



Case Study:

Empire Home Infusion Services

Overview

Profile

Empire Home Infusion Services is a home infusion pharmacy based in Malta, N.Y. The pharmacy has used WellSky Revenue Cycle Services since 2004.

Challenges:

- Bad debt
- Days Sales Outstanding (DSO)
- Cash-to-Net Revenue

Solution

Full outsourcing with WellSky Revenue Cycle Services

Empire Home Infusion Services recoups hundreds of thousands of dollars of unpaid bills and gets a handle on complex billing.

The Malta, N.Y.-based nonprofit's business had expanded 20% annually for eight years. Despite the booming business, the bottom line suffered as staff members struggled to get a handle on the company's billing and collections.

As a result, Empire's days sales outstanding (DSO) spiraled to 116—significantly higher than the industry average—and its bad debt peaked at 4.3%. Empire was leaking significant profit and the company's board insisted that the management team fix the issue and get on track.

"We realized that we needed to take a new approach, which meant letting go of some financial control. It was a very difficult decision for us to make," recalled Diana Boschi, R.Ph., who is the vice president and director of Empire Home Infusion.

New direction

Letting go is hard to do when you've guided a small business from start-up to major player, as the executives at Empire had done. "We needed to improve our financial indicators, and we realized that, instead of using direct staff, we needed to consider outsourcing our billing services to best manage this process," Boschi reported.

Empire Home Infusion Services and WellSky



10% to 20% more revenue captured



Cut bad debt and slashed bills by 33%



Revenue increase of 23%



Reduced days sales outstanding (DSO) by 60 days



Improved cash-to-net revenue by 13%



Reduced bad debt to 2.27%



Empire got its start in 1985 as Home Town Apothecary, a for-profit small business that provided customized home infusion pharmacy services to a small population of patients in six counties surrounding Glens Falls, N.Y. Back then, Home Town Apothecary was a small company that typically employed less than 10 staff members. Usually, the staff included three pharmacists, two pharmacy technicians, a driver, a receptionist and an office manager who also handled the billing.

In 1996, Home Town Apothecary joined The Eddy and Northeast Health, a nonprofit network of hospitals together with rehabilitation, skilled nursing facilities and home care services. It was then that the company changed its name to Empire Home Infusion Services. Integrating with this large healthcare network meant that Empire's access to referrals and contracts increased considerably. Soon, Empire expanded its realm to 16 counties.

By 2004, 180 patients relied on Empire for such intravenous products as antibiotics, nutritional therapy, pain management and chemotherapy to help them

manage their illnesses in the comfort of their homes. During Empire's eight-year growth spurt, the task of billing and collections proved to be a constant stumbling block for the staff, which was now comprised 25 employees in administrative and clinical functions.

"Looking back, it was a culmination of issues that developed into a problem for us: our growth, inexperienced staff, inadequate resources and the complexity of the industry," said Boschi. "We were just spread too thin," she added.

Lost in transactions

In the home infusion business, reimbursements from Medicare, Medicaid and third-party payers require careful attention to detail and staying abreast of government regulations. One error in coding or an incomplete authorization form can bottleneck paperwork, derail the reimbursement process and result in nonpayment.

"We looked at the amount we were carrying in accounts receivable and the value of our bad debt, and we didn't know what was and wasn't collectible. We didn't have the time or resources to properly address this, and we were losing hundreds of thousands of dollars. We needed help."

Diana Boschi, R.Ph.,
Vice President and Director
Empire Home Infusion Services

With just a handful of staff members dedicated to minding the company's accounts receivable and payable, Empire's management team quickly realized

how turnover — even routine employee absences — could snowball into a crisis. “For a company our size, losing one or two people had a huge impact,” said Boschi. “We spent a lot of time training individuals, but infusion pharmacy billing is very difficult for people to grasp because of the complex coding, drugs, authorizations and regulations involved. Not many people specialize in this type of billing.”

Empire’s management team searched for solutions. But dividing up tasks between two dedicated staffers, hiring temps and even revising processes didn’t fix the problem. Bills didn’t get out on time, and claims were returned due to missing information and errors.

Infusion specialists cut costs, recoup revenue

Shortly after, Empire outsourced its billing and collections to WellSky Revenue Cycle Services, a leader in billing and collections for the home infusion and respiratory therapy/durable medical equipment (RT/DME) industries. Empire gained a dedicated team of billing experts — a team specializing in infusion pharmacy and specific payers such as Medicare, Medicaid and all commercial providers.

With a 50-person staff led by four managers with deep roots in the infusion pharmacy industry, WellSky’s billing team helps clients like Empire maximize profits.

“We now have all of the expertise and processes in place to keep up so that we can focus on our patients and provide the best care possible. We really function as one company. It’s turned out to be the perfect partnership.”

Diana Boschi, R.Ph.,
Vice President and Director
Empire Home Infusion Services

Monthly audits ensure that only “clean claims” — those that are accurate, complete and comply with payers’ restrictions get sent out. WellSky staff members also log detailed claim notes to track activity until claims are resolved in their entirety. Those detailed progress notes meant that anyone at WellSky or Empire could easily check the status of a particular account. It also meant that claims met payers’ deadlines.



“Although it was a difficult decision to outsource, it was the best solution.”

Diana Boschi, R.Ph.,
Vice President and Director
Empire Home Infusion Services

WellSky also used sophisticated reimbursement and productivity tools to measure Empire’s billing and collection performance. And they helped Empire negotiate pricing before services were rendered, which led to 10% to 20% more revenue captured.

WellSky assigned two account managers to work closely with the Empire management team. With two people on point to answer questions at any time, Boschi and her team were willing to step back and let the WellSky team take over its billing and collections processes.

“They were very responsive whenever we had questions,” said Boschi. “If we questioned why they were writing something off as debt, they gave us detailed answers and not just ‘yes’ or ‘no.’ It really helped strengthen our trust and build a lasting relationship with them.”

On solid ground

Since bringing WellSky Revenue Cycle Services on board, Empire has cut its bad debt and slashed its bills by 33%. Its DSO today averages in the mid- 40s. And automating processes has proven to be a win-win: A majority of clients now pay within two weeks using an electronic payment option.

Today, Empire’s cash-to-net revenue has improved 13 percent. And the company’s total revenue has jumped 23 percent — from \$2.6 million to \$3.2 million. “Outsourcing solved our staffing issues, streamlined our processes and enabled us to concentrate on business,” shared Boschi.

In October 2011, Northeast Health merged with St. Peters Health Partners, which serves 22 counties in upstate New York. The merger gives Empire access to even more hospitals, rehabilitation facilities and nursing homes. While Empire executives anticipate business growth, they know they’re in better shape to manage any growing pains this time around.



WellSky is a technology company that delivers software and services which are transforming a wide range of care services worldwide. Building on a history of excellence and a reputation for quality, WellSky – formerly Mediware Information Systems and Kinnser Software – empowers providers to provide exceptional care, improve operational efficiency, reduce cost, and meet the challenges of their rapidly changing industries so both businesses and communities flourish.

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