

Case Study: Kansas University Physicians, Inc. – KU

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—Kirk Benson, M.D.
 Professor and Chair,
 Department of
 Anesthesiology
 KUPI

Longstanding partnership with Per-Se helps academic medical center dramatically improve billing, claims operations

In the late 1990s, physicians associated with the University of Kansas Medical Center in Kansas City, Kansas, faced a growing problem. Several years earlier the State of Kansas had ordered that the 16 independent physician groups affiliated with the 475-bed medical center provide a single, consolidated patient statement for services rendered.

To meet the mandate, the specialty groups – representing nearly 300 physicians – combined to create a new entity called Kansas University Physicians, Inc. (KUPI). The organization acquired billing software from Burlington, Vermont-based IDX Systems Corp. and retained a local billing company to oversee the newly centralized claims and invoicing process.

From a Billing System in Disarray to Connective Healthcare

By early 1999, KUPI’s billing had fallen into disarray since its growth had outstripped the services offered by the local billing company. Accounts receivable exceeding 120 days were soaring, collection rates were down sharply and the organization had huge credit balances on the books.

KUPI subsequently turned to software vendor IDX for help, and IDX in turn brought in Atlanta-based Per-Se Technologies. Per-Se is a leader in connective healthcare, a comprehensive class of outsourced services designed to improve the financial performance of healthcare organizations by simplifying and streamlining the flow of funds across the enterprise.

Staff Focused on KUPI’s Needs Dramatically Reduces AR Days

At KUPI, Per-Se was assigned full responsibility for all back-end revenue cycle management, including claims processing, accounts receivable reporting, insurance follow-up, payment posting, denial review, private pay collections and customer service.

Per-Se immediately began stabilizing KUPI’s billing processes by deploying a dedicated operations staff as well as a group of account managers, each of whom had direct responsibility for four of the 16 physician practice groups. Redundancies between KUPI’s departments were quickly eliminated, and FTE costs reduced.

Thanks to the combined efforts of the Per-Se team and KUPI, revenue cycle performance at KUPI has improved dramatically. Between 1999 and 2004, KUPI’s average accounts receivable days dropped from 110 to 49, while the percentage of accounts receivable 120 days or greater fell from 46 percent to just under 17 percent. Charges, meanwhile, have increased from \$10.7 million to \$18.5 million per month. Moreover, account managers provide the KUPI staff with a weekly detailed trend analysis.

“Per-Se has done a tremendous job and provided great value to the

organization,” says Barbara Timberlake, KUPI’s director of billing services. “They’re very good at identifying problems early so that we can minimize denials and rejections.”

Timberlake says KUPI’s onsite specialists and managers have been particularly useful in helping the smaller physician groups minimize denials and accounts receivable days. For example, Per-Se specialists stepped in to assist one clinic that had fallen seriously behind in managing its Medicare denials and was at risk of losing the chance to resubmit the claims.

Academic Center of Excellence

Account managers serve as liaisons between the KUPI staff and Per-Se’s operational center. The operations center performs the day-to-day claims processing and follow-up on outstanding receivables for KUPI, which currently averages about 750,000 individual charges and 540,000 invoices annually. Backed by high-speed servers with dedicated offsite storage, the academic center of excellence dedicated to the KUPI account empowers the account managers with the tools necessary to translate raw claims data into meaningful, actionable business information. The center, one of seven Per-Se operates for academic clients, is staffed with its own business and IT personnel, demonstrating a level of financial commitment and customer support difficult for smaller billing operations to duplicate.

KUPI IMPROVEMENTS WITH PER-SE

Key Metrics	1999	2002	2004
Accounts Receivable Days	110	64	49
Percent AR greater than 120 days	46%	28.3%	16.6%
Cash (per month in millions)	\$4.3	\$5.5	\$6.7
Charges (per month in millions)	\$10.7	\$12.6	\$18.5

Real-time Connectivity

According to Timberlake, another key advantage provided by Per-Se is real-time connectivity between KUPI’s front-end access management applications and Per-Se’s back-end services. Payments, explanation of benefits, checks, claims and other documents associated with a patient’s account are scanned into the system by Per-Se staff at the academic center of excellence dedicated to KUPI and are immediately available electronically to KUPI personnel in registration and admissions.

This instant access translates into faster customer service, improved staff productivity and enhanced provider-patient relations. Jeff Orndoff, director of information services for KUPI and administrator with the Department of Anesthesiology, says that over the past five years, Per-Se has helped KUPI evolve from a crisis situation to become one of the most advanced academic practice groups in the country from a billing perspective.

Per-Se handles all billing queries through its

toll-free customer call center, and recently assisted KUPI in simplifying the KUPI patient statement. Thanks to the redesigned statement, KUPI is collecting an additional \$12,000 a week in patient remittances, according to Timberlake.

Kirk Benson, M.D., professor and chair of the Department of Anesthesiology, says the relationship between KUPI and Per-Se has continued to grow stronger through the years. “We have worked with Per-Se for five years now and really have come to view their team as a trusted business partner. But they are really more than that since understanding the complexities of health care billing and revenue cycle management is what they’re all about. In today’s environment, it makes sense to focus on your core offerings and then find expert suppliers to address the elements of your business that are outside that core. Per-Se has time and again demonstrated that expertise and earned our respect,” Benson says.