Allina Health identifies an average of $6 to $8 million in underpayments each year

Challenge

Allina Health (Allina), a regional network of health care facilities, was searching for a more user-friendly solution to validate claims were paid accurately and according to the terms of its contracts. The 1,757-bed health system also sought a more intuitive alternative to its in-house contract modeling system, which required extensive programming.

The process to track contract compliance was very labor intensive for Minneapolis-based Allina, a not-for-profit network comprised of 12 hospitals and 90+ clinics. Furthermore, because managed care contracts represent more than half of the system's net revenue, the payer relations department needed a more intuitive tool to easily, quickly and accurately project the impact contract changes would have on the organization's bottom line.

Solution

Allina turned to nThrive, engaging its Contract and Episode Management Solutions to assist in forecasting and capturing contractually-owed revenue and supporting efficient and accurate fact-based contract negotiations.

Results

After more than 10 years of using the web-based Contract Management tool, Allina continues to identify an average of $6 to $8 million in underpayments each year.

Because Contract Management uses data from Allina's own contracts to calculate the value of each claim before it is processed, the health system knows exactly what it should be paid before a claim is ever sent to the payer. An easy-to-use reporting feature enables the central business office to conduct a post-payment analysis that identifies incorrect payments and provides user-friendly hyperlinks to the claim. Contract Management also helps Allina to track under-payment trends, providing additional data that may be used when renegotiating contracts.

As an added benefit, all claims data—including projected payment amounts—is stored in a comprehensive data warehouse. Managers throughout the health system have access to this information, enabling accurate financial forecasting and supporting informed business decisions.

In addition, the nThrive Contract Modeling tool has provided Allina with fast, timely and accurate information at the negotiation table. Payer relations staff can now use actual patient data to quickly

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>
> **JANET COENEN, DIRECTOR OF PAYER RELATIONS AND CONTRACTING, ALLINA HOSPITALS & CLINICS**

and accurately model various contract scenarios prior to negotiation, often drilling down to the procedure level.

Previously, Allina relied on complicated algorithms, which required significant programming time and resources. As a result, the Web-based tool has dramatically improved productivity: supporting staff to spend more time on contract analysis and interpretation and less time on programming to generate data or reports.

"nThrive solutions give us confidence in our ability to predict the impact of proposed rate changes," said Janet Coenen, Allina's director of payer relations and contracting. "In fact, we have found that we often have more timely and accurate information and projections than our payers who use Excel-based models to evaluate different scenarios."

In addition, Contract Modeling is one of only a few solutions that can calculate ambulatory payment classifications codes (APCs).

According to Coenen, nThrive tools have had a direct positive impact on the system's financial performance.

"Both Contract Management and Contract Modeling give us the knowledge we need to succeed in today's increasingly competitive health care environment," she said. "In addition to helping us claim revenue that is rightfully owed to us, the tools have greatly enhanced Allina's ability to conduct fact-based and data-driven negotiations with a highly sophisticated tool that is extremely user-friendly."

$6-8 million

In financial improvement per year by identifying underpayments

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