Maricopa transforms claims denial backlog into $28.5 million gain

Engaging with nThrive for denials outsourcing provides sustainable denials prevention process

Business issue

Maricopa Integrated Health System (MIHS) faced a sizeable backlog of claims denials, threatening cash collections and financial viability of the system.

Overview

Based in Phoenix, Ariz., MIHS is one of the nation's largest acute-care safety net providers, caring for more than 16,500 inpatients and 432,600 outpatients annually. As Arizona's only nationally verified burn center, it is the leading provider of emergency services to nearly 5,000 burn patients annually from across the southwestern United States and northern Mexico. Maricopa includes a Level 1 Trauma and Emergency Center, three emergency departments, an inpatient behavioral center, outpatient psychiatric services, comprehensive health care center, 11 family health centers, a walk-in clinic, an HIV specialty clinic and six interdisciplinary health homes (IHH).

Problem

In recent years, a challenging payor mix and other market forces had impacted Maricopa's financial health. The organization's revenue cycle management experts knew they needed relief to get on top of changing payor rules and regulations while also going through the daunting process of implementing a new electronic health record (EHR) system.

During Maricopa's transition to a new EHR in 2012, much of the focus was on ensuring an easy transition versus adequately optimizing the new tool to ensure strong revenue integrity across the system. Over time, with limited reporting, huge volumes of denials began stacking up with no way to figure out the underlying reason or how to address it.

"It was a perfect storm with everything hitting us at once," said Siobhan Mee, Maricopa director, revenue performance management. "We knew we had a denials issue and we did not have the ability to identify the problem. We also didn't have the staff to work the accounts we had, with denial backlogs averaging 5,000-plus in the average worker queue."

$28.5 million

Patient-to Payment℠ denials engagement helped recover $28.5 million in **one year** — **$17 million** ahead of its cash goal

Solution

Maricopa engaged nThrive to help work backlog accounts for near-term cash flow and identify root causes for sustainable process improvement. Once outsourced, the backlogged accounts no longer appeared in the active collection work queues, which revealed the problem sources and allowed for appropriate realignment.

"We were able to ask, 'What are the policy rules as to what's coming in here,'" Mee explained. "It allowed part of the optimization of the system and workflows that should have happened when the inpatient EPIC installation went live."

Maricopa was also able to temporarily bypass issues in EPIC, concentrating first on getting cash in the door by working the backlog while identifying the causes of its denials problem. Requests for records from Federal Emergency Services (FES) plans represented the number one denial challenge.

"Once we knew this we were able to work with EPIC to provide FES direct access through the EpicCare link," explained Nancy Kaminski, vice president, Revenue Cycle. Mee added, "By understanding codes that meant 'record request,' it allowed our Patient Financial Services (PFS) department to build a workflow to go directly to the record, and now requests for records are not managed as a denial anymore."

Another denial problem was a lack of precertification. Maricopa had a systems logic issue that caused the pre-cert number to be sent over to payors incorrectly. Once this issue was fixed, the problem was resolved.

Value

Through claims denial outsourcing, in less than a year, Maricopa recovered $28.5 million – $17 million ahead of its cash goal – and established a sustainable denials prevention process. Cash collections against net patient service revenue are at an astonishing 104 percent.

"Revenue cycle has been the driver to improve profitability, and our outsourcing engagement with nThrive has been a big contributor to that," said Kaminski. Mee added, "The other piece of this is the ability of nThrive to come back and say, 'Here's what we are seeing in your data that is an opportunity to update or enhance your system.' They gave us information back so we could appropriately action denial codes. It's not just the service of actually collecting, but the ability to analyze what's coming back from our system and say, 'We don't think you want it that way.'"

Maricopa has also created a denial prevention steering committee that meets monthly and assigns tasks based on reports provided by nThrive.

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> Outsourcing was absolutely the right call and I would recommend it to other organizations that have similar problems, if nothing more than to help identify what the root causes of the denials are to avoid them going forward."
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> **NANCY KAMINSKI, VICE PRESIDENT, REVENUE CYCLE, MARICOPA**

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