CBIZ

CBIZ KA Consulting Services, LLC

Reduce your Bad Debt by Improving your Medicaid Eligibility Performance

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HighLights

- How to identify and quantify performance improvement opportunities
- How to structure a performance improvement plan
- The potential impact of an improved Medicaid eligibility process

Client Challenges

CBIZ KA Consulting Services (CBIZ) was contacted by a Vice President of Revenue Cycle from a large health system about an increase in their self-pay receivables and bad debt write-offs. She was concerned that her Medicaid eligibility vendor was under-performing, primarily by selectively choosing which self-pay referrals to process. Furthermore, she observed that a sizeable number of potential enrollments were aging out to bad debt and collections. In addition to the vendor underperformance, she wanted to validate that her revenue cycle team was managing its self-pay receivables effectively. To address her concerns, CBIZ performed an analysis of the health system's self-pay accounts to evaluate process performance and to determine if there were Medicaid eligibility enrollment gaps.

The Analysis

The first step in our process was obtaining a historical data file (six-months) of self-pay patients that could potentially qualify for Medicaid based on income levels. The qualifying self-pay accounts data was then parsed into processing status and aging categories. We then applied standard conversion factors to determine the opportunity for Medicaid or Charity Care revenue enhancement.

Our analysis determined that the annual improvement opportunity for the two hospitals reviewed was in the range of $5,000,000 to $6,000,000 in additional Medicaid revenue.

Our analysis identified three major factors that were leading to the under-collection of Medicaid and Charity Care revenue: the current vendor was cherry picking (i.e., only focusing on) high-dollar accounts, minimal coverage in high-volume areas, and inefficient processing of eligibility claims. The cumulative effect of these factors also led to the inflated bad debt numbers.

Once the assessment was complete, we provided our findings to our health system contact. The health system's revenue cycle team wanted to validate our findings and the potential revenue opportunity. They selected a number of claims to review, including a $250,000 neo-natal intensive care case that appeared to have fallen through the cracks. Many of the accounts that they reviewed should have been fairly basic conversions to a Medicaid program, but had not been resolved by their previous vendor. According to the revenue cycle team review, several high-dollar accounts were deemed ineligible for Medicaid, but were never qualified for the Charity Care program.

Process Improvement

The revenue cycle team then requested that we work with them to institute process improvements to close the eligibility gaps that were identified by our assessment, and confirmed by their review. The first step was the implementation of our comprehensive screening program for all self-pay patients, which included high-volume service areas such as the emergency room. Our screening process helped determine all possible programs that a patient may qualify for, and we looked at everything, not just high-dollar inpatient accounts.

On a weekly basis, we presented a reconciliation report of the self-pay accounts receivable to the revenue cycle team. This report functioned as a check-and-balance to ensure that all self-pay patients were being assisted in a timely manner. We also performed a staffing needs assessment to determine the best hours of operation that would result in optimal staffing.

Outcome

Ultimately, the eligibility assessment and process improvement implementation plan resulted in a number of positive developments for the health system. Most importantly, the health system received a significant increase in Medicaid eligibility revenue. Correspondingly, we were able to make reductions in their self-pay write-offs. The combination of our years of Medicaid enrollment experience, data analysis capabilities and boots-on-the-ground consultative expertise led to revised eligibility processes, which resulted in more effective patient screening and increased Medicaid enrollment for the system.

Ongoing Commitment

CBIZ is committed to improving our clients' Medicaid revenues through our patient advocacy, comprehensive screening and collaborative approach.

Learn More

Call 1.800.957.6900.

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