Some much-needed medicine.

Healthcare lockbox automation helps children's hospital eradicate manual payment posting.

Background

Situated in the Midwest is a rare, freestanding healthcare organization devoted exclusively to children. The hospitals and clinics in the system provide comprehensive care for patients from birth to age 21. With an acclaimed Genome Center, the region's only Level IV Neonatal Intensive Care Unit (NICU) and more than 700 pediatric practitioners in 40 specialties, the system welcomed approximately 543,000 patient visits in 2016 alone.

Each patient visit requires submission of a claim to insurance, which triggers a corresponding payment and remittance advice that must be manually keyed or downloaded into the patient accounting system. In order to simplify processes, consolidate legacy systems and achieve compliance with new healthcare technology standards, the health system decided to convert to a new patient accounting system.

Challenge

Business Electronic Remittance Advice (ERA), also known as an 835, is the electronic transaction that provides claim remittance information in a HIPAA-mandated format. ERAs sent from healthcare payers comprise 90 percent of the transactions flowing through the hospital's patient accounting system, which is consistent with the industry norm. The remaining 10 percent are paper-based Explanation of Benefits (EOBs) – still used by some smaller, infrequent healthcare payers – to inform providers of how an individual healthcare claim was processed for payment.

While deploying a new patient accounting system would consolidate legacy systems and ensure regulatory compliance, it would also require time-consuming line item posting. The Patient Financial Services team projected the need for as many as eight new staff members to handle the additional workload required to post paper remittances.

To eliminate that need for additional staff, the hospital decided to explore options for automating the conversion of paper EOBs to ERA files. In addition to reducing costs, the Patient Financial Services team wanted to speed payment posting and cash flow.

Solution

They elected to implement healthcare lockbox automation from Commerce Bank. The solution integrates with their patient accounting system, GE Centricity, to receive ERAs, automating manual payment posting and streamlining the revenue cycle.

Since each payer's EOB format is different, manual posting is often difficult and cumbersome. Healthcare lockbox automation uses Optical Character Recognition (OCR) technology to capture data from the EOB and create a complete and accurate ERA file for posting back to the patient accounting system.

Implementation

To determine how healthcare lockbox automation would fit into the workflows already in place at the hospital, the Commerce Healthcare Payments team worked on site to perform a comprehensive process review. "The Healthcare Payments Project Manager brought a great deal of healthcare industry knowledge to the job – including an understanding of remit codes and different payer's trends," the Patient Financial Services manager said.

The Commerce team determined that the best course of action would be to implement healthcare lockbox automation jointly with the new patient accounting system – an aggressive timetable. Even though the healthcare lockbox automation deployment was part of a staggered implementation with the patient accounting system, it was integrated in only a few months. The project kicked off in the fourth quarter of 2014 and concluded early in the second quarter of 2015.
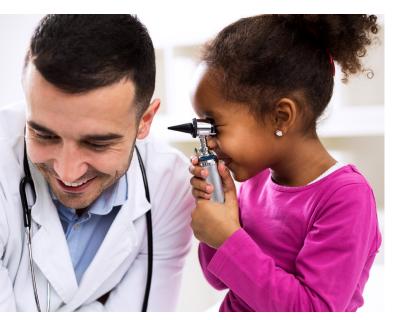
> " We knew that if we had a concern, that we could pick up the phone and it would be handled. "
>
> **- Patient Financial Services senior manager**

During implementation, weekly phone conferences and occasional on-site meetings were held when needed. "We worked together to understand problems before they occurred in the conversion process."

Results

Before implementing the solution, the hospital processed all paper EOBs by hand – approximately 6,600 claims – after deposits were made by the bank's lockbox. Now, Commerce staff uses scan technology to image each EOB and uses OCR technology to lift the remittance detail from the EOB. If data is missing from an EOB document, healthcare lockbox automation searches the provider's claim file to add those missing data elements to the ERA.

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The technology then reorganizes the data to create a complete, properly-formatted 835 file for automated posting.

The healthcare lockbox automation solution includes a web-based portal with an easy-to-read dashboard of the day's activities, including exception items. That gives hospital staff the ability to quickly retrieve and view an image of the paper EOB and post the item manually if necessary.

"Since deploying healthcare lockbox automation, we estimate that we've achieved a 99 percent conversion rate of paper EOBs to ERAs," said the Patient Financial Services manager for the hospital. **"In other words, of the 10 percent of paper EOBs received, 99 percent are now automated."**

Benefits

Healthcare lockbox automation has accelerated the payment posting process and provided a higher level of posting accuracy for the hospital. Not only did the deployment prevent the need to hire new staff, it enabled Patient Financial Services to reallocate one full-time person to another department. The healthcare lockbox automation portal also provides visibility into the claim-to-payment life cycle, which aids in payment research and problem resolution.

Using a solution developed by its bank made sense for this unique hospital. According to the Director of Treasury, the healthcare provider uses Commerce for all of its treasury services.

"Commerce is our lead bank and this is another piece of the relationship between our two organizations, which stretches back longer than anyone can remember," he said. **"We knew we had a good partnership with Commerce in place and that they were going to do what they said they would do."**

"Commerce's solution has eliminated the need for overtime in order to finish that day's work. We never get behind now.

- Patient Financial Services senior manager

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