Case Study

MADISON MEMORIAL HOSPITAL

Organization
Madison Memorial is a full-service, non-profit community hospital in Rexburg, Idaho with 69 licensed beds.

Challenge
Compliance, workflow and maximizing revenue all needed improvement. The organization’s previous chargemaster management solution did not provide departments with visibility into the chargemaster process.

Solution
Update chargemaster with automated systems by implementing Craneware’s Chargemaster Toolkit and Pharmacy ChargeLink solutions. Added Craneware’s Bill Analyzer for an even greater ROI.

Results
Anticipated yearly ROI of more than $327,000.

Chargemaster Solution Helps Stop Cash Hemorrhage
Money problems. We’ve all had them to varying degrees, sometimes on a daily basis. When Madison Memorial Hospital staffers realized they were routinely missing thousands of dollars due to internal transparency issues, they knew it was time for a change.

There were hundreds of items in the chargemaster that were not even being used by hospital departments. Codes and descriptions were sorely out-of-date or missing altogether. Manually maintaining the chargemaster negatively impacted workflow, forcing departments to be reactive to chargemaster issues rather than following best practices.

In order to improve compliance and maximize revenue, they decided to update their chargemaster with automated systems. It was time to “stop leaving dollars on the table,” said Patsy Fowler, Reimbursement Specialist and CDM Manager, Madison Memorial Hospital.

Greater Visibility Drives Financial Health
The movement toward keeping the chargemaster updated with correct coding and unit descriptions – and ultimately improving revenue reimbursement – began with the hospital’s Directors Touchbase Committee. The committee brainstormed ideas on how to clean up the chargemaster and increase revenue potential, while maintaining charging and coding regulations. Craneware’s Chargemaster Toolkit and Pharmacy ChargeLink were chosen as key elements to improving Madison’s financial performance.

Automation Brings Simplicity to Managing the Chargemaster
To ensure participation across departments in keeping the chargemaster up-to-date, the tool had to be intuitive and easy to use. The previous system was time and labor intensive, especially for those who had never touched codes before, so it fell to the bottom of the directors’ lists of priorities.

With Craneware solutions in place, they can efficiently manage flagged exceptions to industry best practices. Department directors have taken ownership of their departments and for the services and supplies. They are able to create their own reports, have greater transparency into charges, and are better able to ensure compliance. “The software gives department directors amazing visibility into their service line’s financial health,” adds Fowler.

“We’re a small hospital and we don’t have a lot of staff available for extensive chargemaster management. Craneware pulls the data together for us and gives us a strategic view into our costs and charges, something we didn’t have before. Craneware’s solutions are very helpful, especially when it comes to understanding revenue and usage.”

Patsy Fowler, Reimbursement Specialist and CDM Manager, Madison Memorial Hospital
Department directors are able to identify small items that, prior to implementation, Madison Memorial was not billing for, but could (e.g., blood administration, injections, and immunizations). As Fowler puts it, “Craneware helps us get the money we’ve rightfully earned across departments.”

**Seeing Immediate Impact of Changes**

“It was quite unique how the Craneware software took purchase files from our department and compared them to revenue files from our current system to identify billable items that we thought had been billed, but were not,” mentions Dorsie Sullenger, Director of Pharmacy. By syncing drug purchase history and the chargemaster, Madison is now able to stop costly write-offs, plug the gaps that cause revenue leakage, and create defensible pricing strategies for medications.

Almost immediately following the implementation, a large number of pharmacy items were found without the appropriate HCPCS codes, which prevented reimbursement. In addition, 140 identified items were identified as having a unit cost greater than the amount charged to Medicare. And there were 647 line items in the chargemaster that had never been billed.

**Competitive Pricing Helps Optimize Reimbursement**

Department directors can see their pricing and compare it to other facilities. This is particularly valuable for Madison’s ancillary service areas like the radiology department that gained greater visibility into service line revenues. They were losing business to a local imaging center. With Craneware’s Chargemaster Toolkit, the radiology director was able to compare prices to the other facility and make adjustments, then track volumes of cases and see if the price adjustments were effective in driving more imaging to Madison. All are capabilities that it never had before.

**A Substantial Return on Investment**

“Reimbursement cuts are coming down the pike and they’re going to hurt,” Fowler warns. “Use the software to find dollars that you’re missing. It shows us what’s missing down to the very minute detail. Every dollar counts for small hospitals. Finding every billable penny helps us survive, continue to thrive and be profitable. Craneware helps us make sure our small community hospital stays in business.”

Thanks to Craneware’s Chargemaster Toolkit, Pharmacy ChargeLink and Bill Analyzer, Fowler expects to more than double the initial prediction of $327,000 in additional earned annual revenue.

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**About Craneware**

Craneware (AIM: CRW.L) is the leader in automated revenue integrity solutions that improve financial performance for healthcare organizations. Craneware’s market-driven, SaaS solutions help hospitals and other healthcare providers more effectively price, charge, code and retain earned revenue for patient care services and supplies. This optimizes reimbursement, increases operational efficiency and minimizes compliance risk. By partnering with Craneware, clients achieve the visibility required to identify, address and prevent revenue leakage.

To learn more, visit craneware.com and thevaluecycle.com.