CASE STUDY: Medical Necessities & Services

Advanced Reporting and Process Automation Help HME Provider Lift Revenue

Since 1997 Medical Necessities & Services had enjoyed consistent annual growth. David Baxter, the company’s president, saw his business enjoy reliable cash flow for years and expand to five locations in Tennessee. However, in 2009 the HME/DME industry experienced significant changes nationally and locally.

Tennessee lost Medicare funding for oxygen, medical equipment was taxed, and there was a 21% decrease in reimbursement for Baxter’s business. In a business where cash is king, Baxter suddenly faced declining revenue. He soon realized he did not have the right systems in place to thoroughly analyze his business and take quick action.

“Our software program was slowly killing us because we couldn’t get any information out to see what we were actually doing,” said Baxter. “We were losing money to the tune of $20,000 to $50,000 a month. We needed an upgrade...fast!”

Baxter’s billing and business management software did not meet his needs. In fact, he manually produced Excel spreadsheets to track A/R. Yet, despite his attempts to bridge the gaps in his system, he could not accurately know if a claim had been submitted or what his actual collections were.

In addition, the software duplicated billing, requiring Baxter to routinely recalculate revenue to determine how much of the billing the company had actually collected month over month. After a significant effort, he determined his collection rate was 85%, far below the 90% or more he needed to remain profitable.

Ad Hoc Reporting Identifies Problem Areas

After reviewing several software solutions, Baxter was most impressed by Brightree’s business automation software. Not only could Baxter gain greater visibility into his opportunities to increase revenue, but he could also drill down into his business to improve efficiencies.

“I didn’t just buy software,” said Baxter. “I made a commitment to understand the solution better than anyone on my team.” His first priority was to access the data he needed to understand what was really
happening in his business and hold his people accountable for the work they were doing.

Baxter saw an immediate benefit. Brightree’s ad hoc reporting helped Baxter quickly identify problem areas and the root causes of revenue issues. With the old Excel spreadsheets, for example, Baxter could not determine where errors occurred in the billing process. With Brightree the ambiguity was gone, and he was able to act on his data in a timely way.

Denial rates that previously had been 9-10% were reduced to 4-5% of all claims submitted. Collections improved from 85% to an astounding 96%. Sixty days after implementation, Baxter knew that he had selected the most innovative and robust software available.

**More Control Over A/R Drives Revenue**

After one year with Brightree and with A/R under control, Medical Necessities & Services experienced a giant leap in revenue. According to Baxter, “Before the change, we were an insurance company’s dream because we didn’t submit claims according to requirements or we filed past the expiration date. By utilizing the reports from Brightree, we collected on average $50,000 more per month or $600,000 for the year.”

Baxter saw that with increased visibility he could collect the money he earned. The new reporting capabilities brought dramatic results and led to Baxter changing the way he does business.

“We are a testimony to what can be done with Brightree. We now hold weekly meetings to review A/R greater than 60 days, holds for CPAPs, and write-offs. Our insurance A/R is less than $20,000, we collect a majority of our co-pays up front, we rarely write-off anything, and we collect almost everything we bill. In fact, our gross revenue grew more than 22% in 2010. That was fueled in many ways because we collected money that we had previously written off. We never could do any of that with our old software,” said Baxter.
Billers Manage Four to Six Times More Billing Than Industry Standard

Brightree’s reporting and automated processes have made Baxter’s billing team significantly more productive. Before Brightree, the company continued to add employees to work A/R, yet they still couldn’t collect enough money to justify the expense. Baxter’s billers are now responsible for over $2 million in billings each and are responsible for insurance A/R as well. He estimates that each will have the capacity to take on additional billing plus have time to review each document before it bills, check and work through denials, and ensure the proper documentation on the front end. According to Baxter, “We anticipate each biller will manage $3-$3.5 million before we add headcount. That’s about four to six times the industry standard.”

Brightree has enabled Baxter to identify the highest performing employees on his team. Employees have embraced the software and enjoy the success they are achieving together. Productivity has increased, and his team feels that that they play an active role in company growth.

Summary

Baxter believes that partnering with Brightree not only stopped his revenue decline, but also positioned his company for more significant growth in 2011 and beyond. “First and foremost, it puts more money in my pocket. Next, it helps me manage the number of employees I have and enables me to do much more business with less overhead. For me the name of the game is accountability, and having accessible data via actionable reports is critical to that level of control.”
About Medical Necessities & Services LLC
Medical Necessities and Services provides medical equipment supplies and services, including Continuous Positive Airway Pressure (CPAP), Oxygen, Wheelchairs, Power Mobility Equipment and more. Established in 1997, Medical Necessities & Services serves customers in Tennessee via retail locations in Nashville, Chattanooga, Murfreesboro, Columbia and Hohenwald.

About Brightree
Brightree LLC is the leading provider of business management software solutions for Home Medical Equipment (HME) providers, Durable Medical Equipment (DME) providers, Orthotics & Prosthetics (O&P) practitioners, and Sleep Labs. Brightree’s unique Internet-based solutions follow the natural workflow of providers to automate and improve how they manage their business. Brightree is the only business management software solution endorsed by Invacare Corporation (NYSE: IVC) as well as the VGM member service organization. Brightree serves more than 2,500 providers in the USA. For further information, visit www.brightree.com or call 1.888.598.7797, ext. 5.