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Sturdy Memorial Corrects 'Revenue-Neutral' Proposal, Empowers Further Negotiations with Axiom Contract Management

As the healthcare industry transitions to more complex reimbursement models, maximizing net patient revenue has become a greater challenge for hospitals and health systems. Many organizations are tapping into the power of contract modeling and analytics tools to help them better predict and manage reimbursement and leverage a data-driven approach for improved payer negotiations.

Sturdy Memorial Hospital, a not-for-profit acute care community hospital in Massachusetts, was recently presented a contract moving it from percent of charges to inpatient APR-DRGs and outpatient fee schedules. The proposed contract promised a revenue neutral change, but Sturdy Memorial's finance team worked with Syntellis' experts and technology to model the proposed contract changes, and found the proposal was not revenue neutral.

Solution

Due to the time-sensitive nature of the pending contract agreement, Syntellis worked with Sturdy Memorial to load the hospital's dataset (six months of claims, payments and adjustments) and current and proposed contracts into Axiom™ Contract Management before the hospital implemented the software. This ensured Sturdy Memorial had a baseline report of current claims, rates, and results for multiple proposals in about one month.

STURDY MEMORIAL HOSPITAL

"The contractual analysis showed no problems with the inpatient piece. We were getting paid according to DRG," said Jeanine Levinson, Director of Budget and Reimbursement for Sturdy Memorial. "But we saw variances on the outpatient side, the same variances over and over again. It led us to wonder, is it something we're doing or is the payer's logic not working as intended? We found that in moving to a fee schedule, there were hospital-specific conversion factors for different services that were triggering different logic in reimbursement than we expected. For example, wound care provided in the clinic is reimbursed differently than wound care in the ER."

The initial proposal resulted in a significant loss in expected reimbursement for six months on 24,850 claims. The second proposal reduced the loss substantially. While the

Increased negotiated reimbursement on contract proposal

$50,000+

Additional revenue from corrected payment compliance issue

Avoided losses on 24,850 claims

rates were still not yet garnering the promised revenue-neutral amount, by taking it upon themselves to validate the contract proposal, Sturdy Memorial had reliable data to help them work with the payer to move toward agreeable rates.

As the negotiation continued, the organization became more confident in its approach toward executing a new agreement. "In the past, performing a payer review was a very manual process," Levinson said. "We compared actual payments to charges and did all of the analysis in Excel. With Syntellis' help this time, we were able to look at the whole picture very easily."

Taking Quick Action to Correct Payment Compliance Issue

Seeing the value of sophisticated modeling and analytics tools in supporting contract negotiations, Sturdy Memorial eagerly implemented Axiom Contract Management following the execution of a new agreement with the payer. The hospital quickly found additional value from the software, beyond any of the capabilities of the organization's Meditech EHR system.

Within 30 days of user training on the new Contract Management system, Sturdy Memorial determined its reimbursement on the same payer's claims was inaccurate. By running reports and speaking with the payer, the Finance Department confirmed it was not billing properly to receive additional reimbursement on surgical procedures – something that was not an issue under the previous percentage-of-charge contract.

"There were multiple procedures during the same episode," Levinson said. "We were getting paid for the first one, but not subsequent procedures."

"With Axiom Contract Management, we were able to create linkage between the revenue code and CPT code in our system to ensure there will be no leakage moving forward."

-Jeanine Levinson, Director of Budget and Reimbursement

Claims were refiled within the payer's 90-day window, and additional payments were processed, resulting in more than $50,000 in revenue that would have been lost had Sturdy Memorial not been monitoring payment performance so closely through Axiom Contract Management. The Axiom solution imports actual postings from provider billing systems or Health Information Systems to ensure underpayment reports are precise.

Empowering staff to take corrective action and navigate a rapidly evolving environment is the goal of Axiom Contract Management.

"We were very limited in the amount of data we could grab historically," Levinson said. "Now we have a much more robust data set, good experience under our belt, and a system that gives us confidence."

Visit our website to learn more about **Axiom Contract Management** or request a **demo**.