

Outsourcing Insurance Accounts for Maximum Cash Flow

Leveraging outsourcing to alleviate staffing shortages and drive optimal account resolution



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Welcome to the Meduit Podcast. I'm Jeff Nieman, the CEO of Meduit, one of the largest full-service revenue cycle management companies in the country. Today we're going to be talking about outsourcing insurance accounts to maximize cash flow and to alleviate staffing challenges. I'm joined by my colleague Sidonie McDaniel, our Vice President of Revenue Cycle Operations for Meduit. Welcome everyone, and let's get started. Sidonie, hospitals and health systems around the country are dealing with staffing shortages, and that's impairing their ability to resolve insurance accounts in a timely manner. How is this impacting their revenue cycle?

SIDONIE Hey, Jeff, great question. Ideally, hospitals and health systems should try to resolve their insurance accounts within 30 days in order to get maximum cash recovery. If those accounts are not worked by the 60-day mark, collectability drops to a rate of 75% to 85%. At the 90 to 120-day mark, collectability decreases to between 40% and 60%. At the 1-year mark, those aged accounts become virtually uncollectable. So, to get the most from aged insurance accounts and decrease the number of accounts that fall into bad debt, best practice dictates working those accounts every 30 days if possible.

JEFF We see a lot of hospitals that just aren't staffed to be able to work accounts every 30 days, or even sometimes within a 60-day or 120-day timeframe. Given that, what strategies would you recommend that they leverage?

SIDONIE Another good question. One of the best solutions for resolving aged accounts is outsourcing at the right time to the right revenue cycle partner. Here's a great example. One nonprofit health center in the Midwest found that they did not have enough staff to work their aged accounts receivable. They found a partner to work their accounts at 120 days and older. The health center had \$20 million in inventory that needed to be worked. Our team collected \$3 million in insurance payments in just the first few months. Our team was then able to bring down the initial inventory to a remaining balance of \$2 million dollars in less than a year.



JEFF So, just to recap that and make sure I heard it right, in less than a year of outsourcing that inventory, that health center's inventory went from \$20 million down to \$2 million in unresolved accounts?

SIDONIE Yup, that's correct. It's also important to note that the percentage of write-offs compared to placements significantly decreased as the project continued. The team was able to clean up the AR to a manageable and collectable remaining balance.

JEFF That's great. Let's share another case study. I know we had a midsized regional hospital that found themselves under-resourced in their business office. They just didn't have qualified AR resolution representatives that they could hire and retain in their local marketplace. Tell us about what happened there.

SIDONIE Sure. The regional hospital partnered with Meduit, and our team reviewed segmentation of the AR, revealing that once accounts reached day 120 and plus, the hospital staff was only working 2% of the accounts each month. They were collecting 15%, which equated to approximately \$300,000.00 a month in collections.

JEFF What was the plan to get those accounts resolved?

With Meduit handling outsourcing at day 121, collections increased by five times, or nearly \$1.5 million per month.

– Sidonie McDaniel

SIDONIE To resolve these accounts, the hospital business worked them in-house for 120 days and then outsourced to us at day 121. Within the first 30 days of the project, Meduit has worked 53% of the accounts. For reference, the hospital had been working only 2% of these accounts for the same time period. This was a big increase in simply working the accounts. Within 60 days of this project, 79% of the accounts that Meduit began working had been resolved. These accounts were either paid, sent to self-pay for the patient portion, or written off for the total resolution of 42% of their AR.

JEFF So, obviously from those results, a lot of accounts were getting worked by the Meduit team that weren't able to get touched and worked by the hospital. What were the financial results from that?

SIDONIE Absolutely. With Meduit handling outsourcing at day 121, collections increased by five times, or nearly \$1.5 million per month, with similar result trends projected for the following 60 to 90-day time periods. While it did cost the hospital money to outsource the AR, the total return was greater than \$1 million per month, when compared to prior levels of revenue generation on AR older than 120 days.

JEFF This is a great case study that clearly shows the listeners why it is important to work those insurance accounts every 30 days, as you said. I mean, just the work effort leads to clear returns here. Given everything we've talked about, what would you like to leave our listeners with today?

SIDONIE Yeah, thanks for asking, Jeff. Getting accounts to us sooner rather than later, so we can successfully resolve old accounts, but by outsourcing to us earlier in the process, Meduit can drive significantly higher cash returns. I'd also like to leave the listeners with selecting the right revenue cycle partner is a clear strategy to reducing write-offs and increasing collected revenue. They should look for a partner with a track record of resolving aged accounts, ask to see the numbers of what they've accomplished with other clients. The right RCM outsourcing partner will have proof that they can do what they say they can do. One last thing to keep in mind here is while it does cost the hospital money to outsource aged accounts, outsourcing with the right partner drives a financial return to the organization that far offsets the cost.

JEFF Thank you, Sidonie. For more information regarding outsourcing insurance accounts to maximize cash recoveries, visit meduitrcm.com. Thank you for listening.



Jeff Nieman, CEO, Meduit

Mr. Nieman leads Meduit's top-notch team of healthcare revenue cycle professionals to maximize performance and accelerate growth for hospitals, health systems and provider groups. Prior to joining the Meduit team, he was the chief operating officer for Navigant Cymetrix, a revenue cycle management company serving over 200 hospitals. He has also held leadership positions at Conifer Health Solutions, Humana and HCA (Hospital Corporation of America) and has a BA in Economics from Bellarmine University in Louisville, Kentucky where he graduated magna cum laude.



Sidonie McDaniel, Vice President of Revenue Cycle Operations, Meduit

With more than 25 years in healthcare revenue cycle management, Ms. McDaniel leads Meduit's revenue cycle operations, overseeing client relationships and executing solutions through strategic planning and innovative performance excellence. Prior to joining Meduit, she served as *Vice President of Revenue Cycle Operations* for MediRevv. She earned her BA in Healthcare Administration from the University of Phoenix. She is certified in Epic, CPI and Lean programs and also a member of HFMA.