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Optum™ Claims Manager plays pivotal role in OrthoCarolina's highly profitable revenue management system

Challenges

OrthoCarolina, based in Charlotte, North Carolina, is one of the nation's leading orthopedic practices with 20 offices across the region. The practice, providing a variety of advanced specialty care and general orthopedics services, is staffed by 100+ physicians, physician assistants and 600 employees, and handles more than 1 million patient encounters per year.

Prior to 2003, OrthoCarolina processed claims manually for submission to 10 or more major carriers. The financial services group historically attempted to analyze handwritten encounter forms, but this labor-intensive process was no match for the increasing volume of claims that were being submitted. The staff was also struggling to implement measures based on the many denials they were receiving, and to train personnel on how to enter claims for every carrier, each with its own particular claims procedures.

This cumbersome process resulted not only in incomplete or inaccurate claims, but ultimately in significant denials and loss of reimbursement. Claims workflow was impeded, and claims filing could not keep up with claims submissions. Up-to-date training on regulatory mandates for the growing number of offices and personnel was increasingly difficult to implement.

"With the whole manual process, everything was labor-intensive," says Chad Barringer, manager, Business Operations & Financial Support Services, OrthoCarolina. "We had to get very creative with the types of edits we could write with the limited software we had. We wanted something more centralized than what we had, and we wanted to control our claims and stop bad claims before they ever went out. In short we needed an automated claims manager solution."

Highlights

Using Optum Claims Manager, OrthoCarolina was able to reduce claim denials by over 60 percent within two years of implementation.

In addition:

- Optum Claims Manager stops 500 claims daily for edits out of 6,000 created.
- Optum Claims Manager saves OrthoCarolina $2.6 million/annum by correcting and reworking edits.
- Optum Claims Manager has enabled OrthoCarolina Business Operations staffing to remain stable during extensive physician growth.
- OrthoCarolina has saved $500,000/year in employee costs.
- Since 2007, OrthoCarolina has earned over $1 million in CMS incentives for PQRS and eRx due in great part to accurate reporting by Optum Claims Manager.

Issues that OrthoCarolina needed to address with a new centralized claims management solution included:

- **Automatic checking against payer-specific rules.** In order to enable automatic checking of claims against all rules that apply to each specific payer contract prior to claim submissions, it was necessary to have a rules engine equipped with a comprehensive set of commercial, Medicare and Medicaid rules. In addition, it was necessary for OrthoCarolina to be able to create its own set of customized rules.
- **General practice rules.** The ability to create customizable rules was also needed to go beyond the clinical editing process and include business rules and practice policies. Procedural follow-up on patient history was equally important from a global standpoint, such as new vs. established patient, patient age and post-op unrelated services.
- **Up-to-date knowledge base content.** Specific types of editing were required for compliance purposes. Required editing types in the claims management solution included invalid modifier combinations and commercial and Medicare claims such as Local Coverage Determination (LCD) and National Coverage Determination (NCD).
- **Interoperability with the OrthoCarolina GE Centricity Transaction Editing System.** OrthoCarolina was already utilizing a transaction editing system as part of its GE Centricity Group Management system. It was necessary for the new centralized claims management solution to fully interoperate with this transaction editing system.

Selecting the right solution infrastructure is key

Following a comprehensive review of several claims management solutions, OrthoCarolina chose Optum Claims Manager, an industry-leading, powerful and proven rules-based, front-end clinical editing tool that reviews charges and/or claims for clinical coding errors prior to posting to Accounts Receivable. This unique capability of Claims Manager cost-effectively corrects an error prior to submission to a clearinghouse or payer — a prerequisite to rapid processing and reimbursement.

A major factor in choosing the Optum solution was the ability for employees to customize the system with their own rules using Rules Creation Manager, fully integrated into Claims Manager. Now, as an integral part of the OrthoCarolina revenue management system, each charge entered into the system flows automatically into Claims Manager. The Optum system checks each charge against its built-in set of 81 million rules and additional rules created by OrthoCarolina to meet their specific requirements, including clinical and general business guidelines, practice policies and procedural follow-up on patient histories.

Payer claims that are successful in passing the tests are published to the billing and accounts receivable system as invoices, and are then sent out for collection. Medicare, Medicaid, LCD and NCD claims are edited and sent out as well. Claims that do not pass the tests are corrected and submitted back through Claims Manager for approval, and then to billing and accounts receivable.

"Claims Manager also stops claims that are missing charge lines. Populating these charge lines helps maximize revenue for the practice," explains Barringer. "We have edits for so many different carrier-specific issues, and they are always based on denials or charge entry errors that the system is able to recognize."

It was critical that Claims Manager, as a stand-alone system, successfully interoperate with the OrthoCarolina GE Centricity system. Previously the Financial Support group had to print out electronic error reports every morning and hand them to staff to edit the claims.

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This workflow bottleneck was quickly eliminated with the advent of Claims Manager.

"Full operability with the GE Centricity task management module enables us to actually import our edit error report into the practice management system and work right out of a tasking list," Barringer says. "Optum has worked closely with GE Centricity to get management added, and that has been really key for speeding up and having really efficient workflows for us."

Driving financial and operational results

Statistics and impact on the bottom line

Results have been dramatic. In the first year following implementation, OrthoCarolina saw a 23 percent drop in medical necessity denials and a 20 percent drop in global inclusive denials. The next year saw a 68 percent and 45 percent drop, respectively. Today, OrthoCarolina files approximately 6,000 claims per day; 500 (or 8 percent) are stopped for Claims Manager edits.

Productivity savings have also been realized. The cost to rework a denied or underpaid claim at OrthoCarolina is approximately $20. Claims Manager stops 130,000 claims per year for various edits. If all those claims are not flagged and edited, the cost to rework or correct those claims for the practice would total in excess of $2.6 million annually..

OrthoCarolina has approximately 250 billing health care providers and 20 full-time employees who primarily handle denials, appeals and accounts receivable follow-up. Without Claims Manager, the practice would need to hire 10 additional employees at a cost of $50,000 per year with benefits, equating to a $500,000 savings to the practice annually. And even with extensive physician growth, business operations staffing has remained stable, thanks in large part to claims correction by Claims Manager.

Reporting for improved reimbursement

Claims Manager is hosted and maintained by the Business Operations Group at OrthoCarolina. The ability to easily interoperate with the GE Centricity practice management system allows import of edit error reports, so employees can easily add edits as well as work from home rather than onsite. "We have management queues populating at 4:00 in the morning," Barringer continues. "So when employees come to our office, they already have edits that they can access, start working on, and get cleaned up. It's made us considerably more productive."

Charge entry happens in the 20 clinics of OrthoCarolina. Claims management by Claims Manager is run at the central site, with two full-time certified coders correcting claims with errors on the system every day. Centralizing claims management eliminates the need to have 20 different offices working on edits, and obviates the worry that each office knows the guidelines for every carrier and understands how every single edit should be written. This arrangement also ensures that errors detected consistently from claims originating in one location can raise a flag, and the responsible location can be notified and training can take place.

Keeping up with evolving compliance requirements

"Claims Manager is a key reason why we don't have to hire a whole group of auditors. In essence, Claims Manager is one of our auditors," Barringer remarks. "For my group, we are stopping between 700 and 800 claims a day, and those are claims that might

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have gone out the door if we hadn't had edits to stop them and someone to look at them. We do feel that Claims Manager is an integral part of our Compliance Plan."

Regulatory compliance, which has expanded exponentially over the past several years, has also greatly benefited from the implementation of Claims Manager. Since 2007, the system's ability to confirm PQRS reporting accuracy enabled OrthoCarolina to be compliant from the very first year. Currently the practice earns over $1 million in CMS incentives for PQRS and eRx combined.

"There used to be lots of information going out the door unmodified, with wrong modifiers, and wrong units," states Barringer. "Regarding LCD edits alone, we probably had $1 million a year in claims denied as not medically necessary just for simple diagnosis issues. Claims Manager has helped turn this situation completely around."

Facilitating training and improved workflow

Training provided by Optum has also been crucial to the success of Claims Manager at OrthoCarolina. When Barringer arrived at the practice, two trainers traveled to his office and spent three days with him working one-on-one, helping him write edits, better understand how the system worked, and how to write his own edits after they left.

"Training is really critical to understanding how the product works and how to be successful using it," Barringer says. "I absolutely love the fact that I can have an employee come to my office and say, 'Hey, I'm seeing this problem,' and within 30 minutes I can have an edit written that is going to stop the problem, and we won't see it going forward. The training I received from Optum has allowed me to do this."

The increasing requirements placed on health care providers to submit documentation to a plethora of private carriers and public payers, and the scrutiny under which these submittals are placed during this time of financial belt-tightening, can jeopardize the financial well-being of providers like OrthoCarolina. As a result, the need for error-free claims has never been greater. The means of providing accurate claims must be implemented internally within the practice to ensure that the most cost-effective processes are in place to provide error-free claims.

"Using Optum Claims Manager, OrthoCarolina has taken the necessary steps to ensure that our claims process maximizes both employee and system resources to achieve that end," Barringer concludes.

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About Optum

Optum is a leading information and technology-enabled health services business platform serving the broad health marketplace. Optum specializes in improving the performance of the health system by providing analytics, technology and consulting services that enable better decisions and results. We integrate workflow solutions that deliver data in real time and create actionable insights — processing health information that relates directly to and affects one in four patients in the United States, one in every three Medicaid dollars, and one in every five emergency room visits.

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