to provide a pre-bill, high-level review of every claim and that created a support framework for the auditors' work. Allen's team also recognized that cleaner claims would produce fewer denials and speedier reimbursement, resulting in savings due to improved processing efficiency.

Solution

nThrive's Charge Capture Audit, part of its Claims and Billing Solutions, provided a robust solution to electronically audit PPMH's inpatient and outpatient itemized bills, enabling more accurate charging and compliant billing.

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> **WENDY ALLEN, DIRECTOR, REVENUE MANAGEMENT, PHOEBE PUTNEY MEMORIAL HOSPITAL**

"Implementation was easy. Once our files were delivered to nThrive, we only had to identify business rules to stop accounts and work through reports daily to remove accounts from hold status as quickly as possible," Allen notes. PPMH has been using Charge Capture Audit in the revenue management department for more than four years, with another facility soon to come online.

Improved communication, through educational programs and quarterly newsletters, has allowed all parties in the process to gain a better understanding of the revenue cycle and their roles in creating successful financial outcomes.

Every inpatient and outpatient account is now reviewed prior to billing at the end of each month versus retrospectively. Corrections generated from automated and manual charge capture audits are made in Allen's department and summary results are then shared monthly with all departments.

Generating a clean claim is critical in a time of changing reimbursement policies and new methodologies from payers to evaluate claims. "Charges matter because even with DRG-paid contracts—Medicare and Medicaid—if you don't charge for something, it has implications for compliance and affects what you are paid today, as well as your reimbursements over coming years," Allen says.

Senior management at PPMH receives an annual report that quantifies the overall value achieved from revenue management. Charge Capture Audit identified $12 million in lost charges in one year. More than $1 million was recovered in the same year. System executives are recognizing the importance of working these accounts for their significance to the bottom line. PPMH has made auditing a priority, increasing its team members to four full-time employees, two for inpatient auditing and two for outpatient accounts.

Results

For PPMH, Charge Capture Audit is earning its stripes. Not only did the hospital realize its ROI in the first year, it has also strengthened the revenue management team's ability to identify previously lost sources of income. Allen credits Charge Capture Audit with helping her team correct nearly 1,200 accounts and reclaim more than $1 million that otherwise would not have hit the balance sheets.

$1 million
Additional net revenue collected

Align Reimbursement Strategies

Significant process improvements have been identified along the way, such as the discovery that charge errors in the Labor and Delivery service line were affecting 25 percent of the patients delivering babies.

Allen's team also flagged a new respiratory therapy charging and documentation system that was implemented without follow-up checks for a properly working interface. Thirty days elapsed without one charge crossing the interface. Aided by Charge Capture Audit capabilities, the problem was identified before the entire service line was significantly impacted.

In addition to the tangible financial results achieved, Charge Capture Audit is a valuable safety net and ally for revenue management staff members who now depend on the system to ensure claims are as accurate as possible.

"Charge Capture Audit is a valuable tool for any organization," Allen notes. "It's the best and virtually only tool of its kind—compliance-oriented and very effective in identifying lost charges. We know that we're sending out clean claims and you can't put a value on that assurance," she concludes.

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