

# Case Study: Kettering Health Network

Dayton, Ohio



“The dollars we were holding before implementing the 3M software represent a significant amount of revenue. After implementation, medical necessity write-offs also saw a sharp reduction.”

—Susan Knight, Director of Patient Financial Services  
Kettering Health Network

## Proven results

- Medical necessity write-offs were reduced from a high of more than \$80,000 a month to a monthly average of \$10,000
- Rework has been reduced substantially, with bill holds referred back to medical records averaging fewer than one to three accounts per day
- Kettering’s clean claim rate (the percentage of claims that arrive in the business office error-free) is now at 90 percent – 15 percent higher than the national average

## 3M products used by Kettering Health Network

- 3M™ Ambulatory Revenue Management Software
- 3M™ APC Editing and Compliance Software with 3M™ Medical Necessity Software
- 3M™ Health Record Management Software
- 3M™ Coding and Reimbursement System
- 3M™ Medical Necessity Online

## Snapshot: Kettering Health Network in Dayton, Ohio

**Type of facility:** Fifty state-of-the-art facilities and services, including two major medical center hospitals, three other hospitals, and a college of medical arts

**Number of beds:** 1,260

**Inpatient visits:** 47,000

**Outpatient diagnostic:** 296,000

**Ambulatory surgeries:** 33,200

**Emergency visits:** 91,500

**Services:** Neuroscience, cardiology, oncology, orthopedics, sports medicine, rehabilitation, wound treatment, maternity, reproductive medicine, senior services, sleep disorders, behavioral health services

**Challenge:** Improve outpatient coding and billing processes to limit denials, decrease A/R days, and reduce rework and write-offs for long-term revenue improvement



## Kettering Health Network

### The challenge

When Kettering Health Network set out to reengineer its outpatient revenue cycle, the organization knew it had to address an increasing rate of denials, plus find a way to capture revenue tied up in bill holds or write-offs. At the outset, however, it wasn't clear where to begin. "We didn't know what we didn't know ... it was a journey," recalls Debbie Schrubb, Director of Medical Records for the five-hospital health system based in Dayton, Ohio.

Schrubb suspected that inefficient coding and billing processes were causing claims errors, while problems with medical necessity review were triggering extensive rework and write-offs. "We were seeing our A/R days increase and there was an obvious impact on revenue," says Schrubb. "We knew that the financial health of our organization depended on fixing our outpatient claims process and getting the full reimbursement to which we were entitled." The organization chose the 3M™ Ambulatory Revenue Management Software (3M ARMS) from 3M Health Information Systems to help make it happen.

### The approach

Kettering's first step was to analyze its existing outpatient claims process. The project team examined each functional step of the revenue cycle, looking for process challenges such as duplication, non-value-added steps, and system bottlenecks. Once problem areas were identified, 3M consultants assisted the Kettering project team in helping to expedite billing and reduce A/R days through the design of a new, streamlined workflow process that uses the advanced features of the 3M ARMS software.

With a clearly defined process integrated with 3M's powerful outpatient revenue management software, coders were able to review critical edits and charges and monitor corrective actions all at the point of coding. The 3M ARMS solution 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.

### The results

Results were seen almost immediately. Dollars held during rework totaled \$2.4 million in the initial implementation phase; six months later, the number was \$1.2 million. "The dollars we were holding before implementing the 3M software represent a significant amount of revenue," says Susan Knight, Director of Patient Financial Services for Kettering Health Network. "After implementation, referrals fell by 50 percent, and medical necessity write-offs also saw a sharp reduction, falling from a high of over \$80,000 a month to an average of \$10,000 a month after the software was up and running."

Post go-live evaluations produced startling realizations, including the discovery that some services were consistently undercharged, while others never made it onto the bill. Line item service date errors were also a common cause of rework. "The volume of charging errors was much greater than we realized," Schrubb notes.

Teamwork and ongoing communication are key components of reengineering the revenue cycle. Mapping revenue codes with CPT® codes and clinical terms provided challenges, as did fully engaging the different departments. "There were hurdles to overcome in terms of departmental perceptions about the program," says Schrubb. "When the numbers began to change dramatically, perceptions shifted."

Kettering's clean claim rate (the percentage of claims that arrive in the business office error-free) is now at 90 percent – 15 percent higher than the national average for a high-performing facility, and expected to rise. Rework is substantially reduced, and bill holds average fewer than one to three accounts per day. Recovering reimbursement at risk is up from a 62 percent recovery rate at the start of implementation to 88 percent nine months later.

"We knew the dollars were out there," says Schrubb, "And we haven't even realized the full potential. We're still seeing gains, and we'll continue to see gains. The 3M software has great potential, not only for us, but for many facilities."

### Call today

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