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WHITE PAPER

Revenue Cycle Questions to Ask Yourself

*Hayes answers six questions that help
explore opportunities to improve the
bottom line*

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Background

Many healthcare organizations share similar issues regarding revenue cycle. Below are six questions you can ask yourself (or the appropriate person in your institution) that will help you explore opportunities to improve the bottom line.

Questions

1. Cash collections

Question: Are you sure the time-of-service cash collection and reconciliation is accurate? Does the business office have a systematic ability to communicate self-pay balances to registration and check-in staff at your facility? Do you continue to see patients that have been transferred over to bad debt?

Answer: Many organizations assume that money collected actually 1) gets posted into the system and 2) is posted to the correct account. Often copays, for example, are posted as a credit to the correct day of service but to the incorrect account. It is very likely that if you have cancelled, rescheduled, bumped, or changed an appointment, you have affected the link between your scheduling system and the billing system. This results in the copay posted to one account and the patient charges posted to another. Trying to understand and reconcile these events at the end of the day can be a daunting task, especially if no one encourages these efforts.

Among the leading causes of cash collection issues are lack of internal controls, procedures and reconciliation strategies. In addition, your patient accounting system may not be set up correctly, and/or your staff is not taking full advantage of its capabilities and functionality.

Very often, just observing and interviewing your front end staff will divulge this and other issues.

2. Interfaces

Question: Are you passing high-volume, high-dollar ticket items across interfaces between two or more disparate systems into your billing system or charge scrubber? Is anyone coordinating the various system updates occurring between these disparate systems, your interfaces and patient accounting?

Answer: Do not assume that your interfaces, many of which were built and tested years ago, run flawlessly or without the need for daily oversight. If no one is monitoring these daily activities, it could be costing your facility.

One of our clients was unaware that a version update from the pharmacy charging system, not at all related to the revenue cycle, inadvertently stopped sending certain high-ticket pharmacy drug charges across the interface to the tune of over \$1 million. Unbeknownst to them, those particular charges had a seven-digit input code, while all the rest were six-digit codes. The interface only read the first six characters!

There are two things to keep in mind regarding interfaces. First, the software running those disparate clinical systems is routinely upgraded with patches or version updates (sometimes many times a year). As part of a seemingly innocuous overnight process, those updates may have dramatic, unintended effects on the interface files they generate.

Secondly, even a well-built interface could have a glitch in its scheduled run routine. That glitch could stall the interface from completing and processing charges into the billing software. Something as simple as placing a previous processed file (duplicate) onto the server without the proper monitoring controls will affect your patient revenue in some fashion. Effects could include:

1. Revenue not recorded in a timely manner
2. Revenue lost and never discovered
3. Revenue discovered late in the process, requiring late charge processing
4. Late charge revenue recorded in the incorrect accounting period, requiring the patient accounts team to correct the billing (losing time and money)

There are effective monitoring protocols and methods that can be put into place so that your staff can quickly discover interface abnormalities and intervene early enough to prevent these results.

3. Right reports, right roles

Question: Are any of your cost/revenue centers under budget, but no one can provide you with a good explanation? Do you feel a void between what you are being told and have to report on? Is your DME supply utilization increasing, but you are not seeing the same growth in your department's revenue?

Answer: Often, reporting that "we are up-to-date in our billing" or "we are all caught up with our payment posting" doesn't answer the important questions. This is usually because 1) the reports you use do not highlight all potential issues and 2) the staff responsible for finding issues are not the right people to do it.

At a recent client engagement, one of the A/R managers was asked about several charges and why a cost center (ED DME) was under budget for the quarter. The manager went to all his usual sources to come up with an answer. From his perspective, everything looked in order: charge entry, payment posting, billing and self-pay follow up were all up to date.

The culprit of this particular issue was inventory control. The ED used 50 trays, but only recorded and billed for 20. Standard reports from the billing system would not alert anyone to this fact. Most billing systems will give you plenty of detail about the 20 units billed, but won't – and can't – report on units for which a charge is not entered. The aspect that was missing in this instance was access to the hospital's inventory control system.

4. Key Performance Indicators (KPIs)

Question: Are you able to easily monitor KPIs such as clean claim submissions, daily submission errors, etc.? Can you identify trends? Do you understand your institution's daily charging patterns?

KPIs that should be measured include: interfaces, dollars billed, edited, hold bills (categorized – reg, coding and billing), clean claims, # dropped claims per day, and rejections (volume, type), etc.

A KPI dashboard built the right way, with people monitoring it, will show unfavorable activity, and an organization can act in real-time to prevent further damaging effects on your revenue cycle.

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5. **Staff productivity**

Question: Are you measuring the productivity of individual billing and follow-up staff members? Do you know how many accounts they should reasonably be expected to follow up on per day? Is your staff adhering to departmental policy and procedures? Do you have a way to rapidly report meaningful trends they are discovering as a result of their collective efforts?

Answer: Many organizations just add people to increase productivity, but do not know the production disparity between staff members. If you do not have methods to record or report the history of account-related calls, and do not periodically audit staff activity, you are likely not performing to potential.

In addition to productivity, you should be abreast of other activities, such as whether your staff is randomly writing patient account balances off, and their reasoning behind it. You should have a policy and a monitoring system in place regarding transferring money between family member accounts.

At a recent client engagement, many of these controls were not in place. Staff morale was low, and there was high turnover. A review followed by several policy and procedural changes made an immediate, positive impact and even improved employee morale.

6. **Top denials**

Question: Do you know your top 10 denials, and from which payor? Is this information only available to you after month end close? Would it be more useful to have this information on a daily, weekly or monthly basis?

Answer: Most patient accounting directors have an intuitive sense of their top denials. Often however, they do not have the statistical data to solicit support within the organization to effect positive change. Finding out root causes and making adjustments in your revenue cycle is a significant step toward eliminating the needless rework that often occurs among business office staff. Hayes developed a tool that quickly identifies where top denials originate. And if they are coding related, registration related, billing, or for some other reason? How long have these denials been occurring? Is there one department or a particular service associated with high volume denials? Is there one provider within a department responsible for a particular denial?

Analysis on the root cause answers these questions and saves you time by narrowing down your action steps to those which can have an immediate and lasting impact on your revenue cycle.

About Hayes

Hayes works with healthcare organizations to increase net revenue and improve patient experience. Hayes is ranked Top Professional Services Firm by KLAS, and has received multiple Best in KLAS awards since 2005. Hayes is also ranked in *Healthcare Informatics*’ Top 100 and Inc. 5000.

Hayes consultants are subject-matter experts in IT strategic planning, revenue cycle improvement, system implementation, interoperability and business and clinical operational efficiency. Hayes also offers software solutions to improve

efficiency and productivity. To learn more about Hayes' services, visit www.HayesManagement.com or call us at 617-559-0404.