

## REVENUE CYCLE MANAGEMENT

Appalachian Regional Healthcare: Rural Healthcare System Drops AR Days and Cleans-Up Claims with HealthPort.

### Background

When the Appalachian Regional Healthcare System (ARHS) was formed in 2004, the organization's vision was to build a regional healthcare system that enhanced quality of life and resulted in healthier individuals. Likewise, Rayanna Moore, BSHM, MSOM and System Director of Revenue Cycle, had a mission when she joined the organization in early 2008. Moore's mission was to enhance revenue cycle operations and create a healthier bottom line for ARHS.

To accomplish her mission Moore quickly identified three important initiatives: centralize business office functions; reduce accounts receivables (AR) days; and clean-up billing claims. She turned to HealthPort's Revenue Cycle Management™ (RCM) system to successfully meet each one of these goals.

Today RCM is installed at all three ARHS hospital locations. The system has led to dramatic reductions in AR days, denied claims, and billing backlogs while supporting the organization's move to a new central business office (CBO).

### Challenges

When Moore arrived on the scene, she was immediately faced with a revenue cycle crisis. AR days were hovering in the high seventies, and over ninety percent (90%) of claims couldn't pass the first round of edits. There was an abundance of back-end claim denials, and the staff was sorely lacking time for claim clean-up.

From an organizational perspective, each of the three hospitals managed their own business office technology, processes and staff. Reporting tools available within the legacy revenue cycle system were obsolete and lacked any type of dashboard capabilities, and only minimal data was available to support managed care contracting.

Moore's first action plan focused on evaluating current systems and trying to identify where the process breakdown was occurring. The core hospital information system (HIS) was first in line. Moore discovered that many of the billing rules within the HIS had not been properly defined. With the HIS's billing rules brought up-to-date, attention was turned to the third party claims scrubber. It was here that Moore found her greatest challenge—and biggest opportunity for improvement.

System analysis revealed that the third party scrubber wasn't scrubbing anything. Over 90% of claims were dirty and couldn't even pass the first round of edits. In addition, the system required extensive maintenance to load updates and keep the database current. It was at this time that Moore decided to evaluate other claims scrubbers and revenue management technologies. A HealthPort sales representative called. The timing for a successful partnership was perfect!

### At a Glance:

Appalachian Regional  
Healthcare System  
*Boone, North Carolina*

#### Facility

- 3 Hospitals across High Country
- 1 17-bed Acute Care Hospital
- Two 25-bed Critical Access Hospitals
- Long-term Care and Physician Practices

#### Location

For decades, North Carolina's High Country health care was provided by three unique and independent hospitals – Blowing Rock Hospital in Blowing Rock, Charles A. Cannon, Jr. Memorial Hospital in Linville and Watauga Medical Center in Boone. In recent years, the hospitals have forged relationships with one another not only to expand the services offered, but to enhance the quality of care as well.

In 2004 two of the hospitals joined to form the Appalachian Regional Healthcare System (ARHS) and the third hospital, Blowing Rock, was added in June 2007. Today the three-hospital organization is the premier healthcare system in Northwest North Carolina.

## Solutions

With a clear directive to centralize business office functions while reducing the total cost of ownership for revenue management technology, Moore decided to take a closer look at HealthPort's Web-based solution. Because the system is on-line, users have access to a centralized repository of billing and claim information. Additionally, system updates are totally automated and available in real-time with little or no staff intervention.

According to Moore, HealthPort RCM has been a life-saver in four specific areas: integrated 3M™ compliance tools; flexibility to override codes; ease of use; and executive dashboard capabilities.

### Integrated 3M Compliance

HealthPort RCM includes 3M's editing and compliance software to provide coders with both OCE and LMRP edits. Moore's prior revenue technology vendor did not provide these edits; and therefore, a high volume of claims were being denied.

### Flexibility to Override Codes

As good as the HealthPort RCM technology is...there are times when Moore's certified coders have a difference of opinion about a particular edit or code. In these situations the system gives Moore and her team the ability to override and edit claims easily—a capability that in conjunction with the integrated 3M software has led to cleaner claims. In the past, 90% of claims failed edits. Now, over 90% of claims are completely clean.

### Ease of Use

"Ask my billing staff and they'll tell you that RCM is extremely easy to use," mentions Moore. The learning curve was about one month with all staff very comfortable within eight to twelve weeks. System navigation is intuitive and walks billing staff through the process step-by-step. As a result, staff is more efficient and productive. With a total of five full time staff, Moore was able to re-allocate 3.5 of them away from the day-to-day processing of primary and secondary claims. These staff now follow-up on delayed payments from payers as well as handling rejected claims.

### Executive Dashboard Capabilities

As revenue cycle director, Moore's favorite feature within RCM is the executive dashboard which she views daily and uses on a weekly basis to create executive reports. At any time, Moore can see how much has been billed, what is on hold, and when payments are expected. "System reporting is definitely my favorite part of the system," she mentions.

"I can inform my CFO of dollars expected from each payer on specific dates," Moore adds. This capability has helped the organization to accurately forecast revenue and predict cash flow. They can also see which claims are being held, for what reason, and the specific dollar amount with drill-down capability to view individual claim detail.

## Results

- AR Days Reduced by 34 Days
- Over 90% Clean Claim Rate
- 70% of Staff Re-Allocated
- Eliminated Back-End Denials
- Real-Time Data for Contract Negotiations

“Thanks to HealthPort RCM only a few claims error-out and our error rate is rarely over 5% on any day. I'm not sure we can get much better than that !”

Rayanna Moore, BSHM, MSOM  
and System Director  
of Revenue Cycle



## **Benefits**

"Thanks to HealthPort RCM only a few claims error-out and our error rate is rarely over 5% on any day," Moore exclaims. "I'm not sure we can get much better than that!" At the acute care facility, Watauga Medical Center, AR days have fallen from the high seventies to the low forties on average.

While Moore does not have exact "before" figures, she has seen a dramatic reduction in back-end denials—such as those associated with failed edits. Furthermore, RCM easily handles the reimbursement differences of ARHS's two critical access hospitals.

"I particularly appreciate the way RCM handles remittance advice (RA) posting," concludes Moore. All remittances come back electronically through RCM for the payers who participate. The organization's HIS did handle a few RAs electronically, but with RCM many more payers can send them electronically. At any time Moore and her team can see the status of Medicare claims, compare payers and extract real-time data to help with managed care contract negotiations.

*For more information about HealthPort RCM, visit [www.healthport.com](http://www.healthport.com).*

