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RESEARCH

ROI: 332%  
Payback: 4.8 Months

## PATIENTMATTERS

# MONTEFIORE ST. LUKE'S CORNWALL HOSPITAL

### ANALYST

Trevor White

## THE BOTTOM LINE

Montefiore St Luke's Cornwall Hospital deployed PatientMatters to modernize its collections process for uninsured and underinsured patients. St Luke's was able to lower its lost revenue losses by getting patients registered and covered by government services to which they were entitled, but not utilizing. In addition to lowering the hospital's lost revenue numbers, the deployment has also freed St Luke's self-pay patients from millions of dollars of medical debt. Traditionally underserved communities are now able to take full advantage of the resources and programs available to them.

## THE COMPANY

Montefiore St. Luke's Cornwall Hospital is a small community-based hospital in Newburgh, New York, and has around 180 beds. St. Luke's Hospital merged with Montefiore Health System in 2018 and is now part of a system with facilities and services across nine hospitals, including primary-care sites and specialty-care sites. St. Luke's tends to service under resourced communities and 75 percent of the hospital's patients are government subsidized or are self-pay patients.

## THE CHALLENGES

Prior to partnering with PatientMatters, St. Luke's had been using its back-end billing department to work to confirm that a patient had insurance and to collect the patient's co-pay. Due to the number of self-pay and government subsidized patients that St. Luke's services, the hospital was not collecting on a substantial number of patient accounts. As part of the hospital's original search process, it was looking for a vendor that offered patient insurance verification to help ensure that recorded insurance information was correct.

**Cost : Benefit  
Ratio**

**1 : 2.1**

## THE STRATEGY

In addition to considering PatientMatters, St Luke's also spoke with other vendors in the healthcare billing space to understand what kind of functionality was available on the market. While originally skeptical, the organization decided to consider PatientMatters because the vendor was not fee based, but would take a percentage of the additional revenue gained. As part of the full assessment, the hospital and PatientMatters studied the entire patient process from the front end to the back end. This included the health access management team, the team that greets the patient before the patient services are rendered and what medical records and billing procedures entailed.

PatientMatters went through every revenue-assessing process to understand how the hospital operated. This included putting a person on site at the hospital to evaluate its operations, as well as providing an on-site team of "advocates" who helped the uninsured and underinsured patient obtain insurance, which was primarily Medicaid.

St. Luke's started considering PatientMatters in the Fall of 2014 and signed their contract at the end of January 2015. The organization went live in May 2015. The assessment and

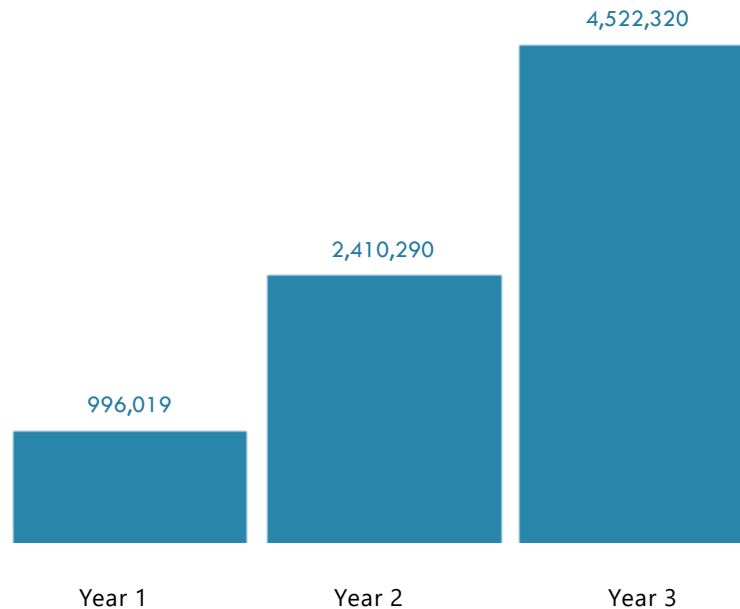
implementation team for St. Luke's included the manager of health access, the hospital's chief financial officer, the manager of patient accounting, and the hospital's vice-president of revenue. The overall implementation included planning and meeting with key hospital stakeholders, as well as two weeks of onsite training of employees by the PatientMatters team. The hospital also invested in redesigned office space and equipment to better facilitate its relationship with PatientMatters.

## KEY BENEFIT AREAS

Key benefit areas seen as a result of the PatientMatters deployment included:

- Decreased lost revenue from the uninsured and underinsured. PatientMatters has been able to recover millions of dollars in lost revenue every year since its implementation. This is particularly important for St. Luke's which services traditionally under resourced communities.
- Decreased patient medical debt. St. Luke's patients are now better able to take advantage of government assistance programs that they are qualified for. This has freed patients from millions of dollars in medical debt that most would have struggled to pay.

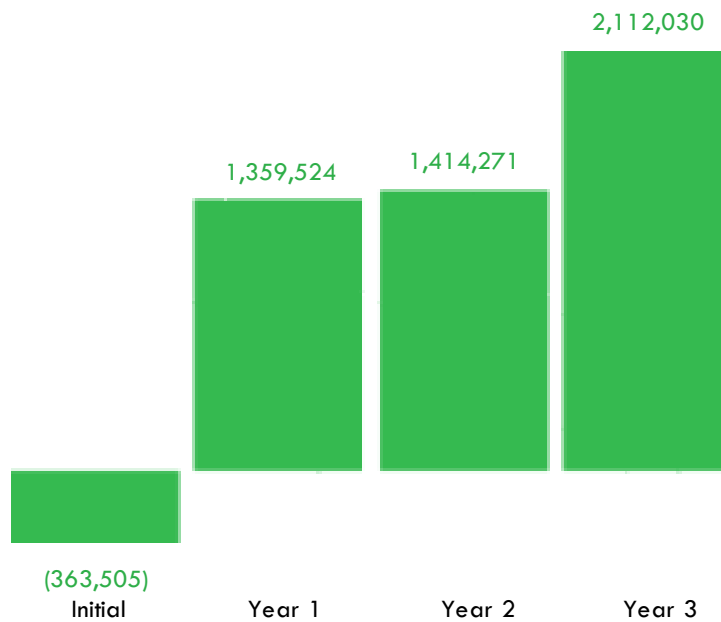
## CUMULATIVE NET BENEFIT



## KEY COST AREAS

The largest cost area of the St. Luke's deployment was the licensing agreement of the PatientMatters software. Other cost areas over the three-year period included the capitalized costs for departmental reorganization, personnel time for the employees who executed the implementation, and employee time spent being trained on the new system. As part of the implementation, St. Luke's paid PatientMatters a share of recovered lost revenue, instead of a traditional licensing agreement.


## NET CASH FLOWS



## LESSONS LEARNED

The PatientMatters deployment reinforced the value of education and training. The hospital had more than 75 employees train for an average of two weeks, at a significant cost to the organization. This training, however, allowed the hospital to quickly realize value from its deployment, ultimately delivering a higher return on investment. The deployment also emphasizes the value of using a vendor that has a specific focus on complex lines of business, such as the insurance market. As the insurance market and government regulations are constantly changing, it is important to have a vendor that is up to date on key performance indicators and other field measures. Continued updates helped St. Luke's retrieve more of the compensation that it was entitled to.

This deployment highlights the value in remaining open to new information or different possibilities that may not have previously been considered. Originally, St. Luke's was not



considering deploying a solution like PatientMatters, but was instead looking for an insurance verification vendor. The hospital then reorganized its approach when it found PatientMatters. This reorganization has saved the hospital more than a million dollars a year because its decision makers were not stuck on a single-minded track.

## **CALCULATING THE ROI**

Nucleus Research analyzed the costs of software, hardware, personnel, and user training over a three-year period to quantify St Luke's total investment in PatientMatters. Direct and indirect benefits were also quantified over the three-year period. Direct benefits quantified include the reduced lost revenue.

Benefits not quantified included the increase in employee productivity and as St Luke's employees were able to shift from chasing revenue to other value-added tasks. In addition, the case study did not quantify the benefits for St Luke's self-pay patients, who were freed from millions of dollars of medical debt.

## FINANCIAL ANALYSIS

**Annual ROI: 332%**

**Payback period: 0.4 years**

BENEFITS	Pre-start	Year 1	Year 2	Year 3
Direct	0	2,719,048	2,828,542	3,161,796
Indirect	0	0	0	0
<b>Total per period</b>	<b>0</b>	<b>2,719,048</b>	<b>2,828,542</b>	<b>3,161,796</b>

COSTS - CAPITALIZED ASSETS	Pre-start	Year 1	Year 2	Year 3
Software	0	0	0	0
Hardware	166,000	0	0	0
Project consulting and personnel	0	0	0	0
<b>Total per period</b>	<b>166,000</b>	<b>0</b>	<b>0</b>	<b>0</b>

COSTS - DEPRECIATION	Pre-start	Year 1	Year 2	Year 3
Software	0	0	0	0
Hardware	0	33,200	33,200	33,200
Project consulting and personnel	0	0	0	0
<b>Total per period</b>	<b>0</b>	<b>33,200</b>	<b>33,200</b>	<b>33,200</b>

COSTS - EXPENSED	Pre-start	Year 1	Year 2	Year 3
Software	0	1,359,524	1,414,271	1,049,766
Hardware	0	0	0	0
Consulting	0	0	0	0
Personnel	16,000	0	0	0
Training	181,505	0	0	0
Other	0	0	0	0
<b>Total per period</b>	<b>197,505</b>	<b>1,359,524</b>	<b>1,414,271</b>	<b>1,049,766</b>

FINANCIAL ANALYSIS	Results	Year 1	Year 2	Year 3
All government taxes	45%			
Cost of capital	7.0%			
Net cash flow before taxes	(363,505)	1,359,524	1,414,271	2,112,030
Net cash flow after taxes	(274,628)	762,678	792,789	1,176,557
<b>Annual ROI - direct and indirect benefit</b>				<b>332%</b>
Annual ROI - direct benefits only				332%
Net Present Value (NPV)				2,091,029
<b>Payback period</b>				<b>0.4 years</b>
Average Annual Cost of Ownership				1,395,689
3-Year IRR				282%

All calculations are based on Nucleus Research's independent analysis of the expected costs and benefits associated with the solution.