Best Practice Business Office Policies and Procedures

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Rural Hospital Performance Improvement (RHPI) Project
Executive Summary

Chargemaster

Front End

Back End
Policies and procedures

- Policies and procedures are needed to ensure that
  - Accounts are handled appropriately and consistently
  - Payor contract terms are followed
    - Mitigate lesser of logic
    - Appropriate handling of copay, coinsurance and deductibles
  - Compliance risks are identified and mitigated
  - Internal reports are accurate and represent payor intentions
  - Operating departments receive accurate, detailed and consistent feedback from the business office
  - Billing and follow-up team members adjudicate accounts consistently under approved guidelines
Where do they come from?

• Who should be involved in the setting of policies and procedures:
  • CFO
  • Compliance Officer
  • Business Office Manager
  • PFS Director
  • Department Heads
  • Billing and Follow-up Team Members

• Not all policies and procedures require the same group

• Revenue Steering Committee should take the lead in creating the framework
Who does what?

- **CFO** should be involved in policies that impact
  - Reporting criteria
  - Customer contact
  - Contract governance
  - Write offs
  - Compliance
- **Compliance** should be involved in policies that impact
  - Customer contact
  - Compliance
- **Business Office director / PFS director** should be involved with the creation of all policies
- **Billing / Follow-Up** team should be familiar with all policies and procedures
Department heads / managers should be involved with policies and procedures that impact:

- Placement of modifiers
- CCI edits
- Appeals
- Administrative write-offs
- Customer contact
- Denials
  - Medical necessity
  - Demographic issues
  - Technology not yet proven
The objective of policies and procedures

- Policies and procedures should create the framework to:
  - eliminate process variability
  - ensure customer communication is handled in a consistent, approved manner
  - provide employees confidence in process
  - increase departmental accountability and ownership
  - set clear expectations
  - create consistent reporting categories
  - mitigate compliance concerns
  - increase gross revenue capture and net reimbursement
• Policies and procedures should include the following:
  - Specific title
  - Executive summary identifies the issues that the policy is to address
  - Effective date and control number
  - Identifies the personnel impacted by the procedure
  - Clearly identifies, by signature, who approved the final version
  - Describes in a concise fashion the steps required to achieve desired results
  - Identifies tracking protocols and audit time frames
What areas need policies and procedures?

- Contractual Adjustments
- Bad Debt
- Administrative Write Offs
- Denial Management
- Activity within Payor Systems
- Customer Contact Parameters
- Self Pay Discounts
- Appeals Process
- Charge Modification within Billing System

*Policy components are not likely to be the same for all facilities*

*Parameters must meet the size, scope, services and abilities of the facility*
• Policy governs
  • Who can adjust accounts manually?
    • Follow-up team member
    • Team Lead
    • Supervisor / Director
  • The acceptable dollar values that can be adjusted
  • Actions to be taken when adjustments are 80% to 90% of the total bill
  • Actions to be taken when there are no adjustments
    • 100% payment
  • Appropriate adjustment codes to be utilized within the billing system
    • Payor specific
  • Steps to resolve and address any of the above

Contractual Adjustments: what does policy govern?
Bad debt: what does policy govern?

- Parameters around identification of accounts
  - Identifies who can place account into bad debt
  - Follow-up team member
  - Team Lead
  - Supervisor / Director

- The process for accounts
  - Outside agency
  - Activity within billing system
  - Notes on accounts within the billing system

- Appropriate adjustment codes to be utilized within the billing system
  - Payor specific

- Steps to resolve and address any of the above
Administrative write-offs: what does policy govern?

- Parameters around identification of eligible accounts
- Steps to ensure all options have been exhausted
- Identifies who can write off an account and the eligible amounts
  - Follow-up team member
  - Team Lead
  - Supervisor / Director
- The process for accounts
  - Department notification
  - Activity within billing system
  - Notes on accounts within the billing system
  - Reconciliation for administrative reports
- Appropriate adjustment codes to be utilized within the billing system
  - Payor specific
- Steps to resolve and address many of the above
Denial management: what does policy govern?

- Parameters around identification and trending of accounts
  - Payor specific
  - Modality specific
- Steps to ensure all options are consistently followed
  - Payor guidelines
- If options are exhausted, identifies who can write off an account and the eligible amounts
  - Follow-up team member
  - Team Lead
  - Supervisor / Director

- The process for accounts
  - Activity within billing system
  - Notes on accounts within the billing system
  - Eliminate duplication of efforts
  - Ensure that department directives are followed
- Appropriate adjustment codes to be utilized within the billing system
  - Payor specific
  - Modality specific
- Steps to resolve and address any of the above
Customer contact parameters: what does policy govern?

- Parameters around identification of accounts
  - Payor specific
  - Modality specific
- Steps to ensure all options are consistently followed
  - Payor guidelines
- Can changes be made within the payor system?
- Who approves the modifications
  - Department Managers
  - Billing Office Supervisor / PFS Director
- The process for accounts
  - Activity within billing system -
    - Notes on accounts within the billing system
  - Eliminate duplication of efforts
  - Ensure that department directives are followed
- Steps to resolve and address any of the above
Activity with Payor Systems: what does policy govern?

- Identifies what information can be shared with patients and family members
- Ensures that HIPPA standards are followed
- Provides scripts or content for communication to patients
  - Payor specific
  - Modality specific
- Steps to ensure all options are consistently followed
  - Payor guidelines
- Ensures that contact is noted, tabulated and trended
- The process for accounts
  - activity within billing system
  - notes on accounts within the billing system
  - eliminate duplication of efforts
  - ensure that department directives are followed
- Steps to resolve and address any of the above
Self Pay Discounts: what does policy govern?

- Identifies the parameters around which discounts can be offered
- Ensures that HIPPA standards are followed
- Provides scripts or content for communication to patients
  - Payor specific
  - Modality specific
- Steps to ensure all options are consistently followed
- The process for accounts
  - Activity within billing system
  - Notes on accounts within the billing system
  - Eliminate duplication of efforts
  - Ensure that notes support payment terms
  - Ensure that payments are posted to the correct accounts
- Steps to resolve and address any of the above
Appeals Process: what does policy govern?

- Identifies the parameters around the processes to adjudicate denied claims
- Identifies payor specific requirements for appeal letters
- Provides scripts or content for communication to physicians to facilitate appeal letter
- Steps to ensure all options are consistently followed
- Ensures that appeals are tabulated and that success rates are calculated and published
- The process for accounts
  - activity within billing system
  - Identifies if letter was sent, if account was rebilled via paper and to whom
  - notes on accounts within the billing system
  - eliminate duplication of efforts
- Steps to resolve and address any of the above
Charge modification within billing: what does policy govern?

• Identifies the parameters around the physical modification of accounts due to missed or incorrect revenue
• Identifies who is authorized to make changes
• Identifies the documentation necessary to make changes
• Ensures that decisions are driven by departments or coding
• Prevents account modification without support thereby mitigating a compliance concern
• The process for accounts
  • Activity within billing system
  • Identifies who authorized change, denotes date and format of correspondence
  • Ensures that communication is clear and concise
  • Eliminate duplication of efforts
• Steps to resolve and address any of the above
How to Create a Defensible Pricing Strategy

Date: 11/30/2012

Time: 11:00 – 12:00 pm CT