



STROUDWATER



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National Organization of
State Offices of Rural Health



NATIONAL ASSOCIATION OF
RURAL HEALTH CLINICS

2024 INDEPENDENT RHC INSTITUTE

REVENUE CYCLE MEASUREMENT & MANAGEMENT

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OBJECTIVES



What is Revenue Cycle?

Pre-claim activities

- > What are they?
- > Why are they important?

Analytics

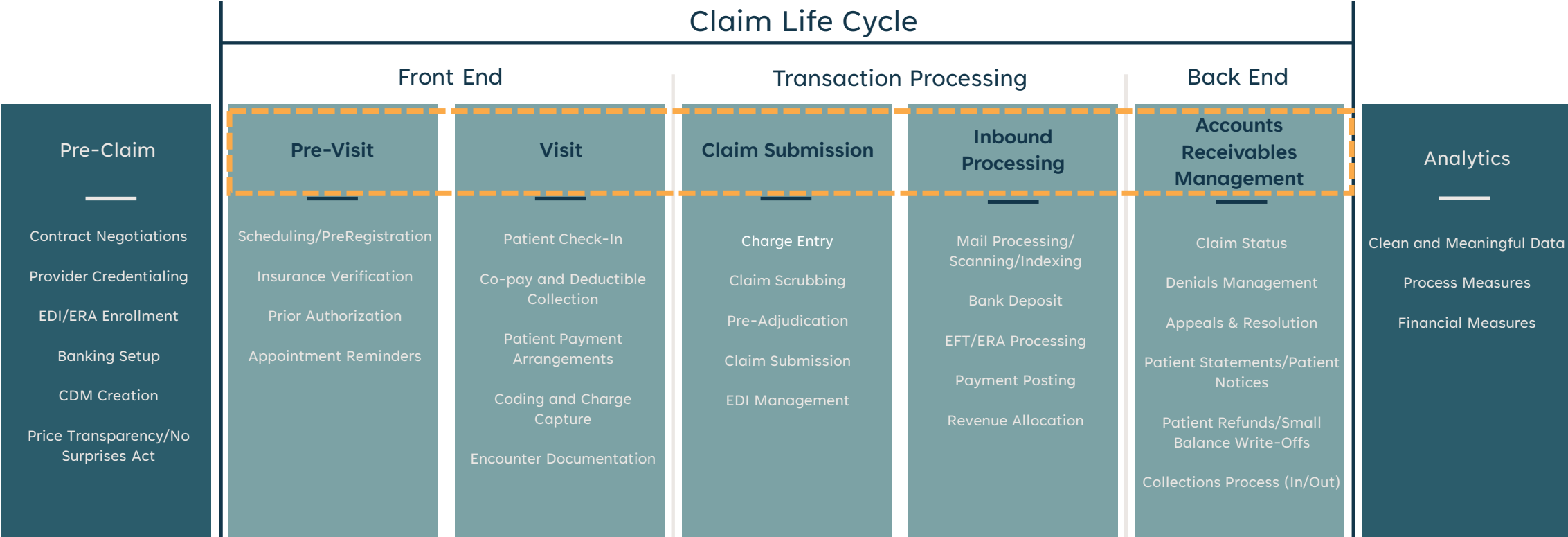
- > Clean and meaningful data is important
- > Key indicators to monitor revenue cycle management (RCM) performance
- > How to spot trends and anomalies





WHAT IS REVENUE CYCLE?

REVENUE CYCLE MANAGEMENT



Claim Life Cycle

Month-End Closing

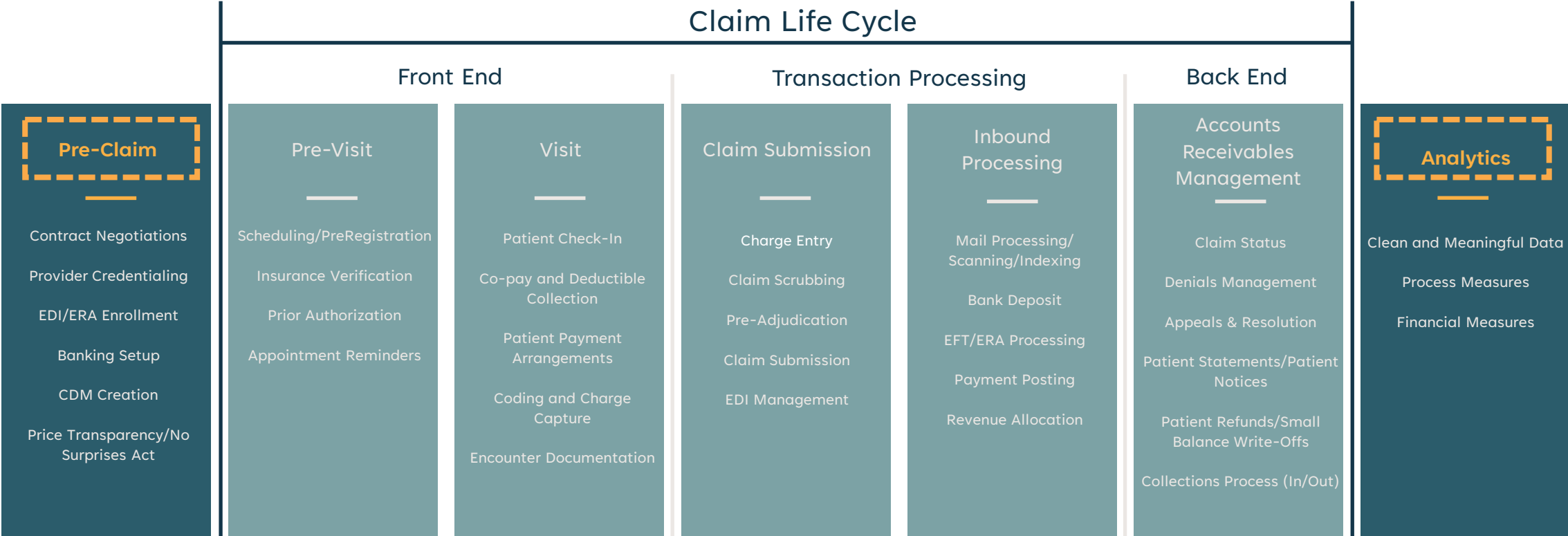
Cost Reporting

Compliance

Performance Management

IT & Quality

REVENUE CYCLE MANAGEMENT



Claim Life Cycle

Month-End Closing

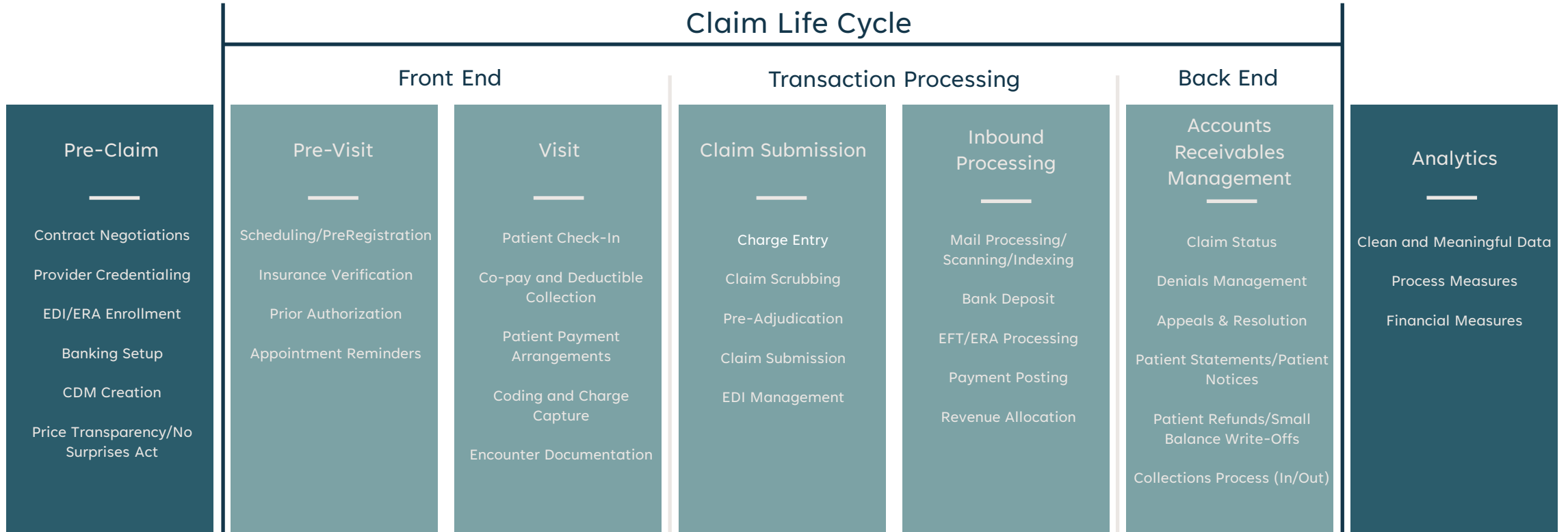
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REVENUE CYCLE MANAGEMENT



Claim Life Cycle

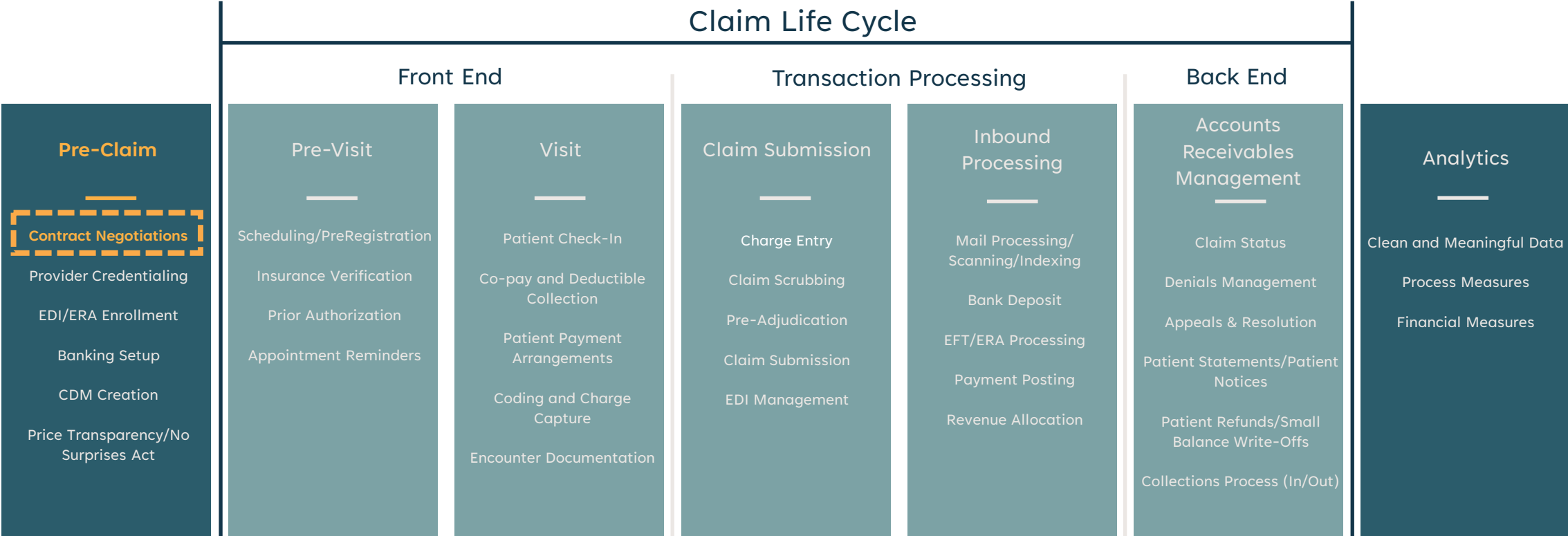




PRE-CLAIM ACTIVITIES

What are they?
Why are they Important?

REVENUE CYCLE MANAGEMENT



Claim Life Cycle

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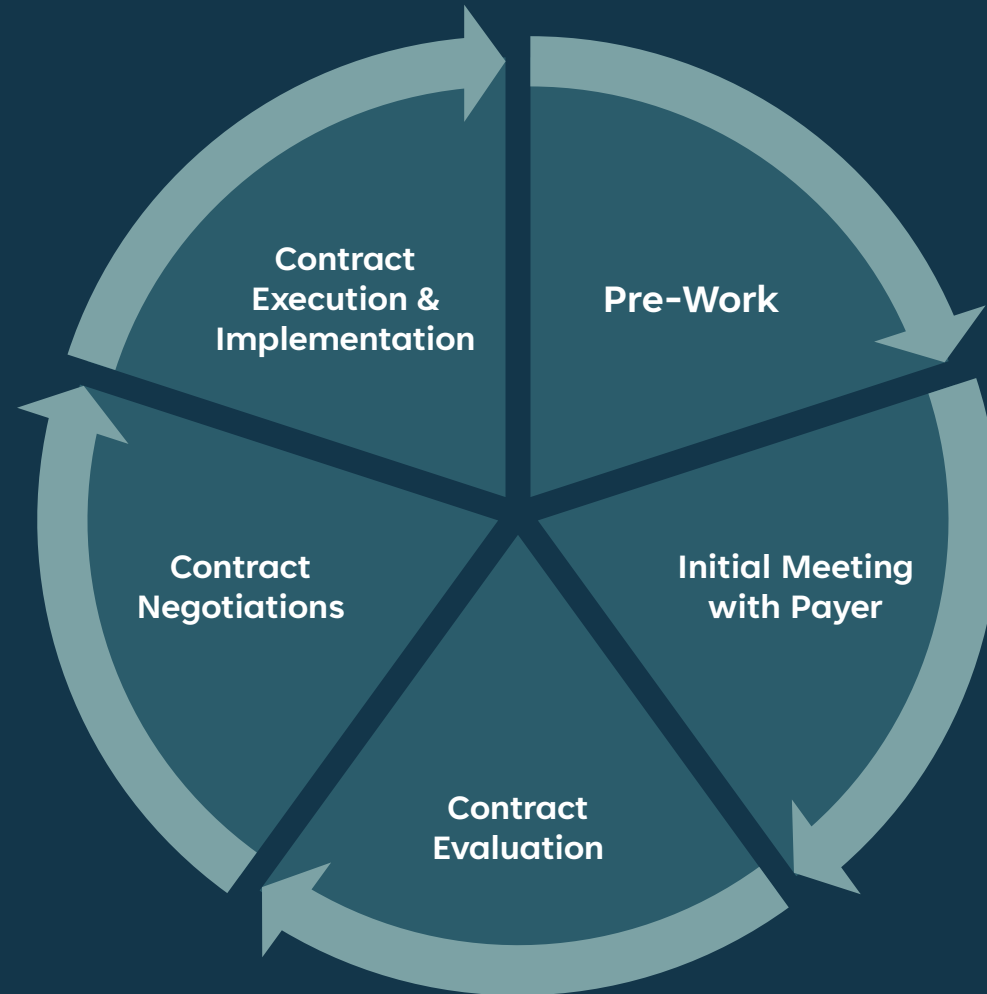
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PAYER CONTRACTING LIFECYCLE



CONTRACT STATUS – BEST PRACTICES

Agreement Management

Keep copies of all agreements

Be aware of all amendments

Review all fee schedules and “missing” codes

Understand how new codes will be handled/paid

Special Clauses

Understand “lesser of” payment clauses

Be aware of price change notifications

Understand the handling of unlisted CPT codes

Timely Filing Deadlines

Expected payment windows

Claim and appeals must be filed in XXX days

Methodology to recognize when time limits are approaching

Accountability

Recognize when contract is not being followed

Understand audit or review processes

Know your provider rep or contact person



EVALUATE FINANCIAL COMPETITIVENESS

Comparison to hospital's other payer contracts

Assessment of reimbursement rates

- › Review of top 10 CPT codes by revenue and 10 CPT codes by volume

Comparison to Medicare rates

Comparison to cost-based reimbursement

Comparison to chargemaster

Evaluate remittances

- › Assess prior 6-12 months billed and paid charges relative to contracted reimbursement rates
- › Identification and quantification of top 10 claim denial reasons



PAYER CONTRACTING – THINGS TO REMEMBER



Increase to Gross Charges do not always fall to the bottom line

- Modeling to project the impact of CDM price changes by payer



Payer contracts may contain reimbursement methodology language:

- Excluded charges or clauses that limit annual increase percentages



Renegotiate Existing Contract

- Voluntarily reduce overall charges to get a higher percent of charge reimbursement

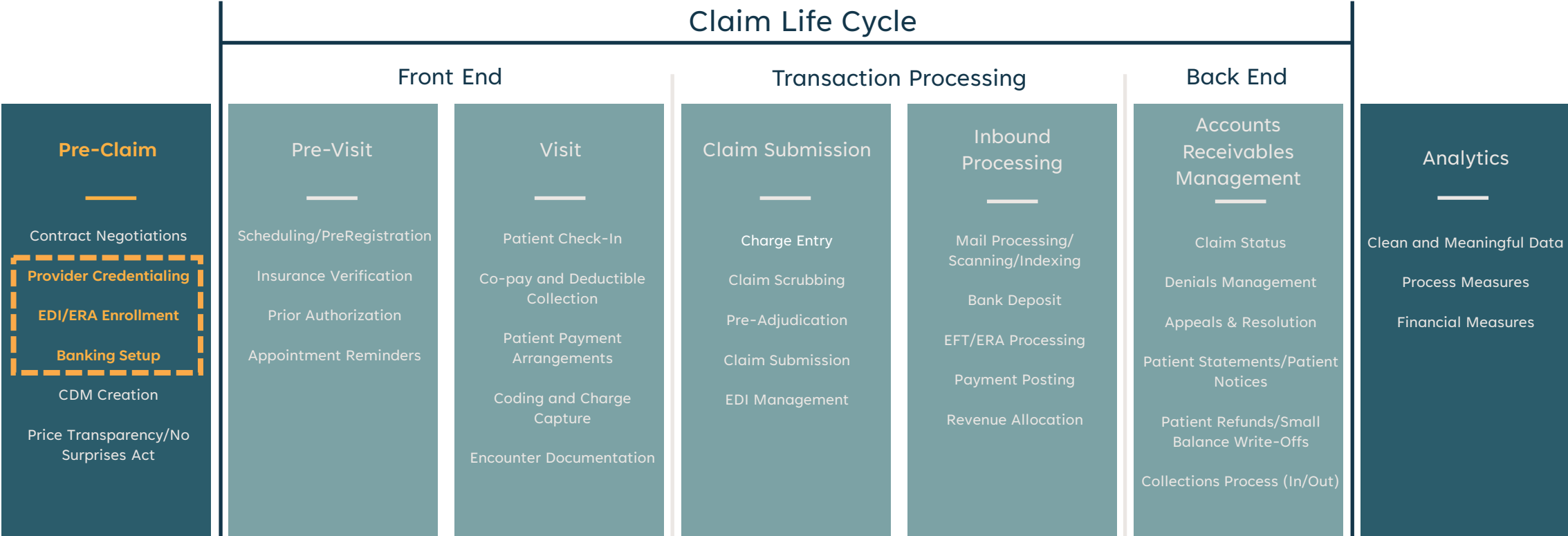


Evaluation of payer's adherence to contract

- Variation from contract usually favors the payer; the sooner identified the better



REVENUE CYCLE MANAGEMENT



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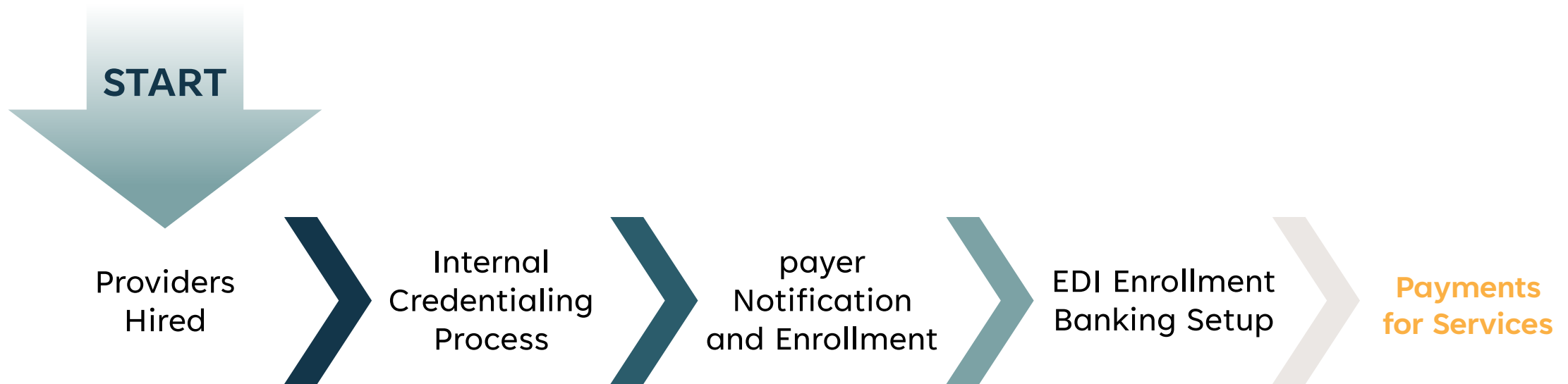
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PROVIDER CREDENTIALLING & EDI ENROLLMENT

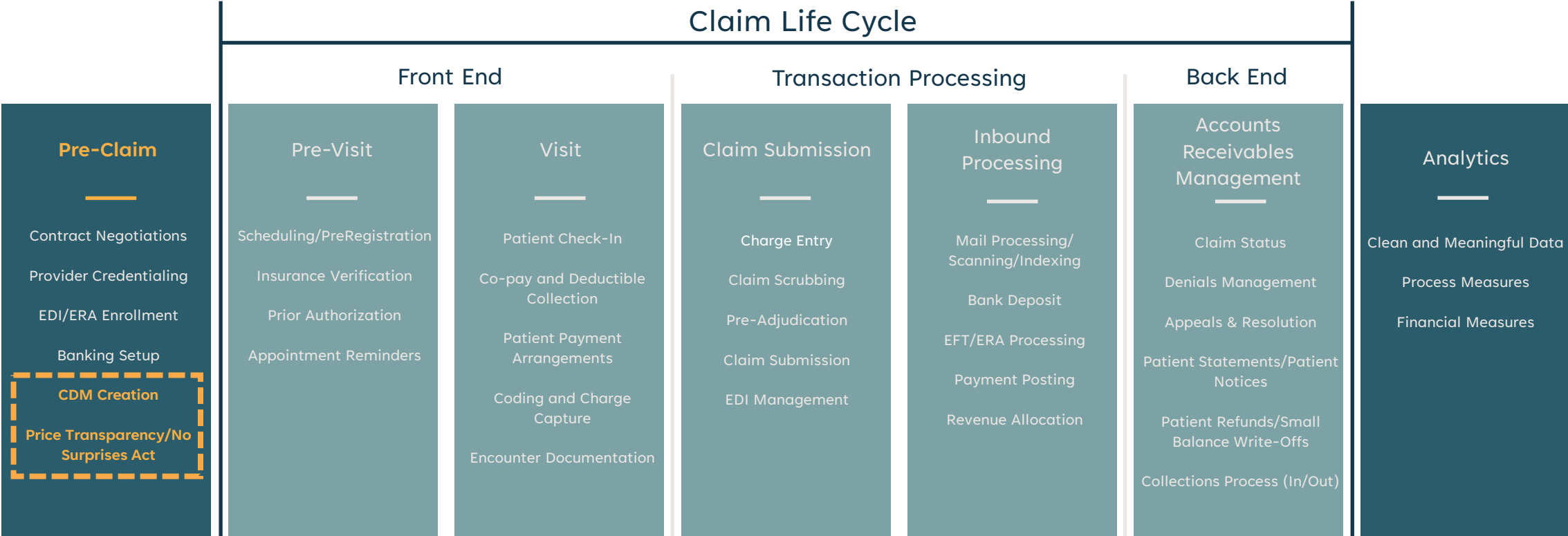


BEST PRACTICES

- Document the internal notification process.
- Maintain a document with Payer Credentialing requirements.
 - Does payer allow concurrent enrollment and credentialing
 - Do individual providers need to be contracted
 - Are the forms online or paper
 - What documentation will the payer require.
 - Full package
 - Single form
 - How far in advance can the paperwork be completed.
 - Contract date
 - Start date
 - Medicare date
 - Estimated lag time for provider to be added to the contract.



REVENUE CYCLE MANAGEMENT



Claim Life Cycle

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Cost Reporting

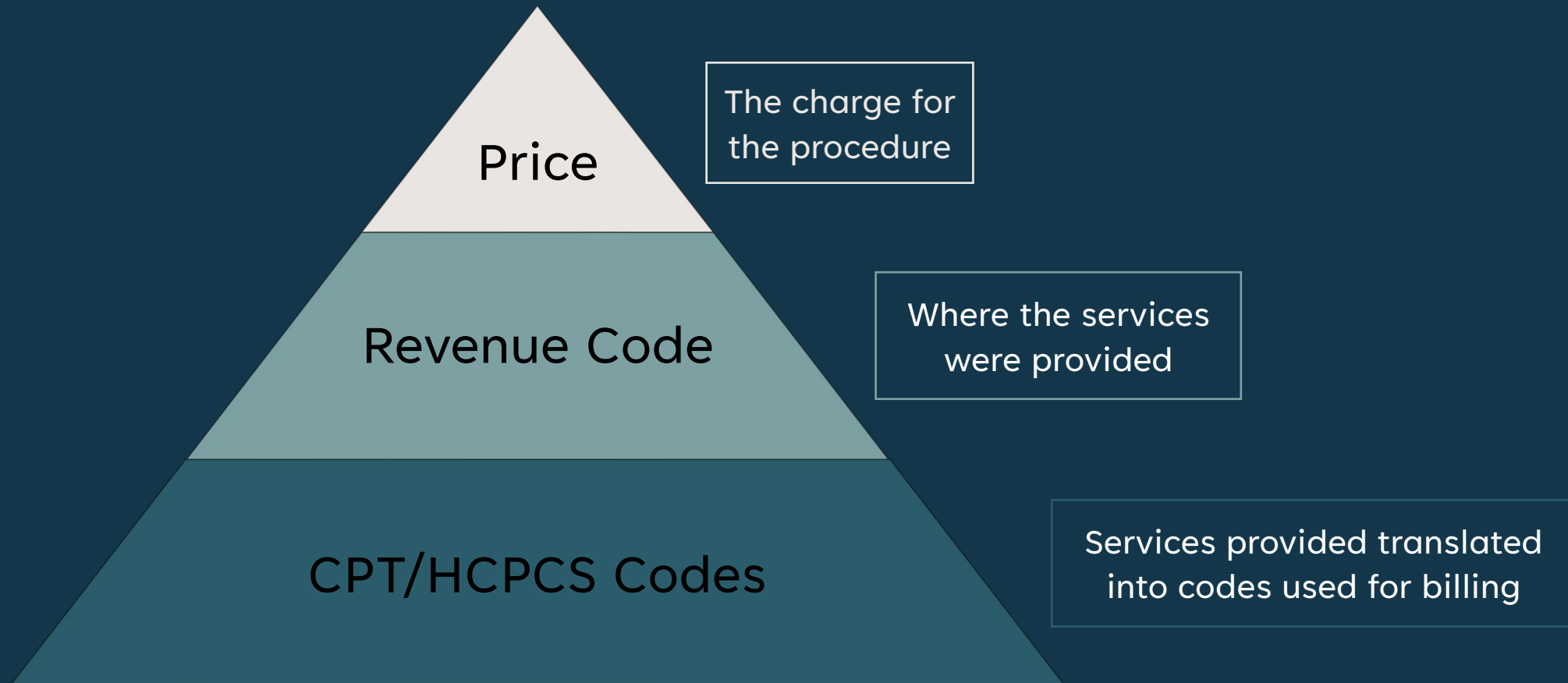
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CHARGEMASTER (CDM) FOUNDATIONAL ITEMS



CHARGEMASTER BEST PRACTICES



Remember:

Errors within chargemaster means manual intervention later in the claim life cycle

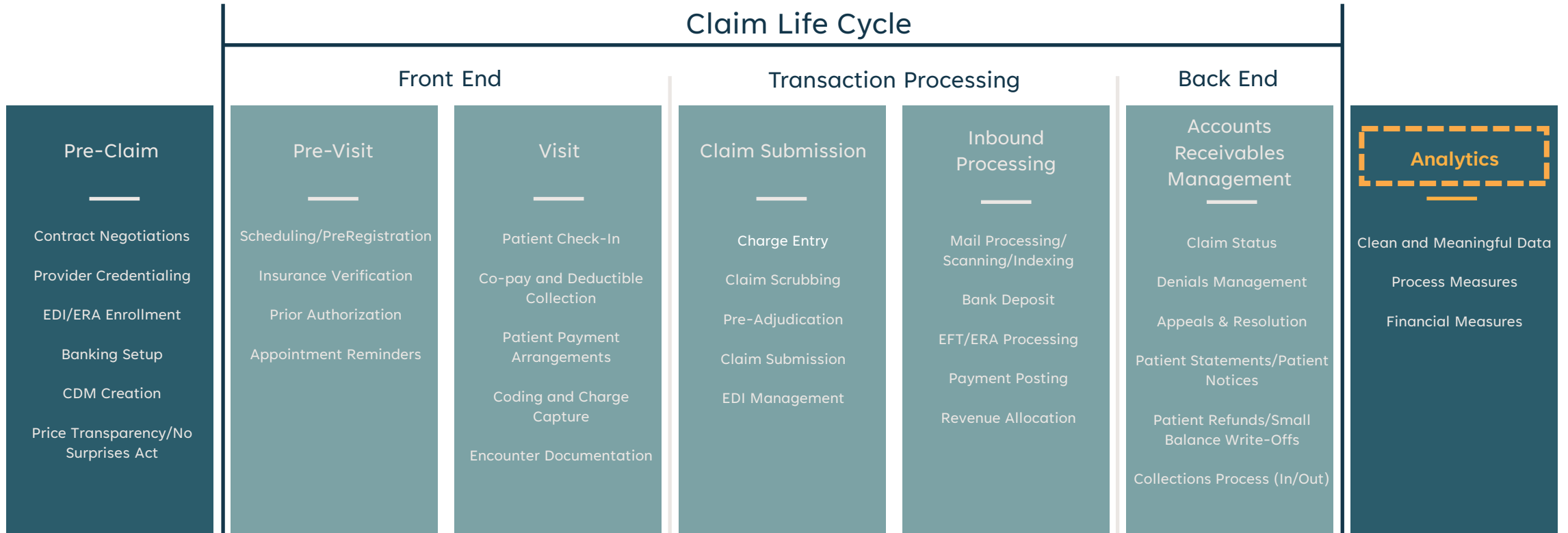




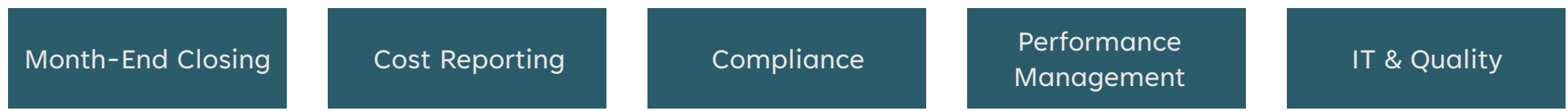
ANALYTICS

Clean & Meaningful data

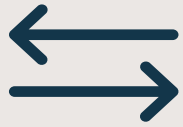
REVENUE CYCLE MANAGEMENT



Claim Life Cycle



CLEAN AND CONSISTENT DATA WITHIN KPIS HELPS BY:



Establishing a starting point for communication



Giving teams and managers understanding of the why behind actions



Encouraging team engagement and buy-in



Giving further vision and understanding for decision-making



Allowing for course correction based on data



WITHOUT CONSISTENT CLEAN AND MEANINGFUL DATA, SMALL PROBLEMS BECOME BIGGER PROBLEMS, LEADING TO COSTLY SITUATIONS

Small

Big

Team engagement
is missing

No one
understands the
WHY

Inconsistent data
that doesn't
reconcile

Missed
opportunities to
make change

Blind decision-
making process



WHEN EFFECTIVE KPIS ARE PRESENT, ACTION HAPPENS

- Reporting is replicated on a standard cadence
- One version of the truth
- Everyone is provided a consistent roadmap to follow
- Focus shifts from questioning the data to addressing problems
- Problems identified more quickly
- Utilization and throughput can be assessed
- Short and long-term efficiency improvements
- Opportunities for engagement across departments





ANALYTICS

Key Indicators to Monitor RCM Performance

REPORTS TO MONITOR RCM KEY INDICATORS

Claim Life Cycle

Process Measures

- > How is the Clinic AR process performing?

Financial Measures

- > How is the Clinic performing financially related to AR?

General Ledger/P&L



KEY PERFORMANCE INDICATORS FOR REVENUE CYCLE

Account Resolution

- Aged A/R as a % of total billed AR
- Aged A/R as a % of billed A/R by payer
- Aged A/R as a % of total AR
- Remittance denial rate
- Denials as % of net patient service revenue
- Bad debt
- Charity care
- Net days in credit balance

Patient Access

- Percentage of patient schedule occupied
- Pre-registration rate
- Insurance verification rate
- Service authorization rate – outpatient encounter
- Conversion rate of uninsured patient to third-party funding source
- Point-of-service (POS) cash collections



KEY PERFORMANCE INDICATORS FOR REVENUE CYCLE (CONT.)

Financial Management

- Net days in accounts receivable
- Cash collection as % of net patient service revenue
- Uninsured discount
- Cost to collect

Pre-Billing

- Days in total discharged not final billed
- Days in total discharged not submitted to payer
- Days in final billed not submitted to payer
- Total charge lag days

Claims

- Clean claim rate
- Late charges as % of total charges



REVENUE CYCLE MEASURES: PROCESS REPORTS

PRE-CLAIM THROUGH FRONT END



Registration % correct



Clean claim rate (from Billing Editor)



Point-of-service (POS) collections



Claim Acceptance Rate



Pre-registration rate



Self-pay patients receiving financial counseling education



REVENUE CYCLE MEASURES: FINANCIAL MEASURES

TRANSACTION PROCESSING AND AR MANAGEMENT



Gross (or Net) days in accounts receivables



Accounts receivable (AR) >90 days as a % of total AR



Cash collections as a % of net patient service revenue



Bad debt as a % of net revenue



Denial write-offs as a % of net patient revenue



Charity write-offs as a % of net revenue



CALCULATIONS

Revenue Cycle Financial Measures	Calculation:
Days in Gross Accounts Receivable	Total Gross AR / (Total Gross Revenue/# of Days)
Days in Net Accounts Receivable	Net AR / (Net Patient Revenue / # of Days)
Accounts Receivable > 90 Days	\$ Value of AR>90 days / Total Gross AR
Gross Cash Collections to Total Gross Revenue	Cash Collected / Total Gross Revenue
Percentage of Unbilled Receivables	Gross Unbilled Accounts Receivable / Total Gross AR
Bad Debt % to Gross Revenue	Bad Debt / Total Gross Revenue
Charity % to Gross Revenue	Charity Care / Total Gross Revenue
Revenue Cycle Process Measures	Calculation:
Registration % Correct	1 - (Registration Errors / Patients Registered)
Clean Claims From Bill Editor	Clean Billed Claims / Total Billed Claims
Up-front Deductible and Co-pay Collections (Point of Service Collections)	Point of Service Collections
Claim Acceptance Rate	Dollar Value of Denials / Total Gross Revenue
Days in total discharged not submitted to Payer	Dollar Value of Claims Discharged but not Submitted to Payer / Average Gross Patient Revenue
Scheduled OP Services that are Pre-registered	# of Pre-Registered OP / Total Scheduled OP Patients
Self-pay Patients that Receive Education on Charity Care and Financial Counseling	Self Pay Pts Received Education on Charity Care and Financial Counseling / Total Self-Pay Patients





ANALYTICS

How to Spot Trends and Anomalies

HOW TO SPOT TRENDS AND ANOMALIES: ESTABLISH REPORTING CADENCE

- Establish reporting cadence
 - Daily
 - Weekly
 - Monthly
 - Quarterly
 - Yearly
- Stick to the established cadence
 - Some reports CANNOT be reproduced



HOW TO SPOT TRENDS AND ANOMALIES: BASELINES

Current Period vs Prior Period

Key Indicator	Jun-22	Jul-22	Variance	% Change
Net Days in Accounts Receivable	17	17	-	0%
Accounts Receivable (AR) >90 days as a % of Total AR	13%	13%	-	0%
Days in Total Discharged not Submitted to Payer	5	5	-	0%
Cash Collections as % of Net Patient Service Revenue	47%	40%	(7)	-15%
Bad Debt % of Net Revenue	19%	20%	(1)	-5%
Charity Write offs % of Net Revenue	13%	12%	1	8%

Current Period vs Current Period Prior Year

Key Indicator	Jul-21	Jul-22	Variance	% Change
Net Days in Accounts Receivable	18	17	1	6%
Accounts Receivable (AR) >90 days as a % of Total AR	14%	13%	1	7%
Days in Total Discharged not Submitted to Payer	5	5	-	0%
Cash Collections as % of Net Patient Service Revenue	38%	40%	2	5%
Bad Debt % of Net Revenue	13%	20%	(7)	-54%
Charity Write offs % of Net Revenue	15%	12%	3	20%

Current Period vs Prior Year End

Key Indicator	Dec-21	Jul-22	Variance	% Change
Net Days in Accounts Receivable	16	17	(1)	-6%
Accounts Receivable (AR) >90 days as a % of Total AR	21%	13%	8	38%
Days in Total Discharged not Submitted to Payer	6	5	1	17%
Cash Collections as % of Net Patient Service Revenue	32%	40%	8	25%
Bad Debt % of Net Revenue	15%	20%	(5)	-33%
Charity Write offs % of Net Revenue	13%	12%	1	8%



HOW TO SPOT TRENDS AND ANOMALIES: INVESTIGATE



Ask questions

Who, What, When, Where, Why, How
•Ask Why *THREE* times



Look at the information differently

Aging buckets that are increasing or decreasing
•Is there a specific payer that stands out?
•Is this an annual trend for the payer?



Don't just focus on financial areas

Sometimes you need to look at the **entire** process to identify the root cause
•Have there been operational changes?

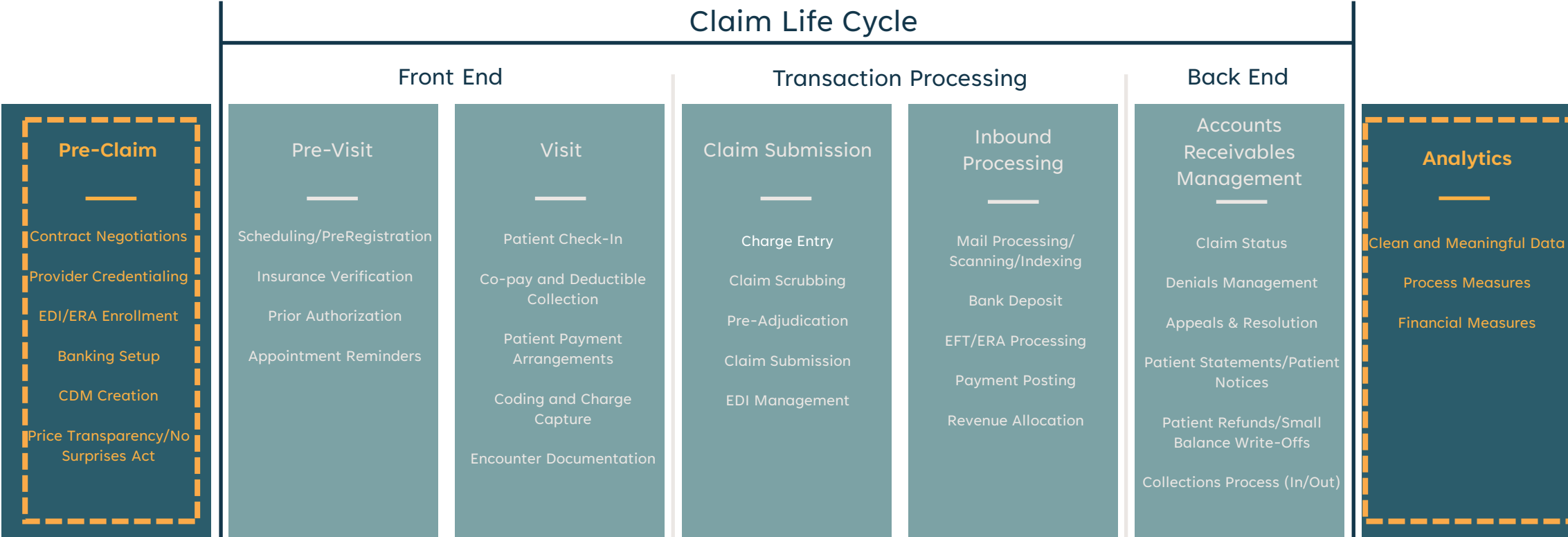


The first answer isn't the only answer

Multiple factors are at play which means there can be multiple answers



REVENUE CYCLE MANAGEMENT



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Q&A

UPCOMING SESSIONS

5

Mastering Revenue Cycle Key Performance Indicators

7/29/24

Improving financial performance and operational efficiency by better understanding key Revenue Cycle Key Performance Indicators (KPIs.)

6

Office Hours

7/31/24

Join the Stroudwater Associates team for our designated office hours to ask specific questions related to your RHC.



COMMITTED TO INCREASING THE IMPACT OF RURAL AND COMMUNITY HEALTHCARE.

Our team of rural and community healthcare experts support the leadership of hospitals, health systems with a rural footprint, and the groups and clinics that form an essential care network across the 97% of the US that is defined as rural.



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