



Austin Diagnostic Clinic Recovers Underpayments, Improves Contract Modeling, Gains \$340,000 in Benefits with Ingenix Contract Manager

Highlights

- Austin Diagnostic Clinic can now more accurately identify and recover underpayments.
- Using Ingenix Contract Manager™, Austin Diagnostic Clinic can model contracts more effectively.
- Austin Diagnostic Clinic will gain a net, cumulative, projected benefit of \$341,841 over five years through the use of Contract Manager.
- Contract Manager will yield a 74% return on investment with an eight-month payback period for Austin Diagnostic Clinic.



Challenges

The Austin Diagnostic Clinic (ADC) has provided quality primary and specialty care to families in Austin and Central Texas for more than 50 years. It has locations in and around Central Texas with more than 115 doctors representing 22 medical specialties.

ADC was looking to improve the way it reviewed payments and analyzed contracts. It was looking for a solution that would:

- **Help identify and recover underpayments.** ADC had no systematic way to review payments, and only investigated possible underpayments when they were brought to ADC's attention. ADC wanted a solution that would help it identify underpayments in a more systematic manner.
- **Fix electronic posting errors.** ADC found errors with electronic posting, such as patient registration errors and co-payments being written off and not collected. It wanted a system that would improve the accuracy of electronic posting.
- **Improve workflow.** Reviewing potential underpayments was a time-consuming process. If an ADC staff member suspected an underpayment, he or she would ask for a report from the practice management system, and sift through the report line by line, using Excel to analyze the issue and get an estimate of the underpayment. ADC was looking for a more efficient way to analyze underpayments.

- **Help it better negotiate contracts.** ADC wanted a system that would allow it to model the impact of proposed terms and rates before signing contracts.

Solutions

ADC considered solutions from several vendors, and after viewing demonstrations from them, selected Ingenix Contract Manager as the top choice because of its feature set, usability, and Ingenix support.

ADC was already using Ingenix ClaimsManager™ and had been impressed with the capabilities of the product, the benefits it offered to ADC, and the quality and timeliness of support Ingenix offered.

At that point, Contract Manager was a relatively new product, and ADC also welcomed the opportunity to provide feedback on useful features that might be added.

“We appreciated the way that Ingenix reached out to us and provided us with the opportunity to suggest ideas on how Contract Manager could develop,” says Amy White, Director of Managed Care for Austin Diagnostic Clinic. “That made us realize that Ingenix would listen to our concerns, and that we could end up with an even better product for our needs.”

Ingenix Contract Manager helps physician practice groups manage payer contracts centrally and automatically. The system stores all payer contracts and automatically tracks compliance with contractual fee schedules, modifiers, and carved-out reimbursement rates. It can help recover lost revenue, build and manage a more effective database, and enhance workflow efficiency.

Results

Using Ingenix Contract Manager, ADC will gain a projected, cumulative \$341,841 benefit over five years as a result of recovering additional revenue from underpayments. The project will have a 74% return on investment and an eight-month payback period. Contract Manager also improves efficiency and workflow, and helps ADC more effectively model contracts. ADC uses Contract Manager to review payments from its five largest managed care plans, which represent at least 80% of its managed care business.

Contract Manager’s greatest financial benefit has been in identifying underpayments and reimbursement errors, and helping provide ADC with the information it needs to recover the revenue. For example, when ADC first began using Contract Manager, it found a significant amount of underpayments from one of its managed care plans, and was able to obtain \$500,000 in lost revenue.

“We never would have been able to identify all that lost revenue without Contract Manager,” White says. “Some of the variances we found were not that large, but when they’re applied to a very large population, it adds up to a considerable amount of money. If you just spot-check without a tool like Contract Manager and find five dollar or ten dollar variances, you’re not necessarily going to do anything about it. Contract Manager is absolutely the only way we would have found and recovered that large amount of underpaid revenue.”

“Ingenix Contract Manager has helped us recover underpayments, more accurately handle electronic posting, and model contracts. It’s proved to be a great benefit for us.” —Amy White, Director of Managed Care, Austin Diagnostic Clinic

Contract Manager has also cleared up issues with electronic posting errors. Errors with co-payments can be caught by Contract Manager and fixed. Registration errors and other issues are also flagged as well.

Because Contract Manager is an automated, integrated tool, it has also improved ADC workflow and efficiency. “We’re far more productive,” White says. “It’s helped us do our work more effectively. Contract Manager has reduced our reliance on reports from our practice management system.”

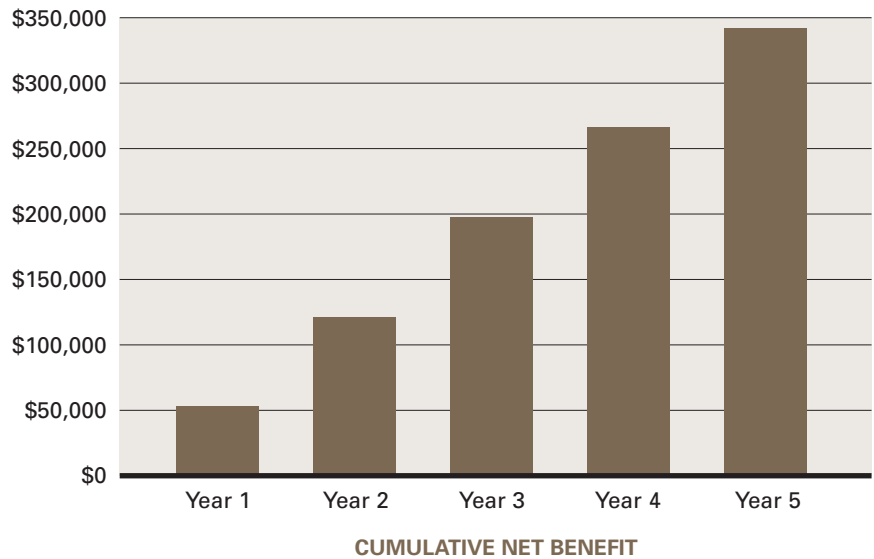
White uses Contract Manager to model contracts, giving ADC far more accurate, comprehensive information than previously, and helping make sure that it negotiates the fairest contracts possible.

“With Contract Manager, we now have confidence in the data we provide, so we’re negotiating from a basis of facts and strength,” White says. “I can even back up our contract in real-time negotiations. If we get a counter-proposal, I can use Contract Manager to plug in the numbers and within minutes have an answer or proposal ready.”

Summing up her experience with Contract Manager and Ingenix, White says, “Our relationship with Ingenix has been productive. Contract Manager has been a useful product, and Ingenix is willing to listen to us. When there are issues, Ingenix gets the right people involved and helps us quickly.”

“Ingenix has proven to be an excellent partner. They listen to our concerns and assign the right resources to address them. We also appreciated the way they listen to our feedback about Contract Manager, and work to improve the product.”—Amy White, Director of Managed Care, Austin Diagnostic Clinic

Project Summary							
ROI	74%						
Payback Period (in months)	8						
Cumulative Net Value	\$341,841						
Net Present Value	\$254,342						
Project Costs	Start Up	Year 1	Year 2	Year 3	Year 4	Year 5	TOTAL
Investment	\$13,800				\$2,800		\$16,600
Ongoing Costs		\$40,000	\$40,000	\$40,000	\$50,000	\$51,750	\$221,750
Program Administration		\$40,000	\$42,000	\$44,100	\$46,305	\$48,620	\$221,025
TOTAL PROJECT COSTS	\$13,800	\$80,000	\$82,000	\$84,100	\$99,105	\$100,370	\$459,375
Benefits	Start Up	Year 1	Year 2	Year 3	Year 4	Year 5	TOTAL
Recovery Benefits		\$145,000	\$152,250	\$159,863	\$167,856	\$176,248	\$801,217
TOTAL BENEFITS		\$145,000	\$152,250	\$159,863	\$167,856	\$176,248	\$801,217
Financial Analysis	Start Up	Year 1	Year 2	Year 3	Year 4	Year 5	
Net Value	-\$13,800	\$65,000	\$70,250	\$75,763	\$68,751	\$75,878	
Cumulative Net Value	-\$13,800	\$51,200	\$121,450	\$197,213	\$265,963	\$341,841	



About Austin Diagnostic Clinic

For more than 50 years The Austin Diagnostic Clinic (ADC) has provided quality primary and specialty care to families in Austin and Central Texas. It has locations in and around Central Texas with more than 115 doctors representing 22 medical specialties.

ADC was the first clinic in Austin to have available in-house diagnostic radiology and a clinical laboratory. It was also the first to offer nuclear scanning, out-patient stress testing, echocardiography, and 24-hour cardiac monitoring. In addition, ADC physicians staffed the first intensive care unit and performed the first heart catheterization in Central Texas. Austin's first specialty-trained invasive cardiologist, nephrologist, endocrinologist, rheumatologist and pulmonary disease specialists were also ADC doctors.

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.ingenix.com.

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