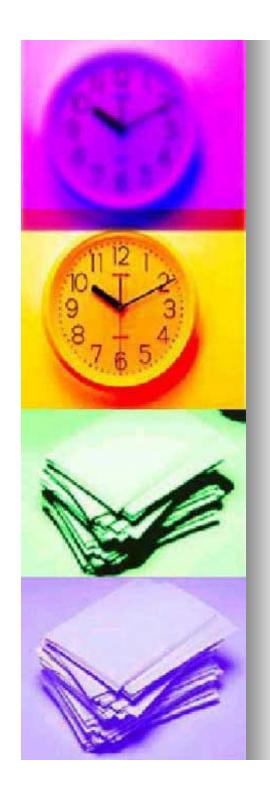# Estimating the Potential Financial Benefit to Your Business from Adopting EDI

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Doreen Espinoza
Utah Health Information Network
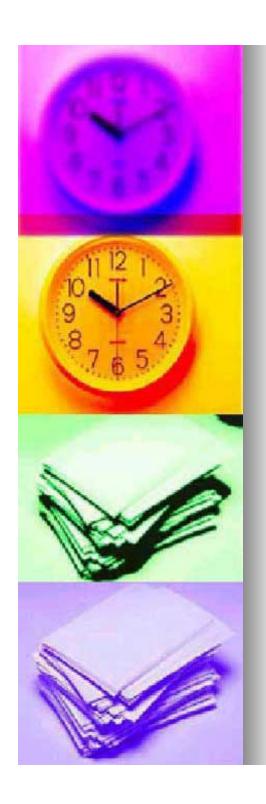
What's It Going to Cost Me?

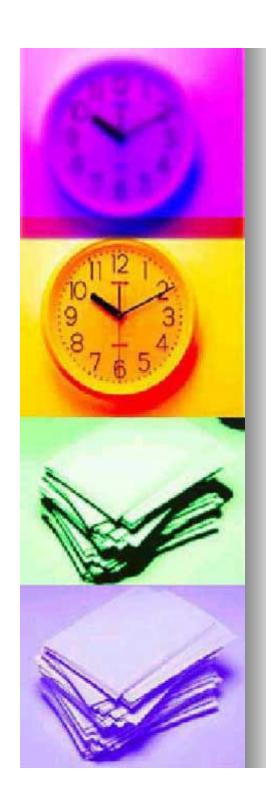- "it" = implementing the HIPAA transactions

- Costs:
  - Upgrading your practice management system
  - Translator and/or e-connect charge

- How much cost is too much?
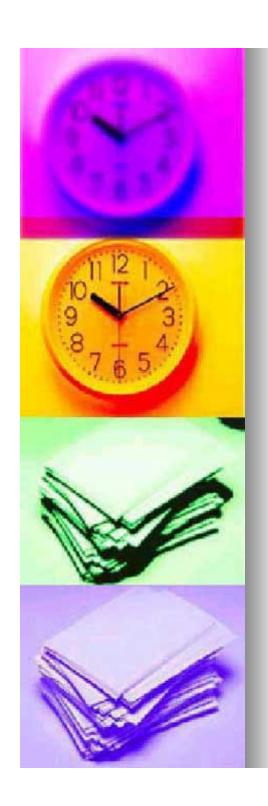- Where are the savings?

UHIN's Challenge

- **UHIN**
  - State not-for-profit in Utah
  - Operate as a VAN for all health care entities in Utah to pass standardized e-data

- Question: How to bring the small provider up to HIPAA?
- Answer: Give the Office Manage a tool to estimate their business' potential savings from moving to e-commerce.
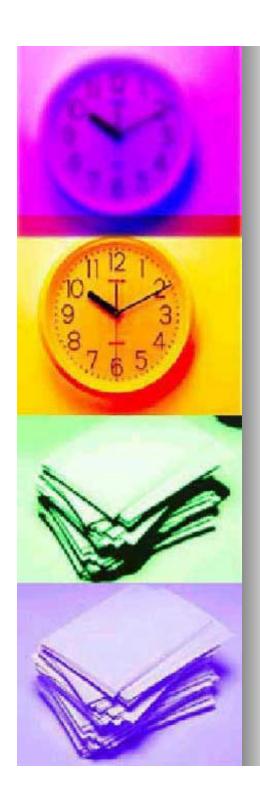
UHIN Cost Comparison Tool

- **Available to anyone at:**

- **www.uhin.com**
  - Education
    - Tools
      - UHIN E-Commerce Cost Comparison Tool

- **Goal: Get a handle on what your practice might save moving to the HIPAA transactions.**

Purpose of Spreadsheet

- **Assist small providers**
  - in understanding the cost of doing the HIPAA administrative actions manually
  - in understanding the possible cost reduction of doing HIPAA transactions semi- or fully-automated
  - ballpark cost reduction
  - possible impact on net profits

History

- **Originally**
  - ADA spreadsheet by Dr. Scott Trapp
  - http://www.ada.org/prof/prac/issues/topics/hipaa/benefits.html
    - Presented to NCVHS
- **UHIN liked the idea**
  - Developed the spreadsheet for <u>medical</u> providers
  - Took it a couple of steps further
- **Collecting data from providers now across Utah.**

General Practice Information	Your Information	Automated Process	Increase in Transactions
Number of Visits Per Week	260		
Average Claim Value	$191.00		
Number of Visits with Insurance per week	147		
Number of visits per week with co-pay	122		
Staff Cost per hour	$14.00		
Averge number of Eligibility checks in a week	33		66
Average number of claim follow-ups on in a week	44		88
Average number of referrals created	26		26
Average number of Prior Authorizations created	30		3
Amount of time spent to (minutes)			
Obtain eligibility on a patient		0.5	0.5
Prepare a claim	6	0.5	0.5
Post a Payment	11	0.5	0.5
Obtain status of a claim	18	0.5	0.5
Prepare and send a referral	13	2	2
Prepare and send a Prior Authorization	22	15	15
Yearly Cost Estimates			
Eligibility Verification	$7,607.60	$200.20	$400.40
Claims Preparation	$10,701.60	$891.80	$891.80
Account Posting	$19,619.60	$891.80	$891.80
Claim Status Follow-up	$9,609.60	$266.93	$533.87
Referral Prepared	$4,101.07	$630.93	$630.93
Prior Authorization Prepared	$8,008.00	$5,460.00	$5,460.00
Total Yearly Costs	$59,647.47	$8,341.67	$8,808.80
Yearly Savings	**$51,305.80**		

The whole thing (mostly)

Spreadsheet – Part 1
Your Data (white cells)
Data shown is average of all providers surveyed to date

General Practice Information	Your Information
Number of Visits Per Week	260
Average Claim Value	$191.00
Number of Visits with Insurance per week	147
Number of visits per week with co-pay	122
Staff Cost per hour	$14.00
Average number of Eligibility checks in a week	33
Average number of claim follow-ups on in a week	44
Average number of referrals created	26
Average number of Prior Authorizations created	30

Spreadsheet – Part 1
Your Data (white cells)

White cells = your data
Change to suit your practice situation

Amount of time spent to (minutes)	
Obtain eligibility on a patient	19
Prepare a claim	6
Post a Payment	11
Obtain status of a claim	18
Prepare and send a referral	13
Prepare and send a Prior Authorization	22

Cost of Manual Processes

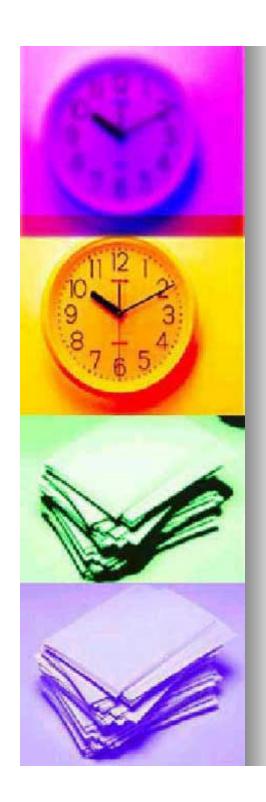| Yearly Cost Estimates	
Eligibility Verification	$7,607.60
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Account Posting	$19,619.60
Claim Status Follow-up	$9,609.60
Referral Prepared	$4,101.07
Prior Authorization Prepared	$8,008.00
Total Yearly Costs	$59,647.47

EDI – Reduced Adm Time

General Practice Information		Your Information	Automated Process
Number of Visits Per Week		260	
Average Claim Value		$191.00	
Number of Visits with Insurance per week		147	
Number of visits per week with co-pay		122	
Staff Cost per hour		$14.00	
Averge number of Eligibility checks in a week		33	
Average number of claim follow-ups on in a week		44	
Average number of referrals created		26	
Average number of Prior Authorizations created		30	
Amount of time spent to (minutes)			
Obtain eligibility on a patient		19	0.5
Prepare a claim		6	0.5
Post a Payment		11	0.5
Obtain status of a claim		18	0.5
Prepare and send a referral		13	2
Prepare and send a Prior Authorization		22	15

Cost Comparison Manual vs EDI

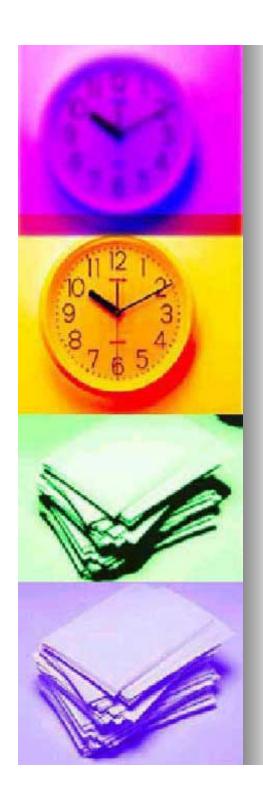| Yearly Cost Estimates		
Eligibility Verification	$7,607.60	$200.20
Claims Preparation	$10,701.60	$891.80
Account Posting	$19,619.60	$891.80
Claim Status Follow-up	$9,609.60	$266.93
Referral Prepared	$4,101.07	$630.93
Prior Authorization Prepared	$8,008.00	$5,460.00
Total Yearly Costs	$59,647.47	$8,341.67
Yearly Savings	$51,305.80	

Variations by Provider Type

- **General Practice**
  - High volume, low dollar
  - ~10-15% eligibility checks (low)
  - No automatic posting of payments
  - Low # of claim status checks
  - Low # of referrals and prior authorizations

- **Mental Health**
  - 100% eligibility check
  - No auto-posting

- **HMO practice**
  - High # of prior auths
  - Some auto-posting

- **Hospitals**
  - High claims
  - High dollars
  - Eligibility varies
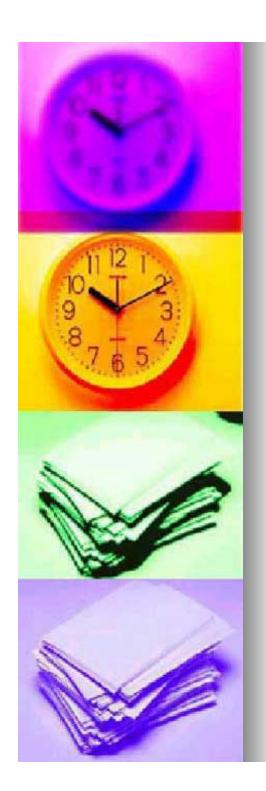 - Some auto-posting

Savings Varies

- **Eligibility:**
  - Reduce time spent on hold
  - Increase the number of eligibility checks (reduces your financial risk)
- **Remittance Advice**
  - Automatic Posting: enormous potential saver for providers
- **Claim Status**
  - Reduce time spent on hold
  - Increase the number of claim status checks

HIPAA Benefits

- **General Practice**
  - Reduce time preparing/sending claims
  - Increase the # of eligibility checks
  - Increase the # of claim status checks
  - Reduced time for referrals and prior authorizations
- **Mental Health**
  - Reduce staff time in eligibility checks
- **HMO**
  - Standardize prior auths
- **All providers**
  - Automatic posting is now a viable option

Try it Yourself!

- **www.uhin.com**
  - Education
    - Tools

- **If you want to participate in UHIN's provider survey, email Doreen**
  - despinoza@uhin.com
  - Data collection now (before HIPAA) and in a year or so (after HIPAA)