South Bend Medical Foundation: A Case Study

Presented by Vachette Pathology and South Bend Medical Foundation
Mick Raich, CEO, Vachette Pathology
Trish Hankila, Vice President Finance, SBMF
The Federal Bureau of Investigation is probing lab-testing startup uBiome Inc.'s billing practices related to its tests for the microbiome, according to people familiar with the matter. The California Department of Insurance is also reportedly looking into the startup, which said it is cooperating with authorities during the investigation, and some patients said they were contacted by state authorities seeking information such as the role of doctors who ordered tests. (The Wall Street Journal)
After slashing payments for lab services in MO late last year, it appears Anthem is pushing similar cuts in a number of other states, including OH, CA and IN.

Many new rates reflect a 70% cut from previous reimbursements for many groups.

This comes at a time when Anthem’s membership continues to grow, including the addition of 1.2 million new members and a reported 9.2 percent revenue growth to $24.4 billion in Q1 of 2019.
The Story

* History

* “You won’t believe this”

* Finally, they start to know... what they don’t know
* What?

* Why?

* How?
Overview of Current Issues

- People waiting to pay
- Software struggles
- Personality issues, toxic attitudes
- Managed care contracts locked in drawers
- Indiana and Michigan Medicaid payor issues
- IT struggles / Interface blocks
- Zero transparency

- Wage issues
- Employee autonomy issues
- PAMA
- Four Patient statements
- Poor use of clearinghouse tools
- Poor ERA usage
- Poor accession tracking
The Plan

- Interview the Staff
- Audit the Billing
- Review Current Processes
- Review the Data
- Audit / Measure / Audit
Staff

- Attitude over experience
- 100% transparency
- Evaluate leaders
- Hiring the right people
- Firing the right people
- Building the right staff levels
- Sweat Pants Man
Metrics for Staff

- Displays empathy and compassion
- Ability to delegate tasks
- Flexibility
- Confidence
- Positive attitude
- Humility
- Passion for the company

- Integrity
- Listens well
- Communicates well
- Teamwork
- On time with tasks
- Leadership skills
- Planning skills
- Organization skills
Billing Audit

### Vachette Billing Company Rating System

<table>
<thead>
<tr>
<th>Rating Dimension</th>
<th>Rating Score</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Billing Processes</td>
<td>51.7625</td>
<td>10</td>
</tr>
<tr>
<td>Organization &amp; Management</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>Staff Expertise</td>
<td>34.375</td>
<td>10</td>
</tr>
<tr>
<td>Reporting</td>
<td>63.39</td>
<td>10</td>
</tr>
<tr>
<td>Legal and Compliance</td>
<td>67</td>
<td>10</td>
</tr>
<tr>
<td>Financial Stability</td>
<td>58.125</td>
<td>5</td>
</tr>
<tr>
<td>Technology</td>
<td>39</td>
<td>5</td>
</tr>
<tr>
<td>Charge Capture &amp; Entry</td>
<td>90</td>
<td>5</td>
</tr>
<tr>
<td>Credentialing</td>
<td>78</td>
<td>5</td>
</tr>
<tr>
<td>Audits</td>
<td>71.8</td>
<td>5</td>
</tr>
<tr>
<td>Managed Care</td>
<td>82</td>
<td>5</td>
</tr>
<tr>
<td>Collections</td>
<td>78.4</td>
<td>5</td>
</tr>
<tr>
<td>MIPS</td>
<td>65</td>
<td>5</td>
</tr>
<tr>
<td>Fee Schedules</td>
<td>70</td>
<td>5</td>
</tr>
<tr>
<td>Molecular</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>Overall Score</td>
<td>53.3</td>
<td>100</td>
</tr>
</tbody>
</table>

### Rating Classifications

<table>
<thead>
<tr>
<th>Category Name</th>
<th>Minimum</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diamond</td>
<td>95</td>
<td>100</td>
</tr>
<tr>
<td>Gold</td>
<td>90</td>
<td>94</td>
</tr>
<tr>
<td>Silver</td>
<td>85</td>
<td>89</td>
</tr>
<tr>
<td>Bronze</td>
<td>80</td>
<td>84</td>
</tr>
</tbody>
</table>
Staff had to write out the P&P and make changes to be more effective.

Flow chart every job task.

Reevaluated various processes to increase revenue and decrease time.

Measurement of metrics for each department and each employee.

Fill the gaps and build new P&Ps
Run weekly ATB for INHSECOLL payer

Placements are divided between all collectors based off of type of collector (Small Balance Collector, Large Balance Collector, or Skip Trace collector) and number of placements to work from previous week.

Patient answers

Collector calls patient

Patient doesn’t answer

Collect on balance

Patient says they didn’t receive statement.

Verify address and send statement

Follow up with patient in one week

Patient is unable to pay balance in full

If no insurance, offer self-pay discount

Set up payment plan

If patient still can’t pay

Bill insurance

Send to FINAl STMT payer for Collection letter to be sent

Bad phone number

Transfer to payer Skip Trace

Vicki Maddox skip traces

If busy, no VM, or VM full, call patient on next run through list

Leave voicemail if voicemail available

Follow up with patient on next run through list
* Build a workable EOM report with 12 month rolling data.
* Have to work within the software we are given.
* Charge, Payment, Adjustments DOB / DOS.
* RDC / RDR
* Daily charges submitted.
* Daily cash posted.
* Days to charge submission.
* Days in the demographic hold file.
* Days waiting to be posted.
* Front end edits.
* Denial and appeal tracking
* AR 30-210 Rolling, Days by DOS / DOB.
* Bad debt, refunds, payer data, client data.
* Collection Agency Reports.
<table>
<thead>
<tr>
<th></th>
<th>Claim Count</th>
<th>Claim Charge Amount</th>
<th>By Error Date</th>
<th>By Submission Date</th>
<th>Claims With Errors Count</th>
<th>Claims With Initial Error Count</th>
<th>Avg Days Service To Submission</th>
<th>%Clean Claim Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>South Bend Medical Foundation</strong></td>
<td>12,097</td>
<td>$3,378,490.56</td>
<td>1,204</td>
<td></td>
<td>1,205</td>
<td>1,073</td>
<td>20.25</td>
<td>91.13%</td>
</tr>
<tr>
<td>2018</td>
<td>12,097</td>
<td>$3,378,490.56</td>
<td>1,204</td>
<td></td>
<td>1,205</td>
<td>1,073</td>
<td>20.25</td>
<td>91.13%</td>
</tr>
<tr>
<td>2018:Q4</td>
<td>12,097</td>
<td>$3,378,490.56</td>
<td>1,204</td>
<td></td>
<td>1,205</td>
<td>1,073</td>
<td>20.25</td>
<td>91.13%</td>
</tr>
<tr>
<td>October</td>
<td>12,097</td>
<td>$3,378,490.56</td>
<td>1,204</td>
<td></td>
<td>1,205</td>
<td>1,073</td>
<td>20.25</td>
<td>91.13%</td>
</tr>
<tr>
<td>2018-10-22</td>
<td>4,968</td>
<td>$1,260,156.95</td>
<td>450</td>
<td></td>
<td>468</td>
<td>423</td>
<td>13.36</td>
<td>91.49%</td>
</tr>
<tr>
<td>2018-10-23</td>
<td>2,423</td>
<td>$757,183.42</td>
<td>251</td>
<td></td>
<td>254</td>
<td>225</td>
<td>22.88</td>
<td>90.71%</td>
</tr>
<tr>
<td>2018-10-24</td>
<td>1,366</td>
<td>$431,723.90</td>
<td>180</td>
<td></td>
<td>174</td>
<td>154</td>
<td>32.32</td>
<td>88.73%</td>
</tr>
<tr>
<td>2018-10-25</td>
<td>1,096</td>
<td>$354,612.36</td>
<td>110</td>
<td></td>
<td>108</td>
<td>91</td>
<td>37.21</td>
<td>91.70%</td>
</tr>
<tr>
<td>2018-10-26</td>
<td>2,243</td>
<td>$574,621.33</td>
<td>210</td>
<td></td>
<td>201</td>
<td>180</td>
<td>17.01</td>
<td>91.98%</td>
</tr>
<tr>
<td>2018-10-27</td>
<td>1</td>
<td>$192.60</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td>96.00</td>
<td>100.00%</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td>12,097</td>
<td>$3,378,490.56</td>
<td>1,204</td>
<td></td>
<td>1,205</td>
<td>1,073</td>
<td>20.25</td>
<td>91.13%</td>
</tr>
</tbody>
</table>
## Audit Metrics

<table>
<thead>
<tr>
<th>Metric</th>
<th>Audit Days</th>
<th>Benchmark Days</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average days to file</td>
<td>39</td>
<td>21</td>
</tr>
<tr>
<td>Average days to primary payment</td>
<td>64</td>
<td>45</td>
</tr>
<tr>
<td>Average days to zero balance</td>
<td>102</td>
<td>75</td>
</tr>
<tr>
<td>Category</td>
<td># Cases</td>
<td>% of Total Cases</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>---------</td>
<td>------------------</td>
</tr>
<tr>
<td>Cases audited</td>
<td>250</td>
<td></td>
</tr>
<tr>
<td>FYI Coding error</td>
<td>46</td>
<td>18%</td>
</tr>
<tr>
<td>FYI Documentation</td>
<td>2</td>
<td>1%</td>
</tr>
<tr>
<td>FYI Ledger location</td>
<td>9</td>
<td>4%</td>
</tr>
<tr>
<td>FYI Medicare fee schedule</td>
<td>6</td>
<td>2%</td>
</tr>
<tr>
<td>Cases affected *</td>
<td>116</td>
<td>46%</td>
</tr>
<tr>
<td>Adjustment error</td>
<td>3</td>
<td>1%</td>
</tr>
<tr>
<td>Bill cycle error</td>
<td>2</td>
<td>1%</td>
</tr>
<tr>
<td>Billing error</td>
<td>25</td>
<td>10%</td>
</tr>
<tr>
<td>Charge capture</td>
<td>4</td>
<td>2%</td>
</tr>
<tr>
<td>Credentialing issues</td>
<td>2</td>
<td>1%</td>
</tr>
<tr>
<td>Filing delay</td>
<td>26</td>
<td>10%</td>
</tr>
<tr>
<td>Follow up delay</td>
<td>13</td>
<td>5%</td>
</tr>
<tr>
<td>Missed appeal</td>
<td>3</td>
<td>1%</td>
</tr>
<tr>
<td>Missing accession</td>
<td>6</td>
<td>2%</td>
</tr>
<tr>
<td>Missing documentation</td>
<td>21</td>
<td>8%</td>
</tr>
<tr>
<td>Payment posting error</td>
<td>1</td>
<td>0%</td>
</tr>
<tr>
<td>Posting delay</td>
<td>6</td>
<td>2%</td>
</tr>
<tr>
<td>Set up error</td>
<td>2</td>
<td>1%</td>
</tr>
<tr>
<td>Statement error</td>
<td>2</td>
<td>1%</td>
</tr>
</tbody>
</table>
Current Status

* Great team.
* Great transparency.
* Great metrics to track.
* Positive corporate attitude.
* Monthly status updates on various issues and projects.
* Constant quality improvement with quarterly audits.
* Audit / Measure / Audit
$ Per Case
Thank You

For more information, please contact Mick Raich at 517-403-0763 or mraich@vachettepathology.com.
Visit vachettepathology.com
About Us

Dr. Joyce Simpson, MD
President

Trish Hankila, CPA
CFO

Mick Raich, CEO
Consultant

Tami Shaw
Billing Manager
Organization and Culture
Organization as I found it:
Culture
Dysfunctional Culture

- Cliques
- Rules that prohibited process flow
- Management by fear
- Micromanagement
- No employee empowerment
Process Flow
Process Flow

• Managers and Supervisors need to work **ON** the business not **IN** the business

• Create a flow chart of your current work flow

• Ask the people doing the work – they are your experts

• Create a flow that allows for the fewest interruptions possible

• Expect to make a LOT of mistakes
Measure What is Important
Measurements (aka KPIs)

• You can’t measure everything
• Determine what the critical processes are
  • These will change over time
• Create the tracking tools to capture the data
• Set strong KPI goals
• Transparency
Order Entry Outstanding to be worked

This is a high and low comparison of quantity of invoices to be worked – 2017 vs 2018
Accounts Receivable >90

This is a comparison of claims over 90 days that need to be resolved – 2017 vs 2018
Accounts Receivable >120

This is a comparison of claims over 120 days that need to be resolved – 2017 vs 2018
This is a comparison of average date of service to submission – 2017 vs 2018
### Clean Claim Rate

This is a comparison of the rate of how many claims went out clean – 2017 vs 2018

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>[VALUE]</td>
<td>87.47%</td>
</tr>
<tr>
<td>Q2</td>
<td>[VALUE]</td>
<td>87.56%</td>
</tr>
<tr>
<td>Q3</td>
<td>[VALUE]</td>
<td>87.25%</td>
</tr>
<tr>
<td>Q4</td>
<td>[VALUE]</td>
<td>83.82%</td>
</tr>
</tbody>
</table>

The chart visually represents the clean claim rate for each quarter of 2017 and 2018.
Claims with Errors

This is a comparison of how many claims were stopped in edits with errors – 2017 vs 2018.
Where we are so far:
Thanks For Watching
(800) 544-0925
530 N. Lafayette Blvd.
South Bend, IN 46601
www.sbmf.org