

North Carolina Community Health Center Association



Connecting Executive Management with the Billing Operation

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Goals of the Training



Discuss reasons why Executive Management needs to closely manage the billing function and revenue cycle operations.

How can Executive Management better understand and manage the billing and revenue cycle function.

What are KPIs and how can Executive Management use them to assure that efforts in billing and collections are productive, efficient and meet organizational goals.

Why Does Executive Management Need to Be Connected with the Billing Operation?

Why Does Executive Management Need Connecting to the Billing Operation?

- ▶ **Revenue cycle performance in healthcare is particularly challenging due to:**
- ▶ The complex nature of services to be billed;
- ▶ The complex specifications for billing practices;
- ▶ The number of varied employees that contribute to the process;
- ▶ The systems and tools used to capture and process billing information; and,
- ▶ The unending variation that occurs in each of these dimensions.

Revenue Cycle Management: A Life Cycle

Approach for Performance Measurement and System Justification

2010 Health Information and Management System Society (HIMSS)

Why Does Executive Management Need Connecting to the Billing Operation?

- ▶ Today's healthcare revenue cycle remains as complex as ever.
- ▶ Growing need for high performance with changing environment
- ▶ Cash and cash position increasingly important
- ▶ Need for results-driven organizations
- ▶ Working towards goals of ideal outcomes – oversight and standards for:
 - Finance Department – clean audit; timely reporting; viable operation
 - Service Providers – expectation of high quality services and productivity
 - Administration – federal measures; compliance; board and management performance; community perception; patient satisfaction
 - Billing???????? Revenue cycle performance?????????

What is the Revenue Cycle?



Appointment Scheduling



Accounts Receivable Management and Collections



Denied Claims Management



Registration/Certification



Patient Reception



Patient Clinical Visit – Service Delivery



Documentation & Coding



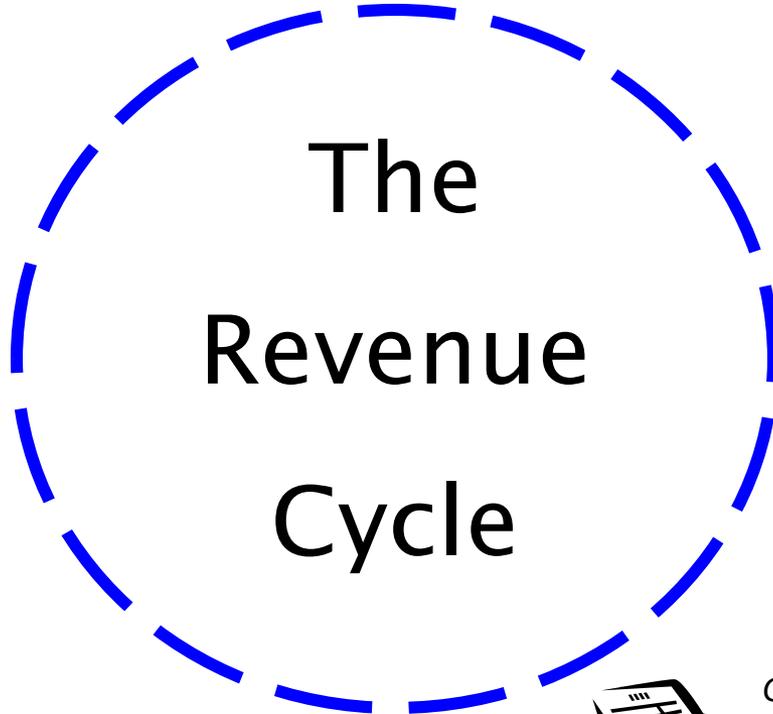
Charge Processing/C check Out



Patient Statement & Claim Production



Claims & Patient Payments Processing



The Revenue Cycle

What are some things Executive Management Should Know About the Revenue Cycle?

Things Executive Management Should Know About the Front End of the Revenue Cycle

Billing Issues

- ▶ Front office competency directly affects billing success
- ▶ Accurate information and the verification process is key
- ▶ Training – there is frequently high turnover of front desk staff; and thus making sure that all staff understand their responsibilities is crucial
- ▶ Eligibility verification – explore all internet and system options...
- ▶ Proper completion and entry of registration information is key
- ▶ Feedback loop with the billing department must be established so that front desk staff understand the impact of their actions. Oftentimes the best form for the communication is a facilitated peer-to-peer interaction

Operational Issues

- ▶ Must know services you offer, plans you accept, operational structure
- ▶ Excessive wait times can result from slow patient processing

Things Executive Management Should Know About the Middle of the Revenue Cycle

Billing Issues

- ▶ Billing cannot fix provider coding issues, but may be able to identify them
- ▶ Billing may be able to fix some of the front end issues on the previous slide, but it is more efficient to reduce errors
- ▶ Your practice management/EMR system cannot correct errors, but it can minimize them through edit checks and restriction of inputs
- ▶ Nowadays, completion of the electronic record by providers can affect claims filing, patient statements and revenue maximization

Things Executive Management Should Know About the Back End of the Revenue Cycle

- ▶ Patient statements should be mailed monthly. Should be an acknowledgment or approval that this is done each month. Should include a contact name and phone number for questions.
- ▶ Claims should be sent no less than once weekly, more often if a larger health center. Are you currently receiving any notice each time they are sent?
 - Should receive a report showing number of claims sent by payer
 - Report should show the value of the claims sent, with FQHC Medicare and PPS valued at their cost rates.
- ▶ The posting of insurance payments can be a “huge” task depending on payment size.
- ▶ Must have a collections strategy for both patients and claims. Management needs to be sure this is followed. Might want to include an installment plan system for patients.

Things Executive Management Should Know About the Back End of the Revenue Cycle

Denial Management

- ▶ Denial management is the process of understanding and monitoring the denial of claims billed to third parties (e.g. Medicaid, Medicare, private insurance).
- ▶ The objective of denial management is to understand the reasons why claims are being denied, and use this information to identify the root cause of the denial in the billing system, and then correct the underlying deficiency.
- ▶ How is denial management often accomplished?
 - Periodic review of explanation of benefit statements received
 - Appropriate denial information being captured by the practice management system

Things Executive Management Should Know About the Back End of the Revenue Cycle

Tracking Billing Errors Back to the Source

- ▶ Front desk
 - Patient not eligible
 - Incorrect demographic information, or outdated insurance coverage
 - Not MCO primary care provider
- ▶ Providers
 - Incorrect code
 - Service not supported by diagnosis/documentation
 - Service not covered
 - Provider not eligible/credentialed
 - NEW EHR issue.....Provider hasn't completed Medical Record, thus claim won't show as active in PMS
- ▶ Billing staff
 - Duplicate bill
 - Missing information
- ▶ Can also look at individuals

How Can Executive Management Better Understand the Billing Process?

Executive Management Must Document the Revenue Cycle

Why Document the Revenue Cycle?

- ▶ Training of new staff is much more effective.
- ▶ Measuring staff performance is easier when responsibilities are clearly identified.
- ▶ It is an opportunity to improve systems that may result in more dollars, better productivity and patient satisfaction

Why is Documenting the Revenue Cycle Important to Executive Management?

- ▶ Leadership involves setting clear direction and expectations related to job performance.
- ▶ Executive Management will gain an in-depth understanding of the revenue cycle through a documentation exercise.

Executive Management Must Document the Revenue Cycle

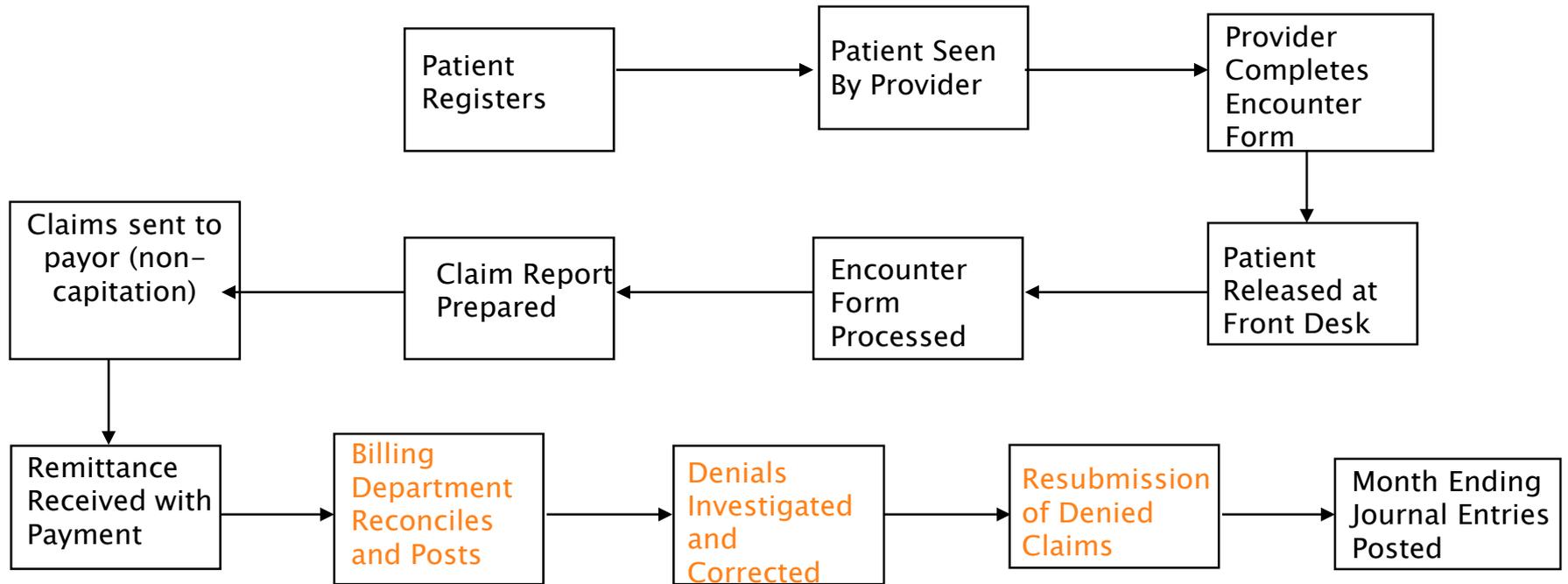
Reviewing the revenue cycle should include looking at:

- ▶ Front desk and Appointments
 - ▶ Registration
 - ▶ Exam room (by provider)
 - ▶ Cashier/Appointment scheduling/ Check-out
- } Front Office
- ▶ Billing
 - Patient Statement & Claims Production
 - Claims & Patient Payments Processing
 - Denied Claims Management
 - Accounts Receivable Management & Collections
- } Back Office

Documentation of the Revenue Cycle

- ▶ **Consider process flow (or work flow) mapping for documenting the revenue cycle.....**
- ▶ **Why? One of the fastest ways to lower errors, increase productivity and improve patient service**
 - Flow charts are easy-to-understand diagrams showing how steps in a process fit together. This makes them useful tools for communicating how processes work, and for clearly documenting how particular jobs within the revenue cycle are accomplished.
 - The act of mapping a process in flow chart format helps everyone clarify their understanding of the process, and identify where the process can be improved.
 - A flow chart can therefore be used to:
 - Define and analyze processes;
 - Build a step-by-step picture of the process for analysis, discussion, or communication; and
 - Define, standardize or find areas for improvement in a process
 - **Also, by conveying the information or processes in a step-by-step flow, you can then concentrate more intently on each individual step, without feeling overwhelmed by the bigger picture.**
 - **The process will help reconcile what you *think* is happening vs. what is *actually* happening**

Process Flow - Revenue Cycle Perspective



In any sequential process, problems at the beginning flow downstream. To understand these processes, it is necessary to understand cycle time (how long it takes to get done) vs. process time (how long it takes to do an individual step)

Process Flow Mapping – How is it Done?

- ▶ 1. Choose a Process – Decide what you want to improve. It might be the entire revenue cycle or only a part of it (i.e., registration). Best bet are processes which are time consuming, error prone, and/or critical to success.
- ▶ 2. Assemble a Team - should include staff from the lowest to highest levels directly involved in the operation. Must have an approval process for recommended changes to the work flow in order to be effective.
- ▶ 3. Map out the Way Work is Currently Done – diagram each step showing decisions and/or process actions and other important aspects of the current work. This can be accomplished with interviews of staff, having them share documents and other steps needed to accomplish tasks. It is often easier to sketch out individual tasks first, then go back and fill-in the details.
- ▶ 4. Identify Problem Areas – areas where staff feel there are current major issues that need addressing, i.e., patient satisfaction, waste or significant delays. If too many, use 80/20 rule: work on 20% of the areas that cause 80% of the problems.

Process Flow Mapping – How is it Done? (Con't)

- ▶ 5. Brainstorm Solutions– What changes can be introduced to the process to improve problem areas identified. Hopefully, there is consensus among those affected.
- ▶ 6. Action Steps - change the flow to establish a set of action steps that need accomplishing before the process can be modified.
- ▶ 7. Assign Responsibilities – assign staff responsibilities for each action step and set deadlines for completion.
- ▶ 8. Create a Master Plan – Summarize responsibility for actions and deadlines. Distribute plan to participants to make certain it accurately reflects decisions.
- ▶ 9. Follow Through –
 - Meet every two weeks for progress reports and interaction
 - If needed, hold another brainstorming session
 - Adjust master plan when and where appropriate

Executive Management Needs Key Performance Indicators (KPI) for the Revenue Cycle Function

**“If you do not measure it, you cannot manage it.”
--W. Edwards Deming**

He is regarded as having had more impact upon Japanese manufacturing and business than any other individual not of Japanese heritage.

KPI Introduction

What is a Key Performance Indicator?

- ▶ Numerical Factor
- ▶ Used to quantitatively measure performance
 - ✓ Activities, volumes, etc.
 - ✓ Business processes
 - ✓ Financial assets
 - ✓ Functional groups
 - ✓ The revenue cycle

Source: BearingPoint, Key Performance Indictors

Healthcare Information and Management Systems Society (HIMSS)

- ▶ May, 2010 report entitled “Revenue Cycle Management: A Life Cycle Approach for Performance Measurement and System Justification”.
- ▶ Since 2011 the Revenue Cycle Improvement Task Force has been on a quest to address the patient financial experience as it relates to their overall satisfaction when they engage with the healthcare delivery system.
- ▶ Effective July 2015 the task force began focusing its energies on creating a vision for the next generation of revenue cycle management tools and processes that keep administrative cost containment, interoperability, and consumer engagement front and center. The task force provides thought leadership and fosters industry wide collaboration.

Healthcare Financial Management Association (HFMA) – MAP Program

- ▶ A comprehensive strategy to transform the revenue cycle by helping leaders **Measure** performance, **Apply** evidence-based practices, and **Perform** to the highest standards.
- ▶ Addresses revenue cycle standards in four areas:
 - Patient Access
 - Revenue Integrity
 - Claims Adjudication
 - Management
- ▶ KPIs have been developed for each area

How About Revenue Cycle Key Performance Indicators (KPI) for FQHCs?

- ▶ **Reviewed the HFMA and HIMSS measures and standards**
 - Many apply to hospitals
 - Some measures are very sophisticated, such that data may not be available to health centers
 - Includes services or functions health centers either don't provide or do not provide intensively enough for establishing KPIs or standards, i.e., case management, pre-authorizations, etc.
- ▶ **Suggest KPIs in the same four areas as HFMA:**
 - **Patient Access**
 - **Revenue Integrity**
 - **Claims Adjudication**
 - **Management**
- ▶ **Health centers should determine additional KPIs as applicable to individual revenue cycle management issues.**

Some Suggested Key Performance Indicators for FQHCs

Patient Access – Front Office Performance

| Key Performance Indicator | HIMSS Measure | HFMA Measure |
|--|---------------|--------------|
| Registration Error Ratio | – | – |
| Insurance Eligibility Verification Rate | | ≥ 98% |
| Point of Service Cash Collected | | ≥ 65% |
| Returned Mail Percentage | < 5% | |
| Medicaid Eligibility Screening – uninsured | 100% | |
| Medicaid Eligibility Screening – Medicare Only | 100% | |

Some Suggested Key Performance Indicators for FQHCs

Revenue Integrity

| Key Performance Indicator | HIMSS Measure | HFMA Measure |
|--|------------------|--------------|
| Days to Posting of Charges | < 1 business day | |
| Denied Claims % of Net Revenue by Payer | | |
| Point of Service Cash Collected - by Site | | |
| Coding Error Rate (Billing &/or Provider) | < 1% | |
| Provider Coding Performance - Practice Norms | 100% | |

Some Suggested Key Performance Indicators for FQHCs

Claims Adjudication

| Key Performance Indicator | HIMSS Measure | HFMA Measure |
|---------------------------------------|---------------|--------------|
| Top 10 Reasons for Denials Incidence | | |
| Number of Claims Filed by Payer/Visit | | |
| Initial Denial Rate | | ≤ 4% |
| Denials Re-Filed within 2 days | | |
| Clean Claims Submission Rate | > 85% | |

Some Suggested Key Performance Indicators for FQHCs

Management

| Key Performance Indicator | HIMSS Measure | HFMA Measure |
|---|---------------|--------------|
| Days in AR by Insurance Payer | | |
| Days in AR – Patients | | |
| Bad Debt – % of Net Revenue | | |
| Front Office Cash Collections % to Patient Net Revenue | | |
| Case Mix – Net Revenue vs. Collections/Payer Type/Visit | | |

Final Thoughts – Billing Managers

- ▶ Billing Managers sometimes communicate in a foreign language.
- ▶ There is no Billing Manager school for FQHCs.
- ▶ Need to expand the Billing Manager's responsibility to include management of the revenue cycle.
- ▶ Have regular meetings with Billing Manager and get more details about things not understood. Ask for acronyms to be explained.
- ▶ The Billing Managers' primary responsibility is to figure ways to get paid, sometimes irresponsibly or without proper knowledge.
 - Have the Billing Manager participate in any state-wide efforts with billing networks or other billing managers
 - Should consider having Billing Manager attend seminars, workshops and webinars sponsored by the National Association of Community Health Centers and your state's Primary Care Association.
- ▶ Be certain to have a succession plan for your billing manager's position. Do not simply assume that having an assistant position will necessarily assure continuing operations.
- ▶ Hold the Billing Manager accountable based on KPIs. All Executive Management staff should be involved, not just Supervisor.

Questions???



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