

Temporary Outsourced Billing Services Solution Improves Cashflow, Becomes Permanent

It could have been a disaster. Instead, it was a catalyst that led to improved collections, reduced AR days and lowered costs. In November 2004, sudden change within the billing department at Muhlenberg Hospital Home Care in Plainfield, New Jersey left Director Ellen Gusick with insufficient billing expertise. She turned to her software vendor, FGA Software Solutions, of nearby Piscataway, for temporary help. One year later, she says she no longer considers the new arrangement temporary.

FGA operates two businesses under one roof, developing, licensing and supporting home care billing software and using that software to provide billing services. Aware of FGA's outsourcing service, Gusick's decision about whom to call for quick help was an easy one; the difficult decision came after the dust had settled. The temporary solution produced so many benefits, she hesitated to go back to handling billing internally.

"When the change initially occurred, we realized we were not going to find new PPS *and* commercial claims expertise quickly but we dared not suspend billing operations until we did find it," Gusick explained. "We knew FGA offered outsourcing, and they responded quickly to our crisis." It wasn't the first time Muhlenberg Home Care and FGA had weathered disaster together. The agency's first day with the vendor was September 11, 2001.

After the angst over what might happen, the switch was seamless. "We signed a contract in time to close the month of November and they got up to speed with us in time to complete our end-of-year processes," she said. Then, while examining FGA reports, Gusick noticed substantial collections improvement. "Our numbers were not merely 'no worse,' which we would have accepted, they were actually better," she was pleased to report, "much better."

With no change in patient census through 2005, averaging about 250, Muhlenberg's collections jumped \$600,000, reducing AR from \$1,098,803 to \$505,169. Over the same period, FGA reports indicated that AR days dropped from 64 to 24.

What left Gusick staring at the reports in disbelief was that some of the additional collections were coming from aged claims she had given up on. It turns out that one of FGA's standard services is to explore old PPS episodes looking for M0825 and SCIC decisions that resulted in lowered payments that were

eligible to be repaired. At the end of 2004, AR greater than 150 days totaled \$368,146; on November 30, 2005 it was down to \$66,144.

A busy home care administrator, Gusick admits she was vaguely aware that her receptionist was handling regular faxes from FGA but didn't think anything of it. Now she realizes what was going on. FGA was getting episode documentation "repaired" before submitting it when it failed their PPS edits. "They send us a sheet of edits to examine, showing corrections to make before they submit the RAP or claim to the intermediary," she explained. "They say things like, 'Are you sure you meant to answer this question 'yes'? The numbers do not match.' Now, almost all of our bills go in clean the first time and we rarely deal with rejects. They also advise us on declaring or ignoring each SCIC, after having analyzed each situation."

Gusick is frequently asked what it costs to realize these improvements. "Actually, our costs are down," she is quick to report to skeptical colleagues. "Think about it. Our billing budget replaced three fully-loaded salaries with FGA's fees plus a portion of the receptionist's salary, since she is the one who spends a few minutes each month answering their faxed questions.

"FGA structures its fee on a per-visit basis, so when our census dips, our fees decrease. When salaries were our largest cost, they stayed constant no matter how low revenue would go. If someone took some time off, we continued to pay them *and* cover for them. What's worse, we often held billing until they returned because there is no such thing as a PPS temp."

The benefits carry through to commercial claims as well. FGA has the ability to keep after foot-dragging insurance companies until they finally break down and pay. "We used to call them to ask about payments whenever we got a chance," Gusick said, "but we're small and easy to ignore. FGA is able to address a number of customers' claims with each phone call and they apparently carry a lot more clout than any one agency."

Adding up the net benefit of decreased AR days, increased collections and the lower cost for outsourcing over supporting an in-house billing staff, Director Ellen Gusick makes it quite clear she has never considered going back. "We may have panicked at first," she said. "But now that we have experienced the benefits of FGA's billing services, I can't imagine doing our own billing again."