

Case Study: Comprehensive Chargemaster Review

Situation: The recent recession continues to have an impact on healthcare. Additionally, the new healthcare reform act is and will continue to change how hospitals do business. As a result, more and more hospitals are going back to basics to refine their operations, look for ways to manage costs, and develop processes to mitigate compliance concerns. Over the past 24 months, Stroudwater has assisted 34 hospitals by performing comprehensive Chargemaster and Revenue Cycle reviews. The purpose of the review is to capture unearned revenue, lower costs, mitigate compliance concerns, increase productivity and maintain accountability.

Approach: A collaborative process that executes rapid and focused analyses of targeted areas within the hospitals resulted in the identification of concrete opportunities for operational and financial performance gains, in addition to cost savings and process improvement. These findings are then addressed through on-site trainings to make the staff current on developments and to give them the tools necessary to optimize operational performance. In some cases, the client has signed-on for a quarterly maintenance program.

Solution: A financial improvement plan to maximize gross revenue and net reimbursement as well as to ensure a compliant billing process. The plan includes immediate and short term recommendations, staff training, and on-site advisory services.

Result: For the last 14 hospitals, Stroudwater has identified over \$24M in increased revenue opportunities. These opportunities break down into the following categories:

- Eliminating pricing variability contributed \$5.87M
- Establishing a defensible pricing strategy contributed \$13.7M
- Ensuring total emergency room revenue capture and proper physician and facility leveling contributed \$3.7M
- Ensuring proper observation billing protocols and bedside nursing revenue capture contributed \$1.5M

The reviews have also contributed operational efficiencies and mitigated compliance concerns. These results break down into the following categories:

- Increasing business office functionality and lowering cost per claim
- Ensuring a compliant surgical and anesthesia billing process which maximizes reimbursement
- Creating denial management protocols
- Creating RAC preparedness plans
- Creating training and educational platforms for ongoing improvements
- Creating an atmosphere of departmental ownership and accountability
- Establishing best practice revenue cycle functionality

STROUDWATER ASSOCIATES