

Hospital Makes Successful Transition to Managed Care

Over time, this hospital had taken on managed care contracts without making the operational changes required to be successful under these new arrangements. The Director of Managed Care suspected the problems they were encountering were the result of inadequate computer systems and contacted Outlook Associates for assistance. Our initial assessment of both operations and systems determined that the claims processing system needed to be implemented differently, but not replaced. We provided a number of services that supported the client in making the needed operational changes. These efforts resulted in the identification of over \$2 million in claims submission and payment errors spanning an 18-month period. The hospital was able to improve its management of all types of contracts, both fee-for-service and managed care.

Services

- Situation assessment and diagnosis
- Staff training
- Procedure development
- Hiring assistance
- Requirements definition
- System assessment (claims processing)
- System re-configuration
- Data analysis and report development
- Error identification

Results

- Increased accuracy in claims payment and tracking
- Identification of \$2 million in errors on claims previously paid
- Improved definition of department and staff position roles and responsibilities
- Clearer policies and procedures
- Automation of critical claims processing functions
- Successful management of managed care contracts

Situation

This 600-bed hospital had outsourced its managed care claims processing to a third party in a joint arrangement with an associated provider group. Because the computer system originally was configured to handle provider claims and encounters only, it was not serving all the hospital's specific needs. For example, benefits tables needed to be added and updated to cover current hospital services. In addition, hospital staff did not have adequate knowledge of the system or of managed care to be able to assess its functional capabilities in relation to their needs. They also did not understand the operational changes required to support multiple types of business. This situation resulted in slow and inaccurate reimbursements to affiliated providers and inaccurate write-offs by the hospital. Not only was this impacting the bottom line, it was straining provider relations, and penalties had been imposed on the client by health plans.

Solution

Outlook Associates coordinated a variety of services, beginning with staff training at many levels of the organization. Registration clerks were instructed in the specific parameters of each managed care contract so they could accurately assess patient eligibility and code correctly at the time of admission. We also provided education to management in the overall capabilities of the claims processing system, which resulted in their decision to have Outlook Associates help them reconfigure the system to meet their needs. This saved time and money and helped the client to avoid the disruption of a system conversion. The reconfiguration included automation of tasks that previously had been done manually and the development of analysis reports to help with error tracking and quality control. These reports aided tremendously in the recovery of lost revenue.

Outlook Associates facilitated improved coordination between the managed care department and the hospital itself through the development and documentation of new administrative procedures and policies. Eventually, with Outlook Associates' assistance, the claims processing function (which previously had been outsourced) was moved in-house and a department created to support it. This move created greater efficiency and control in this critical area.

During the course of this engagement, the hospital became part of a foundation-based integrated delivery system. The system then retained Outlook Associates to define the information systems requirements for the efficient integrated operations of its three hospitals, the medical foundation, an IPA and a Physician Service Organization.

Outlook Associates delivers cost effective solutions

...solutions that work in the real world!