



## Case Study



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## Rethinking claims editing

**Sue Irwin and Cathy Czarney of NCEB – Practice Management Solutions discuss efficiencies gained through better claims editing**

Loss of revenue due to preventable claim rejection is a persistent industry problem with a disproportionately negative impact on cash flow. Just considering the hard dollars — and not issues like staff productivity and overhead — medical practices and their billing services are leaving quite a bit of money on the table.

Even today, rejection rates of ten percent are common. And rates as high as 40 percent are not unusual. With delays due to appeal and re-submission, cash flow suffers and coding and billing staffs spend many hours re-working claims.

The concept of using claims editing software or “claim scrubbers” to review claims prior to transmitting them is not a new one. These kinds of products have been around for years, but many in our profession remain skeptical. Until recently, we shared that view. That’s changed for several reasons.

First, many of our peers are operating under a slight misconception in that they believe they already are editing claims. In many cases, the scrubbing features integrated with practice management systems or provided free by claims clearinghouses only review for the simplest, most basic of claim-level technical edits and file-format edits. A true scrubber will verify that all necessary data is present and that it’s all appropriate for that provider, procedure and payer. And rather than just technical and formatting, a true claims editor can also check diagnosis code, procedure code, medical necessity and other edits. The more advanced software packages receive automatic updates for medical necessity determination and other edits, and they can be customized to apply certain edits for certain payers.

Second, a large contingent of our colleagues believes that editing systems are cumbersome to use and, therefore, the expense does not warrant making the change. Our experience proved otherwise.

The team at NCEB – Practice Management Solutions learned much of this after we decided to experiment with claim scrubbing. We made the investment for two primary reasons. First — and most obviously — we’re always looking for new tools and methods to offer faster, better cash flow for our clients. Second, we wanted to streamline our new-employee training and ongoing education for greater coding staff productivity.

NCEB serves a wide range of specialties including cardiology, gastroenterology, family medicine, general surgery, hematology and oncology, orthopedics, pulmonary medicine, nuclear medicine, teleradiology and other practice types.

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## Online solution drastically cuts rejections

With Alpha II ClaimStaker, an Internet browser-based software product, we found an option to dramatically improve on the limited claims editing features built in to the practice management system we were using. While the previous system could flag some invalid diagnosis codes, it lacked key capabilities such as Correct Coding Initiative (CCI) edits. And the system had to be manually updated, which required a significant investment of staff time.

In March 2008, we began using the online system to verify clients' claims and edit them prior to submission. One staff member compiles our coders' work, creates the claim files and uploads them to ClaimStaker, which edits the batch within a few minutes. We receive a report and review the errors found. The previous day's coding is usually reviewed and ready to submit in under an hour, typically before the rest of the staff arrives in the morning.

With underlying technology similar to that used by payers, ClaimStaker can verify both professional and institutional claims against a comprehensive medical necessity and coding edits database. It validates diagnosis codes, procedure codes, OPPS codes, medical necessity codes, claim-level technical details and file formats.

Our initial skepticism was based on the fact that software packages in general often fail to deliver as promised. Though the demonstration was impressive, we were aware of the possibility that the process would be too cumbersome to be practical. Our concerns proved unwarranted.

In fact, we have reduced our claims rejection rate by more than 50 percent. We're applying a more complete range of edits, including CCI, more consistently and more accurately. The system captures errors due to coder's lack of knowledge as well as "slip of the fingers" errors due to mistakes in data entry.

The higher clean claims rate has dramatically decreased the amount of follow-up work required — with a nominal amount of effort on the front end, most of which comprises education and training on proper coding.

Much of the system's value lies in the fact that we use it for ongoing instruction. It helps us identify patterns and give specific feedback to coders about necessary changes or mistakes. With such concrete data, they can see the errors clearly, in black and white, so it sinks in more.

The ClaimStaker feedback is also valuable because of its quality. It suggests corrections, such as a justification for a more accurate E&M level based on a diagnosis. Surprisingly, from time to time the system even finds an error that no one at NCEB even realized was an error.

We have also taken advantage of the ability to customize macros to suit specific providers and specialties. Customizing edits for the special needs of midwifery clients, for example, has helped us serve them better. And we're applying custom edits to certain payers, such as Medicaid, as well.

Getting started with the system was straightforward; the transition was uneventful — which is a good thing. There was no need for significant training because the process is self-explanatory and the reports are clear. On an ongoing basis, the database of edits is automatically updated. We don't have to manually enter updates on the fly during the front-end coding process, which recovers a great deal of hours.

Perhaps the most revealing result with ClaimStaker is that we've improved our coding process and at same time reduced our headcount. Through attrition, we've reduced staff by about 20 percent.

The current state of the art with this technology has reached the point where skepticism is no longer justified. Our system, it turns out, did exactly what it advertised and more.

*Sue Irwin is president and Cathy Czarney, CPC, is the coding manager at NCEB — Practice Management Solutions, a billing services and practice management solutions firm based in Sheffield Village, Ohio.*