# Best Practice Business Office Policies and Procedures

John Behn

National Rural Health Resource Center

Rural Hospital Performance Improvement (RHPI) Project

**STROUDWATER ASSOCIATES**

STROUDWATER ASSOCIATES

Chargemaster



Front End

Back End

- 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

STROUDWATER ASSOCIATES

- 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

STROUDWATER ASSOCIATES

- 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

STROUDWATER ASSOCIATES

- 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

STROUDWATER ASSOCIATES

- 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

- 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*

STROUDWATER ASSOCIATES

- 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

- 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

- 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

# Denial management: what does policy govern? *contd.*

- 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

- 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?

STROUDWATER ASSOCIATES

- 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

**17**

STROUDWATER ASSOCIATES

- 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

STROUDWATER ASSOCIATES

- 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

STROUDWATER ASSOCIATES

How to Create a Defensible Pricing Strategy

Date:  11/30/2012

Time:  11:00 – 12:00 pm CT