

# case

## S T U D Y



### Physicians Association Fixes Up Claims Processing in a Jiffy

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**P**hysicians Medical Group of Santa Cruz County (PMG) went from struggling to process pesky claims to making lofty ones — with an integrated solution from Datacap and BÖWE BELL + HOWELL Scanners. A year ago, though, the back office of this independent physicians association for Santa Cruz County had less to brag about.

Serving an area about 35 miles southwest of Silicon Valley, PMG processes some 250,000 medical claims a year for seven insurance plans and about 300 health care providers. For years, its claims department did it this way: When the claims arrived from doctors, hospitals or other providers, staff manually date-stamped them, reviewed them and then sent them in bundles to a third-party service bureau. The bureau then scanned the claims, extracted the data and uploaded data and images to a File Transfer Protocol (FTP) site for PMG to access — which could take more than 10 days. Worse, since the electronic data provided by the service bureau regularly contained errors, the claims department first had to wait until the paper claims were returned and verify each one manually. Only then could PMG compensate its providers.

Paying healthcare providers quickly and accurately is PMG's top priority, but with such a labor-intensive process, it often took more than two weeks to settle a claim. That was inconvenient for providers — and costly for PMG. If the company did not reimburse physicians on time, it had to pay interest, so employees frequently worked overtime to meet performance deadlines. When providers were not paid promptly, they sometimes sent duplicate claims, which the claims department had to review again and resend to the scanning bureau.

“There's a saying in the health care industry that it costs \$7 to process a claim,” said Bill Beighe, chief information officer of PMG. “If that's true, then it was costing us \$14 to process it twice.”

To complicate matters, PMG was required under California regulation AB 1455 to acknowledge receipt of claims to its providers within 15 days. But it was an ongoing challenge to comply, given the delays associated with the scanning bureau. What's more, PMG was audited regularly by the health plans to ensure compliance and to verify that it was providing high-quality service to physicians.

“When an auditor came by and asked for several hundred specific claims, one of our clerks had to locate and pull the paper claims, photocopy them and re-file the originals,” said Beighe, “and it was not unusual for clerks to return claims to places other than where they found them.”

Similarly, when a customer service employee needed to reference a specific document, he would handwrite a note to a clerk, who had to search numerous storage boxes in PMG's basement. It could take hours, or even days, for customer service representatives to get the documents they needed.

In 2005, the payment delays, compliance challenges, undue expense and stress on employees became too much. PMG decided to take its document imaging in-house.

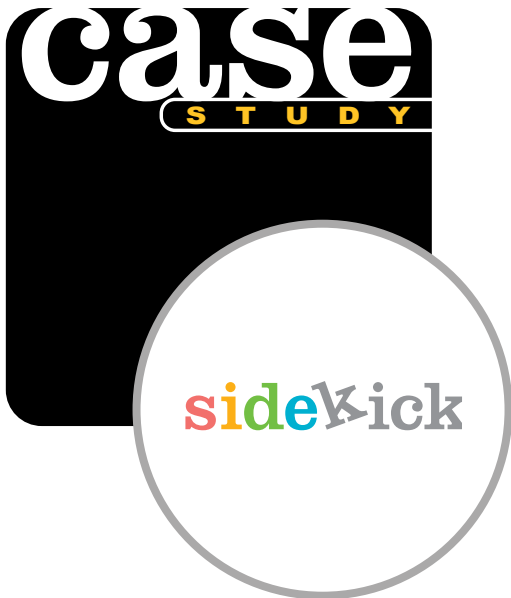


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#### Document Management First Aid

After carefully considering PMG's needs and available options, Beighe assembled a desktop imaging system that included Datacap's Taskmaster for Medical Claims,



KnowledgeLake Imaging with Microsoft SharePoint, and the Sidekick 1400 scanner bundle from BÖWE BELL + HOWELL Scanners.

Beighe selected Sidekick because it included a powerful, compact, entry-level scanner for color and bi-tonal imaging, VirtualReScan™ (VRS) technology for image enhancement — and a desktop scanning solution that was easy to install, operate and maintain. “Sidekick had an excellent reputation for reliability and trouble-free operation, offered the right scanner bundle at the right price and came highly recommended by other vendors,” he said.

PMG’s IT department installed Sidekick themselves and had it up and running in no time.

PMG now scans about 1,000 pages per day — a quarter of Sidekick’s capacity. A claims department employee scans incoming documents within eight hours of receipt using the scanner, which automatically date-stamps each document. The entire scanning process only takes one worker two to three hours per day.

“The Sidekick is entirely trouble-free and jam-free. We’ve never had to call a service technician because the scanner has provided 100 percent uptime over an entire year of use,” said Beighe. “We purchased an extra Sidekick as a backup, but never had to use it.”

Once the claims are scanned, the images are delivered to Datacap Taskmaster for Medical Claims, which simultaneously captures index values and automates the claim processing for payment.

Taskmaster delivers the claim images together with their associated index values to Microsoft SharePoint, from which the claims department can easily retrieve them using the KnowledgeLake document management system. Now all paper copies can be shredded immediately, reducing storage costs.

For claim payment processing, PMG takes advantage of Taskmaster’s rule capabilities to ensure maximum accuracy for many fields, including ICD9 and CPT4 code validations. The software also helps make sure that all fields, such as patient name, are alpha or numeric, as required. After Taskmaster performs data recognition, validation and verification, payment information is delivered automatically to PMG’s EZ-CAP payment system.

The majority of the scanned documents are medical claims, some of which, like the HCFA-1500 and UB-92 forms, are printed in red. Fortunately for the claims department, the Sidekick scanner has an electronic color dropout feature that automatically removes red color from the background on these forms when they’re scanned, leaving only the filled-in data. This significantly enhances Taskmaster’s accurate data recognition.

### **Claims Processing Makes Full, Speedy Recovery**

Today, when customer service employees need to track down a specific document, they simply search PMG’s secure database for the images using inputs such as claim number, patient ID, physician’s name or diagnosis. They access the needed information instantly, even while on the phone with a provider or insurance plan representative. Not only is the claim data entered into the system much sooner, but the claims department has become a less stressful environment — and late nights at the office to meet performance deadlines now are infrequent.

The benefits of reducing paper became even more apparent last year when the company relocated its offices to a new building. With no need to store paper claims and forms, PMG ended up leasing fewer square feet of office space. Eliminating the basement storage area also eased liability concerns about having clerks going up and down the stairs to retrieve documents.

As Beighe is quick to point out, the auditors are pleased with the new system too. “Now when an auditor comes in and asks to see two hundred specific claims, the auditor can find the claims instantly on our PC without any clerical assistance,” he said.

The imaging system also enters claims information into PMG Portal, the company’s secure customer Web site. Providers can log on to check the statuses, and view high-quality images of their claims. And whereas physicians used to check PMG Portal only to find claims they sent weeks earlier still unaccounted for, claims now are always posted within three to five days.

With its new solution, including the BÖWE BELL + HOWELL Sidekick scanning bundle, Datacap Taskmaster for Medical Claims and KnowledgeLake Imaging with Microsoft SharePoint, Physicians Medical Group of Santa Cruz County has faster access to data, fewer compliance concerns, happier employees and more satisfied customers. Now that’s something to brag about.