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## Docs prescribe Rx for ailing hospitals

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DREXEL HILL — After seven years of treating ill patients, Dr. Robert Corrato is leading a team of physicians and nurses whose aim is to improve the health of another group of ailing clients: hospitals.

Corrato is president and CEO of Executive Health Resources. EHR has carved a niche for itself helping medical centers mend their bottom lines by reducing inappropriate denials of claims and improving their coordination of patient care.

"I like to think we're creating a new medical subspecialty," he said. "We're still trying to find a flashy name for it."

The Delaware County company — staffed by providers with backgrounds in medicine and business — has developed a training program for its physicians that focuses on the management of health-care resources, tools for measuring quality of care, negotiation skills, the industry's regulatory environment, and the business relationship between insurers and providers.

The program typically takes six to nine months for a new hire to complete, Corrato said.

EHR has also created an information technology system that tracks and analyzes clinical data, and "marries" that data with provider contracts and reimbursement records to ensure claims are being paid properly.

"We didn't get this kind of training in medical school or during our residencies because it doesn't exist," Corrato said.

A board-certified internist, Corrato was previously deputy director of the Office of Health Policy and Clinical Outcomes at Thomas Jefferson University.

He gained a unique insight into the world of managed care after being selected for a fellowship program created through a collaboration between the medical center and U.S. Healthcare (the Blue Bell-based HMO company later acquired by Aetna) that

sought to train physicians how to measure and improve the quality and efficiency of patient-care services.

Corrato said he created EHR to address the significant imbalance in the country's health-care system, which he said leans heavily in favor of the payers.

Since its inception in 1997, EHR has recruited more than 60 hospitals in eight states as clients — including about two dozen medical centers in the Philadelphia region.

The company has grown to 35 employees. Last year, it generated revenue of about \$5 million.

Dr. Joseph Zebrowitz, executive vice president of EHR and one of the company's first physician hires, noted that hospitals — unlike doctors — don't have the option of moving to another state to find an environment with more favorable payments and less onerous operating expenses.

"Unless they can get very wide-load trucks, hospitals aren't going anywhere," he said.

The economic picture for hospitals in Pennsylvania grew more bleak this week when the Pennsylvania Health Care Cost Containment Council issued a report that found 48 percent of the state's acute-care hospitals lost money last year.

EHR provides three primary services to hospitals: performing concurrent and retrospective appeals for clinical denials of claims by health insurers, working with



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**EHR Executive VP Dr. Joseph Zebrowitz (left) and President and CEO Dr. Robert Corrato.**

attending physicians to manage and improve inpatient days per admission and educating physicians on ways to align their practice patterns with standardized approaches for efficiently delivering quality care.

The company does not disclose its fee because of confidentiality agreements in its contracts.

Earlier this month, EHR received an exclusive endorsement, in the category of "clinical revenue cycle management," from the American Hospital Association.

"Hospitals should get reimbursed for the services they deliver, yet every year, medically appropriate services are not paid for because of inadequate denial-management and prevention practices by hospitals," said Tony Burke, president and CEO of AHA

Financial Solutions Inc., an AHA subsidiary. "Hospitals must direct resources toward working with their attending physician staff to address these problems. EHR's physicians work every day at the point of care with attending physicians on a doctor-to-doctor level, to appropriately decrease denials and improve the patient-care process."

According to the AHA, the cost of clinical denials to individual health-care organizations averages \$3.3 million a year.

Gerry Oetzel, chief financial officer of Jeanes Hospital, said the Northeast Philadelphia medical center achieved almost a "three-to-one" payback from the fees it paid to hire EHR.

"Our annual denial rates went from slightly under \$3 million to about \$1.2 million," he said.

Before hiring EHR, Oetzel said, Jeanes was appealing all of its rejected or reduced claims on a retrospective basis — meaning after treatment was completed and the patient had already left the hospital.

"That creates a lot of bureaucracy when dealing with the managed-care companies," he said. "It's a time-consuming process, and

once you fall in the black hole of retrospective claims review, your success rate declines dramatically. With EHR, we are appealing claims concurrently while patients are still in the hospital."

Throughout that process, he said, EHR's physicians are in direct contact with medical directors of managed-care plans.

"You have physicians dealing with each other one on one rather than hospitals trying to craft arguments in writing after the fact," Oetzel said.

Other local health-care providers listed among EHR's clients are: Mercy Health System, Main Line Health, North Philadelphia Health System, Virtua Health and Atlantic City Health System.

The most recent local provider to hire EHR is Camden-based Kennedy Health System, which began using the company's services this week.

Corrato said, in addition to helping hospitals with claims, EHR also works with medical centers to improve their patients' length of stay — which also translates into fewer claim denials and improved revenues.

One of the keys to both initiatives is

improving communications between hospitals and physicians so they can deal more effectively with the payers of their services.

"Hospitals aren't getting reimbursed properly because they are unable to communicate well what they are doing," he said. "If the information isn't coming into an insurance company, they are not going to go out and get it."

Zebrowitz said some doctors are reluctant to work with the company at first because they are reluctant to have someone looking over their shoulder.

Those feelings diminished quickly, he said, after the doctors see EHR handle many of their administrative hassles.

Rita Veterano, assistant vice president of contracting and managed care for North Philadelphia Public Health System, said about two years ago the health system sought to outsource claims management.

"It's unfortunate we have to take this route and hire somebody to come in and help us, but that's the reality of the situation," Veterano said. "It seems that once you gain an understanding of what [documentation] you have to provide to justify getting paid, something else comes along."

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