

# INGENIX®

## Web.Strat Reduces Deaconess Hospital's Claim Edits by 99 Percent, and Payer Rejections by 59 Percent

### Highlights

- Web.Strat helped Deaconess Hospital decrease its average number of claims edits per week from 105 to one—a reduction of 99 percent.
- After using Web.Strat for only four months, Deaconess realized a 59 percent reduction in payer claims rejections, resulting in improved cash flow and a significant reduction in A/R days.



### Business Context – Opportunities

Hospital coding staffs spend a significant amount of their precious time reworking claims. In fact, about 40 percent of the claims that the typical hospital submits are rejected or at least partially denied by payers, and about 2 percent of gross revenues are lost due to denials, according to a national survey by Zimmerman & Associates.

However, these statistics on claim denials by payers only tell part of the story behind the workload of coding professionals. Many claim errors are caught by the patient accounts department before the claim is submitted to payers. These claims, much like the claims that are rejected or denied by payers, are sent back to the coding department for edits. With each claim costing an average of \$25 to rework, according to the Healthcare Advisory Board, every claim that is sent back for rework or edits increases hospital costs and extends the time between the patient encounter and eventual payment.

For Cincinnati, Ohio-based Deaconess Hospital, finding a way to greatly reduce the volume of claim rework became a priority in 2006. At the 264-bed Deaconess Hospital, more than 100 claims per week—about 8 percent of the total claims volume on average—were sent back to the coding department for edits after errors were discovered by the patient accounts department. As a result, the eventual submission of each claim needing edits was delayed by seven to 10 days.

## Actions and Solutions

Deaconess sought a solution that could proactively catch coding errors during claim creation, which would reduce not only the number of payer rejections, but also the number of claims that the patient accounts department sent back to coders for edits. In addition, Deaconess wanted a solution that would automatically update regulatory content.

In August 2006, Deaconess purchased Web.Strat™ from Ingenix. Web.Strat is a native Web application that extends coding, compliance and reimbursement management tools to users no matter where they may be working. The application can be accessed from any location using a standard Web browser, and regulatory content updates are performed automatically in the background.

Prior purchasing Web.Strat, Deaconess was using WinStrat from Ingenix, which is the desktop version of Web.Strat. “Although we were quite satisfied with the performance of WinStrat, Web.Strat had two features that prompted us to upgrade,” said Kimberly Zembrodt, coding manager at Deaconess. “First, Web.Strat’s LMRP editor would enable our coders to catch errors before the claim was sent to the patient accounts department, which would significantly reduce the need to rework and edit claims. The other feature was Web.Strat’s automated regulatory content updates, which would eliminate the need for us to manually run the update wizard.”

Web.Strat’s local medical review policy (LMRP) editor gives coders the ability to create user-defined index entries and view edits while coding – greatly reducing coding errors. Web.Strat also gives coders the ability to use book- or logic-based encoding based on their preference. “The logic-based coding was one of the main reasons why we purchased WinStrat five years ago, and the fact that WinStrat was more powerful and user friendly than the previous system that we were using. Having the logic-based coding within Web.Strat, plus the solution’s additional capabilities, made it an easy choice for us to upgrade to Web.Strat from WinStrat,” Zembrodt said.

Ingenix also developed an interface for Web.Strat to export coding data into Deaconess’ Meditech abstracting and billing systems. This enables one staff member in the billing department to access the coding data from Web.Strat via the Meditech solutions to double-check coding information and edits.

## Results Summary

Deaconess went live with Web.Strat in April 2007 and noticed immediate reductions in the number of claims sent back to the coding department for edits. Prior to using Web.Strat, the patient accounts department caught 105 claims per week with errors, on average, and sent them back to coding for edits. In only two months of using Web.Strat, that number dropped to one claim per week—a 99 percent reduction.

Although Deaconess has not quantified the savings resulting from the reduced number of claims requiring edits, using some industry statistics can help illustrate the impact. Averaging 105 claims each week needing edits translates into roughly 5,460 claims per year. With the industry averaging a cost of \$25 to rework a claim, Deaconess' 5,460 claims per year may have cost the organization upwards of \$135,500 per year. Those costs are now virtually eliminated by using the LMRP editor in Web.Strat to catch errors during coding. In addition, the impact on cash flow is substantial, since the submission of each claim needing edits was delayed by seven to 10 days.

Web.Strat's claims review capabilities also increased Deaconess' clean claim throughput with payers. In fact, after using Web.Strat for only four months, Deaconess has realized a 59 percent reduction in payer claim rejections. This has improved cash flow and significantly decreased days in accounts receivable.

Additional Web.Strat benefits include the elimination of manual regulatory content updates, which Deaconess' IT department used to handle. "We had WinStrat loaded on a server, so I had to download the regulatory updates to the server – not to each PC – so each of our six coders could access the content," said Beverly Rehtin, senior financial analyst at Deaconess. "I would do the updates usually quarterly, but occasionally more frequently when a special notice was sent out concerning a correction. In general, handling the updates didn't take terribly long, but now it's one less task that I have to handle since Web.Strat does them automatically. Plus, the updates are done more frequently, so our coders are always using the most recent version of regulatory content."

## Final Thoughts

"WinStrat stood head and shoulders above the previous encoding system that we were using, and Web.Strat is better yet," Zembrodt said. "Web.Strat just has more features and is easier to use."

Web.Strat's Web-based access is prompting Deaconess to consider the use of remote coders in the future for outpatient emergency room and radiology coding. "Remote coding is a capability that we didn't have in the past, and Web.Strat makes it easy for use to expand our coding workforce in situations where we need the additional resources," Zembrodt said.

## About Deaconess Hospital

Deaconess Hospital was founded in 1888 with a tradition of caring. Its mission began more than 100 years ago on East Liberty Street in Cincinnati, Ohio. Today, on its campus at Straight Street, Deaconess Hospital continues to offer Expert Care from Caring Experts in the areas of cardiology, emergency medicine, older adult mental health, orthopedics, and surgical weight loss. With 264 beds and specialized outpatient care, Deaconess promises compassionate and responsive healthcare with excellent service. For more information, visit [www.deaconess-healthcare.com](http://www.deaconess-healthcare.com).

## About Ingenix

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From North America, call: 1-800-765-6034 • [ingenuity@ingenix.com](mailto: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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