Market Matters Healthcare Summer 2011

## **PNC Launches Contract Management Solution**

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Managing hundreds of contracts or a myriad of claims – at a time when provider reimbursement continues to decline – can make many provider revenue cycle managers' heads spin!

In the current economy, contract management software, which requires both a major capital expenditure and a significant investment of staff time, is not always financially feasible. But industry statistics suggest that 10 to 20 percent of all claims are denied or underpaid, significantly impacting the bottom line for many providers.

Furthermore, the opportunity represented by under billed claims (as opposed to denied and underpaid claims) has never been properly assessed by the industry, although some providers suggest that claims under billed per the contract could represent another significant percentage of total claim dollars. In fact, in a proof of concept completed for one PNC client, under billed claims represented the largest area of opportunity: in one glaring example, analysis of claims submitted to a major payer over a period of about three months showed more than \$105,000 under billed for a single procedure code!

To help providers quickly and easily analyze their revenue cycle, PNC Healthcare now offers Contract Management, a fully-hosted, modular, web-based system requiring no capital expenditure. The module helps providers to capture denied and underpaid claims data for timely resolution.

## Key Considerations for Managing Payer Contracts

Over the past few years, PNC Healthcare, working with clients and industry experts, identified the need for a contract management solution. Key considerations that were identified included:

- > Low cost to implement
- > Daily analysis of claims and claim payments to allow quick response to negative payer trends—underpaid or under billed against contractual allowance
- > Ability to analyze denied, underpaid, and overpaid claims that could be implicated in Medicare's Recovery Audit Contractors (RAC) reviews. Analysis at many different levels, including:
  - by payer, by product
  - by adjustment reason code
  - by procedure code, even within a specific date range
- Comparison of claims against the charge master to identify under billed claims in addition to under paid claims
- Streamlined process for denial appeals with electronically generated Requests for Reconsideration letter
- > Facilitate research of appeals for low or denied payment reports for individual claims that include information by the patient's Subscriber's ID, the payer's Internal Control Numbers, and the Payment Effective Date. Payers can use this information and match it against their payment system
- Payer performance reports to determine aggregated financial trends and the adjustment codes the individual payers are using



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## PNC Healthcare's Contract Management Solution

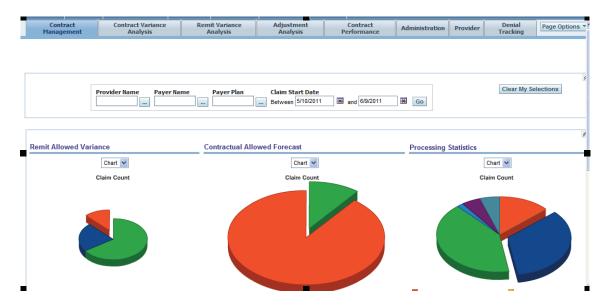
PNC Healthcare's Contract Management solution, now available to PNC clients, is a fully hosted web-based service that has been developed to meet these needs. Offered as a new module in PNC Healthcare Advantage, Contract Management compares claim data (837) and remittance data (835) against the terms of contracts provided by the client.

PNC staff load contract terms and assist in establishing transmissions of claim and

remittance data to help with implementation. Providers can choose to analyze one significant payer, a group of payers, or all contracted payers, under a "pay as you go" pricing plan, on a per claim analyzed basis.

By automating production of a systemgenerated Request for Reconsideration (RFR) letter, PNC Healthcare's Contract Management solution reduces the cost of follow-up. This makes it economically feasible to pursue even small discrepancies, since they are automatically aggregated by payer and attached to an RFR letter in a reportable format.

Detailed reports by payer, contractual adjustment reason code, denial code and claim and procedure code allow identification of issues at root cause.





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Corrective actions based on these reports might range from active follow-up with payers to appealing inappropriate denials, to developing new protocol to address denials caused by poor eligibility checks or incomplete information submitted with original claims. PNC Healthcare's Contract Management solution delivers reports in chart or list format, providing both a high-level view suitable for executive dashboards and detailed work lists that can be used immediately for follow-up activities.

PNC can provide Contract Management as a one-time engagement and a valuable proof of concept, or as an ongoing service, where claim data and remittance data are compared against contract terms continuously when files are processed.

For PNC's direct 835 and IOCR Advantage clients, Contract Management can be added to existing PNC 835 services using existing transmission links with PNC.

Contract management services are tools for data analysis, and they do not solve underlying billing or collection problems unless action is taken by the provider on the data provided. However, many providers still suffer from "analysis paralysis" in that they don't have tools that make it easy to pinpoint areas of opportunity for high-value action, nor do they know where to start. At PNC, we hope that PNC Healthcare's Contract Management solution will provide a tool set that cures "analysis paralysis" permanently for your provider network!

