

Cash in Aged Claims: A Case Study

A community-based hospital in Massachusetts began giving us 150 day aged Workers' Compensation and Motor Vehicle claims eight months ago. They felt they were doing a good job pursuing claims in the initial stages, but they had a difficult time sustaining their follow-up efforts over the course of many months. When we began working for them, they had a few stated goals:

- To continue to harvest the "low hanging fruit" (claims that are paid quickly with minimal follow-up effort).
- To maximize revenue from Workers' Compensation and Motor vehicle claims by reducing the number of claims for which payment wasn't being aggressively pursued.
- To expend minimal resources in working with us.

Our first step in the process was to clean up a rather large volume of claims that was older than 151 days at the time we began working with them. The overwhelming majority of this volume was well over a year old, with many claims as many as three and four years old. Once we had those very dated claims under control, we were able to concentrate on the month-to-month liquidation of claims that are sent to us.

In less than eight months, we have liquidated more than \$525,000 of claims that have been given to us. In light of the fact that many claims were two, three, or four-plus years old, this is a key accomplishment.

Cash received for claims older than one year	\$107,239.62
Cash received for claims older than two years	\$49,507.33
Cash received for claims older than three years	\$15,899.59
Cash received for claims older than four years	\$235.86

Those numbers show two clear patterns:

- 1.) The older claims get, the lower the chance the claim has of being paid.
- 2.) There is significant money in aged claims!

Seeing the first pattern, many hospitals assume that chasing after aged claims is a waste of time and resources. But the average age of claims for which we have received payment thus far is 543 days. Clearly there is value in those aged claims. But how do you maximize that value while minimizing the effort you must expend?

This client provides a great illustration of how using ProMedical can help clean up your AR. This client is still harvesting the "low hanging fruit" that they would receive if they weren't using us. They have seen a marked increase in the amount of money they are receiving from aged claims. And at the same time, they have drastically reduced the amount of resources they are using to recover payment on aged claims.

In less than eight months of processing claims for this client, we have found enough money in the trashcan (claims that were older than one year) to pay for two and a half employees. Think about that. How much more could you accomplish for your organization if you found enough extra money to be able to pay for more than two additional employees and had gained free time in the process?

When many firms are returning claims to you to be sent to bad debt, we're just becoming more determined. Give us a chance – we'll prove it to you.

