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Sun Radiology Reduces Claims Denial Rates by 50 Percent, Improves Productivity, and Gains More Than 800 Percent Return on Investment with Ingenix Encoder Pro and Claims Batch Editor

Highlights

- With Ingenix Encoder Pro and Claims Batch Editor, Sun Radiology was able to reduce its denial rate by 50 percent, from 3,750 to 1,875 annually.
- The use of Encoder Pro and Claims Batch Editor has yielded an annual one-year net benefit of \$30,056, with a one-month payback, and a return on investment of 812 percent.
- With Claims Batch Editor and Ingenix Encoder Pro, Sun Radiology has eliminated \$5,631 annually in clearinghouse fees.
- The use of Claims Batch Editor and Encoder Pro has allowed Sun Radiology to reduce A/R days by 14.



Challenges

Sun Radiology, based in Arizona, provides state-of-the-art diagnostic imaging, and employs more than 70 full-time staff members, including four full-time radiologists.

The practice was handling its coding manually, which was causing billing and related issues, including denial rates that were higher than the practice targeted. Sun Radiology wanted to improve denial rates and other coding issues. It set out to deploy a solution that would:

- Reduce denial rates. Sun Radiology had 3,750 claims being rejected annually. There were a number of causes for the rejections, including human error and incorrect modifiers being used. Sun Radiology wanted to find a simple way to reduce its denial rates.
- Improve denials handling. Sun Radiology typically received little or no information about why a claim was denied. The denial would come back from the clearinghouse or insurance company, but because there was no information about why it was denied, Sun Radiology staff would have to make phone calls and do a great deal of manual work to resolve the problem. Staff would then have to manually re-work the claim and re-submit it. Sun Radiology wanted a system that would detail why claims were denied, and let staff quickly re-work and re-submit them.

- Improve productivity. Manually handling claims was time-consuming. Sun Radiology wanted to improve the productivity of its staff by automating as much of claims handling as possible.
- Reduce clearinghouse fees. Sun Radiology was submitting its claims through clearinghouses, and wanted to reduce those fees.
- Reduce A/R days. Because of denial rates and related problems, Sun Radiology had a higher A/R rate than it wanted. The practice was growing, with an increasing number of claims, and it knew that the problem could worsen if it did not take action.

“Because our practice was growing, we knew that the issues could become worse if we kept handling claims manually,” says Sharon Hicks, Sun Radiology Billing Supervisor. “We needed a way to improve the accuracy of coding, and bring down denial rates and A/R days.”

Solutions

Sun Radiology began a search for a solution, and narrowed the choice to Ingenix Encoder Pro and a competing solution. It chose Encoder Pro because Encoder Pro is easier to use, offers far more details about claims than the competition, makes it easier to electronically access and use coding books, and offers more depth and breadth in the way it handles edits. Sun Radiology was also impressed by the quality of support provided by Ingenix.

“Encoder Pro clearly stood out as being the superior solution,” Hicks says. “It had all the features we needed, was simpler to use, and has Ingenix standing behind it.”

Ingenix Encoder Pro eliminates time-consuming code lookup in multiple books, improves productivity with efficient claim preparation, and reduces claim denials. It ensures coding accuracy, improves billing performance, and reduces rejected claims.

After using Encoder Pro, Sun Radiology deployed Claims Batch Editor, an add-on to Encoder Pro that is a sophisticated, easy-to-use scrubber for physician claims. It has been designed to work within a customer’s current workflow to identify inappropriately coded physician claims before they are submitted to payers, resulting in first-pass payment.

“As soon as we found out about Claims Batch Editor, we signed up right away,” says Hicks. “The ability to correct claims before sending them out is a major benefit. We saw that it would save us money immediately.”

“Ingenix Encoder Pro and Claims Batch Editor solved one of the biggest problems we were having—too-high denial rates. We have cut denial rates by 50 percent and our staff is far more productive as well.” —Sharon Hicks, Sun Radiology Billing Supervisor

Results

Encoder Pro and Claims Batch Editor have cut claims denial rates in half for Sun Radiology, reduced A/R days by up to 14, improved staff productivity, eliminated clearinghouse fees, and allowed Sun Radiology to handle additional claims without adding to staff. Overall, Sun Radiology has gained a net annual benefit of \$30,056 from the use of Encoder Pro and Claims Batch Editor, with a return on investment of 812 percent, and a payback period of one month.

Previous to the use of Encoder Pro and Claims Batch Editor, Sun Radiology was doing coding manually, and there were human errors, problems with modifiers, and other issues with claims. Sun Radiology had no way of checking ahead of time whether claims were likely to be denied.

“Ingenix has been an excellent partner for us. They don’t just sell a product and leave you on your own. Whenever we have needed advice or help, they have given it to us quickly and accurately.”

— Sharon Hicks, Sun Radiology Billing Supervisor

Encoder Pro and Claims Batch Editor now check claims before they are submitted, and reports are created that detail potential errors. The claims are re-worked before they are submitted. As a result, the denial rate has been cut by 50 percent. The total number of denials has been reduced from 3,750 to 1,875 annually. As a result, Sun Radiology has seen savings of \$30,056 annually, and will continue to do so into the future.

In the past when denials came back, no information was given about why the claims were denied, so staff had to spend substantial amounts of time tracking down information, making phone calls, and re-doing and re-submitting the claim. At times, some claims could not be paid because it took too long to resolve them. With Encoder Pro and Claims Batch Editor, Sun Radiology has detailed information about claims rejections, and so does not have to spend time tracking down information. Claims can be re-submitted quickly, with little staff time spent.

Staff is now more productive. Sun Radiology can handle processing more claims with its existing staff. In addition, the use of Encoder Pro and Claims Batch Editor has reduced A/R days by approximately 14, ensured that Sun Radiology is more accurately reimbursed for the services it provides, and eliminated \$5,631 a year in clearinghouse costs.

“ Encoder Pro and Claims Batch Editor have helped improve our productivity, reduced denial rates, and given us a significant financial benefit,” Hicks concludes. “In the long run, that means that we’ll be able to provide better services to our patients.”

Return on Investment	812%
Number of Annual Denials Before Encoder Pro and Claims Batch Editor	3,750
Number of Annual Denials with Encoder Pro and Claims Batch Editor	1,875
Reduction in Denial Rate with Claims Batch Editor	50%
Annual Ingenix Investment/Cost:	\$3,700
Months to Payback:	1
Cumulative Net Value (1 year):	\$30,056
NPV (Net Present Value):	\$27,269

Project Costs		Start Up	Year 1
Annual Costs		\$3,700	
Total Project Costs		\$3,700	\$0
Benefits		Start Up	Year 1
Denial Reduction Savings			\$28,125
Clearinghouse Savings			\$5,631
Total Benefits			\$33,756
Financial Analysis		Start Up	Year 1
Net Value		-\$3,700	\$33,756
Cumulative Net Value		-\$3,700	\$30,056
Net Present Value	\$27,269		
Payback Period	1 month		
ROI	812%		

The results presented above reflect generally expected performance in the given circumstances. Results may vary, depending on the product and the procedures currently used within an organization.

About Sun Radiology

Sun Radiology, based in Arizona, provides state-of-the-art diagnostic imaging, and employs more than 70 full-time staff members. The physicians, technologists, and support staff who make up the practice are pioneers in blending superior and advanced technology, extensive clinical expertise, dignified patient care, and efficient provider relations.

About Ingenix

Ingenix delivers Intelligence for Health Care, uniting the brightest minds to improve health care through information and technology. Ingenix serves more than 250,000 diverse health care clients, including insurance companies, federal/state agencies, pharmaceutical and biotech firms, Fortune 500 enterprises, hospitals, and physicians within the health care community. For more information about Ingenix and its products and services, please visit www.shopingenix.com

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From North America, call: 1-800-464-3649, option 1 • ingenuity@ingenix.com
For a list of Ingenix global office locations, please refer to our web site.

Corporate Headquarters | 12125 Technology Drive, Eden Prairie, MN 55344

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