PITFALLS IN THE REVENUE CYCLE

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Revenue Cycle

- Medical Practice most complex business
- Payment requires:
  - Process Steps
  - Handoffs
  - Crossroad Decisions
Points to Consider

- Patient is priority
- Avoid Rework
- Front vs. Back
- Technology
- Data Collection
- Communication
- Policy and Procedure
Are you leaving money uncollected?

- Financial policy given to everyone
- Net collection rate is greater than 97%
- Verify insurance prior to visit
- Insurance plan copay collection
- Collection of patient balances
- Errors detected
- Registration errors are limited; less than 2%
- Claim denial rate is less than 5%
Are you leaving money uncollected?

- Patient is offered online bill payment
- Provider is aware of payer contracts
- Patient can understand our statements
- We are reducing non-contractual adjustments
- Our internal controls are good
- Prior authorizations are completed
Are you leaving money uncollected?

How many times was your answer...........No

- 10-14
- 4-9
- 1-3
Let’s work through each phase
Pre-Registration

- Determine demographic update
- Determine prior account balances
- Determine insurance benefit verification
- Determine copayment/deductible
- Determine need for visit; time slot
- Determine if authorization required
- Educate Patient Expectation
- Appointment Reminder Process
Registration

- Demographics
- Insurance card
- Collection of payment
- Expectation education
- Financial counselor
Insurance Verification

The insurance verification process is often the first opportunity to identify a high-risk patient:

- Insurance eligibility verified
- Coverage determined for service
- Financial obligations collected
Financial Counseling

- Documentation required for discounted charges
- Counsel outstanding balance
- Eligibility for health insurance
- Assist with enrollment
Opportunities for Improvement

- No coverage at time of service
- Missing or invalid identification number
- P/S/T insurance updated after visit
- Audit for missed copayments
- Communicate claim edit rejections
- Accountability for demographic error rates
Clinical Visit

- Advanced Beneficiary Notice
- ICD-9 diagnosis to ICD-10
- PQRS Measure
- Meaningful Use
- E/M Services
- Ancillary Services
Charge Capture

- Determine charge capture by type
  - Office, Surgical, Hospital, Nursing Home
  - Request facility report

- Perform charge capture audits
  - Date of service to documentation
  - Date of documentation to date of coding
  - Date of coding to date of charge entry
  - Date of charge entry to date of billing
Charge Capture

- Encounter Form
- Import Charges
- ICD-9 and ICD-10
- CPT and HCPCS
- Reconcile to Schedule
- Eliminate Pending Charges
- Implement Charge Entry Edits

Annual Review
Coding

- Coding Conventions
  - Symptoms versus Diagnosis
  - Modifiers
  - Global Days

- Coding Responsibility
  - Provider Education
  - Claim Rejections
  - Claim Denials
Claim Submission

- Electronic Claims
  - Daily submission
- Claims Edits
  - Resolved within 24 hours
- Rebill Claim Policy
- Medicare Advantage Claims
Accounts Receivable Follow-up

- Aged Trial Balance
- Workflow Tools
- Aged Accounts
- High Dollar Accounts
- Payer Specific
- Small balance strategy
- Denial Management
Opportunities for Improvement

- Days in Accounts Receivable greater than 40
- Aged AR in over 90 days is greater than 20%
- Accounts Receivable
  - Age
  - Payer
  - Dollar Amount
Patient Collections

- Statement Cycles
- Consolidated
- Patient Friendly
- Online Bill Payments
- Statement Message
- Dunning Message
- Return Mail
Opportunities for Improvement

- Charge Lag
  - Office in excess of 48 hours
  - Hospital, Surgical, SNF in excess of 7 days
- High volume of edits
- Missing charge process
- Compliance audit
- Charge audit
The payment and denial posting process is one of the most frequently underrated and overlooked processes in the revenue cycle. The payment application process plays a key role in the revenue cycle by determining contractual and non-contractual adjustments, posting denials and recognizing underpayments by payers.
Payment Posting

- Quality versus Quantity
- Electronic Remittance Advice
- Electronic Funds Transfer
- Transfer to secondary/self-pay balances
- Contractual Adjustments
- Line Item Posting
- Balance Billing
Payment Review

- Actual payment comparison to contract payment
- Automation
- Understanding of coding edits
- Prompt payment
- Appeals
Remittance Advice Review

- Identify incorrect billing information that can be perfected and resubmitted
- Highlight ineffective operating procedures
- Make comparisons from remittance advice to accounts receivable system modification
- Identify the need for staff training
Rejection or Denial

- A rejection is any claim returned to the provider as not able to process such as an electronic file error or a paper claim missing critical information such as a group NPI.
- A rejection may be corrected prior to a denial.

- A denial is a transaction processed by a payer and not paid due to an error such as a medical necessity issue.
- A denial results in a zero-pay claim or line item.
Rejections

- Rejections not processed correctly will turn into denials.
- Reducing rejections will cause a reduction to your overall denial rate.
- Providers can prevent most claim rejections by submitting “clean claims”.

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Common Denials

- Coordination of Benefits
- Patient not eligible at time of service
- No prior authorization
- Timely filing limitations
- Non-covered service
- Not medically necessary
- Billing and coding errors
- Additional information/documentation requested and not received
Cost of Denials

- **Rebilling**
  - $8 - $10
- **Staff time**
- **Electronic Transmission**
- **Patient Statement**
- **Claim Adjustment**
  - Some payers require a total claim adjustment
- **Appeal Process**
  - Dependent on service
Revenue Cycle Management

- Biggest Challenges
  - Self-pay and uninsured patients
  - Billing errors
  - Insurance underpayments
  - Operational inefficiencies
Build the Team

- Revenue Cycle Team
  - All areas
  - Subject matter experts
- Perform root cause analysis
- Plan and implement corrective action
Keys to Success

- Monitor
- Track
- Communicate
- Educate
- Acknowledge and reward
Accountability

- Communicate
  - Track opportunities for improvement
  - Provide training
- Maintain knowledge of regulations
- Ensure each area understand their effect to the revenue cycle
Questions