



## Case Study: Vanguard Health Systems

Phoenix, Arizona

“Correcting edits in HIM has had a tremendous impact on our reimbursement. We feel the 3M Ambulatory Revenue Management Software has improved claim accuracy and our coding quality. The software’s flexibility has been invaluable.”

—Pamela Farrell, Vice President, Health Information Management, Vanguard Health Systems

### 3M products used by Vanguard Health Systems:

- 3M™ Ambulatory Revenue Management Software
- 3M™ Claim and Revenue Management Software
- 3M™ APC Editing and Compliance Software with 3M™ Medical Necessity Software
- 3M™ Health Record Management Software
- 3M™ Coding and Reimbursement Software
- 3M™ ARMS OCE Edit Education

### Proven results

- System-wide, bill scrubber edits were reduced by 52 percent in the first three months
- 40–60 percent of medical necessity edits are resolved at the point of coding
- Improved claim accuracy and coding quality

### Focused on solutions: Vanguard Health Systems

**Type of facility:** Five Phoenix-area hospitals of the Abrazo Health Care system, now part of Vanguard Health Systems, a network of 15 acute care hospitals and complementary facilities and services in Chicago, Illinois; Phoenix, Arizona; San Antonio, Texas; and Massachusetts

**Number of beds:** 826 (combined total of Phoenix-area system hospitals)

**Services:** Each hospital offers a broad range of specialties and services, including: critical care, diagnostic and interventional cardiology, oncology, orthopedics, sports medicine, radiology, surgery, emergency, women’s services, and others

**Challenge:** Improve outpatient coding and billing processes to reduce rework and write-offs, targeting long-term revenue improvement.

**3M solution:** 3M Ambulatory Revenue Management Software

### The challenge

Before launching a program to improve outpatient revenue management, Vanguard Health System’s five Phoenix-area hospitals operated with different legacy abstracting and billing systems, inconsistent billing procedures, and few safeguards to prevent denied claims. Without an efficient, system-wide process for addressing claims edits, rework could take weeks, often stalling when referrals went unanswered or information couldn’t be tracked down in a timely manner. The result was a backlog of claims edits and A/R averaging 60 days at some facilities.

“There were really no consistent policies or procedures for addressing OCE, NCCI and medical necessity edits at our Phoenix area hospitals,” says Pamela Farrell, Vice President of Health Information Management (HIM), Vanguard Health Systems. Although the HIM department would address traditional edits related to surgical CPT® codes, the ancillary departments had no way of addressing edits on the front-end. The business office would send an edit back to HIM or the ancillary department. “Sometimes they would correct the edit with a modifier or they would remove charges incorrectly,” Farrell recalls. “There were times when edits were not addressed at all and the claims passed timely filing, which resulted in no payment.”

## Vanguard Health Systems

Vanguard Health Systems owns and operates 15 acute care hospitals and complementary facilities across the U.S. The health system's strategy is to develop locally branded, comprehensive healthcare delivery networks in urban markets. In reengineering the outpatient claims process across its many facilities, Vanguard decided to focus on five network hospitals located in communities near Phoenix. Arrowhead, West Valley, Phoenix Baptist, Maryvale and Paradise Valley hospitals, part of Abrazo Health Care, were selected to implement a new approach that centralizes accountability for clean claims in the hospital's HIM department.

To integrate coding and claims workflow, Vanguard looked for a software solution that could automate referrals and share data at key checkpoints in each facility's revenue cycle. The organization also wanted a system that could integrate with a future EHR, a central objective of Vanguard's overall IT roadmap. "Our goal was that every site would look exactly the same, employing standardized processes that relied on the same technology," explains Farrell. Vanguard chose the 3M™ Ambulatory Revenue Management Software (3M ARMS) from 3M Health Information Systems.

### The approach

Vanguard selected 3M ARMS for its powerful reporting capabilities as well as its ability to centralize accountability at the point of coding. The 3M ARMS product surfaces OCE, NCCI, LCD and NCD edits for all codes on the claim and allows coders to view both hard-coded chargemaster codes, including corresponding charge department codes, revenue codes, units, and other key data elements together with the soft-coded HCPCS/CPT® codes assigned in the HIM department. "A great feature is the ability to prevent claims from dropping without first addressing edits through 3M's coding logic," says Farrell. "The edits can now be resolved by trained coders who understand the intent of the edit and can append modifiers if needed or refer edits back to ancillary departments for charge correction. Our goal is to have very few claims returned from the Business Office."

Farrell also likes the flexibility of the software in customizing forms and reports. To support ancillary departments in responding to referrals, the HIM department has customized referral forms by adding unique fields that make it easier for ancillary staff to understand what information is required. "Our challenge was in the language and the different terms coders use," Farrell notes. "We used the software to customize our referral form, which helped ensure greater consistency and made it possible to capture more detail."

"We're also able to capture missed or lost revenue by using the 3M proprietary edits, which inform the coder that a charge or code may be missing on the claim. These edits were not available on the back-end. The same is true with the ability to create user-defined edits for missed charge opportunities."

Now, at each of Vanguard's Phoenix-area hospitals, the HIM department has taken control of the claims process, resolving medical necessity and other edits during coding. "Coders take responsibility for getting ancillary departments to address edits when needed," says Farrell. "3M ARMS has given our HIM staff the data and the communication tools to make things happen. Coders take a lot of pride in their new role."

### The results

One of the most dramatic improvements for Vanguard has been a significant reduction in back-end rework. With most billing edits surfaced and addressed during coding, Vanguard's Phoenix hospitals have recorded remarkable declines in edits flagged by each facility's bill scrubber. Arrowhead, a 220-bed acute care facility, saw its monthly edits drop 77 percent over a six-month period, while rework activity decreased from one full-day to a half-day. West Valley Hospital, an acute care suburban hospital, noted a similar drop in back-end edits of 65 percent six months after software implementation.

At Phoenix Baptist and Maryvale, two urban facilities in Phoenix, the story is much the same. System-wide, bill scrubber edits were reduced by 52 percent in the first three months after 3M ARMS implementation. Arrowhead and West Valley also estimate that 40 percent to 60 percent of medical necessity edits are resolved at the point of coding, while Phoenix Baptist and Maryvale estimate more than 80 percent of medical necessity edits are now resolved in HIM. With the reduction in bill scrubber edits, rework activity has greatly diminished, as have costs associated with rework. A common cost estimate for rework activity ranges from \$25 to \$100 per claim.

"Correcting edits in HIM has had a tremendous impact on our reimbursement," says Farrell. "We feel 3M ARMS has improved claim accuracy and our coding quality. The software's flexibility has been invaluable. Now, when we have referrals, communication among all the key stakeholders is greatly improved."

### Call today

For more information on how our solutions can assist your organization, contact your 3M sales representative, call us toll-free at **800-367-2447**, or visit us online at **www.3Mhis.com**.



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