

The Cost of Keeping Your Current Vendor: A Case Study

ProMedical recently performed an analysis of Workers' Compensation and No-Fault claims for a hospital in central New York. This community-based, 240-bed hospital had been using another vendor with whom they felt comfortable. Because they were comfortable, they never really questioned that vendor's rates or performance. Recently they have been feeling an economic crunch and are analyzing every operational area for additional cash in an effort to avoid having to lay off staff members.

When we compared our rates to those of their current vendor, we showed them that they were losing roughly \$80,000 annually in fees alone. Factoring in an expected increase in recovery rate, we conservatively estimate that switching to ProMedical will net them between \$100,000 and \$125,000 annually in additional revenue.

	Previous Vendor	ProMedical	Difference
Inpatient Workers' Comp.	\$14,742	\$15,110.55	\$368.85
Inpatient Motor Vehicle	\$18,034.38	\$18,485.24	\$450.86
Outpatient Workers' Comp	\$70,920.60	\$76,969.71	\$6,049.11
Outpatient Motor Vehicle	\$35,460.30	\$38,484.86	\$3,024.36
Monthly Total	\$139,157.28	\$149,050.35	\$9,893.07
Annual Total	\$1,669,887.36	\$1,788,604.25	\$118,716.89

When asked why they are using their current Workers' Compensation and No-Fault billing vendor, most patient Account Managers will answer that it's the way they've been doing the billing for several years and they don't want to "rock the boat." Some will explain that their CFO directed them to use their current vendor. Still others will explain that their current vendor belongs to a professional association in which they participate. Yet for some reason, very few ever give a financially based explanation for keeping their current vendor.

Unfortunately, the hospital in this example has been losing this amount of money for several years. But the silver lining is that they have found a way to stop the loss. And while it may not be enough money to add a new wing to the hospital, it will save the jobs of three people who have worked at the hospital for more than five years.

I am very confident that we can do the same thing for you. Stop throwing money away with that vendor you have used for years and look at the actual numbers. You might be surprised by how big those numbers actually are.

