

Are You Maximizing Your Short-Doyle Medi-Cal Reimbursements? Learn How This Client Did So



Freed provided strategies, processes, tools, documentation and training to help a large hospital system receive maximum reimbursement for its behavioral health services.

Falling Short of Maximum Reimbursement

A large hospital system was not receiving maximum reimbursement for its behavioral health services due to charge capture errors, reimbursement denials, as well as delayed and incorrect billing. Freed Associates was engaged to [assess billing practices and implement a sustainable solution](#).

With a substantial proportion of Medi-Cal and indigent patients, the hospital was subject to California's Short-Doyle program for its psychiatric emergency services and inpatient stays. Under Short-Doyle, California behavioral health providers are not allowed to submit claims directly to Medi-Cal or other indigent programs. Instead, participating providers must enter into a contract with the Medi-Cal intermediary for their county. This intermediary does utilization management and hospital invoice processing on behalf of Medi-Cal and the other indigent programs.

The client's problems were traced to several operational and technological issues, both within the client and related to its interactions with the county intermediary. As a result of these issues, some encounters were never

billed and many others received no reimbursement, either due to billing errors or discrepancies between the two systems. This led to a significant loss in revenue for the hospital system.

Building a Sustainable Reimbursement Plan

The billing assessment revealed four primary issues with the client's practices:

- **Inadequate intermediary/hospital reconciliation** – The county intermediary had an out-of-date managed care system that could not properly interface with the hospital's system, requiring the hospital to duplicate registrations and charges in the intermediary's system.
- **Limited documented billing requirements/manuals** — The county intermediary lacked an operations manual for contracted providers, making it difficult to ascertain the intermediary's billing requirements.
- **High dependency on coordinated processes** – The intermediary had a significant backlog of pending utilization reviews, requiring the hospital to track encounters for several months before these could be invoiced.
- **Sufficient Short-Doyle billing and reconciliation processes** – The hospital lacked insufficient internal processes for Short-Doyle billing and reconciliation, as well as the supporting documentation, tools and reports to manage its internal and shared processes.

To maximize and expedite its reimbursements, the hospital needed to eliminate billing errors, do timely and complete billing, and work through its intermediary reports promptly. From its assessment, Freed developed a strategic correction plan, gained executive sponsorship, and implemented the plan, working with the county intermediary and hospital.

After clarifying intermediary billing requirements and processes, the team developed internal processes, tools and documentation for billing, quality control and post-billing reconciliation. The staff were thoroughly trained. Process changes focused on being proactive, having checks and balances, and sustaining and improving quality. The team completed several year-end reconciliations and submitted supplemental invoices for additional reimbursement, based on these reconciliations.

Overall, this engagement:

- Clarified intermediary billing requirements
- Designed and implemented an internal billing process to support billing requirements
- Improved the process for keeping the intermediary's system synchronized with hospital encounter data
- Addressed the utilization review backlog with the intermediary and hospital
- Created a process and log for monitoring encounters that were not ready to be billed

- Created an invoice quality control process and checklist
- Developed a post-invoice [payment reconciliation process](#) for the hospital
- Produced detailed user documentation for hospital staff
- Trained hospital staff on the new processes
- Engaged hospital billing management to ensure the new process would continue, regardless of staff turnover

Smart Strategies Lead to Big Results

During the first eight months after the implementation, the client collected \$4 million in reimbursement. The client also received more than \$4 million for prior-year reconciliations, with an expectation of additional payments for year-end reconciliations in-process. The client's new approach for invoicing and reconciliation will result in increased reimbursement year after year, providing a long-term sustainable benefit to the hospital.

Conclusion

Obtaining maximum reimbursement on a timely basis is critical for safety net hospitals. This client invested in new processes that will allow it to continue to receive maximum up-front reimbursement for monthly invoices, and in turn, reduce time spent on year-end reconciliations. The tools, documentation and training that this engagement provided will allow the hospital to maintain these processes in the future.