Key Performance Indicator or Metric	Formula or Definition	Target	Business Purpose
Gross Revenue	Gross Revenue or "*Top Line Revenue"* is synonymous with gross charges associated with the provision of services	This is Facility Specific. GR is budgeted at the Financial Class Level based upon historical payer mixes, demographic studies, material managed care contracting changes and other forecasting methods.	From a revenue cycle management perspective, the objective is rapid, compliant conversion of Gross Revenue into Cash (and legitimate associated contractual adjustments) Therefore, GR is a significant input in a number of relevant KPI's.
Net Revenue	The term Net Revenue has diverse definitions within the industry but is best defined as: ***The value of the hospitals dollar, less contractuals, less bad debt.*** Different methods are used to determine both the value of the Active AR and related %'s that are applied to Gross Revenue to determine its Net Revenue.	This is Facility Specific. The NR target is based upon reducing Gross Revenue by anticipated contractual allowances and a Bad Debt Expense target. The contractual allowances and BD%'s are applied by a combination of a calculated model and/or history.	A primary objective of the Revenue Cycle Team is to increase Net Revenue through denial prevention and recovery as the reduction of the Bad Debt Expense through improved Self Pay receivable management strategies.
Net Patient Revenue (Before Bad Debt)	Net Patient Revenue is Net Revenue prior to making deductions for Bad debt Expense and could be defined as "***Maximum Net Collectible Value"***	Same approach as Net Revenue.	Measure Cash as a % of Net Patient Revenue instead of Cash as a % Net Revenue. This approach is not as common as Net Revenue.
Lag Revenue (Rolling 2,4,6 months)	Most Gross Revenue is converted into cash and associated contractual adjustments with in 45-60 days. As a result, cash targets are based upon a prior month's revenue or a rolling average of a prior periods revenue. This is referred to as Lag Revenue. Some targets are based upon a 2 month average with a one month lag.	N/A	Lag Revenue is constantly studied, normalized and modeled to help the hospital become increasingly scientific in setting cash and contractual allowance targets.
Modeled Net Revenue (%) (Expected Reimbursement)	Net Revenue Modeling is the practice of converting contract terms(and for Government Payers; DRG and APC Driven reimbursement) into an Expected Reimbursement calculation at the account level. From there, projections can be made based upon "perfection" (not considering denials and underpayments, etc.) from a Reimbursement standpoint. Modeled Net Revenue is usually expressed as a %.	This is Facility and contract specific.	This works if you Net most of the Receivables at the time of Final Billing. Many facilities utilize historical experience for Net Revenue and related contractuals.
Experiential Net Revenue % (ENR) Zero Balance accounts for 12-18 months	Experiential Net Revenue (ENR) is best described as Collections against the dollar on a large sample of zero balance accounts. The Formula is Receipts/Charges 12-18 months of zero balance charges. Often expressed as a %	ENR should be as close the the MNR as possible. The Delta between ENR and MNR is the economic opportunity.	ENR% is used to calculate cash target, average daily net revenue and is an input for a host of other critical Key Performance Indicators
Average Daily Gross Revenue	6 months gross revenue/ total number of days in the calculation period. Expressed as a $ amount.	There may be seasonality to consider so 6 months may be a better standard to determine average daily gross revenue. (Industry standards are 3 months)	ADGR is the divisor for a number of other KPI's. It is conversational language for "how much Business" is being generated on a daily basis.
Average Daily Net Revenue	6 Months net revenue / total number of days in the calculation period. Expressed as a $ amount.	There may be seasonality to consider so 6 months may be a better standard to determine average daily net revenue. (Industry standards are 3 months)	ADNR is the divisor for a number of other KPI's. It is conversational language for "how much Business" is being generated on a daily basis.
Cash as % of Net Revenue	Cash/Lag net Revenue (Or Net patient Revenue). Expressed as a %	100% or Greater	This is the most important of all KPI's and measures cash performance against opportunity for cash performance. This KPI increases in value when calculated at the Financial Class Level and allows for team by team organizational goal alignment.
Bad Debt as % of Gross Revenue	(Bad Debt Transfers - Bad Debt Recoveries) / Gross Revenue. Expressed as a % and $ amount.	This is NOT the finance view of Bad Debt Expense (which is out of scope for this document but includes looking at actual BD write offs Less recoveries against the budgeted BD allowance against the value of the Self Pay Receivable) From the Revenue Cycle Perspective, this calculation should be managed daily and if at 3.1% or less, will equate to successful migration of Bad Debt Risk. (% is client specific)	Used to measure the effectiveness of both Front End Financial Securement and Self Pay follow up. It is critical that only qualifying accounts be referred to BD and that the provider continuously look to reallocate High Risk Self Pay to Federal, State, Private and Local or other funding sources.

Charity Care as a % of Gross Revenue	Charity Care Write offs/Gross Revenue. Expressed as a % and $ amounts.	Finance, using primarily volumes and experience, prepares a charity budget. From a Revenue cycle Perspective, charity care write-offs are targeted at 1.9% of Gross Revenue. (% is client specific)	Charity Care is described as the inability to pay for services rendered (whereas Bad Debt is based upon unwillingness to pay) Non Profits maintain their standing through the provision of Community Benefits visa vie Charity Care. Therefore, it is imperative that qualifying Charity Care accounts not be wrongly classified or through fractured process flow to bad debt.
DNFB - Discharged Not Final Billed	DNFB is a term used to define unbilled accounts where the patient has been discharged (for outpatient services the admit and discharge date is one and the same) and the account is either not coded, or pending charges, service documentation or claim holds to be released into the final billed receivable. The Formula for calculating the DNFB target is: ADGR x 4 (4 is an example) ... Expressed as $	DNFB Targets are financial class and patient type specific. Example: if your suspense days is 4 for Non Government payers then: 4 X ADGR would be your calculation… If you have a 5 day suspense for Government payers then you would calculate this as: 5 X ADGR for Gov. Payers	It is critical to success that the DNFB be managed and sustained with the targeted range as that with is not coded/released cannot be converted to cash.
Unbilled beyond Suspense	With in the DNFB receivable is a subset of accounts that have moved beyond the targeted date (which is called the Suspense Cutoff date). These receivables represent a direct delay in cash conversion opportunity.	The target for this calculation, whether expressed as Days, Net Days or $ is ZERO	Unbilled beyond Suspense receives high attention from all functional areas within the revenue cycle, tends to represent the exact co-efficient of any cash short fall being expressed during the month.
DNFB Days	DNFB Receivable Outstanding / Average Daily Gross Revenue (Or Net DNFB Receivable Outstanding / Average Daily net revenue)	Fin Class specific, usually 3-5 days Also calculated as Net DNFB days	See above
Gross Days In Revenue Outstanding	Active accounts receivable outstanding / Average daily Gross Revenue	Calculations can vary: Gross Days Target at the Financial Class level and then aggregates the total for a more specific (and less anecdotal) approach to managing days.	This KPI is in the top 5 and is a strong "processing KPI" but may not be tied directly to cash performance. (Avoidable write - offs and high bad debt may produce lower AR days while cash performance is at a variance to target.
Net Days in Revenue Outstanding	Active Accounts Receivable / Average Daily Net Revenue	Calculations can vary: Net days target at the financial class level and then aggregates the total for more specific approach to managing days	See above
Days Lower Control Limit	A term used to describe absolute perfection for A/R Days at the Financial Class (and the aggregate) level. For Example, a perfect Medicare Inpatient Claim is Inhouse for 3.2 Days, DNFB for 5 days and the submitted and adjudicated in 14-16 days.	Financial Class Specific	Days LCL, for both Net and Gross, is an input used for several targets and KPI's within the Revenue cycle.
Held Claims Days	Claim submission date - Final Billed Date expressed as # of calendar days.	No claim should be held longer than 1 business day for correction and submission/re-submission.	This is a standard Claims Management KPI that seeks to place rigid controls on predictable, regular billing porduct in CBO.
Clean Claim Rate	Clean Claims/Total Claims expressed as a %	95-98%	This is a standard Claims Management KPI that seeks to place rigid controls on predictable, regular billing product in CBO
Erosion	As accounts get older, then become less collectible - or "erode" on the Accounts Receivable.		
1. A/R > 90	Creditors that loan hospitals money against their A/R asset use A/R > 90 as a critical measure of the health of the accounts receivable	Through the use of Days Lower Control Limitis, Financial class specific targets can be set around tolerable volumes of accounts moving past 90 Days.	Must maintain acceptable targets from an aging perspective to ensure strong cash performance, and avoid Finance "devaluing" the Active A/R based upon volumes moving into this aging category.
2. A/R > 120	Self pay accounts may be deemed worthless (either in A/R or Bad Debt) after valid collection effors for 120 days.	Financial Class Specific and is dependent upon whether SP after Insurance is blended with pure Self Pay.	120 is an important trigger for Mediare Cost Report compliance and set the standard for Bad Debt Transfers on account that are validated to be uncollectible
POS Cash	Cash collected at, or as a direct result of front end functional area efforts (such as Financial Counseling)	Targeting for POS Cash becomes meaningful when measured against an estimated patient portion due. Initiative to implement a Patient Payment Estimator.	POS Cash Management is critical because the psychological opportunity to collect declines rapidly after the Patient leaves. There is a direct correlation between POS Cash performance and bad debt reduction.
POS Cash as % of Self Pay Cash Collected	This Metric measures the overall composition of Self Pay Cash Performance and seeks to understand the contribution of POS Cash Management to the Overall Self pay campaign.	See Above	See above
Percentage of Receivable over 120 Days	Percentage of current total receivables, as defined by amounts owed to the provider/facility by patients, third party payers etc. that is greater than 120 days post discharge.	Find this data in your Aged Trial Balance	Benchmarks: Best practice less than 12% Average between 12 and 25% Alarm Greater than 25%