

# Kettering Health Network improves reimbursements – and patient satisfaction

**Increased accuracy and efficiency during patient registration leads to higher upfront cash collections and reduced billing rework later in the revenue cycle**

## Business issue

Under pressure to lower costs and enhance patient care, Kettering Health Network was looking for ways to optimize revenue cycle processes and workflow to improve reimbursements from payors and patients.

## Overview

A not-for-profit headquartered in Dayton, Ohio, Kettering Health Network is comprised of eight hospitals, Kettering College, and more than 120 outpatient facilities serving southwest Ohio, with nearly 12,000 employees and 2,100 physicians. Kettering provides access to high quality maternity care, state-of-the-art cancer fighting technology and is Ohio's leading heart hospital, as well as offering revolutionary brain and spine surgery.

## Problem

Kettering recognized it was experiencing an increase in underpaid accounts receivable due to a legacy, out-of-date contract management system that hampered their ability to manage contract inventories and contract rate and payment schedule analysis. Because 55 percent of Kettering's revenue stemmed from Medicare and Medicaid patients, the organization also needed insight, something it lacked because the legacy system's capabilities were focused on commercial payors – creating a large gap.

Bad debt also was increasing due to missed and late patient payments. Kettering's ongoing patient liability challenges, stemming from a heavy uninsured and underinsured patient mix, were made worse by a depressed national economy with increasing deductibles and co-pays. Sixty percent of patients paid accounts in full, while the remaining 40 percent paid only 5 percent of their bill. The costs of trying to collect grew over time as paper bills were mailed, calls were made and collections agencies engaged.



# \$6.1 million

increase in upfront  
cash over the **first**  
**two years**

Overall increase  
of more than  
**\$36 million** over a  
four-year period

"We needed a single partner that could help us increase our reimbursement accuracy on the front and back end," said Larry Zumstein, vice president, Revenue Management and Patient Accounts, Kettering Health Network. "We wanted a solution that would get accurate, to the penny, patient bill estimates based on our payor contracts, especially with government contracts like Ohio Medicaid, which prices very differently than other states. We also needed a solution to help increase our point-of-service (POS) collections."

## Solution

Kettering launched an initiative to improve technology and processes, as well as position Kettering staff to take a more proactive approach to poorly performing contracts. The first course of action was to leverage nThrive Contract Management, automating the entire contracting process to accurately forecast and capture all net revenue owed.

nThrive Contract Management gave Kettering's staff the ability to calculate net accounts receivable at claim submission and identify accounts with suspected underpayments. To address bad debt, the newly automated contract management system also offered auto-generated reports on all payors – including Ohio Medicaid – to help monitor payor performance and quickly identify variances that warranted follow-up, something the organization had not been able to do in the past. Online tools and letter templates made it easy to resubmit unpaid or underpaid claims, simplifying the collection process.

nThrive CarePricer® was also introduced to provide accurate, patient-friendly estimates at the point of access, leveraging payor information in Contract Management. This, combined with historic charges and patient benefits, enabled staff to provide accurate estimates upfront. The paired solutions also made it easier for Kettering to work with self-pay patients, offering a discount based on the patient's ability to pay. Now, discounts are automatically recorded in Kettering's patient accounting system (PAS), eliminating manual adjustments and freeing up resources for higher priority tasks.

The changes have ultimately led to higher patient satisfaction, said Zumstein, noting that "it is important to have a smooth billing process, where a lot of patient dissatisfaction occurs." He added that training has also made staff more aware that most patients appreciate the opportunity to discuss their financial responsibility before care is provided.

## Value

Since proactively providing more accurate pre-service estimates, Kettering has seen a dramatic increase in POS collections, realizing a \$6.1 million increase in upfront cash over the first two years, with one-third to half of payments collected upfront. The new process has helped to reduce bad debt and charity care, with Kettering experiencing an overall increase of more than \$36 million in up front cash collections over a four-year period.

In the early stages of implementation, Kettering was also able to capture 50 percent more in underpayments, representing \$3 million per year, primarily from government payors. Over a seven-year period, the organization has identified more than \$40 million in underpayments, recovering more than 95 percent.



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HEALTH NETWORK**