



Improving financial performance in the new fee-for-value and pricing transparency environment

The Problem

Betty is the Administrator of Wainwright Surgery Center in St Louis and has 25 years of nursing experience. James is the Business Office Manager. James has a bookkeeping background and has worked his way up through various positions in the facility.

The facility performs 4,500 cases per year and is Medicare certified. They are in-network with BCBS of Missouri and have contracts with 5 managed care payors.

The facility has seen their patient out-of-pocket responsibility increase 50% in the last 5 years and now represents 23% of the facility's potential revenue. In addition, the facility has seen an increase of self-funded plans, which should not be a surprise now that 82% of large employers are self-funded. Patients and employers have effectively become payors.

Traditionally the facility has not collected deposits from patients prior to surgery and frequently waived the patient's co-pay and deductible. Also, while some contracts allow them to bill for implants, they have not done so. Also, out-of-network payors have tightened their payment policies and are increasing patient responsibility.

The facility is profitable but margins are declining and payors are less willing to negotiate. The facility's self-pay collection rate is 40% despite spending a lot of time chasing patients for payment. Also, out-of-network payors can no longer be counted on to pay reasonable charges. In addition, they recently had some claims denied because they didn't understand that different rules may apply to self-funded plans, assuming that their UnitedHealth contract terms would apply.

Betty is under pressure to make changes. She would like to ask patients to make a payment upfront but the facility lacks the tools and ability to create a patient estimate and deliver it to the patient. She would like to see the facility get reimbursed for implants. They also do not have the ability to identify the patient's co-pay, deductible, co-insurance and out-of-pocket maximum without spending hours contacting payors. She is afraid to ask James, who does the work of 3 people, to get on the phone trying to track down patients to ask them to make a payment because she cannot afford to lose him and knows how difficult this is personally for James.

The Cure

Betty contacted Clariti. Within a week Clariti loaded the facility's fee schedule, setup their Medicare, Blue Cross and managed care contracts, and connected the facility's existing payment options. Staff training was done remotely and took 1 hour.

As patients are scheduled into the facility's scheduling system they are also entered into Clariti, either via a scheduling feed or manually, which takes less than 1 minute. Upon entry, Clariti starts the process of reaching out to the payors for eligibility information, which is captured in the Estimator along with the expected procedure reimbursement and any expected implants. Clariti's Estimator examines whether the patient is covered by a fully insured or self-funded plan, and creates alerts to the business office staff accordingly. The Estimator also captures the employer and group numbers for reporting.

Clariti then starts reaching out to the patients, via email or text, to present their estimate. Other than Medicaid, estimates are sent to all patients -- whether or not the patient may have a balance due prior to surgery. James and his staff can review the estimates sent to patients, including when the patient has opened and viewed the estimate. The Business Office also receives updates when a patient selects a payment option that the facility has partnered with, or the patient indicates they would like to pay by check or discuss a payment arrangement.

Patients appreciate the pricing visibility and the flexible payment options. Betty is pleased that the facility is now compliant with fair billing practices and requirements.

Also, Clariti's quoting system allows the facility to provide estimated charges to any patients who are comparing prices, and Betty plans are introducing this to their surgeon offices when it is available later this year. Betty and the surgeons are hopeful this may increase case volume long-term because of the facility's favorable costs and reputation.

Of course Betty's surgeon investors are pleased. The facility's upfront patient collections have increased from 10% to 60% of the eligible patient upfront responsibility, while reimbursement for implantable devices has improved. Based on the improved financial performance the investors are no longer considering selling the facility to the local health system.

The facility is considering using Clariti's patient reported outcomes and experience surveying, which will allow them to combine the payor's financial data with quality metrics, justifying Wainwright Surgery Center's position as a leading provider of high quality and low cost services. Betty expects to use this information to approach new payors and local employers, perhaps in cooperation with their surgeons and anesthesiologists with bundled payment arrangements supported by Clariti.

While Wainwright Surgery Center is not an actual facility, many facilities face similar challenges and could benefit from a new approach. Please contact Clariti to learn more at sales@clariti-health.com or 844.696.8741.