

### Problem Definition

This fair-sized hospital teaching center has a good handle on time management needs in each of its patient account and receivables management functions. It noticed an increasing backlog of denied workers' compensation claims due to technical (coding) issues, clinical/diagnosis issues and authorization problems. Management knew that appealing workers' compensation cases required significant time -- tracking cases through contracted managed care organizations (MCOs) and the state bureau, identifying denial causes, gathering documentation, ensuring it supports allowable diagnosis codes, and then constructing, resubmitting and following the claims through to payment. Although workers' compensation cases generally pay at higher percentages of gross charges than do commercial payers, management knew that they were more convoluted and labor-intensive to rework, and few if any staff could keep up with the knowledge required to appeal these claims successfully and economically.

### Actions Taken

Toward the end of 2001, the teaching center contracted with Human Arc's PayerLogic<sup>SM</sup> Denial Solutions service to clean up its inpatient and outpatient workers' compensation denials situation. The service was especially qualified with over 15 years of experience in receivables and denial management solutions. Over the subsequent 15 months, PayerLogic specialists efficiently analyzed 2,500 denied workers' compensation claims, pinpointed areas of contention, spearheaded resolutions due to missing or incomplete authorization forms, secured acceptable coding and physician notes when those were problems, etc. Then, the specialists assembled and submitted the corrected claims and tracked them aggressively through the appropriate MCOs and the state workers' compensation bureau.

### Results

In 15 months, the two Human Arc PayerLogic Denial Solutions specialists produced a **93% success rate on referred denied workers' compensation claims**, bringing **\$1,800,000 in additional reimbursement** into the teaching center's revenue stream (well over \$100,000 per month). In addition, another \$600,000 in "prepayments" (accounts termed as denied but actually paid and sitting in "unapplied cash") were properly recorded, helping balance books and achieve **added receivables reporting accuracy**. Another result was **reduced bad debt** on the books. On top of all this, **increased staff efficiency** was realized as more attention could be devoted to core areas of expertise.

The teaching center renewed its contract with Human Arc repeatedly since late 2001. Together, they are exploring new ways to optimize reimbursement such as proactive review of workers' compensation claim packages prior to submission in order to minimize denials, and payment verification auditing to ensure correct levels of reimbursement from MCOs.

#### Upshot:

With Human Arc PayerLogic Denial Solutions, this medical center is **maximizing income from workers' compensation cases – without risk of any kind**, any capital expense or any staff increase.

RMS0002-R0309