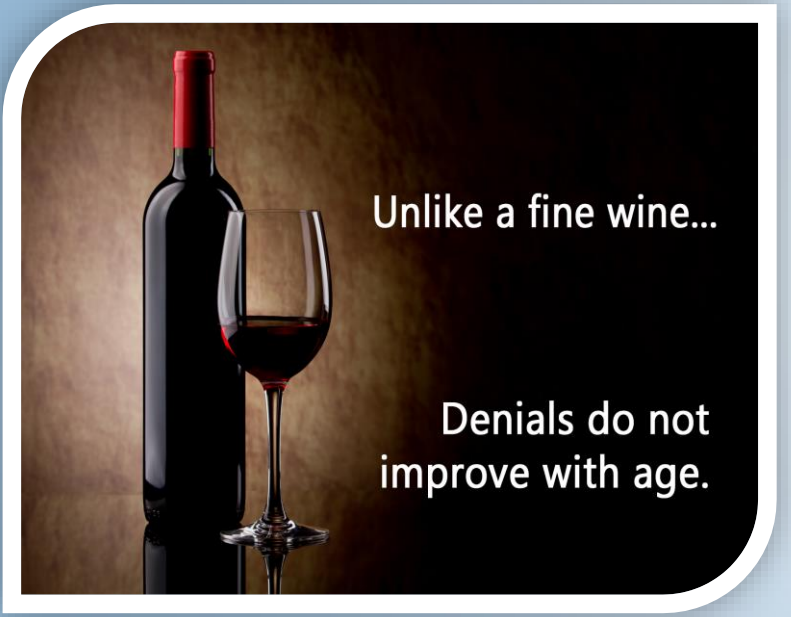
ARMC
Healthcare Financial Services

Revenue Cycle Outsourcing Specializing In Denials Management

ARMC is a receivables management firm with expertise in:

- Denial Management
- Self-Pay
- Insurance Follow-Up
- Collections



ARMC "re-appeals" accounts that have been denied by managed care companies for medical necessity or administrative reasons. The process can come *after* the hospital's internal denial management efforts are exhausted, so it is a win-win.

ARMC also specializes in high-volume/low-balance "Day 1" denials that may have overwhelmed in-house staff.

Benefits:

- **Cash** – recover lost revenues.
- **Compliance** – ensure payments are in accordance with managed care contract terms.
- **Collaboration** – ARMC is an extension of your business office, providing additional resources so that problematic accounts don't "fall through the cracks."

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Denials and AR Management

Hospital A Case Study: "All Efforts Exhausted"

Hospital A is a 770-bed non-profit, research and teaching hospital and part of a larger system. ARMC was engaged to take over follow-up and appeal on accounts that 1) in-house staff had worked but had "exhausted all efforts" and closed as uncollectible, and 2) accounts with no activities by internal staff for 90 days and were, subsequently, outsourced to ARMC to avoid untimely issues with payers.

No. of Accts	Denied Amount	Appealed and Collected	Adjustments	Total A/R[1] Reduction	Balance in Follow up	Recovery Rate
6,319	$117,590,732	$33,455,198	$ (83,238,578)	99%	$896,956	28%

Analysis: Over a multi-year period, Hospital A wrote-off 6,319 denied accounts for a total of $117.5 million dollars after having exhausted all internal efforts. ARMC made a second effort on these accounts, recovering 28% of the denied dollars for a total of $33.5 million returned to the hospital in unexpected cash. That money might have been written off and lost forever. Instead it went right to Hospital A's bottom line, returning an ROI of $3.60 for every $1.00 of Hospital A's collection expense. [2]

[1] One of the biggest challenges for any revenue cycle group is keeping a "clean A/R." As indicated by the column entitled "Total A/R Reduction," ARMC's process not only collects money, but facilitates accurate and timely write-offs to improve A/R and revenue valuations, ensuring that reserve requirements can be more accurately calculated.

[2] It is significant to note that ARMC was paid out of money we collected—money that had historically been written-off and for which the hospital would typically have received nothing. Our contingency fee arrangement means that there was no up-front cost to the hospital.

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Hospital B Case Study: "High-Volume/Low-Balance"

Hospital B assigns day-one, high-volume/low-balance (<$1,000) outpatient denials to ARMC immediately after the denial is received. ARMC acts as Hospital B's small-balance unit on these denials, as the in-house staff hasn't historically been able get to them. ARMC is also charged with complying with policies and goals set by Hospital B.

No. of Accts	Denied Amount	Appealed and Collected	Adjustments	Total A/R Reduction[1]	Balance in Follow up	Recovery Rate
42,463	$13,447,115	$6,518,902	$ (5,029,998)	86%	$1,898,215	48.48%

Analysis: In the first two years, ARMC worked 42,463 accounts for a total of $13.5 million for Hospital B, collecting $6.5 million, for a nearly 50% collection rate, with $1.9 million still in process. Significantly, ARMC has already "cleaned up" over 86% of the accounts by identifying true write-offs and/or re-statusing accounts to corrected payer codes or patient-pay. This program yields an ROI of $10.14 for every $1.00 of Hospital A's collection expense.

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Hospital C Case Study: "Quick Results"

Hospital C is a new client, and their experience illustrates the kind of impact ARMC can make in just the first 6 months. Hospital C assigns two types of accounts to ARMC: 1) Authorization Denials: these are patients whose insurance company denied certain procedure while the patient was still in the hospital. Most of these are clinical denials that are reviewed and appealed by our in-house clinical billers and physicians, and 2) in and outpatient denials after in-house efforts are exhausted.

Month	No. of Accts	Denied Amount	Payments	Adjustments	Total A/R Reduction	Balance in Follow up	Recovery Rate
1	70	$ 334,335	$ 81,770	$ (141,779)	67%	$ 110,786	24.46%
2	35	$ 227,292	$ 22,789	$ (125,052)	65%	$ 79,451	10.03%
3	49	$ 487,217	$ 127,101	$ (172,556)	62%	$ 187,560	26.09%
4	15	$ 96,131	$ 22,104	$ (10,584)	34%	$ 63,443	22.99%
5	58	$ 508,070	$ 17,633	$ (85,099)	20%	$ 405,338	3.47%
6	2,416	$9,414,077	$ 8,496	$ (4,897,577)	52%	$4,508,004	0.09%
Totals	2,643	$11,067,122	$279,893	$ (5,432,647)	52%	$5,354,582	2.53%

Analysis: In the first 5 months of this engagement, ARMC worked only Authorization Denials. We were able to overturn as many as 26%, collecting over $270K already. We still have $5.4 million that we think may be collectible. ARMC has also identified true write-offs and/or re-statused accounts to corrected payer codes or patient-pay. Clearly, along with the extra cash, Hospital C is receiving the benefit of a "cleaned-up" A/R. This project, thus far, is yielding an ROI program of $5.60 for every $1.00 of Hospital C's collection expense. Based upon initial results, Hospital C placed an additional $9.4 Million in "efforts exhausted" accounts with ARMC in the 6th month.

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Physician Group 1 Case Study: "Business Office Extension"

Physician Group 1 is a hospital-owned multi-specialty group of several hundred doctors. The Group utilizes an outside billing company to submit an initial bill, send out statements and perform simple follow-up. Several years ago, the Group instructed the billing company to start forwarding problematic (denied, underpaid, and unresolved accounts) to ARMC after internal efforts were exhausted.

No. of Accts	Denied Amount	Appealed and Collected	Adjustments	Total A/R Reduction	Balance in Follow up	Recovery Rate
89,054	$35,018,343	$3,813,600	$ (25,959,956)	85%	$5,244,788	11%

Analysis: Over a multi-year period, Physician Group B had 89,053 problematic and denied accounts for $35 Million for which internal efforts had been exhausted. According to prior practices, these accounts would have been written-off. ARMC extended internal efforts and has recovered 11% of these accounts for a total of $3.8 million. That money went right to Physician Group 1's bottom line. And there is still $5.2 million in process. The 11% Recovery Rate includes accounts recently placed; the ultimate resolution per placement is approximately 17%. Therefore, it is expected that an additional $800k will ultimately be recovered—just on the $5.2 Million currently being processed. This program yields an ROI of $3.00 for every $1.00 of Physician Group 1's collection expense.[1]

[1] It is significant to note that ARMC gets paid out of money that we collect—money that had historically been written off and for which the Physician Group would typically have received nothing. Our contingency fee arrangement means that there is no up-front cost to our clients.

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The "Fail Safe" Option

1. Clients have the option of having ARMC monitor all denied accounts.
2. Accounts coded "All Efforts Exhausted," "UM agrees," etc. are pursued by ARMC immediately.
3. All other claims that have not been worked by in-house staff for 90 days or greater are identified by ARMC and submitted to the hospital for approval for ARMC to assume responsibility.
4. ARMC reviews contract terms – accounts within 60-90 days of becoming untimely are identified by ARMC and submitted to the hospital for approval for ARMC to assume responsibility.
5. The hospital always has the final say on which accounts are worked by ARMC – but all accounts will get two sets of eyes, and no case will "fall between the cracks."

ARMC takes a "hands-on" consultative approach with payers to maintain good relationships — but still collects money due. All efforts are documented with timely and meaningful reporting, so that corrective actions can be taken by the hospital.

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