



Revenue Cycle Management

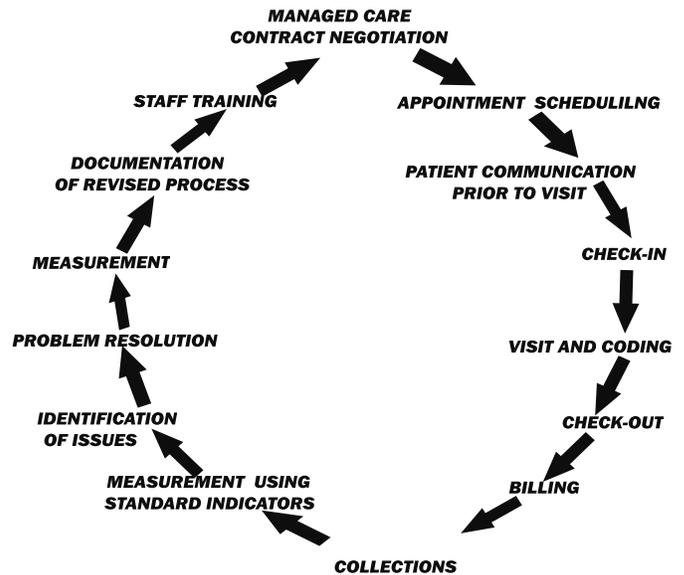
By Margie Satinsky, MBA, President, Satinsky Consulting, LLC

The start of 2006 is a perfect time to look back at your practice's 2005 financial performance and take steps to make 2006 a more lucrative year. Depending on what happens in Washington, decreases in Medicare reimbursement may also give you another incentive to concentrate on financial management.

Rather than look at separate aspects of your practice operations and management that impact your financial performance, think of all the activities as part of a comprehensive revenue cycle management program. If the term is unfamiliar to you, step back for a second and identify each and every activity that impacts your financial performance. You should come up with something like the chart at right:

Now that you understand the scope of revenue cycle management, look at the list of recommended steps shown below. Resolve to act on these recommendations in the coming year.

- In most practices, reimbursement from managed care companies represents a large percentage of your income from patient services.



Rachel doesn't have MS but she lives with it every day.

Rachel is only 6, but there are days when she has to act like a grown-up. Her mom has multiple sclerosis, a chronic, disabling disease of the central nervous system, which means that sometimes even the simplest tasks are virtually impossible to do.

Rachel is not alone. She is one of more than a million children in families living with the devastating impact of multiple sclerosis.

But there is help. We're the National MS Society, and we fund more MS research, offer more services for people with MS, and provide more professional education programs than any other MS organization in the world.

People with MS count on us. Can we count on you? For more information about MS, or to find out how you can help, call 1-800-FIGHT MS, or visit us online at nationalmssociety.org.

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Negotiate well and often. Remember that the plans don't come to you to offer more money; you must go to them.

- Take advantage of financial incentives for providing and documenting quality care that may be offered at the federal, state and local levels. Medicare has recently offered physicians the opportunity to submit information related to quality. Some of the managed care plans and numerous other organizations already reward physicians who demonstrate what they define as quality performance.
- When patients call for appointments or request them electronically, capture accurate demographic information and verify insurance eligibility before the visit. Why not enhance your chances of collecting what you are owed?
- Before patients arrive for their visits, give them your financial policies and request written acknowledgement. Request payment at the time of the visit. After the second no-show, charge for the visit. Encourage prompt payment, but be willing to develop payment plans to help patients meet their financial obligations.
- Code each visit appropriately, and make sure you remain current on annual coding changes. If you under-code to avoid an audit, you are leaving on the table money that is rightfully yours.
- Make sure that the billing staff or your outside billing and collection agency scrubs claims before sending them to various payers. What's the point of doing a sloppy job with claims submission and then building up a list of pending or rejected claims? If your claims are clean from the start, you'll be paid more money sooner.
- Take advantage of opportunities to submit claims online directly to payers and receive electronic deposits into your bank account.
- When you receive notification that a claim has been pended or denied for lack of information, follow up immediately.
- Make sure your collection staff or your outside billing and collection vendor pursues unpaid claims on a methodical basis. A good rule of thumb is to work the more recent and larger dollar claims first.
- Separate unpaid claims that are 90 days or older from the others, and send them to an external collection agency.
- Develop and implement a clear policy for write-offs. The financial profile of your practice should reflect what you can realistically expect to achieve. If you are unlikely to collect old claims, they don't belong on your financials.
- Develop and document clear policies and procedures for all aspects of revenue cycle management, including appointments, check-in, check-out and billing and collections. If you establish your policies and procedures ahead of time, you won't find yourself standing in the middle of a busy office making on-the-spot decisions that may turn out to be inappropriate.
- Give up the habit of judging financial performance by comparing each month's net profit (loss) with that of the previous month. Measure your revenue cycle management program regularly by using standard ratios.
- Review payer specific information about rates of payment and actual

versus expected reimbursement by CPT code. If you discover problems, notify the payer and resolve the issues before they escalate.

- Know where to get the information that you need. Some data will come from your accountant, and even more will come from reports generated by your practice management system.
- If you and your staff have difficulty accessing information in your practice management system, go back to the vendor and explain what you want. It's all there; you just need to learn how to access it.
- Clarify responsibility for your revenue cycle management program. Within your practice, the practice administrator or manager should take charge and work closely with both an internal team and external advisors.
- If you need guidance, seek help from a general practice management consultant. Accountants report on the activity that has occurred, and make sure you have proper controls in your practice. Don't expect them to identify and resolve operational issues.
- Take the financial pulse of your practice after you complete all of the suggestions above. You can expect good results!

Margie Satinsky, M.B.A. is president of Satinsky Consulting, LLC, a Durham, NC consulting firm that specializes in medical practice management. ■



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