

ACG GI Practice Toolbox

Optimizing Revenue Cycle Output

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INTRODUCTION:

It is critical that your practice to be paid for all the effort and care that you provide for your patients. Identifying and correcting problems in your revenue cycle management (RCM) should be a high priority project. This issue of the ACG Practice Management Toolbox will guide you through the process of assessing, testing, and optimizing your revenue cycle (RC) performance.

TOIPIC OVEVIEW:

What is the revenue cycle?

Revenue cycle refers to all processes involved in the collection of revenue earned through the delivery of care to the patient. The RC is not truly a cycle, but a set of interrelated events which begin prior to provider-patient contact and finish with the receipt of revenue and posting the revenue to an account. Although making a claim and sending a bill is a component of the revenue cycle, it is only a small piece.

Components of The Revenue Cycle:



From: <http://www.ihealth-solutions.com/wp-content/uploads/2014/04/revenue-cycle-full.png>

The components of the revenue cycle can be divided into three main headings as to the time sequence of events:

1. Prior to patient contact: Why is this important? FACT: Up to 60% of claim denials are due registration errors:
 - Pre-registration: Collecting and verifying the insurance information and verification prior to patient arrival.
 - Registration: Confirmation of demographics and co-pay collection.

2. Provider-patient contact: Why is this important? Failure here can result in audits, penalties, undercharges, and loss of revenue.

3. After provider-patient contact: Why is this important? This is how and when you get paid!
 - Coding: Properly coding the diagnoses (ICD-10) and services provided (CPT) so that the practitioner is fully compensated for all of his/her services.
 - Claims management: Submitting claims of billable fees to the insurance company
 - Payment collection: Collecting payments after claims submission.
 - Payment failure: When payment is NOT made.
 - Denial management
 - Accounts receivables/Collections

Systems Supporting the Revenue Cycle

Although we can discuss the components of the Revenue Cycle, just as important are the business systems (people, process, capital equipment) that support it.

Corporate Structure and Leadership: Although every corporate structure is unique, the leadership within that structure is essential to a highly effective RCM. The leadership drives the corporate vision as to the importance and necessity of RCM. The leadership needs to determine the responsibilities of each of the other three business components that support the resource cycle (RC): personnel/staff, information technology (IT) systems and external contractors. The leadership needs to develop the policies and procedures to coordinate all three of these entities.

Health Care Providers are often the most overlooked component of RCM. However, accurate and clear documentation in the health care record are essential to adequate charge capture and coding. Inadequate or incomplete documentation may result in claim denials or down coding to a lower level of service (with less revenue). Failure to use key diagnostic terms may make it time-consuming, difficult or nearly impossible for billing personnel to convert information in the health care record into a billable claim.

Support Personnel: Obviously the training and experience of multiple different personnel in multiple different positions directly impact the efficiency of the revenue cycle. Although most of the emphasis tends to be on those staff in the back office, those who work in pre-registration or registration are also important by accurately initiating the revenue cycle and thereby lessening the rate of claim denials downstream.



Information Technology (IT) Systems: Probably the first IT system purchased by a practice was the one to support the billing function. As time progressed electronic systems have developed for charge capture, health care record, claims submission, claims scrubbing (clerical error detection), receipt processing, etc. Seamless coordination and full integration between these oftentimes disparate and legacy systems highly impact the efficiency of the revenue cycle (and your staff).

External Contractors: Many practices are already dependent upon external contractors to support a few or many of the business processes of the revenue cycle. As may have happened with IT support, there may be a hodge-podge of different contractors. Some vendors (generally those associated with electronic health care record systems) provide more integrated revenue cycle management support systems.

Analyzing and Testing the Revenue Cycle (Reviewing Key Performance Indicators)

In order to properly manage the revenue cycle some testing/analysis is required. To assess your overall success in the revenue cycle measure and monitor the four key performance indicators (KPIs).

1. Aging report: % of accounts receivable (A/R) pending after 120 days. Goal is 12% or less
2. Mean days in A/R: Mean # of days between date of service and date of payment receipt. Goal is < 35
3. Adjusted Collection rate: The ratio between actual collections and the expected collections (adjusted for write offs): Goal is > 95%
4. Denial rate: % of claims denied. Goal is < 5%

Practical Suggestions: Optimizing Revenue Cycle Output

Step #1: Review the below check list: This list assess current status and to look for obvious areas for improvement

- Corporate structure and leadership:
 - Does your leadership have the necessary skill sets to manage the RC?
 - Is your leadership engaged in promoting this important function?
 - Do you need to seek outside help guide you through this process or can you develop the plan of action and milestones?
 - Does your leadership have the determination to push this project forward, particularly when there are generally high up-front costs prior to the ROI (return on investment)?
 - Does your leadership measure, review and react to the results of the four KPIs for the revenue cycle?
- Providers:
 - Are your health care providers (HCPs) cognizant of documentation requirements for E & M (evaluation and management) codes?
 - Do your HCPs document in the health care record in such a fashion that allow easy conversion to chargeable visit?
 - Who does the initial charge capture: the HCP? The back office?
 - Do you have any physician leaders that can drive the agenda through the HCP staff?



- Front-Office Support Personnel: This includes all personnel who predominantly contact the patient prior to the delivery of service.
 - What is the experience and skill set level of those personnel who work in preregistration or registration?
 - Do you have a high turnover rate? Why?
 - How are our new personnel incorporated?
 - Is there sufficient emphasis and time for training? By whom?
 - Are the expectations of the staff performance communicated clearly?

- Back Office Support Personnel: This includes personnel predominantly involved in the portion of the revenue cycle after the delivery of service.
 - See all the questions for Front Office Support, with the following additions:
 - Do you have personnel dedicated to coding, claims management, and denial management?
 - Are your coders GI certified coders?
 - Do your coders keep up to date with latest ICD-10?
 - Do you have sufficient coders for the demand?
 - Do you use external service for this (at what cost)?

- IT systems/software:
 - Do you have an electronic health care record (EHR)?
 - Do you have practice management (PM) system/software?
 - Do you use electronic methods for benefits analysis/insurance verification?
 - Do you process your claims electronically?
 - Do you use electronic claims auditing tools (“scrubbers”) to assure that only clean claims are sent?
 - Are payments received and posted electronically?
 - Do you use a clearinghouse?
 - MOST importantly, to what extent are these systems integrated: seamlessly? With interfaces? Not at all? If interfaces: how reliable are these systems?

- External contractors:
 - Do you use external contractors for any of the components of the revenue cycle (see listing at beginning of this document)?
 - How well is/are the external contractor(s) integrated with your software systems: EHR? PM? Other software?
 - Do you use a global RCM contractor?
 - Do you know the direct costs of this RCM contractor?
 - Are they providing what YOU need/want or simply their cookie-cutter RCM product?



Step #2: Identify and implement a RC improvement project: From the check list above identify the MOST glaring area in need of improvement, then take steps to implement the improvement. Prioritize changes made based on financial impact.

Below are listed the 8 most common RC areas in need of improvement in medical practice. These specific examples also give information resources and references will to guide in implementing an improvement strategy.

Example #1: The weak, absent or non-functional leadership team

Step 1: Identify an RCM team.

Step 2: Educate your RCM team as to the principles of RC. See below web resources (ranked in order of my preference):

- <https://www.stepsforward.org/modules/revenue-cycle-management>
- <http://library.ahima.org/doc?oid=73917#.WY8eaFWGNhE>
- <http://www.physicianspractice.com/medical-billing-collections/revenue-cycle-management-more-billing-patients>
- <http://www.hfma.org/Content.aspx?id=19144>
- <https://www.nuemd.com/revenue-cycle-management/rcm-101>
- <https://revcycleintelligence.com/features/what-is-healthcare-revenue-cycle-management>

Step 3: Require your RCM team to draft and oversee RC improvement process.

Example #2: Inadequate RC measurement

Step 1: Educate your leadership team as to 4 KPIs (and benchmarks)

- <http://info.navicure.com/KeyMetricsResourceGuide.html> (Best reference)
- <https://www.advisory.com/research/financial-leadership-council/studies/2013/benchmarking-revenue-cycle-performance>
- http://www.aafp.org/dam/AAFP/documents/practice_management/admin_staffing/FiveKeyMetricsPresentation.pdf
- <http://www.hfma.org/MAP/mapkeys>

Step 2: Start measuring today!

Step 3: Identify new and undiscovered areas for improvement according to the following table

KPI that needs improvement	Look to this RC component first!
Aging report	Back office
Mean days in A/R	Back office
Adjusted collection rate	Front office
Denial rate	Front office



Example #3: Front office — Pre-registration: Goal is accurate insurance verification

Step 1: Educate your front office supervisor as to insurance verification:

- <https://www.stepsforward.org/modules/patient-pre-registration>
- <http://www.wikihow.com/Verify-Health-Insurance>
- <http://www.mb-guide.org/verifying-insurance-coverage.html>
- <http://www.dummies.com/careers/medical-careers/medical-billing-coding/how-to-verify-the-patient-coverage-so-you-can-bill-properly-for-medical-treatment/>
- <http://www.the-rheumatologist.org/article/verify-patients-insurance-eligibility-coverage-before-office-visits/>
- <http://www.the-rheumatologist.org/article/dos-and-donts-of-verifying-insurance-benefits/>

Step 2: Have your front office supervisor train, direct and hold accountable the front office staff according to improvement plan s/he devises.

Step 3: Look for improvements in your denial rate

Example #4: Front office — Registration: Goal is point of care (POC) collections

Step 1: Analyze your current POC collections processes

- <http://www.hfma.org/Content.aspx?id=14119>
- http://www.smarthealthclaims.com/blog_post/6_tips_collecting_100_out_of_pocket_expenses_patients
- <http://www.aaof.net/news/315636/9-Best-Practices-for-Point-of-Service-Collection-and-Payment-Options.htm>
- <http://www.emdeon.com/resourcepdfs/EMDA1040200.pdf>
- <https://www.advisory.com/research/financial-leadership-council/at-the-margins/2014/12/financial-education>
- <http://comprehensiveprimarycare.com/paying-doctors-upfront-point-of-service-collections/>
- <http://info.eliteps.com/elitepsblog/a-three-step-guide-to-collecting-more-patient-payments-up-front>
- <https://www.webpt.com/blog/post/8-ways-to-optimize-patient-collections>
- <http://www.hfma.org/brg/pdf/collectingfromtheunderinsured.pdf>

Step 2: Obtain accurate point of service information to avoid over- or under- collection at time of point of care:

- <https://www.stepsforward.org/Static/images/modules/20/downloadable/poc-calculation.pdf>



Step 3: Collect co-payments at time of care. Use scripts!

- <https://www.ama-assn.org/practice-management/managing-patient-payments> (requires membership in AMA)
- <http://www.hfma.org/Content.aspx?id=14120>
- http://www.ncfh.org/uploads/3/8/6/8/38685499/ncfh_patient_payment_collections_tips_and_scripts.pdf
- <http://www.mgma.com/blog/patient-collection-check-in-scripts-for-medical-practices>
- <http://revenue360.net/wp-content/uploads/2015/02/Collection-Presentation.ppt>
- http://c.ymcdn.com/sites/www.naham.org/resource/resmgr/2016_NE_Presentations/POS_Collections.pdf

Step 4: Monitor success by trending the adjusted collection rate

Example #5: Back office — Improve your coding:

Overall reference:

- http://s3.gi.org/meetings/bp2014/14ACG_Best_Practices_0013.pdf

Step 1: Encourage your staff to become certified GI coders. The AAPC provides certification for those who specialize in coding for gastroenterology (Certified Gastroenterology Coder (CGIC™) Credential).

- <https://www.aapc.com/certification/>

Step 2: All three GI societies provide support to your staff for coding through information contained on their websites, direct support of coding question and offering courses and seminars in coding that are GI specific:

- <https://gi.org/practice-management/coding-information/>
- <http://www.gastro.org/practice-management/coding>
- <https://www.asge.org/home/practice-support/coding-reimbursement>

Step 3: Make your staff aware of the most common pitfalls in GI coding.

- <https://www.beckersasc.com/gastroenterology-and-endoscopy/5-common-gi-endoscopy-coding-billing-mistakes.html>
- <https://www.beckersasc.com/asc-coding-billing-and-collections/7-common-gi-endoscopy-coding-and-billing-mistakes.html>
- <https://www.beckersasc.com/asc-coding-billing-and-collections/common-asc-coding-errors-orthopedics-gastroenterology-and-ophthalmology.html>

Step 4: Consider periodic random chart audits by external consultant annually to assess for accuracy in coding.



Example #6: Back office — Claims management:

Step 1: Consider your level of automation: The more that you can automate the claims process, the more efficient you will be.

Step 2: References to consider if you are attempting to improve your claims management:

- <http://healthcare.adsc.com/blog/bid/190019/Increase-Efficiency-Cut-Costs-Using-Practice-Management-Software>
- <https://revcycleintelligence.com/features/Ways-Improve-Claims-Management-and-Reimbursement-in-the-Healthcare-Reve>
- <https://healthitanalytics.com/news/using-data-analytics-tools-for-healthcare-claims-management>
- <https://www.insuranceinstituteofindia.com/downloads/Forms/III/Important%20Notice/Fraud%20Control%20Workshop/Features%20of%20an%20efficient%20health%20claim%20management%20system%20-%20Milliman.pdf>

Example #7: Back office — Collections management:

Step 1: Decide: If and when to outsource (use collection agency). You should also carefully consider the potential gain to your practice from using such an agency versus the expenses.

Step 2: This following list of references will give your practice ideas as to how to improve your delayed collections rate and processes:

- <http://www.physicianspractice.com/blog/six-tips-for-collecting-past-due-patient-balances>
- <http://www.mbahealthgroup.com/2013/06/5-tips-to-collect-outstanding-patient-balances/>
- <http://www.modernhealthcare.com/article/20150109/NEWS/301099941>
- <https://www.practicesuite.com/practicemanagement/medical-billing-services-tips-for-collecting-past-due-patient-balances/>
- <https://www.advisory.com/technology/payment-navigation-compass/complimentary-resources/financial-counselor-scripting>
- <https://www.outsource2india.com/Healthcare/articles/effective-ways-for-collecting-patient-balances.asp>

Step 3: Examples of past due letters that you may wish to incorporate into your practice:

- <https://www.verywell.com/sample-past-due-letters-2317066>
- <https://www.verywell.com/sample-billing-letters-past-due-2317065>
- <http://www.physicianspractice.com/blog/15-day-patient-collection-letter>
- <https://www.practicon.com/pdf/collection-letters.pdf>
- <http://can.communityoncology.org/UserFiles/files/ReminderandCollectionLetter.pdf>
- <http://anytimecollect.com/how-to-write-the-first-collection-letter/>



Example #8: Denials management:

Further reading about denials and denial management:

- http://www.beckershospitalreview.com/pdfs/April_30th_Saturday/1115_F_Dahmen_Denials%20Management%20Reducing%20and%20Eliminating%20Claim%20Denials%20Utilizing%20Best%20Practices.pdf
- <https://gopractice.kareo.com/article/denial-management-101-medical-billing-remember-basics>
- <http://www.hfma.org/anihandouts/ani2014/b04.pdf>
- <http://www.hfma.org/Content.aspx?id=7461>

Step 1: Determine the percentage of claims that are denied. If < 3%, No need to proceed further. If > 3%, please consider step 2.

Step 2: Determine the cause of the denial: Authorization error, clerical error, coverage error, medical documentation error, non-covered services, other.

Step 3: Address the most costly error and determine the cause/causes of that error and make appropriate adjustments

REFERENCES AND RESOURCES:

General references for RCM

DISCLAIMER: Some of these references are from RCM vendors who are in business to sell you a product or service. Many practices choose to use professional RCM companies to assess and manage RCM, but most still do not. The websites nevertheless contain useful information. This is also not an exhaustive list and there is NO ENDORSEMENT made by the author or ACG regarding any vendor listed. These are listed in alphabetical order:



Revenue Cycle Definitions and Information:

<http://www.beckersasc.com/gastroenterology-and-endoscopy/gi-financial-playbook-3-experts-on-revenue-cycle-management-for-endoscopy-centers-gi-practices.html>

<http://www.beckersasc.com/gastroenterology-and-endoscopy/the-path-to-successful-gi-practice-revenue-cycle-management-financial-success-in-2015.html>

<http://www.cap.org/ShowProperty?nodePath=/UCMCon/Contribution%20Folders/WebContent/pdf/billing-assess-overview.pdf>

<https://www.doctors-management.com/services/practice-operations/revenue-cycle-management>

<https://www.hbma.org/about-hbma/revenue-cycle-management.php>

<https://www.healthcatalyst.com/hospital-revenue-cycle-opportunities>

<http://www.hfma.org/Content.aspx?id=19144>

<https://www.hfma.org/DownloadAsset.aspx?id=32892>

<http://www.hfma.org/TopicList.aspx?id=12524&taxid=472>

http://library.ahima.org/doc?oid=73917#.Wc_GnFtSxhE

<http://www.mgma.com/Libraries/Assets/Store/8369-Sample-Chapter.pdf>

<https://www.nuemd.com/revenue-cycle-management/rcm-101>

<http://www.physicianspractice.com/medical-billing-collections/revenue-cycle-management-more-billing-patients>

<https://revcycleintelligence.com/features/what-is-healthcare-revenue-cycle-management>

<https://www.ruralcenter.org/resource-library/best-practice-concepts-in-revenue-cycle-management-guide>

<http://sticomputer.com/revenue-cycle-management>



KPI references:

<https://www.hfma.org/DownloadAsset.aspx?id=19197>

http://www.hfmamd.org/downloads/REGION_IV_2015/12_pnc_presentation.pdf

<https://revcycleintelligence.com/news/tracking-key-hospital-revenue-cycle-metrics-to-up-profitability>

Revenue Management Service Companies:

<http://www.adsc.com/revenue-cycle-management-gastroenterology>

<http://www.allscripts.com/market-solutions/physician-community-practices/financial-management>

<https://www.athenahealth.com/enterprise/athenacollector/revenue-cycle-management>

<https://www.billingparadise.com/specialties/gastroenterology/rcm.html>

<http://www.benchmark-systems.com/specialty-solutions/customized-for-gastroenterology-practices/>

<http://www.carecloud.com/gastroenterology/>

<https://www.cerner.com/solutions/revenue-cycle-management>

<http://www.epic.com>

http://www3.gehealthcare.com/en/products/categories/healthcare_it/revenue_cycle_management

<http://www.gmed.com/services/revenue-cycle-management>

<https://info.zirmed.com/revenue-cycle-management>

<http://www.mckesson.com/bps/services/revenue-cycle-management-services-for-physicians/revenue-cycle-services-for-medical-groups/>

<https://www.medbillingexperts.com/revenue-cycle-management-solutions>

<https://www.optum360.com/physician.html>

<https://www.revmd.com/revenue-cycle-management-revmd/>

<http://visit.infinxinc.com/healthcare-rcm-solutions-overview>

