



Vendor Relationships Built On Trust

Achieving the Greatest ROI From Your Vendor Relationships

Four Success Stories

eBook: October 2019

Vendors account for more than 30% of a typical hospital's revenue cycle budget. What does it take to ensure a full return on that investment?

- 1** First, it takes a level of transparency that goes far beyond what most hospitals currently have—transparency that encompasses all vendors and accounts.
- 2** Second, it takes vendors who embrace opportunities for improvement and who see themselves as extensions of the hospital and, thus, are equally committed to the hospital's success.
- 3** Third, it takes technology that continually audits account activity to identify problematic trends so they can be addressed before negatively impacting the bottom line.

Following are the stories of four hospitals who have successfully achieved all of the above.



The majority of hospitals depend on vendor-generated reporting as a way to evaluate those vendors' performance.

THE SUCCESS STORIES



SOUTHEAST HOSPITAL
Southern Missouri and Southern Illinois

10

8

6

4



HENDRICK MEDICAL CENTER
Abilene, Texas



COOPER UNIVERSITY HEALTH CARE
Camden, New Jersey



NEBRASKA METHODIST HOSPITAL
Omaha and Western Iowa

HENDRICK MEDICAL CENTER

Hendrick Medical Center, a part of Hendrick Health System, is a 500-bed facility located in Abilene, Texas. With more than 3,000 employees, the medical center serves Abilene and the surrounding 19 counties.

Hendrick Medical Center employed 15 vendors but lacked the visibility necessary to evaluate each vendor's performance. Hendrick believed some vendors were overstating success but they didn't have reliable data with which to validate that suspicion.

An initial cross-vendor inventory assessment by Healthfuse revealed:

- Just **38%** of accounts were in compliance
- **Multiple vendors** were working the same accounts at the same time
- Some accounts had an agency code **but were not actually placed** with a vendor
- Some vendor reports reflected **erroneous results**

Hendrick needed a way to identify the reasons for the discrepancies and to fix them. They also needed a way to ensure ongoing compliance and maximum collections.



Hospitals spend \$30B a year on revenue cycle vendors, a number that is expected to triple by 2025.

HENDRICK MEDICAL CENTER (Cont)

Using the Healthfuse AutoRecon tool, Hendrick Medical Center was able to reconcile 100% of its vendor inventories, giving them greater insight into all of its vendors' performance. With Healthfuse, they were able to develop a uniform, in-depth reporting cycle of vendor achievements both individually and in aggregate. They implemented a standardized bi-weekly report card across all vendors. Ongoing data-mining enabled Hendrick to do competitive analysis on its vendors and required those vendors to adopt best practices for collections.

RESULTS

- **27:1 ROI** in the first year
- Inventory compliance improvement from **39%** to **more than 92%** in just 5 months
- Quantified and prioritized duplicative placement:
 - **7,340** with 2 bad-debt agencies
 - **93** with third-party liability, early-out self-pay, Medicaid eligibility vendors
 - **32** with underpay recovery and A/R collections vendors
 - **11** with early-out self-pay and bad-debt agencies

"The beauty of the automated VMO is the ability to audit 100% of a hospital's revenue cycle business—far more than typical hospital resources can. Automating the review process not only frees a valuable manpower to the hospital but also drastically improves the quality and capability of vendor oversight."

Tave Kelly
Director of Business Services
Hendrick Health System

"With Healthfuse, our ROI is through the roof!"

COOPER UNIVERSITY HEALTH CARE

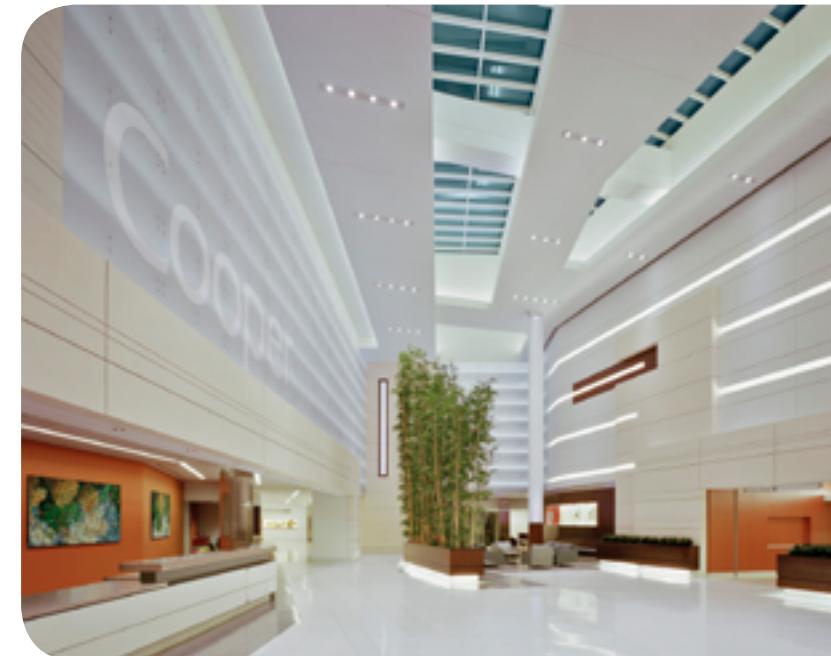
Cooper University Health Care is a large health system located in Camden, New Jersey. The health system employs more than 7,000 employees, including 1,250 nurses and 630 physicians in more than 70 specialties.

Cooper University Health Care partners with multiple vendors for aged insurance collections and underpay recovery. Experiencing a decline in collection rates, they realized they needed a comprehensive evaluation of all vendors, as well as internal processes. The health system partnered with Healthfuse to conduct a regression and collection analysis to determine what types of accounts were being pursued and recovered.

Through using its automated rules-based auditing tool, AutoAudit, Healthfuse discovered:

- Many outsourced accounts were **not being worked consistently**
- **Only certain commercial payers** were pursued for insurance follow-up and underpay recovery
- Several payer accounts were **inadequately worked** or **not worked at all**

Healthfuse worked with the health system to redesign the entire third-party collections processes, which included leveraging a primary and secondary collection effort.



64% of hospitals report being dissatisfied with, or unsure of, their vendors' performance.

COOPER UNIVERSITY HEALTH CARE (Cont)

Cooper University Health Care achieved a more comprehensive view of variances for all payers, including Medicare secondaries, Medicaid, worker's compensation, and third-party liability payers, which were previously unworked. This insight enabled the health system to ensure maximum return on its vendor investments. With Healthfuse, Cooper was able to significantly improve insurance reimbursement.

RESULTS

- **112%** increase in vendor recoveries
- **\$1.8 million** in annual recoveries
- **36%** improvement in A/R inventory reconciliation
- **36%** improvement in volume of accounts being adequately worked

"Over the years, we found that the number of vendors we had increased significantly and it was difficult and time consuming to manage them all. With Healthfuse, we were able to establish performance visibility and create a more efficient vendor strategy."

Charles Reitano
VP Revenue Cycle
Cooper University Health Care

Healthfuse helped Cooper University Health Care increase underpay recoveries by \$1.8M a year.

NEBRASKA METHODIST HOSPITAL

Nebraska Methodist Hospital is a non-profit, 430-bed acute care hospital serving the Omaha and Western Iowa regions for more than 35 years. The hospital has more than 2,000 employees and over 400 physicians.

Nebraska Methodist Hospital partnered with Healthfuse to perform a process audit to help improve transparency between the hospital and its vendor.

The Healthfuse rules-based auditing tool, AutoAudit, was employed to:

- Scrub activity files produced by the vendor, or dialer files if for early-out, bad-debt, or patient financing
- Identify and flag potential issues on accounts
- Segment issues based on rules violated

Healthfuse also helped Nebraska Methodist Hospital by:

- Participating in call audio auditing with the vendor to ensure customer service best practices were being met
- Providing remediation and improvement counseling to assist Nebraska Methodist and its vendor in resolving process and programming issues



Healthfuse research shows that of accounts placed with vendors, more than 36% of those 31 – 60 days and 23% of those 121+ days are never worked.

NEBRASKA METHODIST HOSPITAL (Cont)

Healthfuse, Nebraska Methodist Hospital, and the vendor worked collaboratively to address gaps in procedures and to implement improvements across all collection and bad-debt processes. The vendor embraced the opportunity to work through issues and was quick to make changes. This helped increase accountability and bring greater value to the relationship.

RESULTS

- **45%** improvement in outsourcer productivity
- **\$131K** in recovered invoicing errors
- **\$10.9 million** in incremental cash improvements due to vendor liquidation
- **\$333K** in contract savings

"The increased transparency Healthfuse was able to deliver helped not only us but our long-standing vendor as well. We appreciate the collaborative process. Together, we've been able to significantly improve self-pay collections and reduce bad-debt in a relatively short amount of time."

Michaela Thomsen
Director of Patient Financial Services
Nebraska Methodist Health System

Nebraska Methodist Hospital optimized patient collections with its early-out, self-pay agency, reducing accelerated bad debt from 12% to less than 3% in two months while improving patient satisfaction.

SOUTHEAST HOSPITAL

Southeast Hospital, a not-for-profit community hospital serving over 600,000 people in 22 counties, is the largest provider of community healthcare in Southeast Missouri and Southern Illinois.

Southeast Hospital partnered with several community-based collections vendors, including early out self-pay, bad debt and A/R Follow-up to achieve their revenue cycle goals. Their new Director of Revenue believed they were not meeting the maximum return on those partnerships, especially with early out self-pay outsourcers.

An initial audit conducted by Healthfuse revealed multiple issues:

- Current self-pay outsourcers were working **just 40%** of their assigned inventory.
- Most vendors **failed to meet** industry performance and workflow standards.
- Numerous patient accounts were **stuck in a “black hole”**, never making it to the vendor.
- There were **numerous invoicing errors**.
- Accountability controls were **non-existent**.



According to research performed on 2 billion hospital accounts, 51% of early-out, self-pay accounts placed with vendors are not compliant with best practices, SLAs, or government regulations.

SOUTHEAST HOSPITAL (Cont)

Southeast Hospital engaged Healthfuse to build and operate its Revenue Cycle Vendor Management Office (VMO), leveraging technology, advisory support, and industry domain to drive optimal bottom-line results. Using AutoAudit, a proprietary, rules-based audit tool, Healthfuse uncovered critical issues with self-pay and cash recovery. Healthfuse then performed invoice certification and inventory reconciliation across all vendors to identify accounts that were not appropriately worked, as well as erroneous and duplicate charges.

RESULTS

In the first 10 months with Healthfuse, Southeast Hospital achieved:

- **\$109K** in total cost savings with contract negotiations and invoice recoveries
- **\$3.04 million** net collections improvement
- Monthly baseline collection cost reduction from **7.3%** to **6.5%**
- **73%** increase in self-pay process compliance



In the first 10 months with Healthfuse, Southeast Hospital achieved \$3.04M in net collections improvement.



YOU CAN'T AFFORD TO SETTLE FOR UNDERPERFORMING VENDORS

As hospitals continue to endure decreasing reimbursements and increasing self-pay, reliance on vendors will continue to be an important part of their collections strategy. But without in-depth, continuous auditing of vendor processes, achieving a positive return on these relationships will be challenging.

Hendrick Medical Center, Cooper University Health Care, Nebraska Methodist Hospital, and Southeast Hospital have found the answer. By partnering with Healthfuse, each has been able to make extraordinary improvements in vendor performance.

On average, Healthfuse clients can expect:

- **50%** increase in patient satisfaction
- **50%** improvement in vendor compliance
- **10 – 20%** reduction in vendor costs
- **20 – 30%** increase in vendor collections
- **14%** average increase in margin

Healthfuse has delivered more than \$360M in bottom-line improvements for its clients in the past 5 years.

WANT TO KNOW HOW MUCH YOU
COULD UNCOVER?

Contact
Healthfuse Today!

SCHEDULE NOW

324 E. Wisconsin Ave, Suite 1300
Milwaukee, WI 53202
414-988-1130 | healthfuse.com

©Copyright 2019, Healthfuse