



Clinical Financial Services

HEALTHCARE SYSTEM IMPROVES FINANCIAL MANAGEMENT OF CLINICAL TRIALS

Aurora Health Care, Inc. is a not-for-profit integrated healthcare delivery system with 13 hospitals and more than 100 clinics that span the eastern third of Wisconsin. Aurora supports over 3,300 affiliated physicians in caring for more than 1.2 million patients each year.

In 2000, Aurora launched a Department of Clinical Research (DCR) primarily to support private-practice physicians' efforts to conduct clinical trials and National Institute of Health (NIH) grants at Aurora facilities. Today, DCR consists of three groups:

- Clinical Trials, which has about 30 full-time research staff conducting outpatient research at hospital-based or satellite clinics
- Acute Care Research, which has about 12 full-time staff conducting inpatient or other resource-intensive trials
- Business Office, which handles administration—including contracting, budget negotiations, research billing, research accounting and departmental management and oversight.

Together, these offices support over 100 open and enrolling trials, plus another 200 or so at some stage of follow-up. Like many organizations that support clinical trials, Aurora's DCR faced challenges relative to financial administration of federally and privately funded research.

ASSESSING THE CHALLENGES

Partnering with an accountant from Aurora's corporate accounting office, DCR's Business Office has always supported all accounting functions for clinical trials. As Geoffrey Schick, Director of Clinical Trials Research for DCR, explains, that includes day-to-day accounts payable, monitoring of clinical-trial cost centers, monitoring of earned, owed and received study payments, as well as development of research accounting policies and procedures.

As Aurora's base of clinical trials continued growing, DCR leaders recognized a clear need for additional resources and tools dedicated to research operations. That kind of specialized support would decrease the amount of time Business Office managers had to spend on tactical, day-to-day requirements while increasing the time available to pursue more strategic activities.

Another pressing issue: the need to deploy systems that would support timely, accurate revenue

CHALLENGES

- Deploying a centralized system for tracking clinical-trials expenses and revenues
- Freeing up time for strategic initiatives, such as development of policies and procedures for clinical trials

SOLUTION

- Outsourcing Contract Administration to Clinical Financial Services, the industry's only company focused on financial management of clinical trials

RESULTS

- Enhanced business intelligence through online access to timely financial reports
- Ability to offload revenue and expense tracking for all clinical trials
- Ability to offload invoicing and revenue collection

reporting. “Aurora’s accounting platform and systems are excellent, but they were designed to support the operation of our hospitals and clinics and their respective departments,” Schick says, adding that these systems operate on a calendar/ fiscal year—with clear endpoints to the periods. “As such, they are not well-suited to the unique requirements of clinical trials research accounting, which are driven by activities and milestones and rarely are completed within a single calendar year.”

With those challenges in mind, the Aurora team decided to explore both commercially available solutions and the possibility of developing and/or deploying an in-house system. After considering the time and investment required to build or deploy an in-house solution, Aurora determined that a commercial solution would deliver the results it needed—creating an immediate positive impact on DCR’s operations. For fast, cost-effective, and expert assistance, Schick and his team turned to Clinical Financial Services (CFS)—the industry’s only company focused on financial management of clinical trials.

IDENTIFYING AND IMPLEMENTING A SOLUTION

In late 2006, DCR approached CFS about supporting management and reporting of clinical trial revenue. By outsourcing these responsibilities to CFS, Schick and his team were able to focus their efforts on developing policies, procedures, and other systems to support the growing research operation while relying on CFS to manage the research accounting.

“We were excited about the prospect of using CFS’s Contract Administration service,” Schick says. “With this approach, we could outsource virtually all day-to-day research accounting responsibilities to CFS.”

Through its Contract Administration service, CFS handles all billing, collections, payment tracking, reconciliation and reporting—and provides a secure web portal where stakeholders enjoy access to timely, accurate reports.

Initially, DCR asked CFS to handle a test group of six studies. “That pilot phase was so successful that we soon developed and implemented a plan to have CFS handle our entire portfolio of industry-sponsored clinical trials,” Schick says. “Within four months, all of our studies and departments were converted to the CFS Contract Administration service.”

For Schick and his colleagues at Aurora, that approach has already brought significant advantages.

REALIZING THE BENEFITS

In the pilot phase, CFS reconciled six studies. For one of those studies, CFS discovered that Aurora had not received any payments for patient visits, other than the advance and start-up costs. When CFS contacted the sponsor, the sponsor acknowledged the oversight and promptly issued a check to Aurora for nearly \$45,000.

After that, DCR provided CFS with another 110 studies. In reconciling those, CFS found another \$290,000 in uncollected revenue from 27 different studies. Uncollected revenue was for patient visits, Institutional Review Board fees, start-up costs, pharmacy fees, procedures that can be billed to sponsors by invoice, and screen fails.

“CFS also identified some missed revenue opportunities associated with patient visits,” Schick explains. “For instance, some contracts require DCR to bill sponsors for patient visits, which we had not yet done. In other cases, we had invoiced for visits but hadn’t received payment.”

To date, CFS has collected 80% of DCR’s previously uncollected revenue and is working diligently to recoup all of the outstanding receivables—most of which are for active or recently closed studies.

Going forward, DCR is relying on CFS to manage and administer all of Aurora’s industry-sponsored clinical trials.

“CFS’s performance to date has given us tremendous confidence that the Contract Administration service will ensure that everything is tracked, invoiced and received appropriately,” Schick says.

To be sure, the CFS web portal provides DCR’s financial and other managers with unprecedented visibility into the financial impact of clinical trials: “CFS generates standard and ad-hoc reports on a monthly basis, giving us the business intelligence we need to strategically manage our revenues and receivables.”

SHARING LESSONS LEARNED

To other organizations considering CFS, Schick offers this advice: “If you need to go from ‘zero to 60’ in a very short period of time, I strongly encourage you to consider CFS.

“There is a strong business and operational case for using CFS. In less than a year, we’ve already realized tremendous impact in finding and collecting revenue.”

