

CASE STUDY

NEBRASKA METHODIST HEALTH SYSTEM

PROVIDER PROFILE | **TYPE:** *Not-for-Profit* | **BED SIZE:** 491

The vision of Nebraska Methodist Health System (NMHS) is to be its region's preferred integrated health system as measured by customer satisfaction, clinical performance and financial performance. Providing patients with accurate, upfront cost estimates is central to that vision.

NMHS has two hospitals with 491 beds and \$863 million in annual revenue and a physician clinic with 475,000 visits and \$112 million in revenue annually. Like other providers, NMHS faces several high-profile trends driving pricing transparency:

- Patients with higher co-pays and deductibles
- Commitment to customer satisfaction
- Public and media attention to hospital prices
- Increased bad debt
- Legislation requiring all Nebraska healthcare facilities to provide a written estimate of the “average charges” for health services

The manual process used to estimate prices in advance was slow, susceptible to error and provided only a snapshot of total charges. Based on chargemaster data, it failed to take insurance benefits into account, often prompting sticker shock in patients. Furthermore, NMHS did not have a process in place to verify insurance coverage prior to service, resulting in frequent denials, delayed collections and rising bad debt.

Seeing an opportunity to enhance customer service while accelerating the revenue cycle, NMHS revamped their business office processes, establishing a dedicated team to perform insurance verification and provide upfront estimates using Accuro CarePricer®, a Web-based tool. Drawing on data from managed care contracts, Accuro CarePricer efficiently and accurately generates estimates in half the time of NMHS's manual system. As a result, denials, billing errors and returned mail have declined while payment has accelerated.

RESULTS

The results were immediate. After just four months using Accuro CarePricer to provide patient estimates for scheduled procedures at two of its facilities, the system had identified nearly \$2.5 million in patient liability before care was provided.

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While NMHS has yet to implement a system-wide upfront collection initiative, a pilot program at its outpatient diagnostic facility resulted in the collection of nearly 50 percent of the patient liability identified by Accuro CarePricer prior to care – suggesting the potential for significant financial impact if leveraged across the system.

In addition to providing estimates prior to scheduled procedures, NMHS – which also uses Accuro's Contract Manager and MyMentor™ products to identify underpayments and increase collections – allows patients to request estimates of their out-of-pocket liability by phone or on the Web at the NMHS homepage, www.bestcare.org. A patient financial counselor follows up with every patient to explain the estimate, answer questions and discuss payment arrangements.

As a result, the system has experienced an accelerated revenue cycle and improved operational efficiencies. Prior to implementing Accuro CarePricer, patients did not receive an estimate of their financial obligation until they received an explanation of benefits 30 to 40 days after their procedure – resulting in delayed payment.

“By moving what used to be a back-end function to the front of the revenue cycle, we're now able to engage the patient in the medical decision-making and payment process earlier,” said Bob Wagner, director of revenue cycle. “In addition, we can identify services not covered by insurance upfront, saving time and reducing unnecessary denials. Pre-verification also allows us to more accurately anticipate reimbursement since we know exactly what we should be paid according to the terms of our contract.”

In addition to enhanced financial performance, NMHS has found that customer satisfaction is improved when patients know their financial obligations in advance and can make arrangements to fulfill them.

“Accuro CarePricer has transformed our estimating process for both staff and patients,” said Wagner. “Our business office staff can now generate accurate estimates quickly and easily and our patients consider this a service that allows them to make informed decisions. This results in improved business office processes, increased financial stability and enhanced patient satisfaction.”

ABOUT ACCURO, A MEDASSETS COMPANY

Accuro's revenue management solutions help providers achieve optimal financial results in an era of diminishing resources and expanding regulatory complexities. Our Web-based tools help maintain an accurate chargemaster to improve reimbursement and ensure compliance; calculate expected payment; address transparent pricing issues with rational, yet optimum prices; monitor and manage payor performance, and deliver pioneering business analytics, including denials management.