

Client Profile



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Fast Facts:

Since the 1990s medical necessity has been used by the federal government to evaluate the "appropriateness" of Medicare payments. If a claim is denied due to lack of medical necessity and no ABN was issued before services were rendered, the provider cannot bill the patient and monies lost cannot be listed as bad debt.

There are more than 300,000 code pairs that support medical necessity. Modifications are made by CMS on a quarterly basis and as often as monthly by contractors, making it nearly impossible for providers to stay compliant on their own. Passport's medical necessity software is automatically updated using the appropriate codes so providers stay compliant.

Iverson Memorial Hospital: The Necessity of Screening Physician Order Codes Up Front

Prior to 2008 Iverson Memorial Hospital in Laramie, WY, had no processes or tools in place to verify medical necessity compliance for outpatient visits. With about 60 outpatient visits per day, the likelihood of denied claims and bad debt was high.

"Honestly it was scary to think when I got here that our hospital was vulnerable to so much risk on the front end," said Linda Hughes, the hospital's director of patient access, who arrived at the facility in 2006.

Upon her arrival Hughes launched a successful initiative to implement Passport's medical necessity compliance solution. The tool was integrated within the hospital information system to validate medical necessity before services were rendered in several clinical areas of the hospital.



- imaging
- nuclear medicine
- ultrasound
- cardiopulmonary
- mammograms
- CT scans and MRI
- lab (in development at time of publication)

Administrative staff began screening CPT® codes for every applicable patient visit. The product allowed users to create customized lists of the most frequently ordered tests in an organized format for quick, easy access. Less common procedures were also validated using simple built-in search functions. But all relevant physician orders were screened during the admission process prior to service.

"It took about 30 days to get the staff and physicians acclimated to the new process, but it completely changed how we receive physician referrals. Our admitters really like it because it is so easy, and for management we have peace of mind that we are compliant."

Results:

- Denied claims due to medical necessity dramatically decreased.
- Write-offs due to medical necessity were significantly reduced.
- The hospital attempts to pre-register all patients with an especially proactive focus on high-dollar tests. By the time patients arrive staff has had ample time to follow up with the ordering physician and pass medical necessity or prepare an ABN for patient signature, protecting the reimbursement for the back office.

"We spent a lot of time going back to doctors to get more information after the fact, which put a lot of unnecessary burden on our billing office," said Hughes. "Now we are more efficient and accurate all around and by the time a claim is prepared on the back end it has already been verified as compliant."

- The process of receiving and working diagnoses codes from physicians dramatically improved. Just weeks after implementing the tool physicians began consistently submitting accurate, detailed diagnosis codes to match ordered tests on the first attempt.

"It really cleaned up our physician orders," said Hughes. "We called physicians every day for codes until old habits were broken. Tests and procedures either pass or fail. If they fail, then we issue an ABN. It's that simple."

Passport's medical necessity tool worked so well for Iverson that during the first year of use the hospital issued ABNs to only three patients. All other outpatient Medicare visits passed medical necessity screening prior to service with accurate diagnoses attached to physician orders.

"Verifying medical necessity compliance with Passport's product has been wonderful for our hospital in many ways. Our registration time is not affected at all. Patients still get through quickly and we protect our reimbursements. I love it."

720 Cool Springs Blvd., Suite 200

Franklin, TN 37067

(888) 661-5657

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