



In healthcare, as it is in many industries, cash is king. All healthcare systems have financial teams to dive deep into performance throughout the year, but on a regular basis many hospitals and practices assess the health of the revenue on cash flow alone. However, even at face value accounts receivable is only one metric to monitor. Here are five additional simple key metrics to monitor regularly to ensure the health of your revenue cycle. (Psst...for the calculations, examples, and best practices for each metric, [we made you a guide.](#))

## Days in A/R

Understanding the average number of days it takes your organization to get paid is critical for making financial decisions. Knowing your Days in A/R can provide insight into the efficiency of your revenue cycle and collection procedures from pre-service and registration through self-pay and self-pay after insurance follow up and bad debt collection. This metric not only tracks patient payments, but also helps to identify slow-paying commercial payers and measures the performance of your medical collection agency for an overall view of the effectiveness of your revenue cycle processes.

For best results, Days in A/R should be below 50 days at minimum, but best performers are more often between 30 and 40 days.

## Days in A/R Greater Than 120 Days

Simply knowing your average Days in A/R will not prevent some of your accounts from aging beyond 120 days. Calculating receivables over 120 days will indicate your practice's ability to collect timely payments. Many organizations will keep their past-due accounts in-house through this time frame, so high or rising percentages within this metric may mean there are problems with your practice's internal patient collection procedures. This metric is becoming increasingly more important as out-of-pocket costs rise, so keep a close eye on it. For tips on collecting more from patients without sacrificing satisfaction, [check out our free \*Collecting from Patients\* eBook](#).

Ideally only 12 to 25% of your receivables should reach this age, but the lower the better. The cost to collect only increases over time, and the longer you allow your accounts to age, the less likely it is you will recover them (or the more it will cost you to do so.)

## Adjusted Collection Rate

Collection metrics are often skewed by the discrepancy between total charges and the actual allowable amount. This measurement gives a more realistic view of what you have collected versus what you should have, or could have, collected based on the total allowed amount. Reviewing this metric can highlight how much revenue is being lost due to issues within your contractual agreements, untimely filing, and uncollectable bad debt.

Best practices dictate that your adjusted collection rate should be 95% or better, but industry best performers can achieve up to 99%.

## Denial Rate

Your denial rate is the percentage of insurance claims that are denied by commercial payers. This metric quantifies the effectiveness of your reimbursement process from your largest source of revenue. A low denial rate indicates that your cash flow is healthy and your revenue cycle processes are efficient and concise. Keeping an eye on this metric could alert you to claim denial problems, processing issues, or even changes within payer organizations that could dramatically affect your revenue flow.



The [MGMA has indicated](#) that best performers have an average denial rate of 4% or less, but the industry average is between 5 and 10%. [Get a complete checklist for avoiding denials here.](#)

## Average Reimbursement Rate

The final metric your practice should be regularly monitoring is average reimbursement rate. This number represents the average amount you collect out of total claims submitted. Understanding your facility's performance can help to determine whether you can realistically collect more from your commercial payers with updates to your reimbursement processes.

Ideally, every claim you submit for payment would be paid at 100% but we know that isn't the case. The industry average is actually only between 35 and 40%.

[For the formulas, examples, and more tips on measuring these KPIs and your organization's financial health, download our free guide.](#)

[5 Metrics for Measuring Revenue Cycle Success:  
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