Case Study:

Measuring the impact that
LaClaro Lighthouse
has on ASC management software

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EXECUTIVE SUMMARY

The following case study measures back-office performance using a major brand of facility software as a stand-alone product, and the same software combined with LaClaro's Lighthouse revenue cycle management product.

The results show that the user-friendly Lighthouse product significantly enhances claims submission speed (45 percent faster), collector productivity (500 percent), accounts receivable days for implant claims (cut nearly in half) and revenue from negotiated contracts (38 percent.) Also, with Lighthouse more aging claims were collected, rather than written off.

This case study is based on billing records from a major Ambulatory Surgery Center going back to 2008. It compares data collected before and after it incorporated the Lighthouse product into its existing system.

The areas measured include:

- Claim submission speed
- Collector productivity
- Accounts Receivable performance
- Implant reimbursement performance
- Contract improvement

CLAIMS SUBMISSION SPEED

The decrease in the average number of days to submit claims came about because in the past the Billing Department was creating claims daily and batching them rather than submitting daily. Lighthouse is used as an internal benchmarking tool, which brings oversight to the entire process and identifies bottlenecks (i.e., late dictation). The center's goal is to submit claims in less than five days.

Average Days to Submit a Claim		
Stand-Alone	With Lighthouse	Improvement
11	6	45%

COLLECTOR PRODUCTIVITY

Average Accounts Worked Per Day		
Stand-Alone	With Lighthouse	Improvement
8.8	53.5	507%

Average Accounts Worked Per Month		
Stand-Alone	With Lighthouse	Improvement
186	1,123	503%

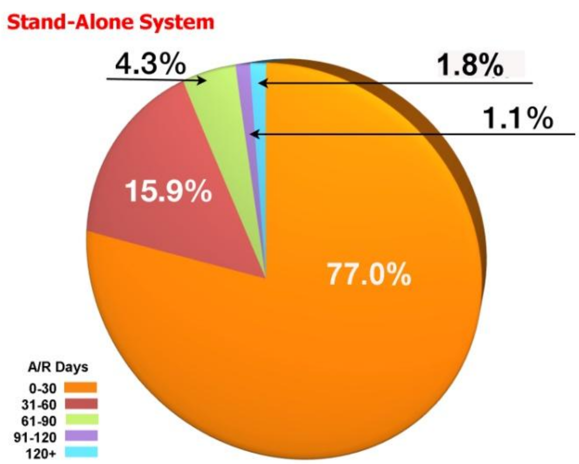
Prior to Lighthouse, collectors performed work by hand, visually marking EOBs for underpayment and creating spreadsheets from the standard aging report. This spreadsheet was created once a month and took several days to create.

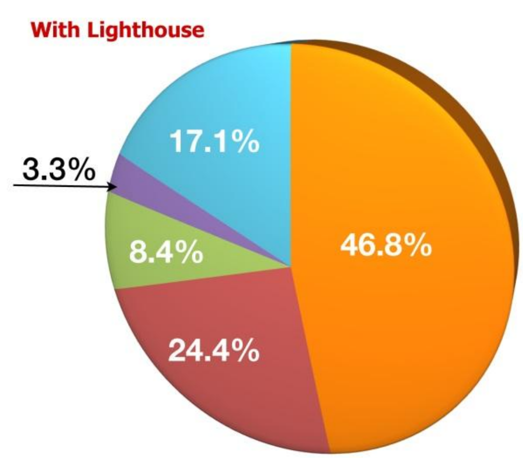
Lighthouse updates data daily and eliminates time-consuming manual work. That allows collectors to work problem payments at the start of each day. Lighthouse's Aging Claims Worksheet and the Audit Results Worksheet automate the entire process and provide collectors with a systematic follow-up tool. Because the same tool set is used across the department, productivity can be measured, managed and quantified. In short, the more claims a collector can touch, the more revenue the center generates.

ACCOUNTS RECEIVABLE PERFORMANCE

These graphs compare A/R metrics at a center using the stand-alone system with a center using the same system enhanced by Lighthouse. The Lighthouse-enhanced center's A/R over 90 days is 20.4 percent, whereas the stand-alone center's A/R over 90 days is only 2.9 percent.

At first glance, it would appear that the stand-alone system is outperforming the system with the Lighthouse tool. In fact, the center without Lighthouse is probably writing off claims too early. The following Collection Dispersal graphs illustrate this point.



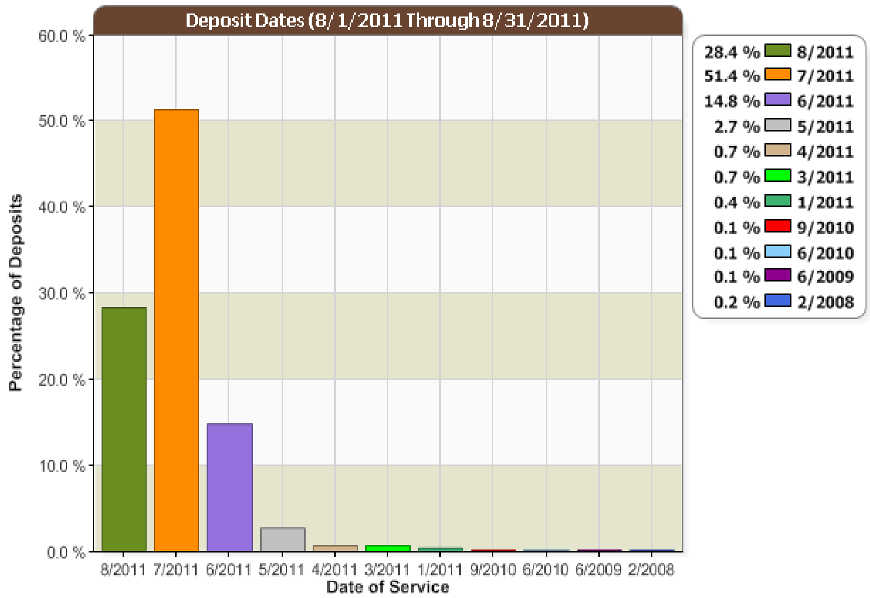


COLLECTION DISPERSAL

The Collection Dispersal charts here illustrate which dates of service the money collected in August 2011 is coming from.

The center using Lighthouse collected roughly 10% ($90,000) of its revenue from aging claims over 90 days. For this same time period, the center without Lighthouse generated only 2% ($11,000) from aging claims over 90 days.

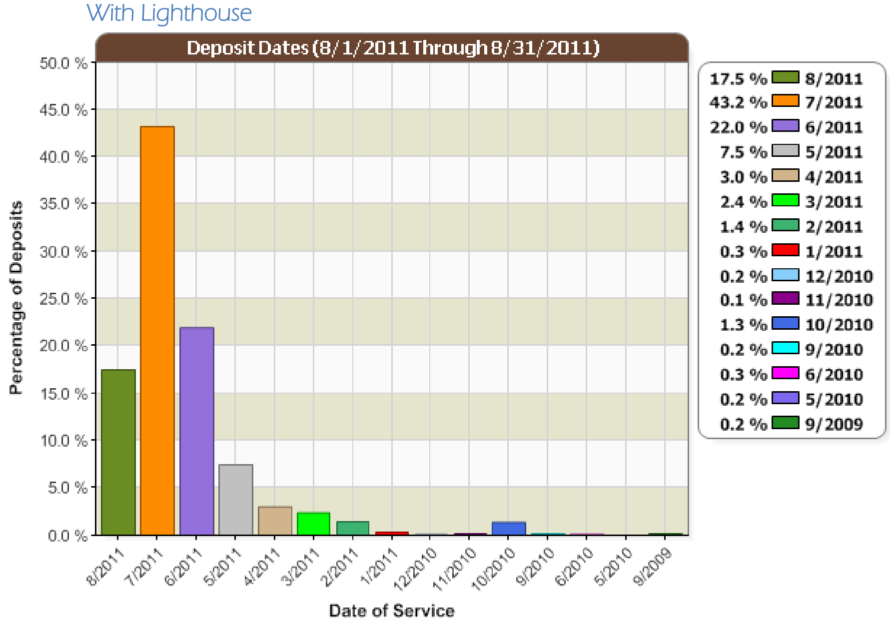
Stand-Alone System



This data suggests that the center using Lighthouse is better able to manage, track, and resolve older A/R issues, resulting in additional revenue. The ability to effectively track aging A/R is critical in today's environment as we see slower payment from payers and patients.

Too often, the alternative is to write off balances that are old or difficult to collect. Without a meaningful way to manage this A/R, centers often walk away from collectible money.

With Lighthouse



IMPLANT REIMBURSEMENT PERFORMANCE

IMPLANT CLAIMS	Stand-alone	W/Lighthouse
A/R Days With Implants	81	42
A/R Days Without Implant	40	30
Profit/Loss with No. 1 Payer	($22,596)	($239)

Most centers believe that implants add revenue to the bottom-line. Indeed, there are times when implants create additional revenue. However, there are other times when they create cash flow leakage. The center using its facility software with Lighthouse was able to see its implant reimbursement performance data. That helped the center develop a strategy that resulted in lower A/R days overall and substantially smaller losses. The small loss noted above involved K-Wires deemed as non-billable with the implant management company.

CONTRACT IMPROVEMENT

Negotiating contracts with confidence is difficult without complete information. Contracts can vary in complexity, and they are based on a variety of platforms (APCs, groupers, enhanced groupers, state fee schedules, case rates, carve outs, case caps, percentage of billed charges, multiple procedure logic, max number of lines paid, etc.).

Net Revenue Per Case (11/2008-8/2011)		
Stand-Alone	With Lighthouse	Improvement
$1,318	1,815	38%

Centers need a mechanism to pinpoint rates that meet its specific needs. In the situation above, the center received what appeared to be a favorable increase (10 percent) from this payer. However, Lighthouse revealed to the center that while it seems like a good offer, the reality was that the increase would likely never be realized – it was applied to codes that were seldom performed at the center. Center officials were able to present this information to the payer and effectively negotiate increases in the right areas.

CASE STUDY CONCLUSIONS

LaClaro's Lighthouse product brings to market a new level of business intelligence and knowledge management. When combined with existing facility software, Lighthouse allows an ASC or management company to model and measure performance of an individual center, regional clusters of centers or in aggregate.

Lighthouse gives end users analytics on-demand, so people at any level are able to make better decisions for the organization. Traditionally, data mining has been tedious and time consuming for the end user. Lighthouse's point-and-click product is fast and easy. Just as important, it provides meaningful data.

Lighthouse uses a visual reporting structure that gathers abstract data from stand-alone silos to communicate important information and answer key management questions. For example,

- What is the average payment for a case with and without an implant?
- Using standard deviation techniques, is the proposed case cap high enough?

It's equally important to note that not only does Lighthouse's reporting system communicate information clearly, but it holds the end user's attention, which is key.

Lighthouse automates back-office workflow to systematically standardize processes. This is particularly effective for management companies running at the enterprise level. Standardizing workflow optimizes productivity inside each center, generating predictable outcomes. Lighthouse takes this concept one step further and has created case details so that collectors have ALL of the information that they need on a single page. They don't need to click between numerous screens and tabs. In addition, the appeals tracking system is incorporated into the product to ensure that claims don't fall through the cracks.

LaClaro's Lighthouse is significant not only because of the intelligence it brings to clients, but also because it removes the need to change systems, which is stressful for employees, expensive to the operation (no matter how cheap a competing system appears to be) and represents a loss in revenue during the transition.