Revenue Cycle Management Excellence

Easily improving bottom line !!!!!

SN Academy Seminar

9th May 2014

Revenue Cycle Management ; Are you doing it right ?

➤ Are you earning what you deserve ?

➤ Do you have a financial plan for the future ?

➤ Are you optimizing every process of your RCM to get the best results ?

Here are a few simple ways you can manage and leverage your revenue cycle.

Swimming, treading water or drowning?

Deliver value to empowered customer

- Move from market analysis to understanding individuals
- Take charge of growing volume, velocity and variety of data

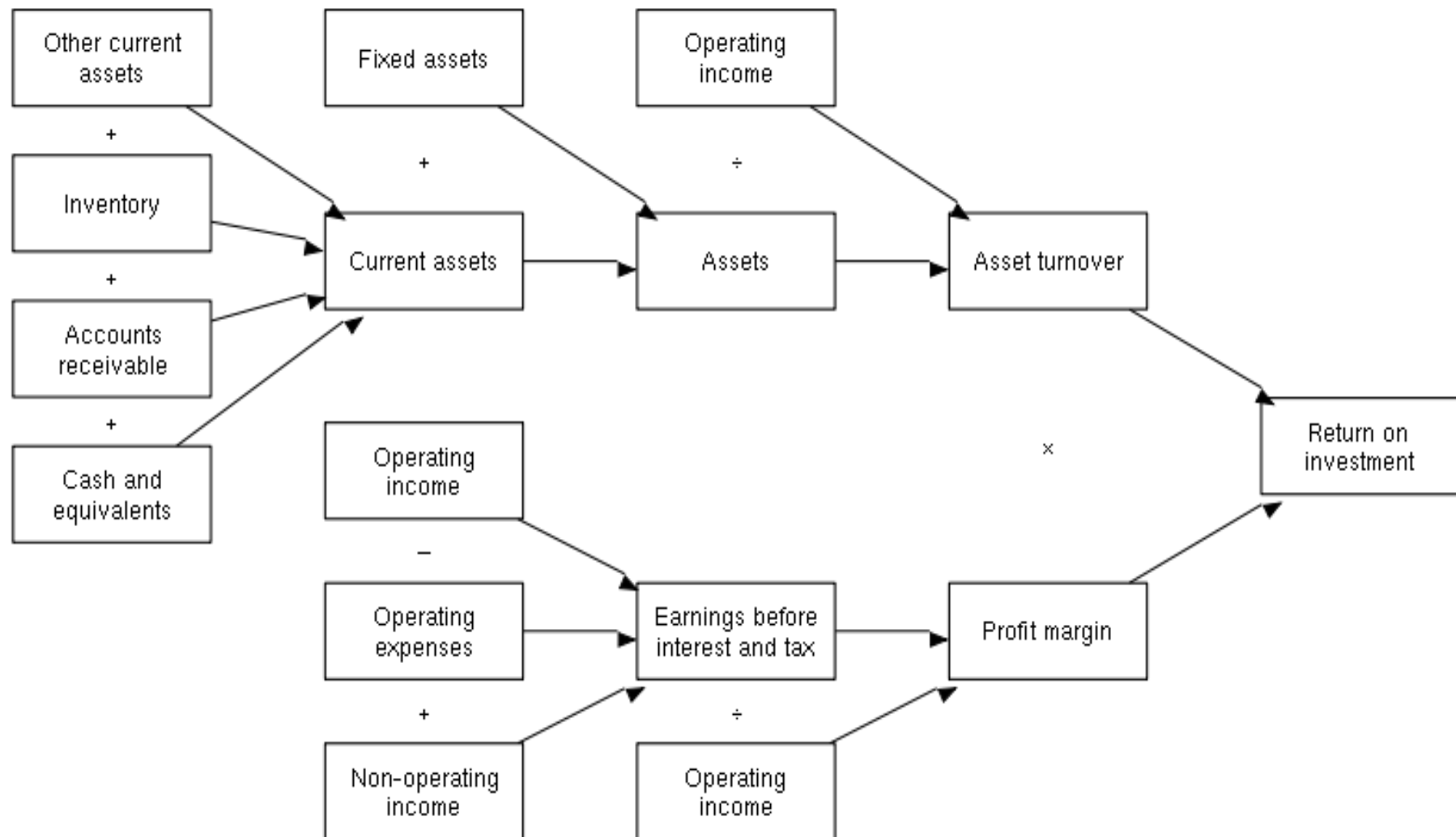## Foster lasting connections

- Focus on the relationship, not just the transaction
- Invest in building your corporate character

Capture value, measure results

- Demonstrate accountability through ROI
- Recognize shift towards new skills and capabilities

The CMO Agenda – Get fit for the future

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DuPont Model

Cash is King

➢ Hospital may report growth in Revenue, and yet may not have enough cash to pay vendors and sometimes even salaries.!!!!

➢ Equally true even when the Hospital reports a profit in each period.

➢ With Insurance and Corporate/ Govt. patient volumes increasing, cash could become the un-expected villain at a critical time.

Revenue Cycle

➢ What is the revenue cycle?

▪ Begins with appointment scheduling and ends with payment resulting in zero balance due

➢ How do we know if we are doing a good job?

➢ The numbers don't lie….

Revenue cycle management (RCM) is the process that manages
➢ claims processing,
➢ payment and
➢ revenue generation.

It entails using technology to
keep track of each stage of the patients interacti

.

➢ **Time management and efficiency** play large
        elements in RCM, and a physician's or
hospital's choice of HMS / EMR can be   largely
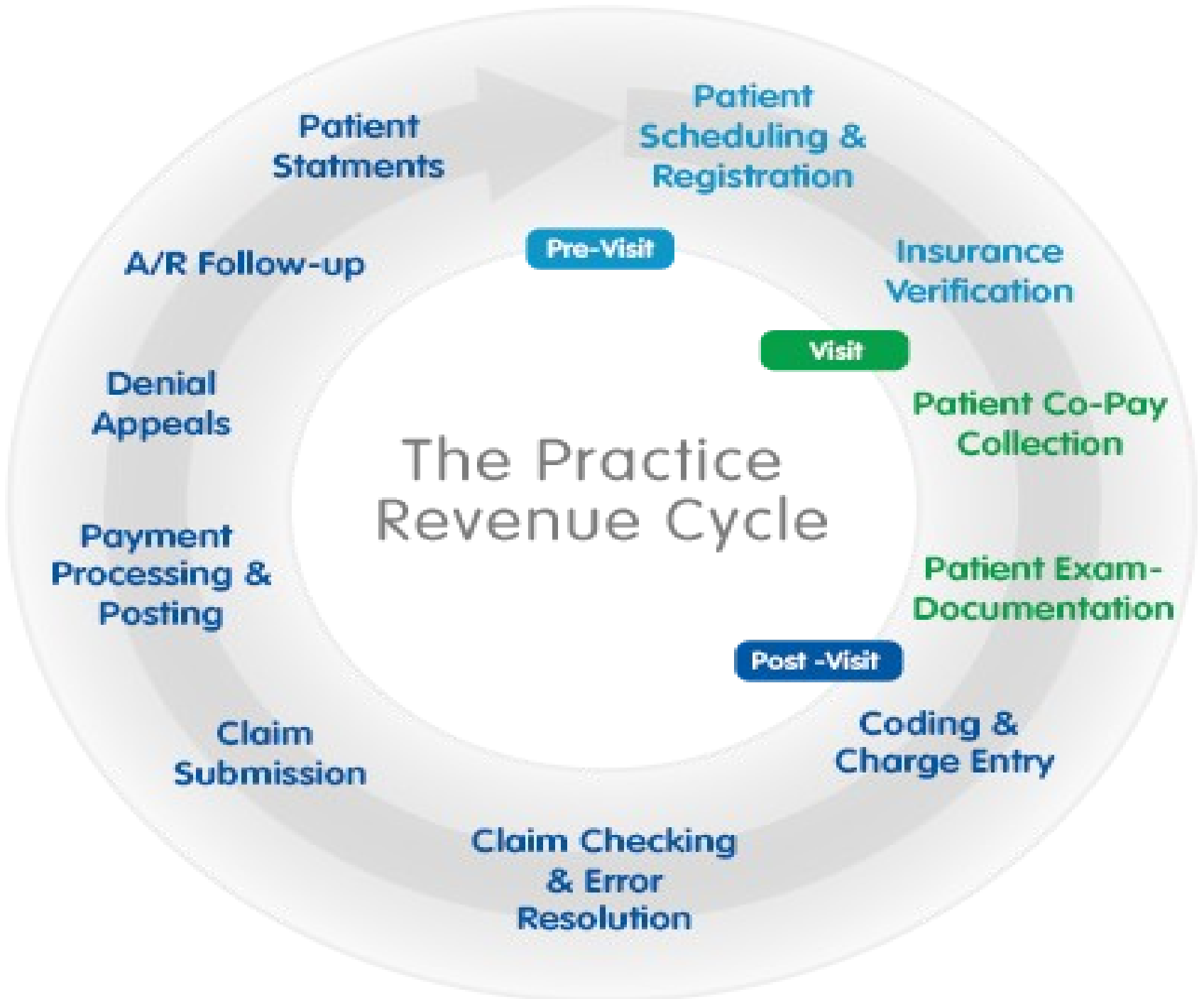centered around how their RCM is implemented.
➢ **Invest in the front end**.
        Improving the quality and rigor of data
        collection when patients are admitted , delivers
         big dividends when the time comes to seek
        payment

Bottom-line benefits

• Capture an additional 2 to 5 percent of revenue that would otherwise be lost

• Accelerate cash flow through faster receivables collection

• Reduce operating costs through improved productivity and efficiency

• Grow the business without a proportionate increase in Head count

• Improve customer satisfaction by providing a better patient experience

The Practice Revenue Cycle

Pre-Visit
- Patient Statments
- Patient Scheduling & Registration
- Insurance Verification

Visit
- Patient Co-Pay Collection
- Patient Exam-Documentation

Post -Visit
- Coding & Charge Entry
- Claim Checking & Error Resolution
- Claim Submission
- Payment Processing & Posting
- Denial Appeals
- A/R Follow-up

The Revenue Cycle Management Process

Pre visit –

- Patient schedules appointment

- Neglacting to verify Insurance eligibility in advance

   leads to delays and denials

The Revenue Cycle Management Process

During visit –

- Patient checks in
- Doctor sees the patient
- Patient checks out.
- Failing to collect patient co-pays at the time of check-in/out.
- ICD-10 will bring a five fold increase in diagnosis codes .
- Insufficient clinical documentation will slowdown the revenue cycle process and jeopardise coding accuracy.

PRR

5/5/14

The Revenue Cycle Management Process

Post visit –

• Billing staff assign codes and charges and submits claims to the Payer.

• 3 Common error types

❖ Inaccurate Patient demographic or Insurance information.

❖ Incorrect or sub-optimal codes and/or modifiers.

❖ Incorrect charges.

The Revenue Cycle Management Process

Payer processes –

• What can happen ?

➢ Paid fully
➢ Paid partially/incorrectly/
➢ Payment denied.
➢ Payment with-held for details.

▪ The payment may not happen at all and after sometime , may have to be written off .

▪ The disallowed payment may not be recoverable from the patient. Bad debt ??

- **Know where you stand**.

    A formal assessment of your
    operational performance across all phases of the
    revenue cycle provides a road map for
    improvement and helps quantify the potential
    benefits

Organize

➢ Revenue Cycle Assessment
  ▪ Detailed review of processes which impact your revenue cycle…..
    • Patient Satisfaction Survey
    • Scheduling
    • Patient Registration
    • Pre-Appointment Activities
    • Charge Structure & Contracting
    • Charge Capture
    • Billing & Accounts Receivable Management
    • Patient Collections

Measure…..Start Here!

➢ Operational Measures

➢ Patient satisfaction

- Can be conducted internally or externally
- Conduct prior to making changes to obtain baseline data
- Keep questions simple & limited (around 5) to encourage completion
- Share results with staff – do not keep secret!
- Conduct regularly

Maintain convenient and caring touch points with patients

➢ Optimizing a patient's fit and subsequent contacts with your organization is an important part of improving revenue cycle.

➢ Everyone who registers or schedules a patient should have skills   to do their job efficiently and with a caring attitude.

➢ By making it convenient and pleasant for the patient to do business with you, you are far more likely to get correct and complete registration and insurance information.

➢ Well-designed and branded patient portals can help in collection of all vital information before patient's visit and also increase patients' satisfaction.

➢ By simply scripting questions for the registration staff, we can   improve the days in AR and continue to provide a good fit   impression for patients.

Operational Measures

➤ Patient cycle time – Measuring the length of time from the patient's entry to the patient's exit.

➤ Cycle time vary from specialty to specialty – medical practices typically range from 30 to 90 minutes

➤ New Patients

▪ How many new patients is the Health Center acquiring on a monthly basis?

Operational Measures

- Phone Volume
  - The phone is your friend
  - Track your phone volumes & reasons for calls
  - Staff appropriately during peak times …. Monday mornings!
  - Minimize unnecessary phone calls – set expectations for your patients on prescription calls, test results, etc.

Revenue Cycle

➢ Revenue Cycle Measures

  ▪ Right Charge for the Right Patient within the Right time. **Charge Integrity**

  ▪ Collection as per agreed credit period

  ▪ Monitor Days in Accounts Receivable

➢ Control amount of Accounts Receivable outstanding >90 days

➢ Monitor & control Denial percentages

Revenue Cycle Measures

✓ **Charge integrity**.
  - – Improvements to the way charges are handled.
  - – Focus areas include: charge capture and pricing, HMS or health information management, clinical documentation, coding and third-party reimbursement

➢ Charge Posting Lag: < 2 days

➢ Missing Charge / Error Rate: < 1%

▪ % of unbilled charges compared to services performed

Revenue Cycle Measures

➢ Monthly Patient Revenue Collected

- ▪ Total collected each month
  - Previous six months
  - Same month past two years
- ▪ Influencing Factors
  - Changes in number of encounters
  - Changes in payer-mix
  - Changes in Tariff, Effective dates, Approvals
  - Package Rates Vs. Individual rates

Revenue Cycle Measures

➤ Bad Debt Rate: < 1-3% of Net Revenues

- Bad debt write-offs divided by net revenues
- Watch improper use of contractual adjustments

➤ Claim Denial Rate

- Target = < 3 % of total claims
- Reduce re-work & get paid faster
- What is your denial rate?

Denial Management

- Decide how to correct, critical thinking
  - Is the denial something that can be corrected
  - If so, what steps should be taken
- Create "common denials" & action spreadsheet
  - By Payer
  - Denial code, action to take
- 90 % Avoidable/Preventable
- 10%   Un-avoidable
- 67 % are recoverable

Denial Management

➢ Avoidable

✓ Registration inaccuracies

✓ Ineligible for Insurance

✓ Invalid diagnosis code

✓ Timeliness

✓ No Authorisation or referral

✓ Tariff revision approvals & Effective dates

✓ Charges Bundling

Denial Management

➢ Un-avoidable

✓   Medical Necessity

✓   Additional information required.

High Deductibles & Co-pay

➢ Re-define the Revenue cycle.

➢ Improve Documentation.

➢ Assess and re-allocate staff.

➢ Develop team work.

➢ Top Management to focus on RCM as a key area.

Organize

➢ Start with no preconceived notions

➢ Study Document work flow

➢ Interview Staff

➢ Compare actual work to internal policies

➢ Compare to "best practices"

Organize

- **Upgrade staff**.
    - Manager – RCM ?

    - The revenue cycle is becoming more complex and requires more sophisticated talent.

    - Take a hard look at the skills and capabilities you will need in the future, and then adjust your hiring criteria and training plans to fill the gaps

Organize

➢ Patient Collections

- ▪ Everything possible collected at the time of service

- ▪ Expectations are established for patients , Customers and employees .

- ▪ 100% collections of all non-insured self-pay

- ▪ Insured patient's co-payments, deductibles & coinsurance received at the time of service

Patient Collections

➢ Largest obstacles to collecting charges at the time of service?

- Staff concerns
- Lack of staff training
- Expectations for patients are not established
- Lack of consequences

Manage

➢Analysis of data gathered during review
- Review all notes, data for each process
- Look for inefficiencies
- Identify gaps
- Get others involved
- Develop solutions for identified issues

Manage

➢ <u>Plan Development</u>

- ▪ Write down the following
  - Description of the change
  - Reason for the change
  - Potential financial impact of the change (where possible)
  - Personnel or departments involved
- ▪ Prioritize changes – easiest to implement & most financial impact- do first

Constantly ask the frontline for Suggestions

✓ Trending and [mining data](#) is invaluable for gaining insights to improve revenue cycle.

✓ The people actually working on the frontlines are an equally important resource.

✓ Once you've identified a roadblock, consult your front-line staff for suggestions about the best way to [solve the problem](#).

✓ Then, continually check back with them for additional suggestions.

✓ Re-examine your workflow on a periodic basis.

✓ **Front-line staff have a lot of insight to share, and making them active participants in a culture of improvement helps ensure sustainable change**

RECEIVABLES MANAGEMENT

Monitor all payer contracts

➢ On an average , hospitals loses between 1 percent and 3   percent of [annual revenue](#) to underpayments, denials and   suboptimal contract negotiations.

➢   With margins growing tighter, monitoring your contracts and communicating clearly and frequently with payer can make all the difference.

➢   Make sure payer aren't under-reimbursing you, denying too   many claims or putting unreasonable demands on your   Receivables Staff.

Identify and manage unbilled A/R.

✓ Hospitals should initiate a focused effort to identify and address the reasons for billing delays.

✓ Typically it is tied to un-coded charts, incomplete or lack of required documentation required as per Customer's terms.

✓ Revenue cycle Leader should conduct an analysis , as to why delays occur in releasing accounts for claim submission.

✓ Based on the results, they should determine the steps needed to significantly decrease claims held for coding and monitor unbilled accounts daily to ensure the timely release of claims .

Collect patient responsibility amounts up front

✓ Hospitals should identify and collect any copayments and deductibles that may be due for services before or at the time of service. Front-end collections not only improve cash flow, but also help reduce patient statement costs and minimize associated bad debts.

✓ Additionally, visible signs should be placed in the areas participating in front-end collections to inform patients of their responsibility to pay applicable insurance copayments and deductibles. These signs will prepare patients and/or families for what is expected upon registration. Posted signs will also facilitate the staff's collection efforts.

Reduce credit balance accounts

✓ Receipts from Customers without bill-wise details of payments and deductions , lead to un-reconciled credit balances in Customer accounts.

✓ The true aged accounts receivable (A/R) is being artificially reduced by credit balance accounts that reside in the respective age and payer categories.

✓ To improve and monitor the above KPI for the A/R, monthly management reports should include credit balance rupees , number of accounts, and days revenue in credit balance.

Metrics to Manage

A/R Aging	Prior Year Totals	Percent of Total	Sept	Oct	Nov	Running monthly avg	Mthly Avg Percent of Total
Current	91,036	38.91%	96,182	93,355	98,114	95,884	40.87%
31-60 days	52,188	22.31%	51,260	48,365	54,104	51,243	21.84%
61-90 days	35,104	15.00%	36,514	35,598	35,269	35,794	15.26%
91-120 days	21,764	9.30%	15,358	10,596	10,596	12,183	5.19%
>120 days	33,864	14.47%	39,842	39,355	39,355	39,517	16.84%
Total	233,956	100.00%	239,156	227,269	237,438	234,621	100.00%

The Revenue Management Process

Dynamic Re-evaluation

Revenue Management requires that a firm must continually re-evaluate their prices, products, and processes in order to maximize revenue.

In a dynamic market, an effective Revenue Management System constantly re-evaluates the variables involved in order to move dynamically with the market.

As micro-markets evolve, so must the strategy and tactics of Revenue Management adjust

Customer Experience is Key

Custome expect more.

They expect better.

If one brand fails to deliver,

it's easy to go elsewhere.

"Change has a considerable psychological impact on the human mind.

To the **fearful** it is threatening because it means that things may get worse.

To the **hopeful** it is encouraging because things may get better.

To the **confident** it is inspiring because the challenge exists to make it better."

--King Whitney Jr.