Financial Management: Revenue Cycle Management

By **Margie Satinsky**

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Financial stability is an important goal for all medical practices. Assuming that you've created and use both operating and capital budgets, what can you do to keep your practice in good financial health? We recommend focusing on the big picture of revenue cycle management, as well as on the individual components that comprise it. Here's the big picture and specific suggestions.

Services/location(s)

Fees charged to payers and patients

Reimbursement by managed care plans and government payers

Participation in value added incentive programs

Appointment scheduling

Financial Information provided to all patients

Check-in

Coding

Check-out

Billing and collections

Benchmarking financial performance

Corrective action

Documenting revised processes

Staff training

Communications with patients prior to visit or procedure

Issue identification of issues and problem resolution:

No-shows

Denials

Accounts Receivable (AR) by specific payer

Erroneous payer reimbursement that does not correspond to contract

Now that the scope of revenue cycle management is clear, look at the list of recommendations. Resolve to make changes to enhance your practice's financial performance.

- Regularly review the list of services that you provide and make sure the mix is appropriate. For example, if you offer services that are reimbursable by insurers as well as other services for which patients pay out of pocket, does the mix produce your targeted net revenue?
- Review the fees that you charge at least annually. Use the Medicare Resource-Based Relative Value Scale for your state as a benchmark.
- Analyze your payer mix for both managed care and government payers.
- Stay current on payer specific methods of reimbursement and negotiate often. Plans rarely come to you with offers of higher reimbursement. Both public and private payers are shifting to pay for value payment methods. An example is Blue Cross Blue Shield of North Carolina, which has both a Blue Quality Physicians Program (BQPP) and a tiered product.
- Look closely at the many ways in which you can receive financial incentives for providing and documenting quality and cost-efficient care. Don't be so quick to dismiss these programs as "not worth my time." More often than not, the problems lie not with the programs but with your own negative attitude and with your staff's inability to use information that already resides in your practice management and/or electronic health record systems.
- Enhance your chances of receiving payment for all care that you provide by obtaining accurate demographic information and verifying insurance coverage before every visit or procedure.
- Provide patients with written financial policies for your practice before the visit/procedure. 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 are up-to-date on coding changes. External coding auditors can provide good guidance.
- Make sure that your billing staff or outside billing and collections company scrubs claims before sending them to different payers. Sloppy claims submission leads to an unnecessary buildup of rejected claims.
- Submit claims electronically and receive electronic deposits into your bank account.
- Manage claims denials carefully. You're leaving money on the table if you don't review denials, take corrective action, and train your staff not to make the same error over and over again.
- Work your accounts receivable (AR) methodically, focusing on the largest and most recent claims.
- Separate unpaid claims that are 90 days or older and send them to an external collections agency.
- Implement a clear policy for write-offs. Take claims that you are unlikely to collect off your books.
- Develop and implement clear policies and procedures for revenue cycle management. Put them in writing.
- Clarify responsibilities for your revenue cycle management program. Most practices let the practice manager take charge and work with both an internal team and external professionals.
- Train staff on the entire revenue cycle management process, not just the component for which an individual is responsible. Successful revenue management depends on the interrelationship of the parts.
- Abandon the habit of judging financial performance by comparing each month's net profit (loss) with that of the previous month. Instead, use standard ratios and by comparing the actual to the expected performance.
- Review payer specific information about rates of payment and actual vs. expected reimbursement by CPT code. If problems arise, notify the payer immediately and resolve the issues before they escalate.
- Know where to get all the information you need to review financial performance. CPAs provide general information but don't give you the patient- and payer-specific details that you can find in your practice management system.
- Take advantage of the reporting capabilities of your practice management system. Ask your vendor for guidance if you need it.
- Get the right help from the right professionals. CPAs report on the activity that has occurred and make sure you have proper controls in your practice. Practice management consultants who understand workflow help you assess workflow and identify and resolve problems.
- Take the financial pulse of your practice after you complete all of the suggestions above. You can expect good results!