Success Profile:
DCH Health System

CareMedic Get PAID.
now part of INGENIX

Based in Tuscaloosa, AL
Community-owned
Locations: 4 hospitals, 1 nursing home, 1 outpatient surgical center
Beds: 875
Revenue: $1.5 billion (gross)

The situation:

The system's CBO maintained paper documentation and manual processes, resulting in A/R delays and inefficiency, and needed useful reporting to enable transparency and accountability.

The solution:

CareMedic's eFR with automated, customizable workflow, robust reporting, denial management and integrated Document Management.

The result:

- Reduced cost of collections from over 2.5 percent to 1.98 percent
- Reduced A/R over 90 days from 20 percent to 10 percent
- Reduced A/R by 6 days and $23.9 million
- Reduced staff by 6 percent (from 116 to 109)
- Gained ability to measure denials
- Reduced denial volume by 60 percent

The benefits:

- Ability to fine tune workflow quickly, without IT involvement
- Greater accuracy and productivity
- Increased accountability—and employee satisfaction
- Ability to work proactively and prevent negative trends

DCH Health System reduces costs, denied claims, A/R days and $23.9 million in receivables using CareMedic's eFR®

When it was built in 1916, no one imagined the quaint Druid City Infirmary would eventually be transformed into today's DCH Health System (DCH), the largest healthcare provider in West Alabama. Serving seven counties through its four locations, community-owned DCH generates approximately $1.5 billion in annual gross revenue.

The system consists of DCH Regional Medical Center, Northport Medical Center, Fayette Medical Center and Pickens County Medical Center, and operates a Central Business Office (CBO) in Tuscaloosa, which handles the billing operations for all but the Pickens County location.

In 2006, director of business services Mike Wilson had made significant improvements in the organization's A/R days and overall financial results, but felt limited by a reliance on manual processes, lack of staff accountability, and the inability to get what he felt the organization needed from its existing patient accounting system. "We were working on a manual system—in the most literal sense," he explains. "At the beginning of each month, we would print out paper ATBs and hand them to the people responsible for each area. They would start at the top and work their way through that ATB every month. It was not a very efficient system, and consumed 50 FTEs throughout the organization—30 of them in the CBO."

In addition, the absence of enterprise workflow technology and meaningful reporting left critical information unexposed and essentially unattainable. "Did we have an issue with denials? We didn't know, because there was no statistical data that would tell us if we were good, bad or ugly," Wilson explains. In addition, DCH couldn't effectively track write-offs or measure staff productivity, and had no criteria to guide employee efforts. As a result, staff members inadvertently wasted time looking up accounts that were already on track to pay, or on appeal. The lack of accountability also took its toll on staff morale; it was difficult to recognize those who excelled, or whose performance was less than average.

Searching for solutions

Wilson had made improvements in his seven years at DCH, but he knew that continued progress would depend on finding a comprehensive solution that would enable positive impact across all areas. "We needed to improve efficiency, productivity, accountability and transparency," he said. "Frankly, we needed results…. We had improved to the point where we couldn't improve any more due to our manual processes."

Maintaining the status quo wasn't the goal for DCH, and in the Fall of 2006, Wilson began evaluating solutions, including the functionality of the organization's existing Meditech system. While attending CareMedic's User Group Conference in October, Wilson learned about the electronic Financial Record (eFR) and its integrated document management component. He was quickly of the opinion that the eFR and Document Management was far superior to the other systems he evaluated and would meet the organization's needs.

"I didn't find any other solution with an imaging archive that attached scanned images to every account and had the combination of all factors," he explains. "The workflow concept is payer-specific and even granular, so you can really fine tune your processes—that, and the individual accountability/productivity, and the archival system, those three areas combined were just very, very powerful tools. Not to mention the data mining abilities and the other management tools."

Wilson was convinced without a doubt that the eFR with imaging would meet DCH's needs, and after gaining approvals and budget allocation, began the implementation process in August 2007. The entire system was live in January 2008.

Getting up to speed

For DCH, one of the most attractive aspects of the eFR is its capacity for customization. "What we did not find in any other product was the flexibility and the ability to tailor it to our individual needs," says Wilson. "The implementation was a huge learning process, but the value of it was enormous, and we wouldn't trade that for anything. By understanding the system, we've been able to fine tune it, and now we have the ability to maintain it to meet our exact needs—without involving IT resources. If you look at the big picture things, the results over the last 18 months, no one in their right mind can say it wasn't a smart thing to do."

> ***"I know now every day how things are going, and who's performed what functions—and how well and how efficiently. The eFR has brought undeniable, quantifiable, objective data, where before I was always in a subjective world."***
>
> *—Mike Wilson*
> *Director of Business Services*
> *DCH Health System*

Alisa Wyers, eFR analyst, functions as the system's administrator. "It's important to have one person working in the system who understands the impact of making changes," she explains. "But the great thing is, when someone needs to change a rule or add something, I can do it immediately and it updates in real time. You don't have to wait a week or two, so it speeds up productivity."

Automated work lists were a new concept at DCH, but once the staff saw how the eFR routes accounts to the appropriate person based on the related activity, its benefits were obvious, particularly to Wilson. "We've been able to tailor our lists based on every reason we get an account back, whether denied or rejected, and route it based on specific issues and departments down to the person who can best resolve it based on their expertise."

Wilson uses the eFR's work list capability to integrate not only workflow, but accountability, as well. "Everybody is functioning as one—whereas, in any other system, you can identify a patient account, but can't share it directly through the system when you need case management, radiology, HIM or compliance to get involved. In most cases, you rely on a manual process—interoffice mail and e-mail—and wait to get it back. With the eFR, everybody's got skin in the game."

Reaping the Benefits

In the 18 months since going live, DCH has reduced cost of collections from over 2.5 percent to 1.98 percent, reduced A/R over 90 days from 20 percent to 10 percent, and shaved off 6 A/R days for a $23.9 million reduction in receivables. Progress was tangible by May of 2008, with significant improvements through August—including an atypical decrease in A/R days over the summer. Measured monthly improvements continued until the numbers stabilized in 2009.

Wilson says that one of the eFR's significant benefits is that it provides him and his team with actionable information in real time. "I don't have to wait until September 1 to find out how things looked in the month of August," he states. "I know now every day how things are going, and who's performed what functions—and how well and how efficiently. The eFR has brought undeniable, quantifiable, objective data, where before I was always in a subjective world."

The staffing benefits have been substantial. Increased transparency and efficiency has allowed a 6 percent reduction in staff, and a shift of four people from reactive, routine back-end follow up processes to more proactive pre-registration functions, which Wilson believes will positively affect error and denial rates as well as patient satisfaction. He reports the vast majority of CBO employees are happy with the eFR's productivity monitoring and resulting accountability, and he now sees higher than average satisfaction rates among his employees reflected in annual independent surveys.

"I think the one thing that has to occur in order to make those improvements—lower A/R days, lower A/R over 90, higher cash collections, lower bad debt and fewer FTEs—is the productivity and accountability. If you have the systems that offer the tools necessary to help the people be productive, and they hold themselves accountable, then you've got the best of all worlds."

With the newfound ability to measure denied claims through the eFR, Wilson saw a significant decline in both the number and the dollar value of his denials. From a high in August 2008 of $10,357,828, denials now fluctuate between $4–6 million, with a 60 percent decrease in volume.

"There's a great amount of value in knowing what went on this morning, and what's going on right now. When you know that, you often can prevent a negative trend from ever occurring, and it's that proactive process that you can't implement unless you have that data," Wilson says.

So would Wilson recommend the eFR? "If you want a solution that can be tailored to any and every need of an organization," he says, "that combines archival scans, productivity and accountability, and includes workflow to meet every possible scenario that you can think of, then I think you really only have one choice—and one realistic choice—that's cost effective." ♦

For more information about CareMedic solutions, call us toll free or visit us on the Web.

800 Carillon Parkway
Suite 250
St. Petersburg, FL 33716

125 Clairemont Ave.
Suite 300
Decatur, GA 30030

3625 Brookside Parkway
Suite 275
Alpharetta, GA 30022

CareMedic
Get PAID.
now part of INGENIX