



## highlights

Recovered over half of \$1M identified in first year

Reallocated recovered funds to avoid furloughing staff during COVID-19

Empowered team to strengthen future vendor negotiations

To learn more about automating the identification of reimbursement issues, visit our website at [www.stratadecision.com](http://www.stratadecision.com).

## impact story

# Automation Helps Organization Identify \$1M in Underpayments

### problem

#### Unable to Track Underpayments and Address Unfavorable Variations

For most hospitals, analyzing and modeling their payer reimbursements is a manual process that takes significant time and the work of many analysts. Without access to tools and workflows that automate this process, organizations are unable to accurately track underpayments and address unfavorable variations. When payers propose contract changes for “net neutral” outcomes, organizations often lack the ability to model the true results of those changes.

A children’s hospital in the southeast discovered that their manual, Excel-based validation process for payer rates was not providing optimal results. Their team needed a tool that would allow them to automate their process and identify any inaccuracies in their payer fee schedule. They wanted to go to the negotiation table with a full understanding of the impact of their rates, with the ability to quickly model and review payer performance and margin on an ongoing basis.

### play

#### Model Payer Terms Accurately to Compare Against Reimbursement Issues (DS 401)

Using StrataJazz® Contract Analytics, this children’s hospital empowered their team to model payer terms more regularly and accurately to compare against reimbursement. The team can now build contracts according to their payer rates in StrataJazz and validate the output of their contracts against actual payments.

By modeling payer terms within this system instead of manually, the team’s two reimbursement analysts have developed a better workflow to identify underpayments, denials, and other reimbursement issues. During the validation phase of this process, they can even evaluate variances to assess their root cause: patient portion, bad debt, or underpayments.

### impact

#### Sustained and Growing Top-Line and Proactive Margin and Net Revenue Analysis

By adopting StrataJazz Contract Analytics, the decision support team has streamlined and improved the accuracy of their process to discover significant variances in reimbursement. The team is now able to leverage powerful analytics to hold payers accountable, accurately identify reimbursement variances, and quickly model the impact of their terms. As this children’s hospital continues to use the tool, they are proactively catching reimbursement issues, helping to sustain and grow their top line. Performing ongoing proactive margin and net revenue analysis, the team is working to recover funds from reimbursement variances and reallocate them to grow other parts of the business.

Within two months of go-live, this organization was able to recover the financial investment they made in the tool. Throughout the first year of using StrataJazz Contract Analytics, the team recovered \$568,000 of the \$1,000,000 in underpayments they identified. As a result, this organization was able to avoid furloughing staff during a global pandemic and clinical state of emergency.