



## Case Study 1

### Profile:

This rural hospital has increased both in bed size and services since its inception in 1951. While still small (112 beds), this hospital provides the main source of medical services to the surrounding population of 95,000 and has a mid-level complexity of services ranging from respiratory care to oncology.

### Challenges:

**The hospital expanded its service complexity to address the needs of the surrounding areas.**

- It maintained a manual review of patient accounts and does not have an adequate automated pricing system.
- The small staff and general lack of training allowed many underpayments to go unnoticed.
- This hospital neglected to raise room rates since 1999, resulting in a stagnated cash flow.
- This simultaneous increase in services, inadequate pricing system, and suffering cash flow perpetuated a lack of resources necessary to identify and pursue managed care underpayments, ultimately producing a negative effect on the hospital's contract negotiations.

### Specific Problems:

- Due to internal struggles within the business office, the hospital was severely behind in dropping 1st bills, putting these late bills at a high risk of timeliness denials.

### Solutions:

To meet these challenges, STAT implemented our comprehensive post-payment review service, which includes:

- Retroactive account audits
- Payment appeals
- Payment follow-ups
- Denial analysis
- STAT's consulting services have provided support for improved future revenue.
- STAT worked with the client through periodic project updates to train staff on specific ICD-9 codes and DRGs and clarifying contract language to the business office staff.
- STAT compiled a special report that the Director of Patient Financial Services was able to use to persuade the Board of Directors to raise room rates for the first time in over 7 years.
- The Director of Patient Financial Services called STAT in on a special project and within two days the hospital's billing department was completely caught up, eliminating the possibility of timeliness denials and consequently securing future revenue.

### Outcome:

Through these services, STAT has identified over \$266,000 and recovered \$185,000 in underpaid managed care revenue.