

# Key Issues in Revenue Cycle Efficiency

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Presented by: Rob Schile, CPA  
Health Care Principal  
[rschile@larsonallen.com](mailto:rschile@larsonallen.com)  
(612) 376-4592

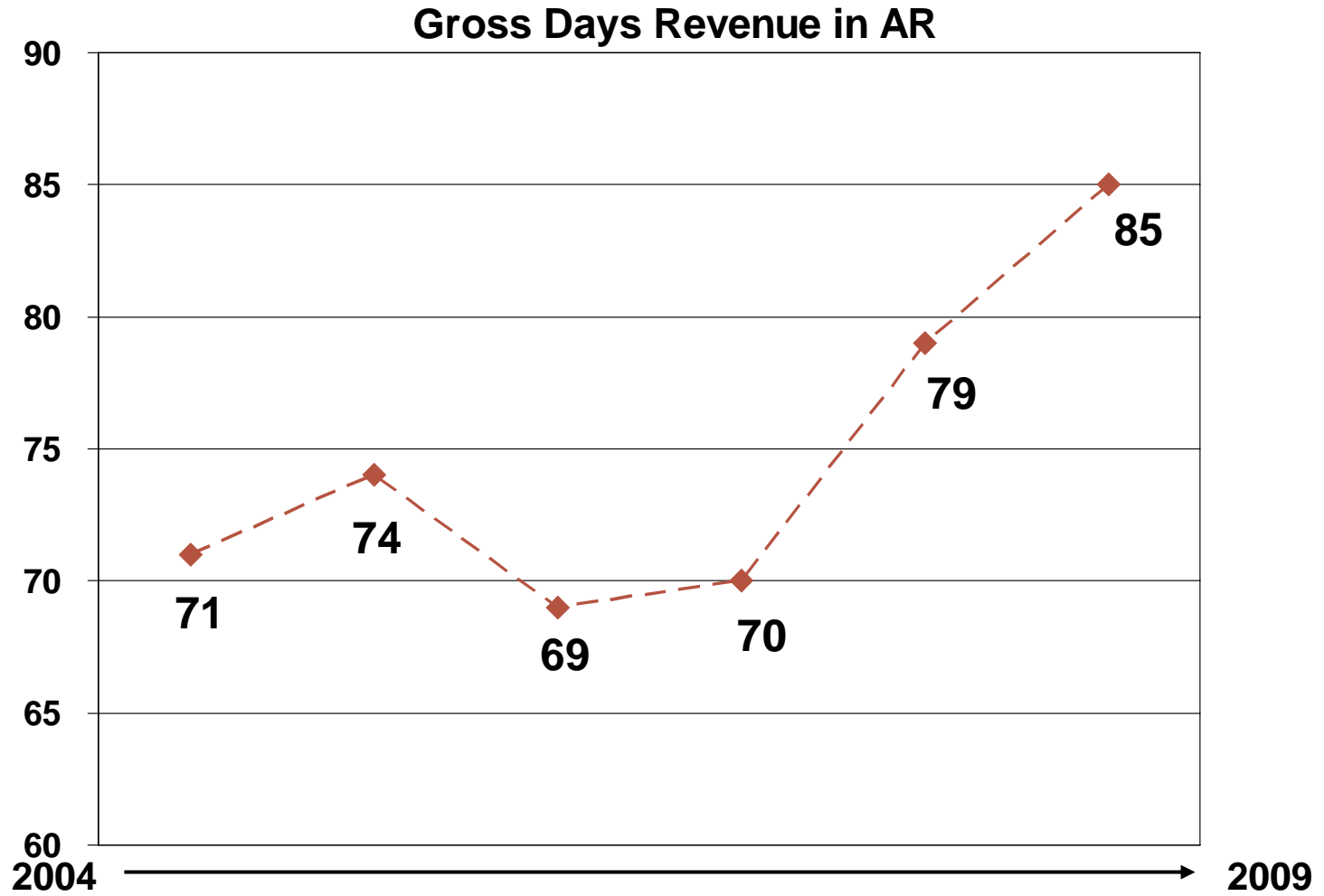


# Key Issues in Revenue Cycle Efficiencies

- Ineffective Management & Supervision
- Inconsistent Processes & Procedures
- Poor Communication & Coordination
- Lack of Goal Setting

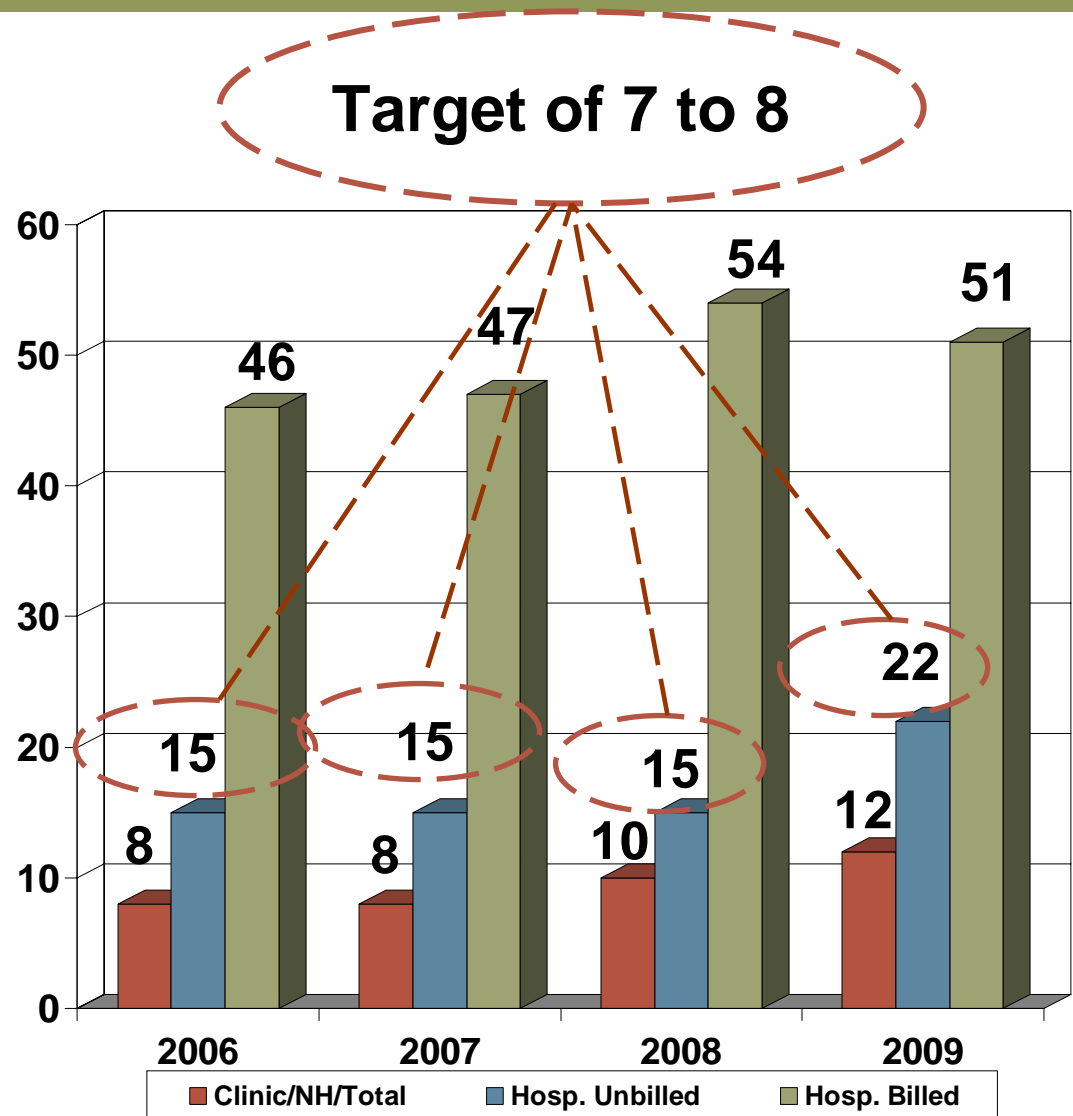


# Key Concern: Escalating Days Revenue in AR



# Key Concern: Escalating Days Revenue in AR *(cont'd)*

- Best practices for unbilled days revenue in AR is around 7 to 8 days.
- Moving closer to the benchmark, and reducing this by 14 days would equate to a reduction in gross receivables of approximately \$5.3 million.
  - Using a 40% overall discount rate, would equal \$3.2 million in real cash.

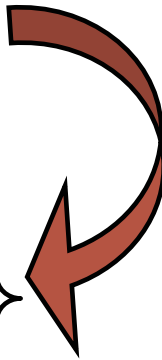


# Key Concern: Escalating Days Revenue in AR *(cont'd)*

78% of denials, approx. \$3.07M duplicate claims or front end issues

Denial Charges - Top 12

DeniedAmount	2009/Apr	2009/May	2009/June	2009 Q 2	% of Total
1. 18 - Duplicate	\$552,500.53	\$417,119.07	\$446,119.40	<b>\$1,415,739.00</b>	37.0%
2. This care may be covered by another payer per coordination of benefits	\$212,175.11	\$299,833.24	\$139,509.50	<b>\$651,517.85</b>	17.0%
3. 22 - Patient cannot be identified as our insured	\$258,161.14	\$210,271.46	\$149,053.59	<b>\$617,486.19</b>	16.2%
4. 31 - Authorization number is missing or invalid	\$41,144.21	\$130,742.99	\$123,937.61	<b>\$295,824.81</b>	7.7%
5. 15 - Payment is adjusted when performed/billed by a provider of this specialty			\$195,501.47	<b>\$195,501.47</b>	5.1%
6. 27 - Expenses incurred after coverage terminated	\$44,919.11	\$61,798.11	\$65,203.83	<b>\$171,921.05</b>	4.5%
7. B13 - Previously paid.	\$74,734.09	\$34,410.63	\$46,087.18	<b>\$155,231.90</b>	4.1%
8. 125 - Submission/billing error(s). At least one Remark Code must be provided	\$29,189.35	\$12,149.23	\$42,337.86	<b>\$83,676.44</b>	2.2%
9. 16 - Claim/service lacks information which is needed for adjudication.	\$19,409.07	\$17,108.56	\$34,692.85	<b>\$71,210.48</b>	1.9%
10. A8 - Ungroupable DRG	\$32,038.12		\$35,375.64	<b>\$67,413.76</b>	1.8%
12. 38 - Services not provided or authorized by designated (network/primary care) providers.	\$21,709.83	\$20,054.25	\$7,830.88	<b>\$49,594.96</b>	1.3%
13. B11 - The claim/service has been transferred to the proper payer/processor for processing.	\$268.00	\$1,084.00	\$45,598.77	<b>\$46,950.77</b>	1.2%
<b>Denial Charges</b>	<b>\$1,286,248.56</b>	<b>\$1,204,571.54</b>	<b>\$1,331,248.58</b>	<b>\$3,822,068.68</b>	<b>100.0%</b>



# The Hidden Cost of Inefficiency

*Cost of money is defined as lost investment income due to delays in closing the revenue cycle*

Net AR Days Goal	55
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<b># of Days Excess AR X Net Daily Revenue</b>	X	<b>Internal Cost of Capital</b>	=	<b>Cost of Money</b>
20 \$342,000	X	6.0%	=	\$410,000

<b>Number of BO Personnel Involved in Follow up X Annual Salary</b>	+	<b>Fringe Benefits Rate X Salary</b>	=	<b>Cost of Personnel</b>
2.00 \$ 30,000	+	22% X \$60,000	=	\$ 73,000

*Cost of personnel is defined as incremental resources (salaries and benefits) assigned to follow up and collection activities*



# The Hidden Cost of Inefficiency *(cont'd)*

*Bad debt opportunity consists of opportunities to increase cash flow through reductions in bad debt write-offs, reductions in collection fees, and increases in cash available for investment opportunities*

<b>365 X Net Days Revenue</b>	X	<b>Current Write - Off Target</b>	=	<b>Bad Debt Expense Write-Off Savings</b>
365      \$342,000	X	5.00%   -   4.00%	=	\$ 1,248,000
<b>Bad Debt Write-Off Expense X Recovery %</b>	X	<b>Commission Fee</b>	=	<b>Collection Agency Fees Savings</b>
\$ 1,248,000      50%	X	20.0%	=	\$ 125,000
<b>Bad Debt Expense Write-Off Savings</b>	X	<b>Internal Cost of Capital</b>	=	<b>Cost of Money</b>
\$ 1,248,000	X	6.0%	=	\$ 75,000

**Total Bad Debt Opportunity \$1,448,000**

# The Hidden Cost of Inefficiency *(cont'd)*

<b>Cost of Money</b>	\$ 410,000
<b>Cost of Personnel</b>	\$ 73,000
<b>Bad Debt Expense Opportunity</b>	\$ 1,448,000
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<b>Total Opportunity</b>	<b>\$ 1,931,000</b>
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# Common Registration Recommendations

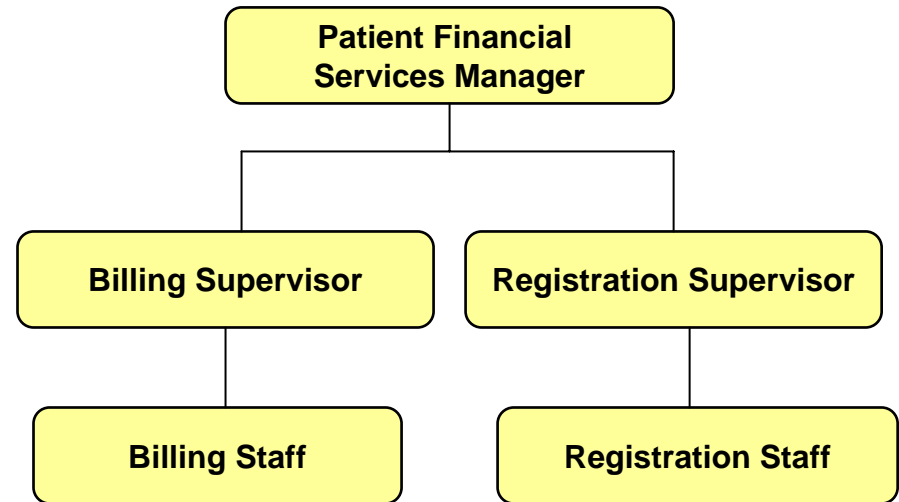


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# Common Registration Recommendations

- Ensure proper reporting relationships and assignment of duties.
- Registration supervisor responsibilities should include:
  - Development of a registration procedure manual
  - Implementation of an error feedback loop / process improvement efforts
  - Quality / accuracy monitoring
  - Staff training
  - Staff hiring
  - Annual performance evaluations
  - Schedule and conduct team meetings



# Common Registration Recommendations *(cont'd)*

- **Develop and effective Pre-Registration Process**
  - Make pre-registration a focused initiative
    - ◇ Don't post-pone until day before visit
  - Identify patients with scheduled visits
    - ◇ Standardized reporting
  - Contacts patients well in advance of scheduled visits
    - ◇ Should be done at time visit is scheduled or shortly after
  - Collaborate with referral sources to encourage patients to pre-register
    - ◇ Develop a “Pre-Registration Instruction Form” Providers can give to patients
      - Include key telephone numbers to call
      - Critical information to have available
  - Complete insurance verification in pre-registration process



# Common Registration Recommendations *(cont'd)*

- Develop a comprehensive process and procedures manual
  - Include step-by-step registration instructions for all patient types
  - Identify key people responsible for completing updates
  - Have accessible to personnel in all areas where registration is completed
    - ◇ Critical since registration happens 24/7/365
  - Manual can be used in training and development
- Create culture where speed does not equal good customer service
  - **Quality** in registration is **most important** and **will avoid bad customer service** in the end
- Train registration staff “HOW” to ask questions
  - Ask interactive questions that engage patient and avoid questions that encourage “Yes”, “No” or “No change” answers
    - ◇ Passive: Is your insurance company the same as you last visit?
    - ◇ Interactive: Who is your insurance company?



# Common Registration Recommendations *(cont'd)*

- Make registration an active activity rather than a passive activity
  - Use evening personnel to review prior days admissions to identify errors or information gaps
  - Consider “rounding” registration staff to gather information not available/gathered at admissions
  - Work with discharge planning to develop a process to “close the loop” on patients with missing information
    - ◇ For example, change discharge process to have all patients with missing information stop at registration upon discharge
- Develop reporting and monitoring indicators for registration errors



# Common Charge Capture & Coding Observations



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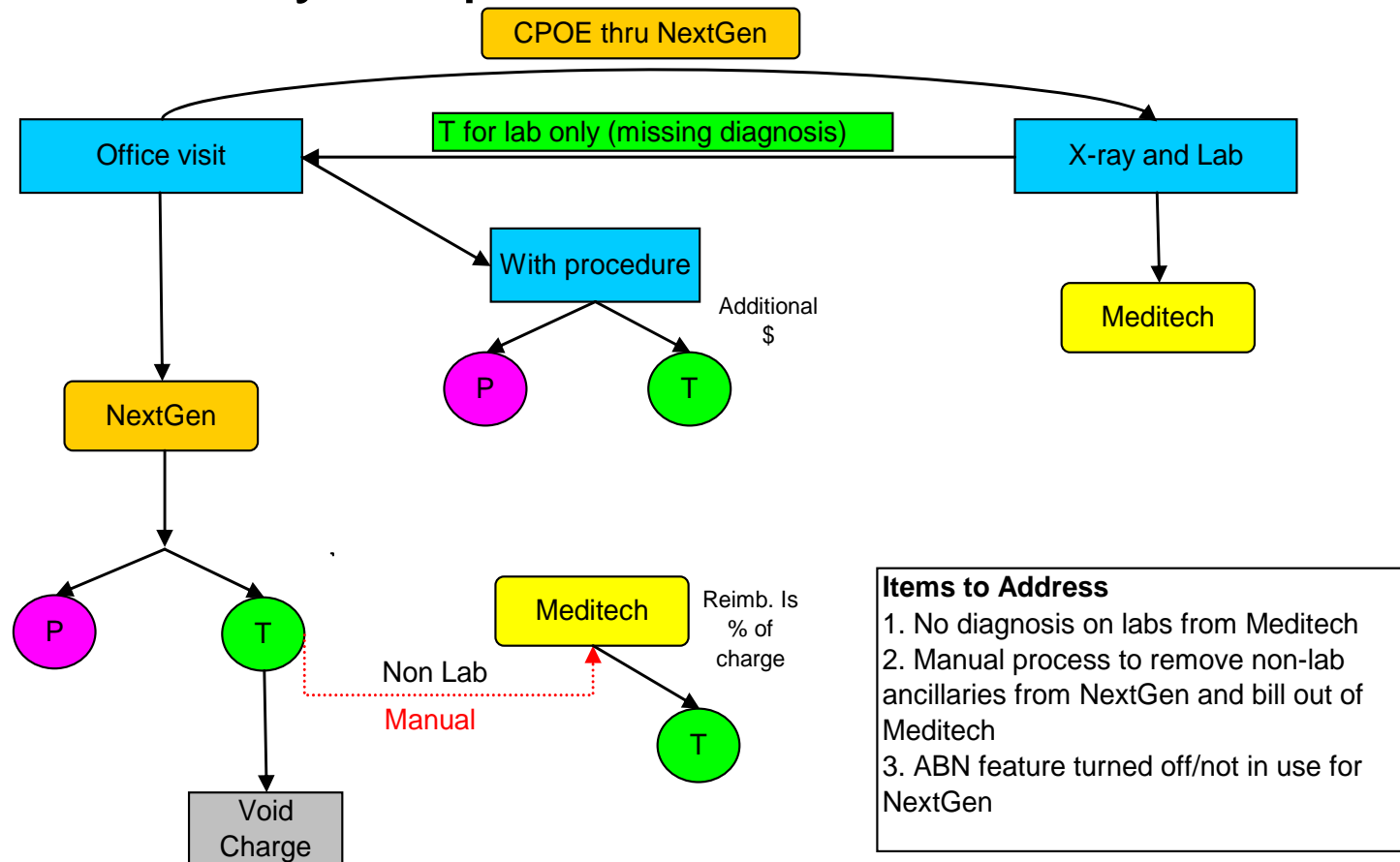
# Common Charge Captured & Coding Observations

- Establish a formal process that involves the business office and department managers to review existing charge codes at least annually and to establish new charge codes.
  - The process should be a cross-discipline collaboration to ensure accuracy and understanding of charge code use.
- Establish benchmark timelines for charge submission and communicate throughout organization
  - Example: 5 days from discharge/date of service
  - Tie into annual performance appraisal process
- Establish process for communicating late charges back to ancillary departments
- Run reports to identify outstanding charges/charge slips against the daily census.
- For clinic practices, implement a daily charge ticket reconciliation for encounters.
  - At the end of the day, the nursing staff assisting the provider prints an updated schedule and gathers all of the completed charge tickets from the provider. If all tickets are not available, the packet [schedule and completed charge tickets] are placed in centralized filing area for all providers for the next day's nursing staff to complete with the provider. A packet cannot be turned in to coding until all charge tickets for a scheduled day are completed.



# Common Charge Capture & Coding Observations *(cont'd)*

- Case study: Capitalize on the use of technology



# Common Charge Capture & Coding Observations *(cont'd)*

- Generally, coding is not a core issue in revenue cycle efficiency
- Key coding processes to focus on:
  - Employment of credentialed and trained coding staff
  - Ensure coding staff are participating in ongoing training and development
  - Develop performance targets for coding staff and provide specific feedback on errors identified in denial management and transmittal errors follow up process.
    - ◇ Performance target example: 95% coding accuracy each month.
    - ◇ Coding completed within 7 days post-discharge
      - Allows 2 days for coding once all charges captured



# Common Billing Observations



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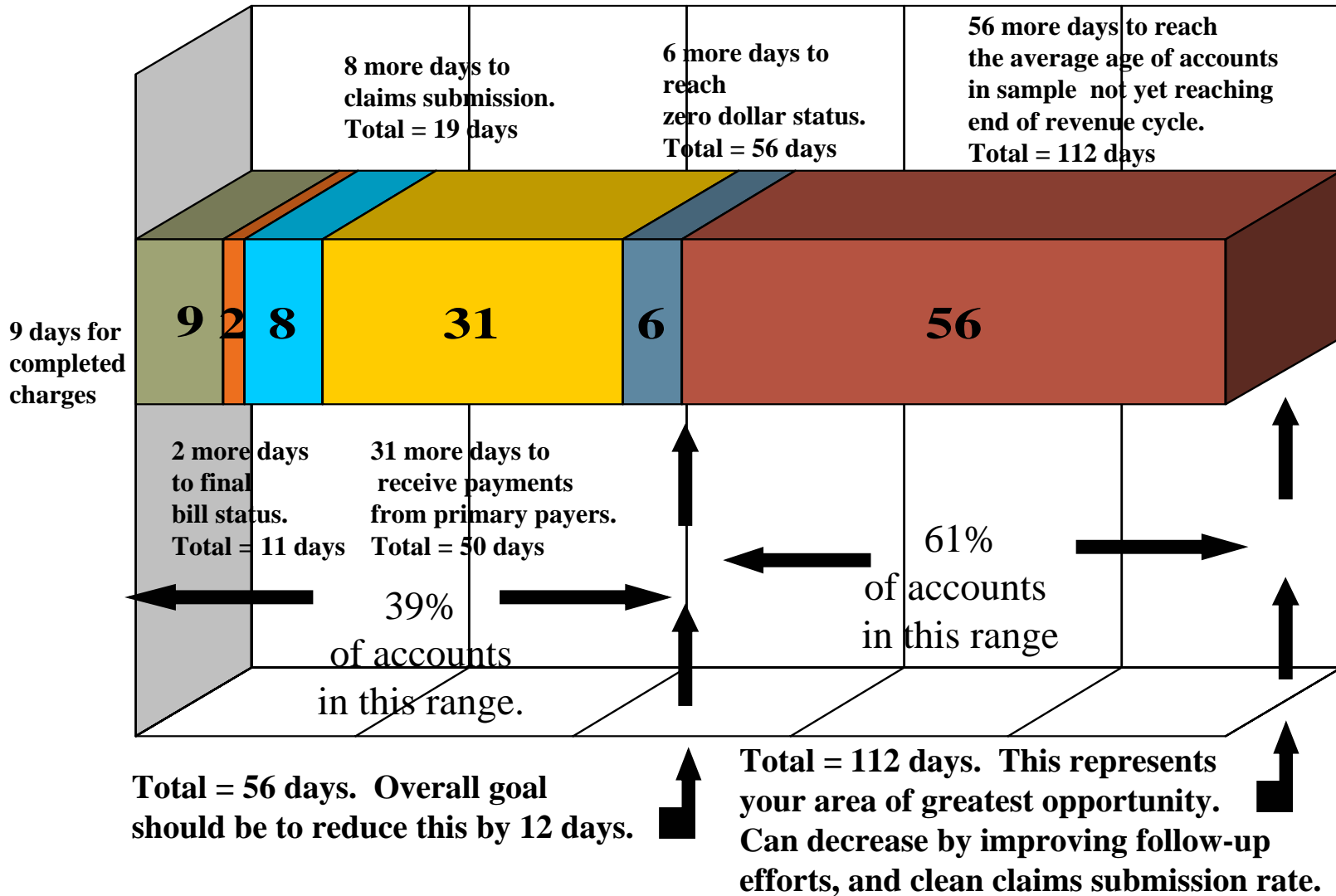
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# Common Billing Observations

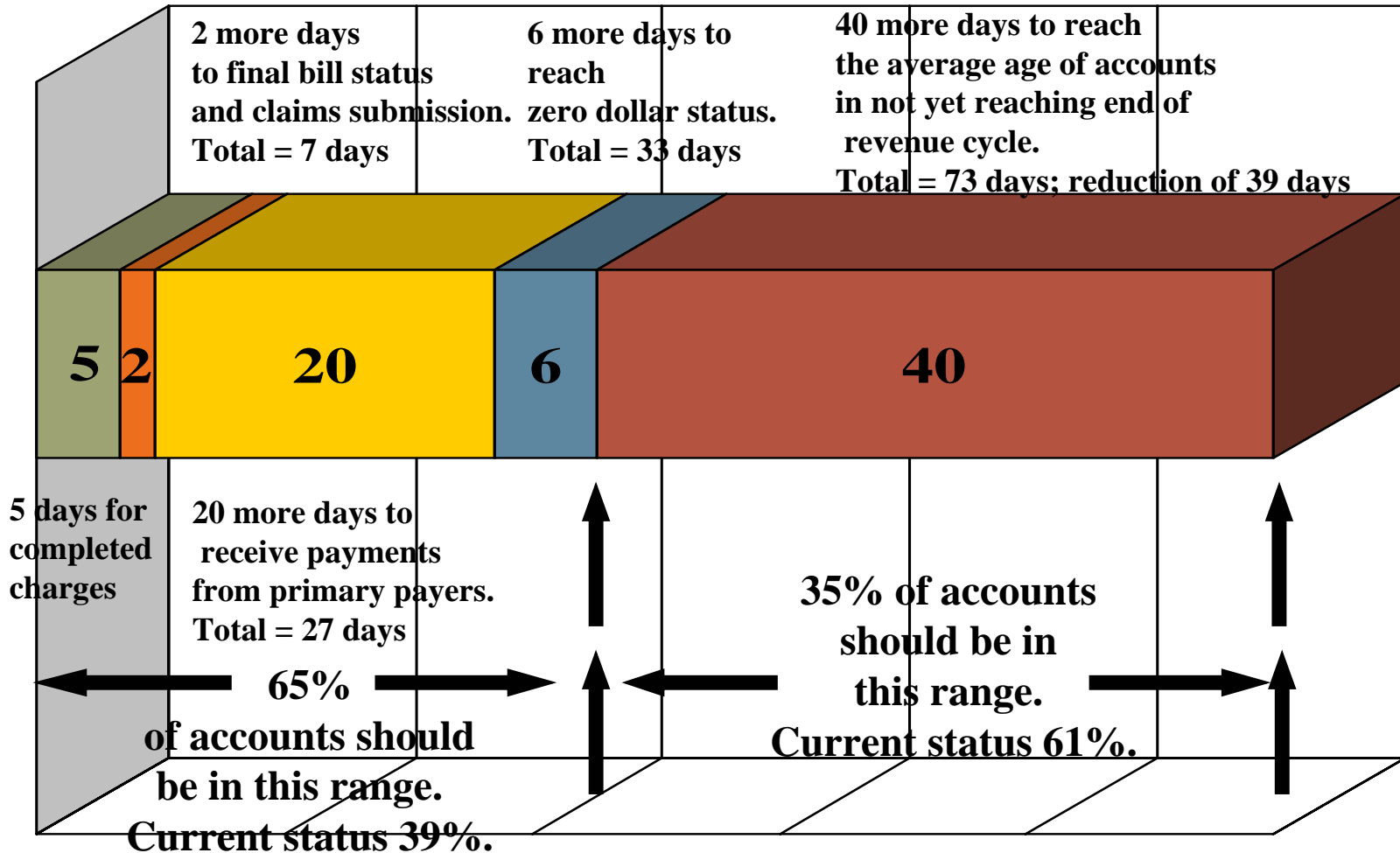
- Establish an active management process
  - Conduct regular departmental meetings with a regular agenda.
    - ◇ Report on departmental goals w/ discussion;
    - ◇ Goals and/or priorities for the next week(s);
    - ◇ Discussion of recurring problems the billers are experiencing;
  - Take control of “how” billing staff do work. {I.E. Coordinate daily billing tasks and/or expectations so staff understand what they **must** accomplish on any given day.} Provide greater structure to the environment.
    - ◇ First daily task: Bill current claims
    - ◇ Second daily task: Follow-up on previous days electronic submissions
    - ◇ Third daily task: Work reminder queue’s
    - ◇ Etc.
  - Establish departmental goals as well as productivity monitors for the department and report on them consistently.
    - ◇ Gross days revenue in A/R
    - ◇ Claim billed per hour or per day by biller
    - ◇ Turn-around time for claim payment
    - ◇ Revenue goals per aging category



# Case Study: Time Line Current Claims Cycle



# Case Study: Best Practices Model (Goal)



# Common Billing Observations *(cont'd)*

- Implement formal, written management approval for account write-offs.
- Consider purchasing a denials management system reporting (i.e. Rycan) and use data to implement process improvements to avoid future denials.
- Implement electronic remittance and posting with Medicare, Medicaid and BCBS
- Assign accountability for obtaining regulatory updates each month and disseminate to business office staff and department managers.



# Common Supervisory Observations



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# Common Supervisory Observations

- Develop a cross-discipline “Revenue Cycle Team”, whose duties and responsibilities could include:
  - Reviewing revenue cycle data
  - Identifying issues and bottlenecks that are delaying the revenue cycle
  - Developing corrective action plans for issues and bottlenecks
  - Monitoring progress of corrective action plans
- A “cross-discipline” Revenue Cycle Team would have representation from each of the following areas:
  - Registration
  - Nursing Leadership
  - Outpatient Managers
  - Business Office Staff
- The Revenue Cycle team could be chaired by the Director of PFS or delegated to another member of management.



# Common Supervisory Observations *(cont'd)*

- Identify and develop reports that should be monitored on a routine basis. At a minimum these could include:
  - Daily revenue and usage reports by patient by department.
  - Credit balance report
  - Accounts receivable aging by payer
  - Contractual adjustments by payer
  - Denials by ANSI codes and by payer
  - Payment posting by day
  - Workque aging in Series and the claims scrubber



# Conclusion: Efficient Revenue Cycle

- Effective Management & Supervision
- Consistent Processes & Procedures
- Strong Communication & Coordination
- Established, Communicated, & Monitored Goals



# Questions?

# Thank you!

## Contact Information:

Rob Schile, Principal

Phone: 612.376.4592

[rschile@larsonallen.com](mailto:rschile@larsonallen.com)



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