

Revenue Cycle Management



~Becoming a patient focused but metrics driven

Revenue Cycle team~

Presented by:

Kimberly Moore

Director, Health Care Revenue Cycle Consulting

701.239.8673

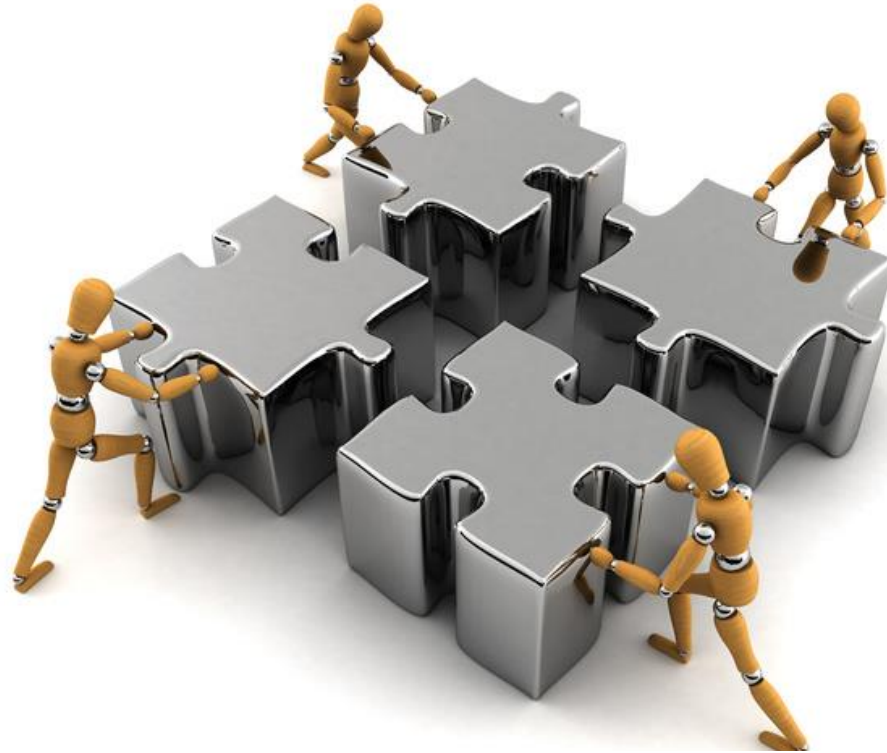
kmoore@eidebailly.com



CPAs & BUSINESS ADVISORS

Experience the Eide Bailly Difference

»»» Revenue Cycle Metrics:



“In all human affairs, there are efforts, and there are results, and the strength of effort is the measure of the results.”

—James Allen, British-born American essayist, author of “As a Man Thinketh”

»»» Why Measure?

“In business, words are words, explanations are explanations, promises are promises, but ***only performance is reality.***”

Harold S. Geneen

Former President and CEO of ITT

Why Measure?

- The old saying is correct: “What get’s measured, get’s improved”
- Providing managers and staff with accurate, intuitive and easily interpretable data is one-third of the recipe for improvement. The other key ingredients are alignment with strategic objectives and a system for accountability.
- Accurately implement those items that will drive improvement vs. implementing for implementation sake.
- Heightened awareness of accountability and transparency when communicated at the proper levels with in the team.
- To move from, not just Good to Great but from Great to Excellent!!!



Reflect for a moment:



- Do you ever look at your Revenue Cycle and ask yourself:
 - *How do top performing hospitals become top performing hospitals?*
 - *How can I ensure the best quality processes are in place?*
 - *How can I engage leadership and my team to move toward the same goals?*
- The simple answer – **MEASURE TO IMPROVE** but remember measurement with out accountability is ineffective.



How to get started?

- Educate first - help your team understand your direction.
 - Define: Never assume that everyone understands the acronyms you might use.
 - Remember not everyone understands metrics or how they effect their performance.
- Get feedback from the team – they know their challenges and have ideas about what they would like to have improved.
- Identify those metrics that you will measure and communicate them with your team.
 - Always explain ‘Individual Accountability’ – what can they do to help improve. What will happen if they do not.
 - Tie Process improvement to incentives.



Healthcare Must haves!

1. Empower self service data access
2. Aggregate all data sources
3. Provide data drill down within dashboard
4. Identify trends and act
5. Reward data driven action and fact sharing



Influence the Culture

- Revenue Cycle Leaders that influence a culture, driven by performance standards, backed by real data, create positive change.
- Leaders that share realistic goals with their teams and help them understand:
 - How their goals are established
 - How Individual Accountability is just as important to ones self as it is to overall good of their team and the hospital over-all.
 - That to support the team, management will have real-time course correction plans to influence improvement.
 - That progress will be measured daily/weekly/monthly
 - That Management will Report positive as well as negative results with Senior Leadership as well as the entire team.
 - That there will be accountability for all actions taken and those missed.
- Everyone can be a “leader” for change.

»»» User community adoption – viral use!

“ **The old approach to business** intelligence confirms what we know. Now departments throughout the hospital can ask the question, ‘What am I trying to accomplish?’ and explore what they don’t know.”

-Ted Corbett, Director of Knowledge Management, Seattle Children’s Hospital



Senior Leadership

- In High Performing Hospitals' Senior Leadership publicly support the notion that the Revenue Cycle is not a “money thing” it is a hospital wide responsibility as well as a patient responsibility.
- When leadership shows support, positive change can happen. Invite your CFO to your meetings.
CFO's...attend when you can.



Organizational Structure

Structure

- Do you have a functional organizational structure with Key Revenue Cycle leaders?
- Has the structure been clearly communicated to staff?
- Does leadership support the Revenue Cycle's operating model and objectives?
- Are the Revenue Cycle objectives in line with the facilities strategies?
- Does Leadership communicate expectations, opportunities and successes with the staff?



What to Measure:

- Gross Days Revenue Outstanding
- Net Revenue outstanding
- Gross to Net Revenue Ratio
- Un-collectibles
- Days from Discharge to Bill
- Aged AR from Discharge
- Self Pay Revenue and Self Pay AR
- Medicare, Medicaid Managed Care, Other Sources Revenue and AR
- # of Open Accounts and per collector
- Cost to Collect
- Denials % GR
- Denial over-turned %
- Payer Rejects as % of Remit
- Pre-Reg. Rates and
- Financial Clearance
- Registration accuracy
- Ins Verification Rates
- Service Auth. Rates
- POS Cash Collections
- POS – Prior Balance collection %
- Cash Collections as % Net /Gross
- SP Conversion Rates
- DNFB
- DNSP
- Late Charges
- Credits
- Case Mix
- Payer Mix
- Patient Satisfaction scores
- Vendor (Net Back %)





Measurements

Metric/Benchmark

Hospitals Nationwide

- Gross Days Revenue Outstanding**
Benchmark: 60 days
49.73 Days
- Gross % of Revenue as Un-collectible**
Benchmark: 5%
5.37%
- Days from Discharge to bill**
Benchmark: 10 days
13.12 Days
- A/R > 90 days**
Benchmark: 25 days or Less
24.33 Days

Measurements

Metric/Benchmark	Hospitals Nationwide
5. % A/R in SP	17.11 %
<u>6. % Gross SP Revenue</u>	<u>5.03 %</u>
7. % A/R MDCR	29.88 %
<u>8. % Gross MDCR Rev.</u>	<u>42.50 %</u>
9. % A/R MDCCD	12.43 %
<u>10. % Gross MDCCD Rev.</u>	<u>12.50 %</u>



Measurements

Metric/Benchmark

Hospitals Nationwide

11. % A/R Commercial

8.20 %

12. % Gr. Commercial Rev

6.16 %

13. % A/R Managed

25.48 %

14. % Gross Managed Rev

27.02 %

15. % A/R Other

9.54 %

16. % Gross Other Rev

4.86 %



Measurements

Metric/Benchmark

- 17. Avg. # of Beds**
- 18. Open IP Accounts**
- 19. Open ER Accts**
- 20. Open OP Accounts**
- 21. Claims Billed/Mo**
- 22. Cost to collect/\$**

- 23. Net A/R**

- 24. % Gross Denials**
- 25. % Net Denials**
- 26. Days Credits**

Hospitals Nationwide

- 246 Beds**
- 3618 Accts**
- 7921 Accts**
- 32,557 Accts**
- 16,849 claims**
- 2.43 cents**

- 60.15 Days**

- 0.09 %**
- 0.22 %**
- 0.66 days**

Become a Metric Driven Organization

(BYODB) Before You Open Daily Business

- This is both a tool and an advanced approach for Measurement of daily KPI's
- This tool is used daily at a payer level
- This document is used to guide each functional area of the Revenue Cycle
- BYODB manages away “surprises” that would normally create chaos for Finance and the Revenue Cycle Team at month end.



Examples: Turn over rates, Net Days to Target days, DNFB to target, Cash to target, Cash Acceleration Opportunities, Net to Gross %, Conversion rates, Erosion Rates to target, Contractual to Target, CWOT, POS to total Cash and to total expected, % of financially cleared accounts prior to admission...

Key Ratios

Month/Yr	UB:FB as % Gross Rev Ratio	Conversion Rate: UB:FB %	Rate of Gross Revenue %	Adj. as % of Conversion Rate	Factor Beginning of Month	AR Factor MTD
November-09	102.2%	98.3%	100.4%	52.6%	56.8%	54.6%
October-09	107.6%	90.2%	97.0%	57.9%	54.3%	56.8%
September-09	96.5%	102.3%	98.7%	58.2%	56.8%	54.3%
August-09	93.2%	102.8%	95.8%	57.5%	53.6%	56.8%

Notes:

Days in Revenue Outstanding

Month/Yr	Gross Days	Net Days	DNFB Net Days	Delayed Cash Opportunity Do to Unbilled beyond suspense	Days in Credit Balances	Medicare Net Days	Self Pay Net Days
November-09	51.5	64.8	9.6	\$1,904,836	tbd	37.9	443.4
October-09	53.2	66.6	9.7	\$1,471,617	tbd	24.5	441.9
September-09	49.9	63.4	10.9	\$1,909,272	tbd	23.9	465.2
August-09	49.6	63.8	7.6	\$1,647,177	tbd	30.3	477.1

Notes:

Income Statement Imparatives

Bad Debt	
BD Transfers	\$1,483,606
BD Recoveries	\$65,802.00
BD Less Recoveries/ Gross Revenue	11.6%
Denials	
Gross Denial Rate	tbd
Denial Recoveries	tbd
Net Denial Rate	tbd
Net Denial Impact	tbd

Income Stmt & Cash

Cash MTD	\$4,722,016.00
Cash Target	\$9,049,682.00
Variance MTD	\$4,327,665.00
Rolling Target	\$6,033,121.00
Cash MTD	
Rolling Variance	-\$1,311,105.00

Other Operating Statistics

Month/Yr	Revenue	ADGR	ADNR	Gross A/R	Net A/R	Net to Gross %	Adj. As % of Gross Revenue	BD as % Gross Rev	Charity Care Adj as % Gross Rev	A/R > 90 as \$	AR > 90 as % total A/R
November-09	\$12,834,442	\$764,193	\$331,647	\$40,563,954	\$22,149,715	54.6%	52.8%	11.6%	2.1%	\$13,805,096	35.5%
October-09	\$22,755,934	\$764,193	\$331,647	\$40,532,916	\$22,194,385	54.8%	56.2%	3.6%	1.3%	\$14,016,461	36.3%
September-09	\$22,611,000	\$786,947	\$342,353	\$39,828,655	\$22,025,547	54.3%	57.5%	2.6%	2.0%	\$13,774,462	34.6%

Notes:



Business Intelligence Impacts!

1. Hospitals have uncovered underlying, recurring issues with claims processing that have let them proactively identify claims that need a different level of attention to be processed on time.
2. Clinics have uncovered service providers who are not assigning correct services and taken corrective action.
3. Physicians running studies are identifying patients who not only have not been adhering to protocols, but glean insight as to the possible reasons behind this to take action.

Scenario- Hospital Profitability



County General
Hospital

<< Clear Selections >>

Search

Current Selections	
Fields	Values

In/Out Patient	
InPatient	OutPatient

Doctor	
Dr. ALFREDIA M. CASADA	
Dr. ALFREDO D. MORALE	
Dr. AMALIA J. BROXSON	
Dr. AMBERLY M. VECCHIA	
Dr. ANTONY M. GRAY	
Dr. ARGELIA M. NOGGLER	
Dr. ARIELLE D. HANCHETT	
Dr. ARMAND C. LUCERO	
Dr. ARMAND L. GJERTSEN	
Dr. ARMAND L. STARCHMAN	
Dr. ARTHUR E. BOYNE	
Dr. ARTURO Z. SHADLEY	

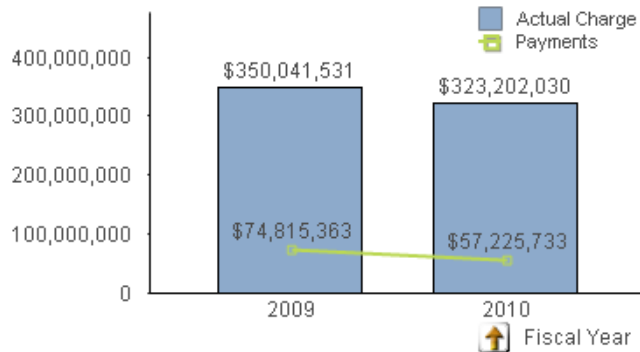
Record #	<input type="radio"/>
Procedure	<input type="radio"/>
Financial Class	<input type="radio"/>

Executive Dashboard

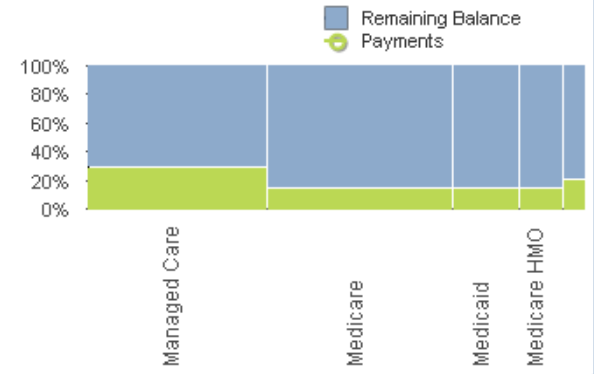
2009 2010 Q1 Q2 Q3 Q4 Sep Oct Nov Dec Jan Feb Mar Apr May Jun Jul Aug

The Executive Dashboard allows you to view the overall charges versus the overall payments received for the hospital. It also shows the user a snapshot of profit by doctor, patient type, procedure and financial class. By using the list boxes on the left to make selections, you can focus your analysis on your particular area of interest.

Payments vs Charges over Time



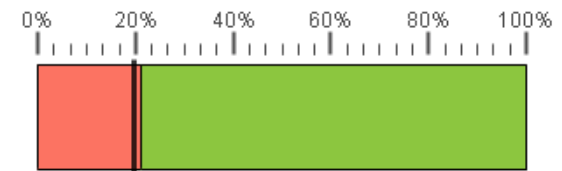
Charges & Payments by Financial Class



Top 10 by Gross Profit

Doctor	Gross	Net	Gr Pr...
	\$95,064,460	-19,349,860	
Dr. ERNESTO D. HERF...	\$7,078,823	3,696,223	
Dr. LESLIE R. CONTR...	\$5,604,539	-593,681	
Dr. KEVEN P. DECROO	\$5,099,192	-778,513	
Dr. BRADLEY H. VANONI	\$3,567,976	307,078	
Dr. LEOMA M. GRECO	\$2,953,669	8,287	

Charges to Payments Index



% of charges collected: 19.6%

Charges vs. Collections

Search

<< Clear >>

Year
 2010 | 2011 | 2012

Month
 Jan | Apr | Jul | Oct
 Feb | May | Aug | Nov
 Mar | Jun | Sep | Dec

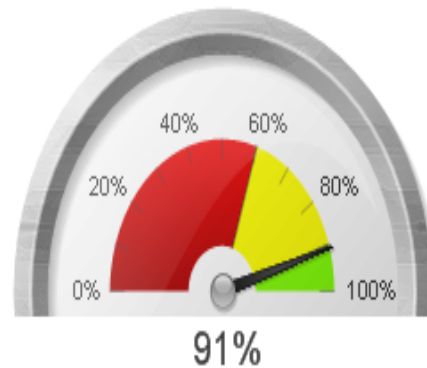
Division
 East | Midwest | South

Facility
 Baptist Medical Center
 Belmont Medical Center
 Centerview Hospital

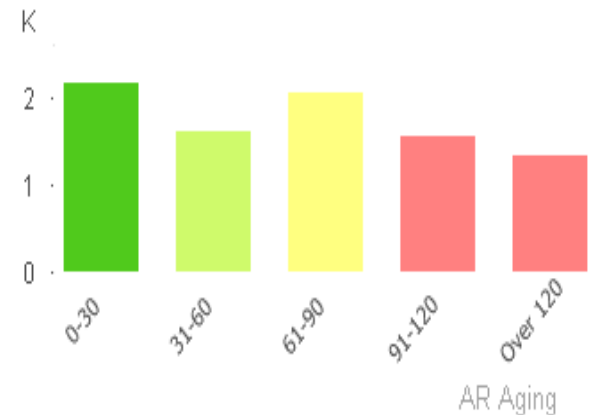
Department
 1E
 2E
 2ICA

Physician
 Adams, Samuel
 Alexander, Christian
 Alexander, Emilv

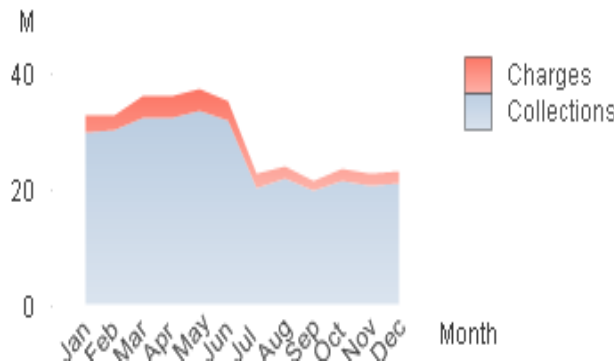
Collections = \$317,477,273 Charges = \$349,684,581



Collections vs. Charges



Collections



Physician	Cha...	Collected	%
ROBINSON, JOHN JA...	\$0	\$190,095	-
Russell, Alexandria	\$2,810	\$2,241	79.7%
Cooper, Nathaniel	\$5,313	\$5,903	111.1%
Barnes, Jasmine	\$6,379	\$5,251	82.3%
Hill, Jack	\$10,307	\$0	0.0%
Cai, Tamara	\$10,717	\$11,520	107.5%
Patel, Kristi	\$10,851	\$9,438	87.0%
Murphy, Kimberly	\$11,176	\$10,853	97.1%
Kumar, Lindsay	\$11,576	\$10,711	92.5%
Miller, Justin	\$12,985	\$10,603	81.7%
Perry, David	\$13,967	\$12,902	92.4%

Charge Detail Information

Current Selections

Total Amount over 90
\$29,370,661.15

Net Patient Revenue
\$416,397,350.39

Cash Collected as % of Net Rev
76.24%

Avg Days Outstanding
58.36

Fin_Class	Over 90	Total	%	Visual
	\$29,370,661.15	\$35,152,790.17	100%	
01-MEDICARE	\$554,315.58	\$1,059,807.71	3%	
02-MEDICARE...	\$10,215.38	\$11,036.92	0%	
03-MEDICAID	\$111,054.15	\$38,545.17	0%	
04-WORKERS...	\$53,436.74	\$94,294.28	0%	
05-COMMERCI...	\$974,274.32	\$1,224,519.12	3%	
06-CHAMPUS	\$31,979.68	\$25,758.38	0%	
07-HMO	\$1,339,255.03	\$1,705,128.27	5%	
08-PPO	\$3,485,614.07	\$4,295,260.52	12%	
09-MGD MEDI...	\$17,183.46	\$31,426.02	0%	
10-FEDERAL	\$263,750.72	\$274,631.27	1%	
11-STATE - NO...	\$103,784.03	\$213,704.79	1%	
12-MGD MEDI...	\$181,230.34	\$279,951.39	1%	

Discharge Not Final Coded

PatientID	Facility	Discharge_D...	Final_Bill_Date	Amount

Charge Details

PatientID	Fin_Class	Facility	Major Payer	Total_Billed_Charges	Total_Payments	Expected_Pmt	Admission_Date	DRG_Code_H...
38333973	08-PPO	Mission Valley Hospital	Medicaid	\$31,444.35	\$6,141.08	\$6,823.62	03/09/2008 00:00:00	4E
383331341	08-PPO	Mission Valley Hospital	Medicaid	\$680.59	\$231.41	\$231.40	10/25/2008 00:00:00	
383331352	12-MGD MEDICARE	Mission Valley Hospital	United	\$175,165.95	\$19,526.37	\$20,680.22	10/26/2008 00:00:00	23
383332013	08-PPO	Mission Valley Hospital	Medicaid	\$3,911.48	\$386.99	\$1,329.90	06/13/2009 00:00:00	
3430925329	07-HMO	Rosemont Medical Center	Medicaid	\$3,703.24	\$1,797.69	\$1,913.08	03/13/2007 00:00:00	
34309420155	08-PPO	Rosemont Medical Center	Medicaid	\$639.23	\$217.34	\$217.34	03/09/2008 00:00:00	
34318297209	08-PPO	Drakes Landing Medical Center	Medicaid	\$42,142.54	\$6,667.36	\$6,667.31	03/09/2008 00:00:00	2E
067424318172	12-MGD MEDICARE	Las Vollas Medical Center	United	\$36,731.36	\$8,072.68	\$8,072.68	01/10/2007 00:00:00	3C
067424340395	07-HMO	Las Vollas Medical Center	Medicaid	\$10,232.49	\$1,973.08	\$1,973.08	01/05/2007 00:00:00	
067424340422	07-HMO	Las Vollas Medical Center	United	\$6,004.39	\$2,401.75	\$2,230.35	01/05/2007 00:00:00	
067424353809	07-HMO	Las Vollas Medical Center	Medicaid	\$36,191.78	\$6,430.77	\$2,430.77	12/30/2006 00:00:00	07
067424355548	01-MEDICARE	Las Vollas Medical Center	Medicare	\$60,014.59	\$16,370.22	\$15,607.15	01/01/2007 00:00:00	4E
067424356110	07-HMO	Las Vollas Medical Center	United	\$14,282.55	\$2,631.02	\$2,631.02	01/19/2007 00:00:00	3E
067424358176	07-HMO	Las Vollas Medical Center	Medicaid	\$5,455.15	\$1,288.46	\$1,288.46	02/06/2007 00:00:00	
067424358594	07-HMO	Las Vollas Medical Center	Medicaid	\$10,896.66	\$1,973.08	\$1,973.08	01/05/2007 00:00:00	
067424358619	07-HMO	Las Vollas Medical Center	United	\$10,226.83	\$3,114.42	\$3,796.88	01/05/2007 00:00:00	
067424358645	08-PPO	Las Vollas Medical Center	United	\$474.78	\$189.92	\$207.01	01/03/2007 00:00:00	
067424360169	07-HMO	Las Vollas Medical Center	United	\$587.10	\$234.84	\$217.82	01/04/2007 00:00:00	
067424360880	07-HMO	Las Vollas Medical Center	Medicaid	\$3,161.38	\$500.31	\$625.38	01/05/2007 00:00:00	
067424363228	01-MEDICARE	Las Vollas Medical Center	Medicare	\$10,002.68	\$1,166.20	\$933.12	01/09/2007 00:00:00	

Fin_Class

- 01-MEDICARE
- 02-MEDICARE - DPU
- 03-MEDICAID
- 04-WORKERS COMP
- 05-COMMERCIAL
- 06-CHAMPUS
- 07-HMO
- 08-PPO
- 09-MGD MEDICAID
- 10-FEDERAL
- 11-STATE - NON-MCAID & LOC
- 12-MGD MEDICARE
- 13-BLUE CROSS/COST

Major Payer

- Blue Cross
- Humana
- Medicaid
- Medicare
- Self Pay
- United

Facility

- Baptist Medical Center
- Belmont Medical Center
- Centerview Hospital
- Cherry Drive Medical Center
- Davenport Hospital
- Drakes Landing Medical Center
- Green Hope Medical Center
- Jacksonville Hospital
- Las Vollas Medical Center
- Medical Center of Brenkville

Front End : Revenue Cycle Metrics

Pre-Registration Rate:

This indicator will show the timeliness, accuracy and efficiencies of your Patient Access processes. To Pre-Register an account allows the facility to gather data prior to the patients appointment date. It also allows for a more timely registration process and patient flow at the time of service.

Equation:
$$\frac{\text{\# of patient encounters pre-registered}}{\text{\# of scheduled patient encounters}}$$

Insurance Verification Rate:

This indicator also shows the timeliness, accuracy and efficiencies of your Patient Access processes. Insurance regulations, changes in coverage and employer cost cutting initiatives are just a few issues that are uncovered during an insurance verification encounter. Discussions with the carrier and/or the patient prior to services rendered can eliminate issues on payment receipt on the back end of the revenue cycle where you are less likely to be able to collect.

Equation:
$$\frac{\text{Total number of verified encounters}}{\text{Total number of registered encounters}}$$



Front End: Revenue Cycle Metrics

Service Authorization Rate:

This indicator also shows the timeliness, accuracy and efficiencies of your Patient Access processes. Many carriers require Authorization be obtained prior to services being rendered. This indicator will reflect only those services that are on the schedule. Keep in mind that if changes are made in the clinical setting with out notice to the Authorization team, you may need to implement a new process.

Equation:
$$\frac{\text{number of encounters authorized}}{\text{number of encounters requiring authorization}}$$

Cash Collection as a % of Adjusted net Patient Service Revenue:

Indicator to accurately report effectiveness for converting Patient Service Revenue into Cash. The **Value** of this indicator is it indicates fiscal integrity/financial health of the facility.

Equation:
$$\frac{\text{Total Cash Collected}}{\text{Average Monthly Net Revenue}}$$



Front End: Revenue Cycle Metrics

Point-of-Service (POS) Cash Collections:

Trending of POS efforts. Implementation of POS Collections should be considered at each facility. The **Value** of this measurement is to identify potential exposure to Bad Debt, accelerates cash collections, and can reduce collection costs. POS might be defined as any payment received *Prior to, at or with in 7-10 business days post Date of service.*

Equation:
$$\frac{\text{POS Payments Received}}{\text{Total patient cash collected}}$$

Pre and Point of Service Self Pay A/R Collections:

This metric may take a bit more manual figuring, however, it is an indicator that the Revenue Cycle team is taking a holistic approach looking at past accounts and creating “**Consumer Accountability**”

Equation:
$$\frac{\text{Total Cash Collected on A/R}}{\text{Total \$ in Self Pay A/R for scheduled patients}}$$

»» Middle: Revenue Cycle Metrics

Late Charge as a % of Total Charges:

A measurement of revenue capture efficiency. The **Value** is to identify opportunities to improve revenue capture, reduce unnecessary costs, enhance compliance, avoid write offs and rework and accelerate cash flow.

Equation:
$$\frac{\text{Charges with Post Date greater than three days from last service date}}{\text{Total Gross Charges}}$$

Days Revenue in HIM:

Dollar amount of receivables delayed in medical records as seen as average days of revenue.

Equation:
$$\frac{\text{Dollar amount in receivables delayed in HIM}}{\text{Average daily revenue}}$$

Unbilled Beyond Suspense:

Within the DNFB receivable is a sub-set of accounts that have moved beyond the target date for FB. (Suspense Dates). These receivables represent a direct delay in cash conversion opportunities. This \$ amount tends to represent the exact co-efficient of any cash short fall being expressed during the month.

➤➤➤ Middle: Revenue Cycle Metrics

Discharged Not Final Billed (DNFB) Rate:

This is an indicator of charts that have not yet been finalized coding, documentation deficiencies, physician queries etc. a charts on hold report should be reviewed to identify coder performance, provider performance, departmental performance (charges not entered timely), system issues that are causing charts to remain on hold vs. moving to your billing department and/or your business office may be slow in billing claims. It can identify performance issues impacting cash flow.

Equation:
$$\frac{\text{Gross Dollars in A/R (Not Final Billed)}}{\text{Average Daily Gross Revenue}}$$

Average Discharge to Bill time:

Discharge to Final Bill Days. Be sure to factor in any delays with in your editor. Use in-patient claims only.

Medicare Equation: Average # of calendar days from Discharge to Billing Medicare

All others Equation: Average # of calendar days from Discharge to Billing Others



Middle & Back: Revenue Cycle Metrics

Discharged not Sent to Payer (DNSP) Rate:

This indicator is used to identify claims that have not been sent to the payer. It includes (FBNE) Final Billed Not Edited (bills held in your claim editor for various reasons) and DNFB accounts.

This equation is not always identified in your host system, in some cases the account will show as billed but is actually stuck in your editor. Be sure to pull reports from your Claims Editor system.

$$\text{FBNE as \% of total claims: } \frac{\text{FBNE: Total \# Claims on Hold in Editor}}{\text{Total \# of claims submitted}}$$

Plus

$$\text{DNFB as \% of Gross Revenue: } \frac{\text{Gross Dollars in A/R (Not Final Billed)}}{\text{Average Daily Gross Revenue}}$$

$$\text{DNSP: } \frac{\text{Total Gross Discharged Unbilled (DNFB \$ + FBNE \$)}}{\text{Average Daily Gross Revenue}}$$

Back End: Revenue Cycle Metrics

Net Days in A/R:

Indicator to show overall A/R Performance. This can be performed by payer or financial class as well.

Equation:
$$\frac{\text{Net Accounts Receivable (A/R)}}{\text{Average Daily Net Patient Service Revenue}}$$

Net Days Revenue in Credit Balance:

Indicator to accurately report account values, ensure compliance with regulatory requirements, and monitor overall payment system effectiveness. The **Value** of this indicator is whether credit balances are being managed to appropriate levels and are compliant to regulations.

Equation:
$$\frac{\text{Dollars in Credit Balances}}{\text{Average Daily Net Patient Service Revenue}}$$



Back End: Revenue Cycle Metrics

Financial Class or payer AR as a % of Total AR:

This metric will show you well performing payers and those that may need to be reviewed. At a minimum Revenue Cycle leadership should meet with top payers to discuss process and payment improvement. Be sure to have either feedback or personal representation from those who work closest with the payer.

Equation:
$$\frac{\text{Total \$ amount in Self-Pay:Medicare:Medicaid:Managed Care:Commercial:Other}}{\text{Total \$'s in Open A/R}}$$

Aged Accounts Receivable as a % of Billed A/R:

This indicator is used to identify receivable collectability and indicates the revenue cycle's ability to liquidate A/R. This can also be used to identify Payer or financial class %'s.

Equation:
$$\frac{\text{>30,>60,>90,>120 days}}{\text{Total Billed A/R}}$$



Back End: Revenue Cycle Metrics

Average Daily Gross Revenue:

Equation:
$$\frac{\text{Gross Revenue}}{\text{Days in a quarter}}$$

Gross Days Revenue Outstanding:

Equation:
$$\frac{\text{Total \$ amount in open A/R}}{\text{Average Daily Revenue}}$$

Cost To Collect:

Operational Performance with in the Revenue Cycle. Indicates efficiency and productivity with in the processes. It is recommended that you include: staff members performing insurance billing and verification, patient account representatives, cashiers and cash application staff, refund staff, financial counselors, pre-registration, pre-certification, and POS registration staff, collectors, managers and supervisors involved in these areas. Be sure to include temporary staff costs and outsourced costs. Do not include UR, coding, HIM.

Equation:
$$\frac{\$ \text{ Amount of Total YTD Revenue Cycle Expenses}}{\$ \text{ Amount of Total Cash Collected YTD}}$$

Self Pay: Revenue Cycle Metrics

Total Un-collectibles:

This indicator will show the total dollars for services rendered that were not collectable. It is an indicator that shows both exposure to Bad Debt and the importance of a Pre-Service Financial Clearance process.

Equation:
$$\frac{\text{Total Gross \$'s of Bad Debt + Charity}}{\text{Total Gross Revenue YTD}}$$

*Avoidable Denials can be grouped here as well

Charity as a % of Uncompensated Care

Monitor Charity Care Versus Bad Debt. The **Value** is a reflection of community service.

Equation:
$$\frac{\text{Charity Care Write-off amount}}{\text{Total uncompensated care (Bad Debt + Charity Care)}}$$

Conversion Rate of Uninsured Inpatient to Payer Source:

Trending indicator of qualifying uninsured inpatients for a funding source. The **Value** Indicates the facilities ability to secure funding for uninsured patients.

Equation:
$$\frac{\text{Total number of cases approved}}{\text{Total uninsured inpatient discharges}}$$

Self Pay: Revenue Cycle Metrics

Bad Debt:

Trending indicator of the effectiveness of Self-Pay collection efforts and financial counseling. It indicates the facilities ability to collect self-pay accounts and identify payer sources for those who can not meet their financial obligations.

Equation:
$$\frac{\text{Total Gross \$'s of Bad Debt Write-Offs}}{\text{Total Gross Patient Service Revenue (YTD)}}$$

Charity Care:

Indicator of community's ability to pay. It shows services provided to patients that were unable to pay.

Equation:
$$\frac{\text{Total Gross \$'s of Charity Care Write-Off}}{\text{Total Gross \$'s of Patient Service Revenue (TYD)}}$$

»»» Staff: Revenue Cycle Metrics

Staff Ratios:

A/R Accounts per Biller FTE

Equation:
$$\frac{\text{Total Open Accounts}}{\text{Number of Billers}}$$

Total Claims per Biller FTE

Equation:
$$\frac{\text{Claims Billed per Month}}{\text{Number of Billers}}$$

Total Accounts per Collector FTE

Equation:
$$\frac{\text{Total Open Accounts}}{\text{Number of Collectors}}$$

Business Office open accounts per FTE

Equation:
$$\frac{\text{Total Open accounts}}{\text{Total A/R Management FTE}}$$



HFMA MAP Keys



Disclaimer

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