

Clarendon Health System improves cash flow, operations with Claims and Billing Solutions

Challenge

Clarendon Health System (Clarendon), located in Manning, S.C., began in 1951 as a general hospital with one surgeon and a handful of practitioners. Since then, Clarendon has grown into a community health system with 38 primary care physicians and specialists, along with almost two dozen specialized services, to meet the needs of Clarendon County's residents.

Over the years, Clarendon has embraced new technology and applied it to all areas of the health system. Already a high-performance facility with regard to finances, Clarendon began reevaluating its revenue cycle processes in an effort to improve business operations, stop cash leakage and enhance financial performance. Officials began searching for a strategic partner to provide the necessary solutions that would help Clarendon achieve its financial goals.

"In the beginning, our goals were simple and straightforward, but vitally important," said Gary Morris, Clarendon's director of patient financial services. "We wanted to increase revenue, decrease accounts receivable days and stop the leakage."

Solution

Clarendon officials investigated several options, but ultimately selected nThrive's Claims and Billing Solutions. nThrive's Claims Management solution controls claims editing, submission, payer reconciliation and communication. With nThrive, Clarendon has a Web-based platform that seamlessly augments the existing patient accounting system and converts all payer reports into one standardized format. This type of standardization helps enhance the effectiveness and accuracy of Clarendon's billing and claims processing.

nThrive also provides Clarendon with a real-time claims dashboard, enabling users to view the status, notes and audit trail for any claim in the system. Clarendon's management is able to quickly and easily identify lost revenue throughout the system—and implement process changes that yield positive results in very little time.

Results

Within the first six months of implementing Claims Management, Clarendon reduced its Medicare accounts receivable days by 13 and its commercial accounts receivable days by seven. Even more impressive were Clarendon's cash flow increases: 14 percent in the first year and 7.5 percent in the second year.



14%

increased cash flow
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Built a **health care
clinic** in a rural area
with cash generated
by initiative

Clarendon also began generating much cleaner claims than it had been submitting previously, thanks to the errors identified by Claims Management prior to submission. "With our previous solution, we had an 80 percent 'clean claim' rate," said Morris. "With Claims Management, our 'clean claim' rate is now 98 percent. That is a phenomenal improvement."

Clarendon's success was due to many factors—some technological and some human. "We knew we had issues keeping current with all the changing regulatory and payer coding and billing rules," added Morris. "With the automation of the Claims Management solution, all claims are reviewed prior to submission for payer compliance. Additionally, a key factor in our improvements was educating our staff."

In addition, by updating its coding policies, Clarendon was able to improve its revenue capture in several areas. For example, "We discovered we were not charging for certain billable items in several departments," Morris said. "By making those compliance improvements, we picked up \$400,000 in cash."

The financial achievements at Clarendon extend well beyond the hospital walls. Clarendon has been able to take the increased cash flow and reinvest it in the community it has served for more than half a century. "With the cash generated as a result of our improvements, we built a health care clinic in the rural Somerton area, which previously had no health care services available to its residents," noted Morris. "This money has allowed us to fund some very important initiatives in our community."



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