

Reducing The Cost of Record Retrieval



Introduction

The founders of ChartSwap are national leaders in traditional record retrieval and are well acquainted with the cost associated with the current process. We were able to use our own internal metrics to build a case study and compare the traditional process to that of a ChartSwap adopter.

Business situation

Let us first review the current record retrieval process from start to finish. The process starts by contacting the provider and verifying their contact information. A request is then created and typically mailed to the provider either by regular or overnight mail. After several days, the requestor calls the provider to verify that the request was received. In 50% of the cases, a request must be either re-mailed or faxed, essentially starting the process over. Assuming the request is accepted and records available, the provider then mails an invoice to the requestor. Once received, the requestor mails a check to the provider and (normally, after several phone calls), the requestor will mail a copy of the (paper) records to the requestor. The requestor then scans the records into an electronic format and discards the paper copies.

On average, **this process takes 30-45 days**, but when dealing with large providers (such as national pharmacies or government entities) it can easily take 60-90 days. Even if everything goes perfectly, the process is self-limited by the US Postal System.

A variety of businesses need medical records to assist them in making decisions. An insurer or attorney must have records to evaluate an injury claim or lawsuit. An underwriter must review medical records to properly rate a new life or health policy. Social Security requires records to evaluate disability claims and researchers, auditors, patients and referring providers all rely on timely records to conduct business. **These records come with a cost, typically \$50-60 per record plus custodian fees**, but delays in decisions or bad decisions from a lack of information can result in an even greater cost.

Our metrics, both current and historical, indicate that the current process takes 60-70 minutes per request. This translates to \$30-35 in labor cost per request based on a fully burdened labor rate of \$30/hour. This hourly rate may seem high, but this includes not only benefits, but also the percentage of overhead allocated to each request. This amount typically doesn't include postage/overnight expense, scanning, check processing and the delayed accounts receivables associated with the current process.

This cash flow aspect is harder to quantify, but still presents a real world challenge to requestors. Let's look at a typical scenario- a request is sent on day one, a \$200 custodian fee is sent on day 15 and the records are received on day 45. The requestor is out of pocket labor expenses and the \$200 custodian fee for 30 days before they even invoice the client. Assuming the client pays in 30 days, the requestor receives payment on day 75.

In our study, we used a \$30 in labor cost plus \$5 in postage/scanning, etc. The requestor is able to charge the client \$55 per record request, which is close to the industry average. The requestor makes a respectable 36% profit margin, but they are out of pocket \$235 (labor and custodian fees) for 60 days, which causes cash flow shortages and may require additional expenses to fund the outlay of custodian fees. The profit margin is further reduced if the records require additional labor, reducing the net income to \$10-15/request.

ChartSwap automates the entire record retrieval process, reducing the upfront labor requirements and reducing turnaround time. This reduces the requestors' cost, increases profit margin and

increases cash flow. This ultimately will reduce the end users (insurer, etc.) costs and provide more timely and better decisions due to the reduce turnaround time. As stated previously, delayed and/or bad decisions can result in a much greater cost than that paid for the actual request.

The ChartSwap solution

In our study, we found that that it took approximately 10 minutes or \$5 in labor cost (at \$30 burdened rate) to retrieve one record through ChartSwap. The requestor searches for the provider and submits the request. The requestor is notified via email when the records are available for download and simply pays for them with a credit card and downloads the record. No paper, no phone calls, postage, mail or checks. Additionally, the requestor invoices their client for the request the same day the custodian fees are paid. Since the requestor is paying with a credit card, the requestor should receive payment (net 30) to coincide with the actual payment of the custodian fee (credit card).

Using ChartSwap, the requestor as able to increase their profit margin by approximately 50%. Assuming their accounts receivable average thirty days, they have also improved their cash flow by matching their custodian fee outlays with their receivables.

We understand that many of these numbers will vary by business and/or vendor, so we have created an online calculator to determine the cost savings your business could achieve by adopting ChartSwap.

<http://www.chartswap.com/benefits>