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 96 percent

Case study: Kettering Health Network
Dayton, Ohio

“We were seeing our A/R days increase, and there was an obvious impact on revenue. We knew that the financial health of our organization depended on fixing our outpatient claims process.”

– Debbie Schrubb, corporate director, HIM Services, Kettering Health Network

Snapshot of Kettering Health Network

Kettering Health Network is a not-for-profit network of seven hospitals, eight emergency rooms and more than 75 outpatient facilities in Greater Dayton and Northern Cincinnati, Ohio. From maternity, state-of-the-art cancer fighting technology, heart care, to senior living, Kettering Health Network has health services for every stage of life. It has been named a Top 10 Healthcare System in the nation by Thomson Reuters.

The challenges

When Kettering Health Network set out to re-engineer 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, corporate director, Health Information Management (HIM) Services for the health system that is 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,” she says. “We knew that the financial health of our organization depended on fixing our outpatient claims process.”

Working in Schrubb’s favor was a history of collaboration between her HIM Services team and the revenue cycle team. “We have always had a close affiliation,” reports Schrubb. “After all, we have the same goals: Low A/R days, a great clean-claim percentage, charging correctly, and getting reimbursed correctly.” With these goals in mind, Kettering Health Network chose the

3M™ Ambulatory Revenue Management Software (ARMS) from 3M Health Information Systems to help make it happen.
Case study: Kettering Health Network

The approach

The Kettering project team’s first step was to analyze the existing outpatient claims process, examining each functional step of the revenue cycle to uncover duplication, non-value-added steps and system bottlenecks. Once problem areas were identified, 3M consultants assisted the team in expediting billing and reducing A/R days by designing a new, streamlined workflow process that uses the advanced features of 3M ARMS.

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

Initial 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,” notes Schrubb.

Coders found it difficult to keep pace with the number of referrals needing resolution. When DNFB days started to increase, Schrubb and her team scaled back and focused just on Medicare claims instead of all payers. “Once we determined the root cause of the charging errors and did some in-depth education, there were fewer edits and we were able to ease ourselves back into the original implementation plan,” she says. Effective change management proved essential during the go-live process at Kettering’s hospitals, and lessons learned helped streamline future rollouts when the organization expanded to include additional hospitals.

The results

Results from 3M ARMS 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 represented 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 have steadily improved to our current referral rate of 10 percent. 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.”

Kettering’s clean-claim rate (the percentage of claims that arrive in the business office error-free) reached 90 percent within the first year after 3M ARMS implementation. Since then, the organization has progressed to a remarkable 96 percent clean claims rate—20 percent higher than the national average for a high-performing facility. Rework is substantially reduced, and bill holds average fewer than one to three accounts per day. Recovering reimbursement at risk grew from an initial 62 percent recovery rate to 88 percent nine months later.

With the outpatient claims process on track and meeting key performance goals, Schrubb and her team began searching for new technology that would help Kettering achieve even greater workflow efficiency and productivity improvement.

To bridge clinical documentation and coding workflows, Kettering selected the 3M™ 360 Encompass™ System, which automates and integrates clinical documentation improvement processes with computer-assisted coding. According to Schrubb, the ability to integrate 3M ARMS with 3M 360 Encompass was an important factor in choosing 3M as its computer-assisted coding partner.

“With some products, we would have lost the ability to use 3M ARMS, forcing us to discontinue everything we’re doing to achieve clean claims in the middle of the revenue cycle,” she says. “3M ARMS is essential to our revenue cycle workflow. It’s part of who we are and what we do every single day.”

Call today

For more information on how 3M products and services can assist your organization, contact your 3M sales representative, call us toll-free at 800-367-2447, or visit us online at www.3m.com/his.