avadynehealth

# ALLOCATES RESOURCES TO GET THE GREATEST REVENUE CYCLE ROI

## ACCOUNT SEGMENTATION UNCOVERS CASH FLOW

## Account segmentation reveals new details, such as:

> Which accounts need to be worked first

> Which payer has the largest backlog

> Which aging brackets have the greatest opportunity for resolution

> What is the estimated net present value of outstanding accounts

> What is the likelihood of collecting outstanding accounts

> What are the actual value of accounts receivable and the number of accounts with various balance levels and aging groups

> Which accounts with claims are at risk of timely filing

> Which aged accounts should be outsourced for maximum return on investment

When used in receivables management, account segmentation is the classification of outstanding patient and payer account balances sorted into buckets or groups based on aging, balance, category or various other financial classes such as payers, status or type.

By accurately sorting and grouping related accounts by type or various other subcategories, your hospital's revenue cycle team has actionable data that can help prioritize activities in the areas that will generate the greatest return on effort.

An account segmentation review of self-pay, third-party and government accounts can provide a hospital better visibility over its actual costs to collect, thereby creating new opportunities to lower the total cost of collections and reduce the workloads on internal staff.

Segmentation can also help revenue cycle teams review patient and payer accounting records to identify the best plan for maximizing your cash flow and increasing the net return on aging accounts.

Done correctly, segmentation can help your hospital identify the best opportunities to reduce the number of outstanding accounts and the total days in A/R.

Working with professionals who understand hospital finance is critical to effectively manage segmentation. Experience in auditing receivables management and claims processing can identify and resolve aged patient and payer accounts.

**An account segmentation review should also take into consideration your hospital's ability to manage the account workload and identify areas of concern such as:**

› Does your hospital have adequately trained staff in sufficient numbers to manage the complexities of third-party government accounts?

› Does your hospital have adequate staffing to work directly with patients and payers to resolve outstanding self-pay balances?

› Does your hospital's third-party and government accounting system provide sufficient data and tools to quickly prioritize work tasks or have workflow software to manage the process?

## OVERALL, AN ACCOUNT SEGMENTATION AND THE FINDINGS SHOULD CLEARLY IDENTIFY WHICH ACCOUNTS:

› Exceed your hospital's workload capacity

› Have balances below their cost to collect

› Require further evaluation

› Have miscellaneous credit balances

Account segmentation helps prioritize accounts for follow-up and action to ensure valuable resources are allocated where they have the greatest potential return. It identifies accounts that, if outsourced, would have a significant positive impact on the overall portfolio, as well.

Segmentation of the self-pay portion of a hospital's total portfolio can identify which accounts to focus resources on, which accounts to refer to collections and which accounts may benefit from alternative financing programs.

Third-party accounts provide unique challenges to hospitals. Typically representing greater than 50 to 75 percent of your hospital's total revenue, third-party payers can have the greatest leverage over a hospital's cash flow. By segmenting third-party and government accounts by payer, aging and other categories, hospitals can quickly identify strategies to overcome existing backlogs and prevent further delays in account resolution.

Avadyne Health routinely performs detailed account segmentation reports for clients and hospitals looking for independent verification of portfolio performance.

## FOR MORE INFORMATION CONTACT AVADYNE HEALTH

800-973-9890 x 2146
contactus@avadynehealth.com