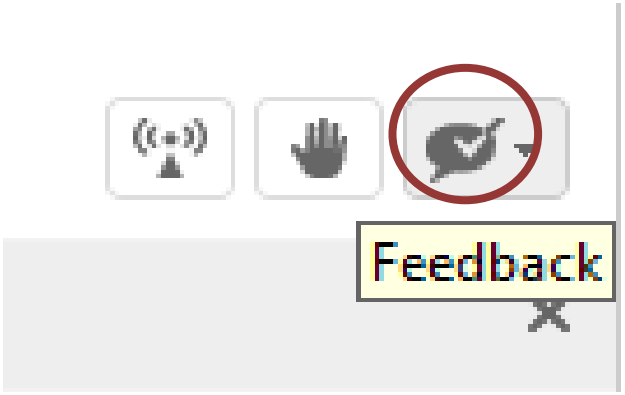
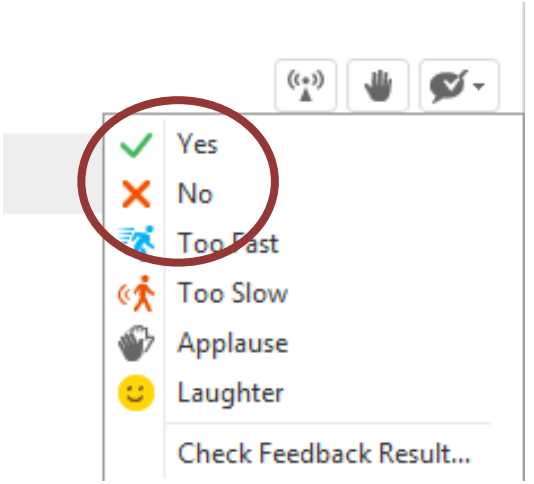
Show Me the Money: Improving Accounts Receivable Management

Presented by: Debora Sullivan, MBA, PT

Do you know how much money your clinic is owed from patients and third-party payers (TPP) for services you have provided in the past year?

- ❑ Yes
- ❑ No





Overview

- Revenue Cycle Management
- Selecting and using key performance indicators (KPI's)
- Improving front end processes
- Monitoring accounts receivable
- Selecting and reading key reports
- Case Study

Learning Objectives

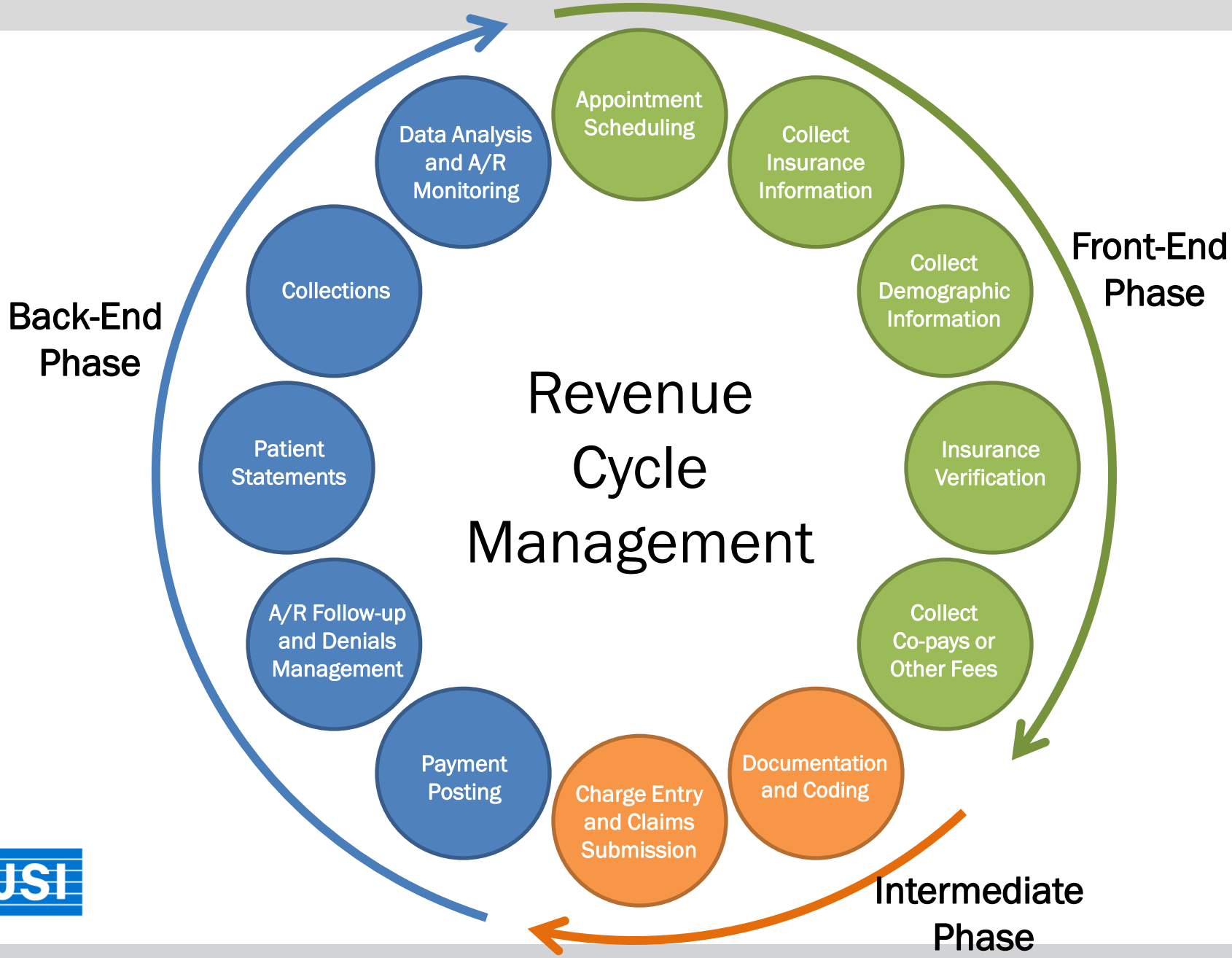
Participants will be able to:

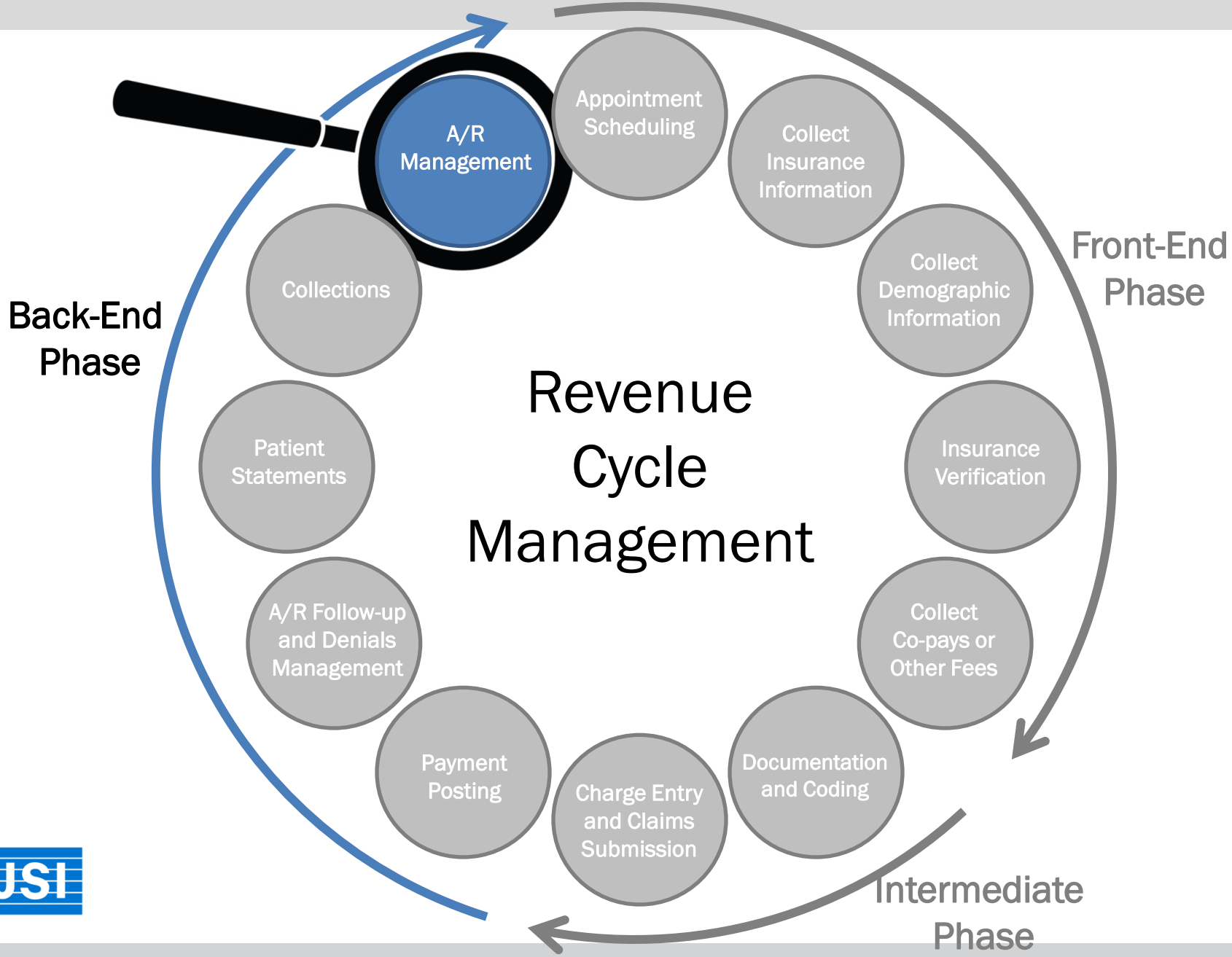
- Recognize the three phases of revenue cycle management
- Understand how to use key performance indicators (KPIs) to improve revenue cycle management (RCM)
- Be familiar with ways to monitor accounts receivable

What is Revenue Cycle Management?

"All administrative and clinical functions that contribute to the capture, management, and collection of patient service revenue.“

- The Healthcare Financial Management Association (HFMA)


Revenue Cycle Management
Front-End Phase
Intermediate Phase
Back-End Phase
Appointment Scheduling
Collect Insurance Information
Collect Demographic Information
Insurance Verification
Collect Co-pays or Other Fees
Documentation and Coding
Charge Entry and Claims Submission
Payment Posting
A/R Follow-up and Denials Management
Patient Statements
Collections
Data Analysis and A/R Monitoring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Revenue Cycle Management
Front-End Phase
Intermediate Phase
Back-End Phase

Key Performance Indicators

What gets measured gets managed…and improves!

- Help identify problem areas
- Show historical trends – enables informed decisions

Key Performance Indicators

- Selecting KPIs:
  - Easy to gather data and calculate
  - No more than 5-7
  - Have largest impact

Examples of KPIs

- Charges
- Payer mix (TPP's, fee payer)
- Utilization
- Collection rate
- A/R aging
- Claims Denial Rate

*see resources

Key Performance Indicators

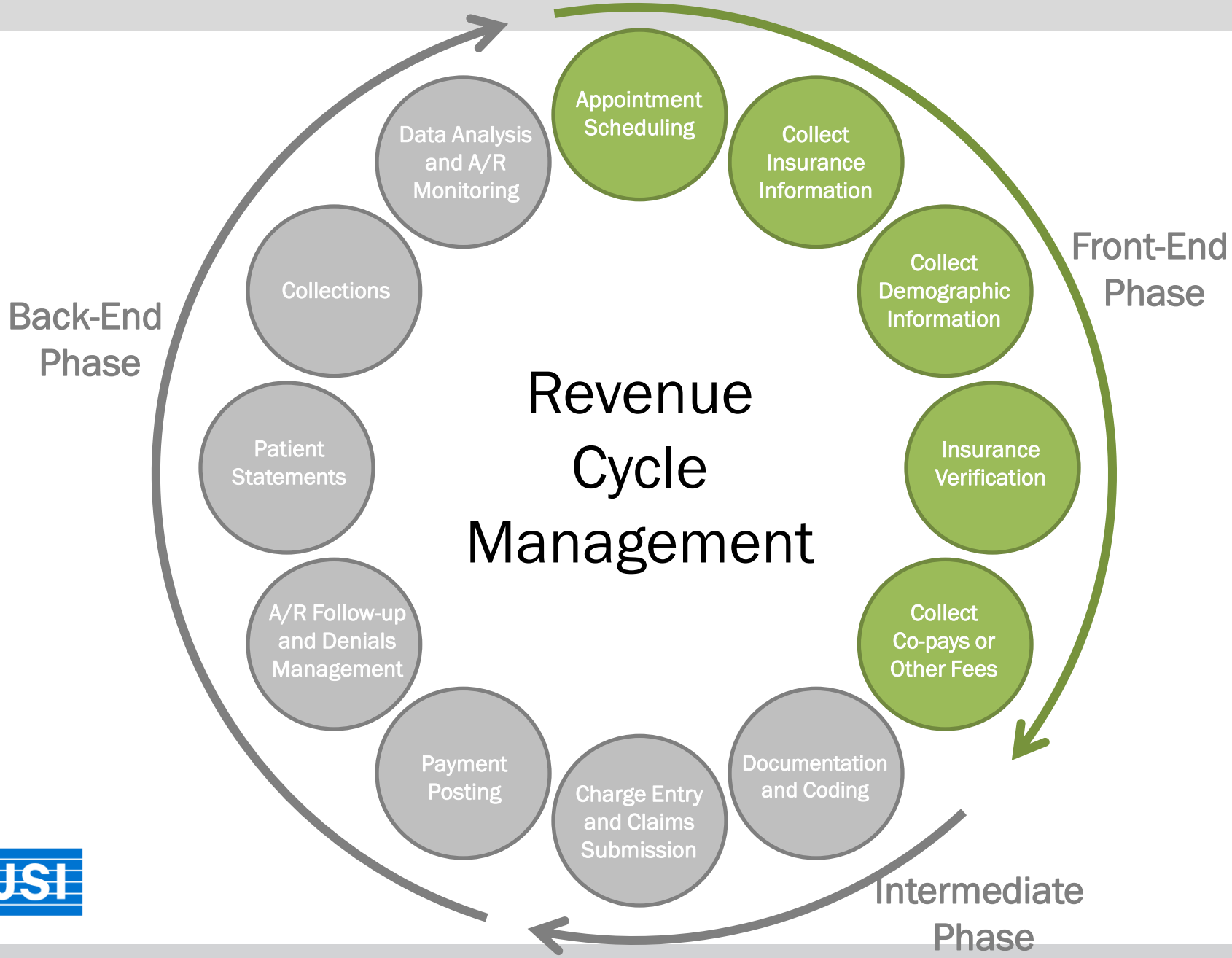
- Set benchmarks
  - Industry standards
  - Drawn from experience/internal best practices
  - Legal requirements
- Monitor monthly

Using Key Performance Indicators

1 Select KPIs

2 Set benchmarks

3 Review monthly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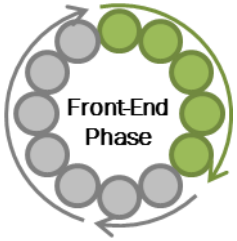
Revenue Cycle: Front-End

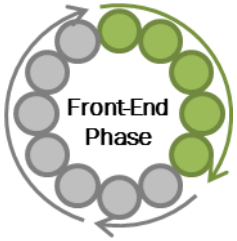


Before service rendered-

Gather *accurate* patient information:

- Demographic information
- Insurance coverage
  - Obtain required authorizations
  - Tip: use electronic verification system (EVS)
- Family size and income

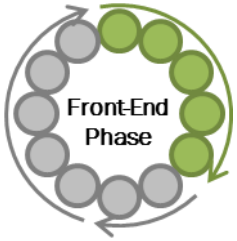
Revenue Cycle: Front-End



Time of service:

- Collect fees
  - Cash, credit/debit cards, checks
- Communicate with the patient
  - Charges
  - Collection policies
  - Fees

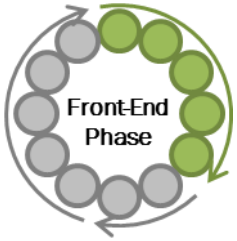
Revenue Cycle: Front-End



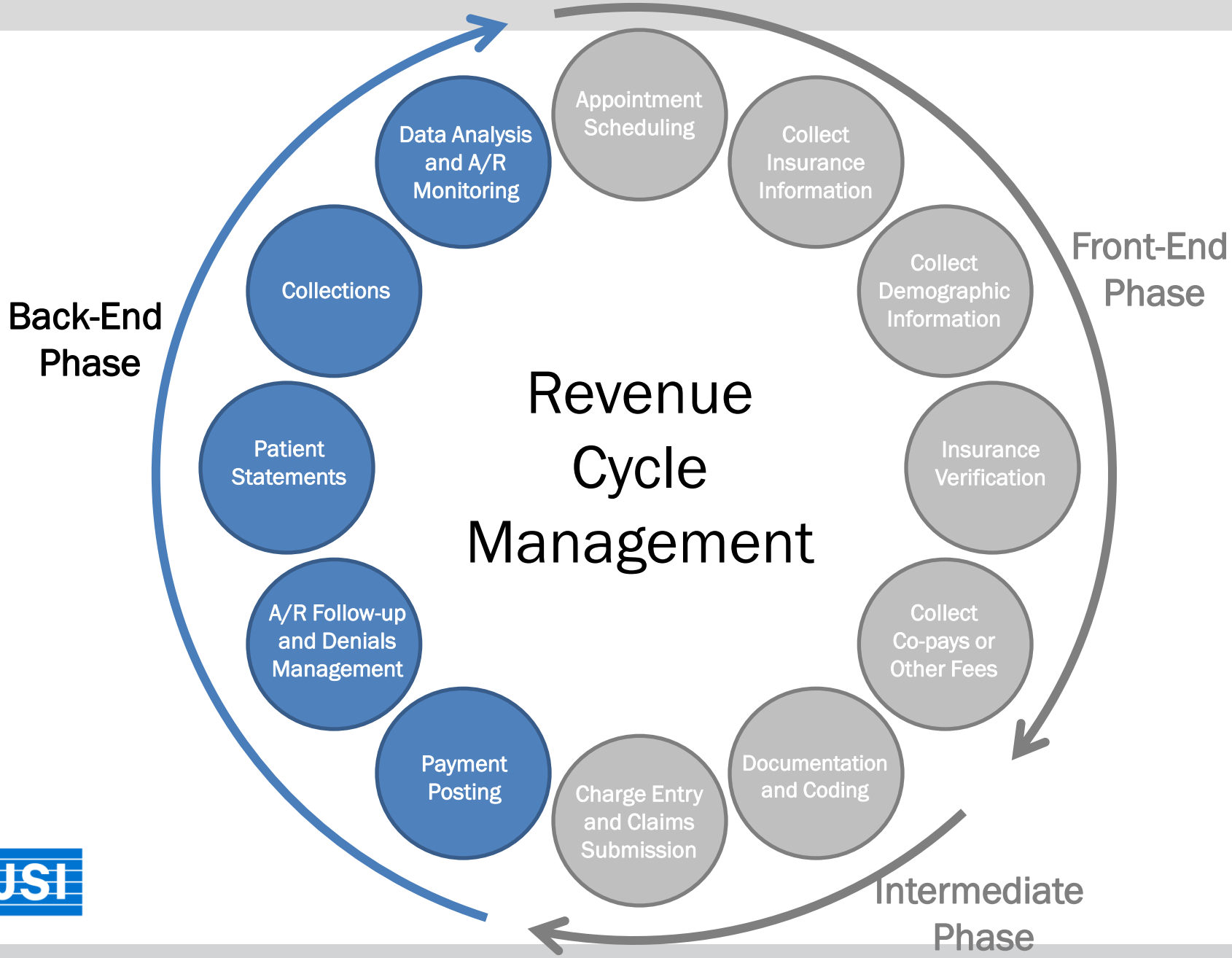
- Implement a contractual obligation tracking chart *
- Ensure “clean” claims are submitted in timely fashion
- Implement electronic verification system (EVS)
- Clinician TPP credentialing *

*see resources

Revenue Cycle: Front-End Reports



- Reports from Practice Management System (PMS) and/or Electronic Health Record (EHR):
  - **Not Eligible on Date of Service**
  - **Kept Appointments with No Charge**
  - **Incomplete Claims File/Client Visit**
- May manually track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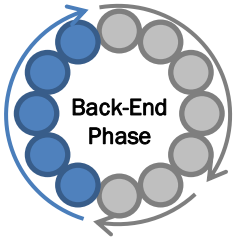
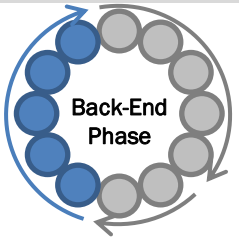
What is Accounts Receivable (A/R)?



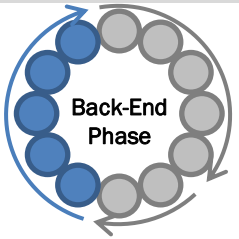
- Money owed to your practice for services that you have provided and invoiced

Monitoring A/R



- Monitoring A/R is essential
  - Ensures that **expected** payments are received in a timely manner
  - Identify trends that slow down the reimbursement process

Monitoring A/R

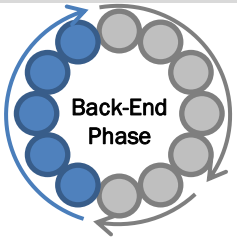


Compile data:

- Manually track data if no PMS/EHR
- PMS/EHR reports to manage A/R

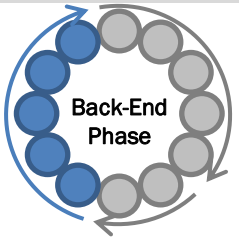
  -Work with your software vendor to produce/design reports

Example Reports for A/R Management



- Detailed reports from PMS/EHR (or manually compile):
  - **A/R Aging**
  - **Claims Receivable**
  - **Charges**
  - **Insurance Payment Trends**
  - **Denied Claims**

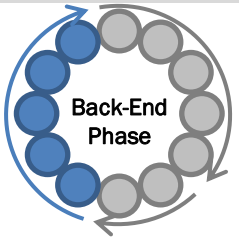
Monthly A/R Aging Report



Is important because….

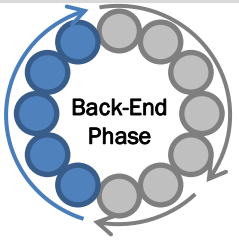
- It illustrates how much money is owed
- Categorizes money owed by payment request date
- Allows high level view

Reading A/R Aging Report



- Overall decrease is **good**
- Exceptions:
  - Due to a decrease in the 0-30 days age range
  - Write offs done for denials reasons you are unable to overturn

Reading A/R Aging Report



- Uncover reasons for variances between months
  - Develop strategies to avoid repeat mistakes
- Write off old accounts

Monthly A/R Aging

A/R by Payer Nov 14	<=30 Days	31-60 Days	61-90 Days	91-180 Days	181-365 Days	Total	>365 Days	Grand Total
Medicaid 1	$167,564	$83,782	$111,430	$13,908	$387	$377,071	$0	$377,071
Commercial 1	$82,740	$91,370	$37,773	$16,814	$467	$222,802	$12,434	$235,236
Patient Fees	$12,969	$8,968	$5,866	$7,101	$2,782	$37,686	$0	$37,686
Total	**$263,273**	**$184,120**	**$155,069**	**$37,823**	**$3,636**	**$637,560**	**$12,434**	**$649,994**

A/R by Payer Oct14	<=30 Days	31-60 Days	61-90 Days	91-180 Days	181-365 Days	Total	>365 Days	Grand Total
Medicaid 1	$175,942	$87,971	$43,986	$13,746	$687	$322,332	$0	$322,332
Commercial 1	$137,089	$18,630	$22,174	$7,392	$250	$185,534	$12,434	$197,968
Patient Fees	$12,784	$8,230	$5,510	$6,926	$2,568	$36,018	$0	$36,018
Total	**$325,815**	**$114,831**	**$71,670**	**$28,064**	**$3,505**	**$543,884**	**$12,434**	**$556,318**

A/R Sept 14 (22 days)	**$248,996**	**$140,345**	**$69,788**	$31,966	**$14,555**	**$505,650**	**$0**	**$505,650**
A/R Aug 14 (21 days)	**$275,789**	**$142,685**	**$79,998**	$43,334	**$14,876**	**$556,682**	**$0**	**$556,682**

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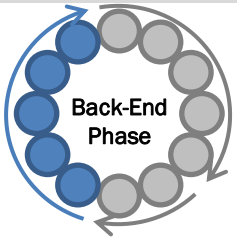
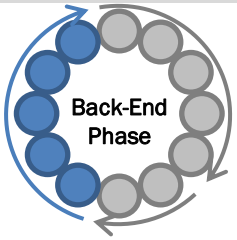
Resolving Unpaid or Rejected Claims



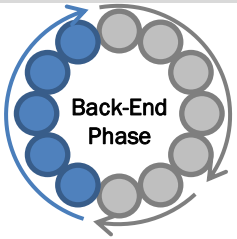
- Prioritize claims with no payment
- If a claim not paid or rejected within 45 days, investigate
- Prioritize repeat issues and large $ unpaid claims
  - Focus older than 90 days first

Resolving Unpaid or Rejected Claims



- Partial payments, investigate:
  - Write-off?
  - Rebill remaining amount?
    - To the insurance company
    - To the client
- Claims may have more than one denial reason

Resolving Unpaid or Rejected Claims



- Call the TPP claims representative
  - Ask questions
  - Foster a good relationship!
- Eliminate future denials of those investigated
  - Document findings
  - Provide feedback

Claim Receivable Listing for all Clinics/all Plans

From 7/01/2015 to 7/31/2015

Client #	*Beginning Amount*	*Date of Service*	*Charges*		*Credits*		*Payments*	*Ending Amount*
			Date	*Amount*	*Date*	*Amount*		
1	0.00	6/17/15	7/7/15	282.00				282.00
2	235.00	5/28/15			7/7/15	150.00	150.00	
					7/7/15	85.00		
3	0.00	6/5/15	7/7/15	251.00				251.00
4	72.00	5/26/15			7/7/15	72.00	72.00	0.00
5	0.00	6/2/15	7/7/15	275.00				275.00
6	0.00	6/2/15	7/7/15	72.00				72.00
7	250.00	1/14/15						250.00
8	72.00	6/11/15			7/7/15	47.00	47.00	0.00
9	72.00	6/10/15			7/7/15	72.00	72.00	0.00
10	72.00	3/11/15						72.00

Case Study

- State Family Planning Grantee
- Focus on 3 health department sites
- Challenges:
  - Identifying metrics
  - PMS problems:
    - generating/interpreting reports
    - system capabilities/limitations

Case Study

- Identified key PMS reports to run and frequency
- Selected indicators, developed KPIs
  - Interpret/analyze data (questions)
  - Identify what stands out (issues)
  - Compare months (trends, progress)

	JULY		AUGUST		SEPT		Benchmark
	Clinic A		Clinic A		Clinic A		
Total Charges	$14,607		$15,882		$16,958		**over $18,000**
Total Client Charge	$6,878		$8,533		$7,930		
donation	$627		$834		$1,023		**over $1000**
Fees Receivable							
Prev Bal	$3,554		$3,599		$4,023		
Charge	$2,296		$2,825		$2,904		
Fee Payment/Refund	$2,406		$2,995		$2,694		**over $3000**
End Bal	$3,599		$4,023		$4,250		
Ins Billing Receivables							
Beginning Receivables	$9,042		$9,788		$14,518		
Charges	$4,785		$14,747		$6,298		
Credit	$4,039		$10,017		$10,797		
Payment	$2,799		$5,050		$6,827		**over $7,000**
Ending Receivables	$9,788		$14,518		$6,019		
Cred/Beg Rec+Chrg	29%		41%		52%		**over 55%**

	JULY		AUGUST		SEPT		Benchmark
	Clinic A		Clinic A		Clinic A		
Utilization (JUL)	NEW	TOT	NEW	TOT	NEW	TOT	
Ins 1	4	58	29	106	8	59	
Ins 2	3	54	15	76	9	22	
Ins 3	0	9	4	14	3	17	
XIXSD	3	10	16	35	8	25	
New and TOT TPP	**10**	**131**	**64**	**231**	**28**	**123**	
New/Tot TPP	**8%**		**28%**		**23%**		**35-45%**
100%slide	89	48%	101	50%	83	46%	**45-65%**
75% slide	22	12%	36	18%	40	22%	**12-25%**
50% slide	23	12%	32	16%	29	16%	**5-20%**
25% slide	19	10%	17	8%	13	7%	**3-10%**
Full fee	12	6%	16	8%	14	8%	**3-10%**
Unknown	22	12%	0	0%	0	0%	**0**
TOT PATIENTS	**187**		**202**		**179**		
Fee Payer %	**95%**		**68%**		**84%**		**50-70%**
Incomplete CVR	4		1		0		**0**

Case Study

- Identified and resolved:
  - Insurance Company #1 contract
  - Insurance Company #2 issue
  - Denials management
  - Incomplete Client Visit Report (CVR)
  - Donations

Case Study

- Implemented best practices - front desk and exit area
  - Accurate Family Size and Income
  - Missing information for TPPs
  - Identify/collect fees
  - Accept cash, debit, credit cards
  - Develop and communicate policies
  - Implement EVS

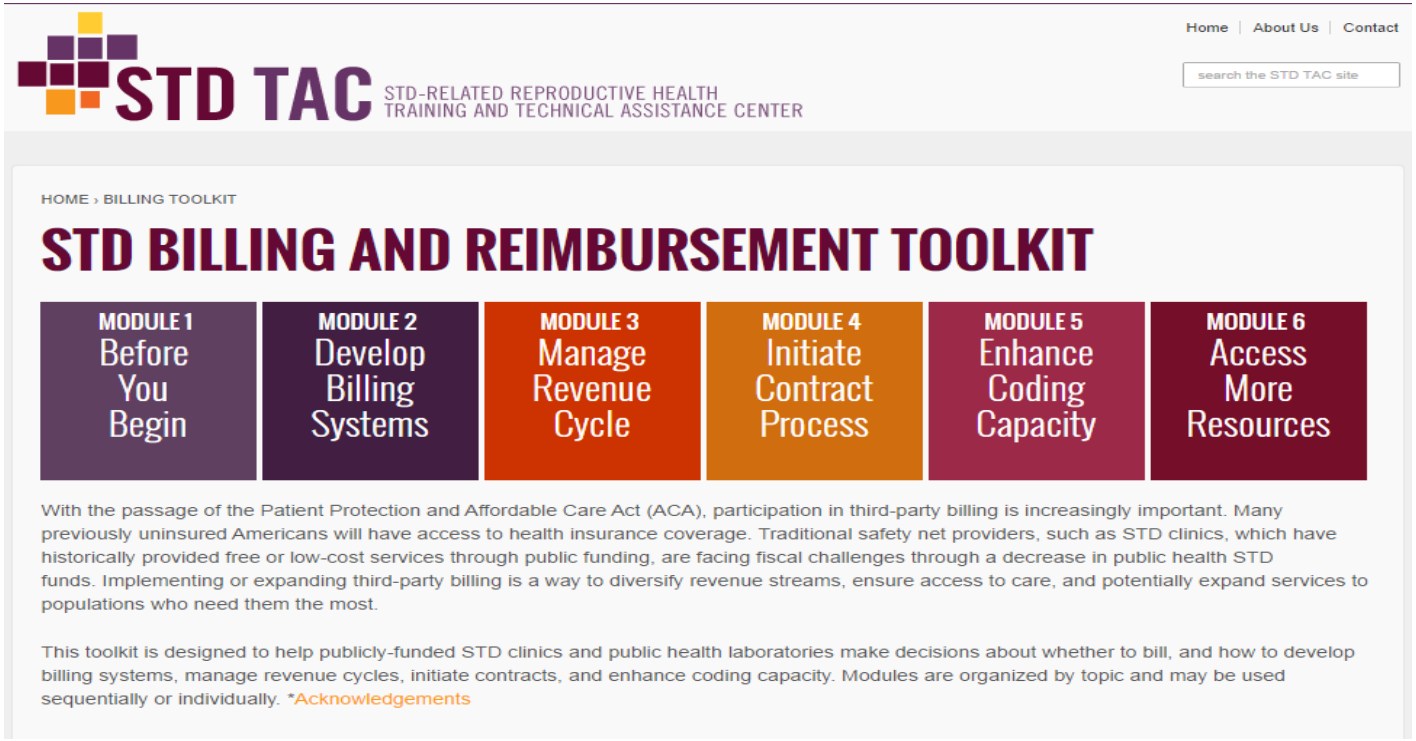
Case Study

- Billing
  - Weekly TPP billing
  - Monthly fee payer invoices
  - Collection agency

- Educate team
  - Monthly review
  - Learn from each other when more than 1 clinic involved

Resources

- Go to stdtac.org to access the billing toolkit and request training and technical assistance



JSI

More Resources

- Patient intake form (English/Spanish)
  http://stdtac.org/wp-content/uploads/2016/05/Intake-Form_ENG-SPN_STDTAC.docx
- Clinic Flow: Best Practices for Integrating Billing
  http://stdtac.org/wp-content/uploads/2016/05/Clinic-Flow-Best-Practices_STDTAC.pdf
- Credentialing Tracking Workbook
  http://stdtac.org/wp-content/uploads/2016/05/Credentialing_Tracking_Workbook_Final.xlsx
- Contractual Obligations Tracking Worksheet
  http://stdtac.org/wp-content/uploads/2016/05/TPP-Contractual-Tracking-Tool_STDTAC.xlsx
- Financial Dashboard
  http://stdtac.org/wp-content/uploads/2016/05/Financial-Dashboard-6.3.15.xlsx

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