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Web Based Analytics Increasing Medical Practice Strategic Planning

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The Stone Medical Clinic had much to be proud of – a long history of excellent patient care, well trained physicians and a growing roster of new patients. What the clinic lacked, however, was profitability comparable to like-sized practices. While patient volume continued to grow, cash flow faltered as claims payments were slow and as fees under managed care contracts were not keeping pace with costs

The clinic had recently implemented a real-time, all-payer, Web-based interface to its various payers. As a result, the day-to-day office flow had improved significantly with on-line verification of coverage and collection of co-payments at the time of patient check in. Claims and payments were being reconciled on-line, resulting in a significant savings in time.

Given concerns related to overall practice financial performance, the clinic's office manager began to analyze claims status and claims history on-line. It was the first time in the practice's history that all claims from all payers could be viewed in a comprehensive manner.

Armed with this new informatics resource, the practice manager began to get at the root causes of lackluster financial performance. For example, she was able to pinpoint excessive claims rejections and the causes for bottlenecks in claims payment with various payers. Conference calls with these payers, during which everyone viewed a common database, resulted in quick resolution for unusually high claims delays and rejections.

At the same time, the practice manager was able to identify the top payers for the practice, providing the information she needed to negotiate more favorable managed care contracts. By demonstrating that the Stone Clinic was a major source of business for certain leading payers, more favorable terms were easy to reconcile.

Using graphic interfaces, the practice manager was also able to create a comprehensive financial report for the physicians, detailing each doctor's claims history with various payers. This information was invaluable in projecting cash flow, setting staffing levels, tweaking treatment plans and providing a more strategic approach for the growing practice.

While the Stone Clinic is a fictitious practice, its experience is increasingly common. With the advent of all-payer, Web-based portals, physician practices are not only enhancing the efficiency of daily operations, they are also enhancing the strategic management of their practices. Web portals to payer claims processing databases make it possible for physician practices to not only track every claim each step of the way, but also to access strategic information.

Just as healthcare providers depend on their ability to review many disparate pieces of patient information to develop an accurate diagnosis and treatment plan, the same is true for the business aspects of managing a healthcare practice. On any given day, a healthcare practice processes hundreds of bits of information related to the business side of the practice, from verifying coverage to collecting co-payments. When this information is concentrated in a database format a whole new world of analytical possibilities are created.

Examples of these new capabilities, illustrated by the Stone Clinic, include:

- Rejected claims analysis – The practice can view rejected claims over time and by health plan, making any needed adjustments to improve performance.
- Status by plan – Physicians and other healthcare providers can determine the relative importance of each payer to the practice, which is important information for practice management and contract negotiations.
- Transparency and partnership – With providers and payers working from a common claims database that each can review in real-time, transparency and partnership opportunities are increased.
- Cash flow – Access to cumulative claims information enables providers to better understand cash flow and plan accordingly.
- Illustration – Using graphics software, practices can track, trend and illustrate their claims experience over time. Full color charts are often the most effective means of identifying trends and communicating with physicians and staff.

- Treatment plans – Not only can a practice view current claims status, it can also anticipate payments in the future for patients requiring multiple visits. Treatment plans can be adjusted based on projected future adjudication experience.
- Analysis opportunities – With a centralized database, the possibilities for analysis are expansive. Practice managers can interrogate the payer claims information database over time, including legacy systems, to track and trend by payer, physician and diagnosis. The astute practice manager uses this information to enhance patient quality as well as ROI for doctors.

Healthcare providers are increasing their reliance on automated solutions and seamless connections to payers to assure smooth flows of patients each day. These practices also need the ability to track and trend financial claims data so they can do a better job with daily management and strategic planning.

The latest information technology tools from transaction integrators are opening up new ways to use financial information strategically. Data mining, dashboard reporting and customized analytics make detailed, historical information readily available and in meaningful formats. The result is more successful practices that are better able to provide quality patient care in the rapidly changing healthcare environment.

Barry Byrd is president of Secure EDI, a healthcare information technology firm that is pioneering electronic solutions for enhancing the efficiency and the quality of health and dental care. Based on proven platforms, Secure EDI assures seamless interfaces among healthcare and dental providers and payers. Secure EDI capabilities include on-line coverage verification, real time adjudication of claims, electronic funds transfer, on-line reconciliation and a full range of informatics for payers and providers. On the Web at www.secureedi.com.