



Washington CAH - Revenue Cycle Management and Measurement

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June 3, 2021

What is Revenue Cycle

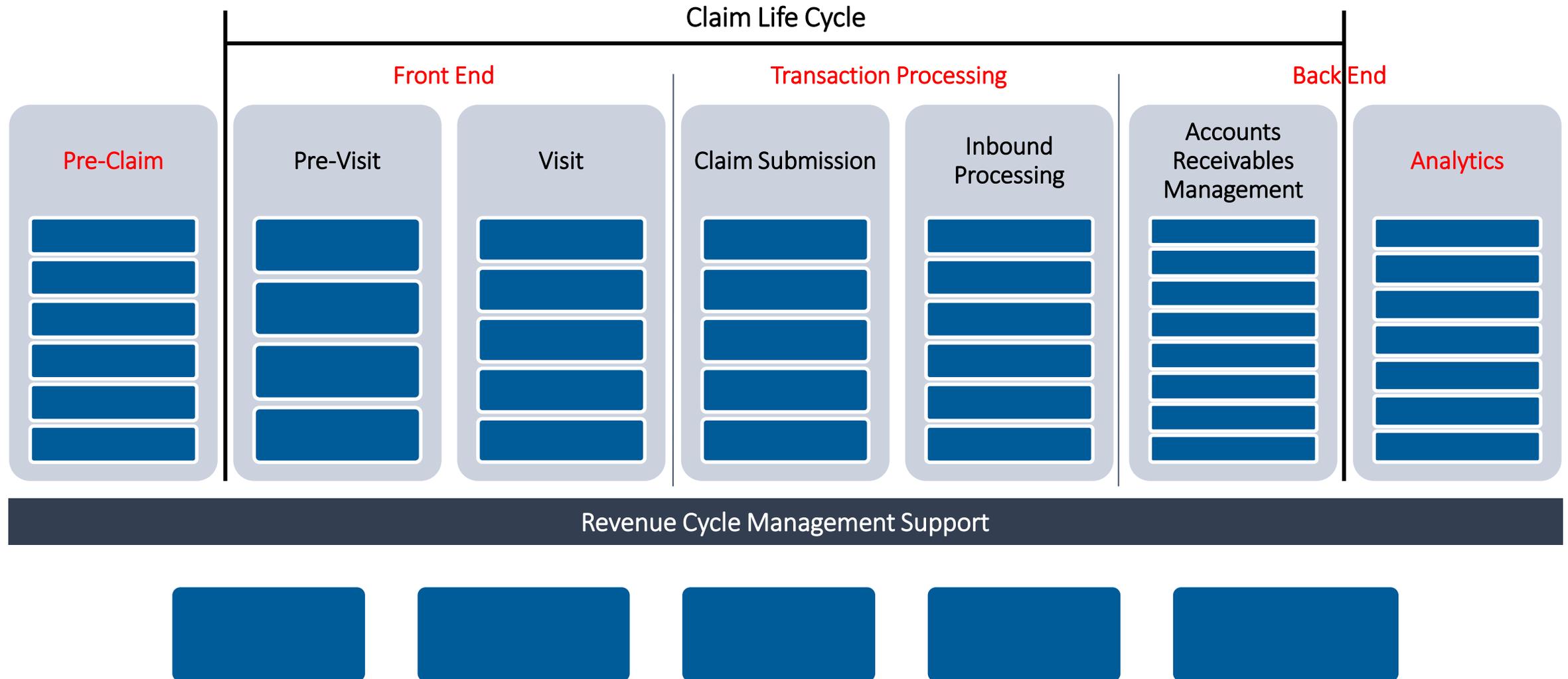
Why do we Need Clean and Meaningful Data

Key Indicators to Monitor Revenue Cycle Management (RCM) Performance

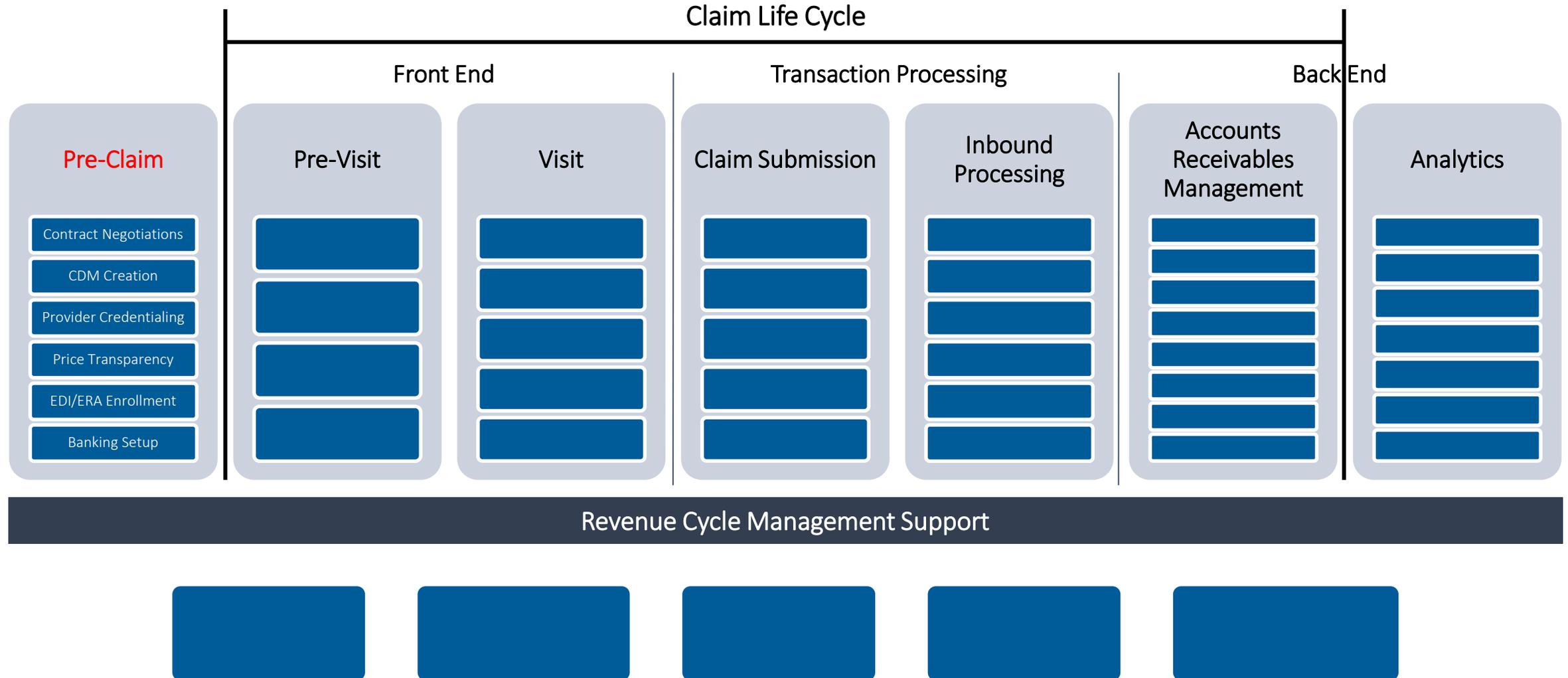
How To Spot Trends and Anomalies

A photograph of a business meeting. Two people are seated at a wooden table. One person, wearing a blue and white checkered shirt, is pointing at a document. The other person, wearing a light blue shirt and a watch, is holding the document. The document contains various charts and graphs, including a bar chart and a pie chart. A laptop is open on the table to the left, and a cup of coffee is in the foreground. The scene is lit with warm, soft light, possibly from a window. A semi-transparent white box with orange text is overlaid on the bottom half of the image.

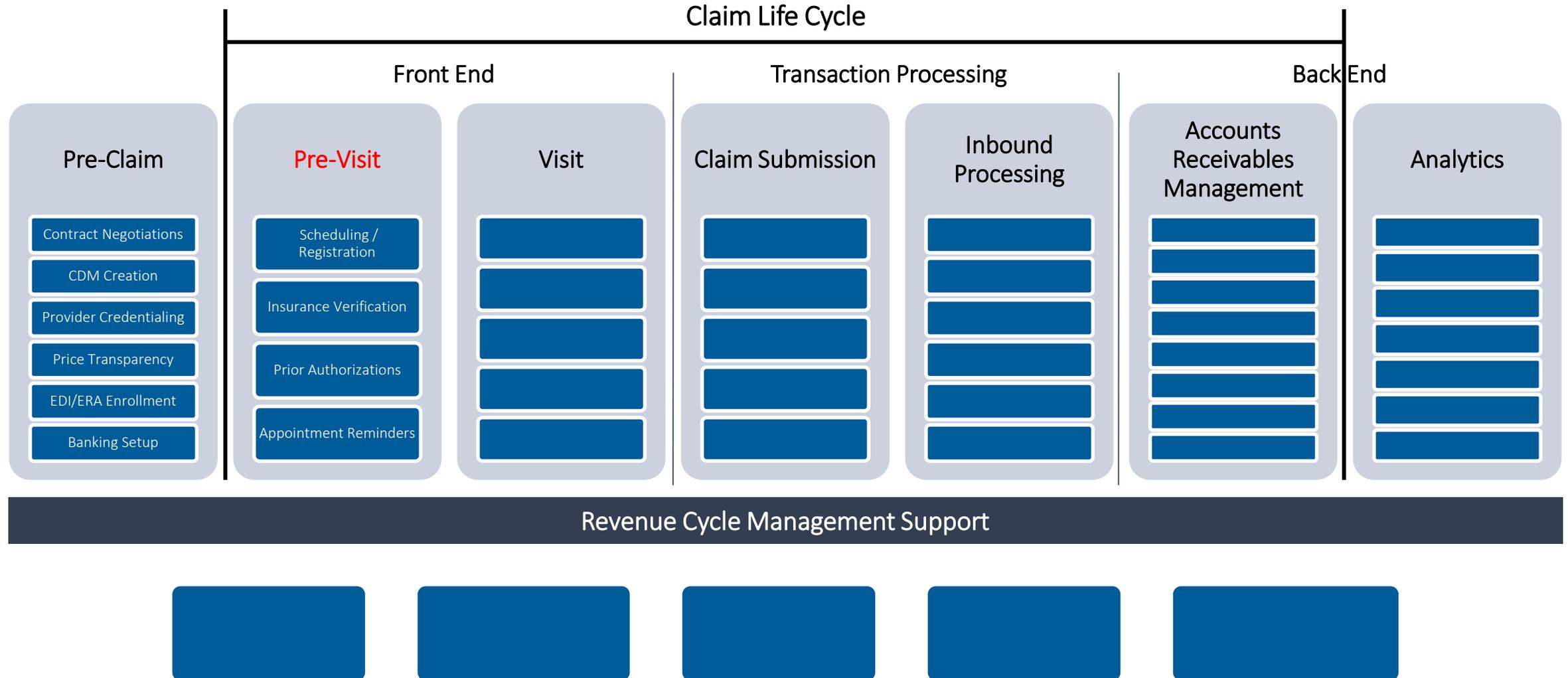
WHAT IS REVENUE CYCLE?



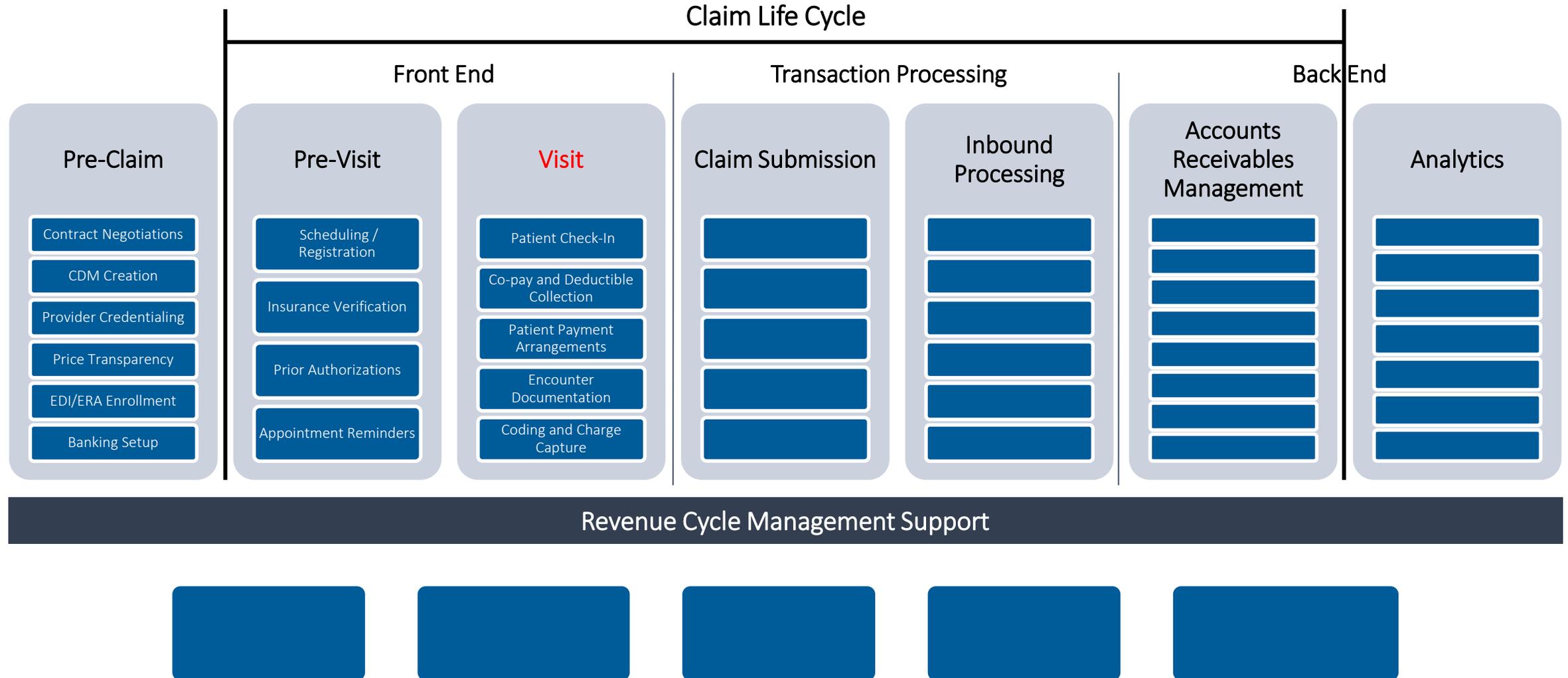
Revenue Cycle Management - Pre-Claim



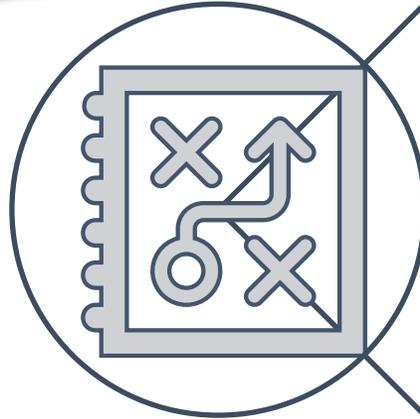
Revenue Cycle Management - Pre-Visit



Revenue Cycle Management - Visit

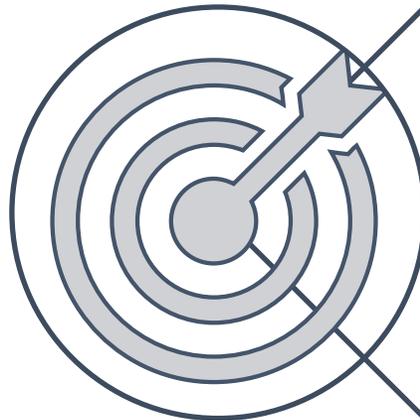


*One Person or
Multiple People*



Coding

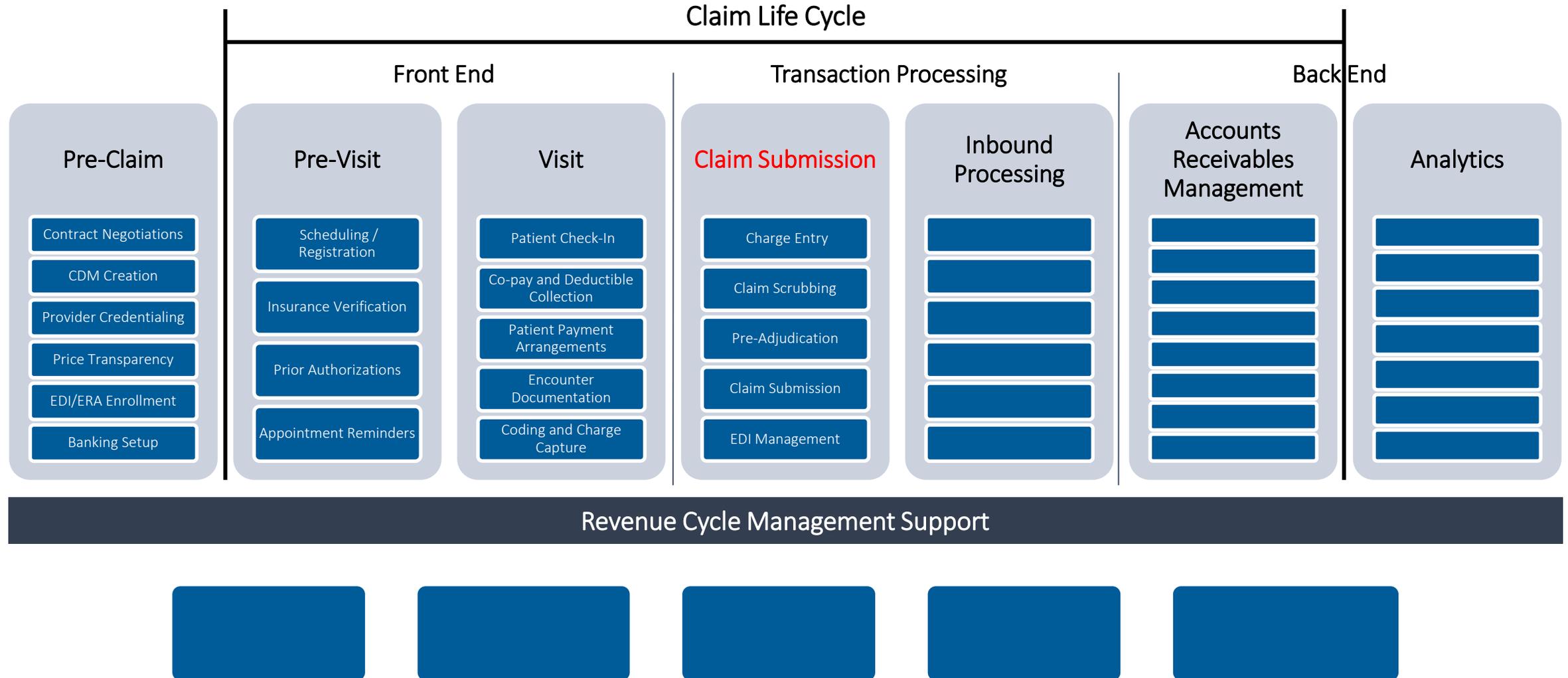
- *ICD10*
- Transforming healthcare diagnosis, procedures, and medical services into alphanumeric codes.
- Information is taken from medical record documentation



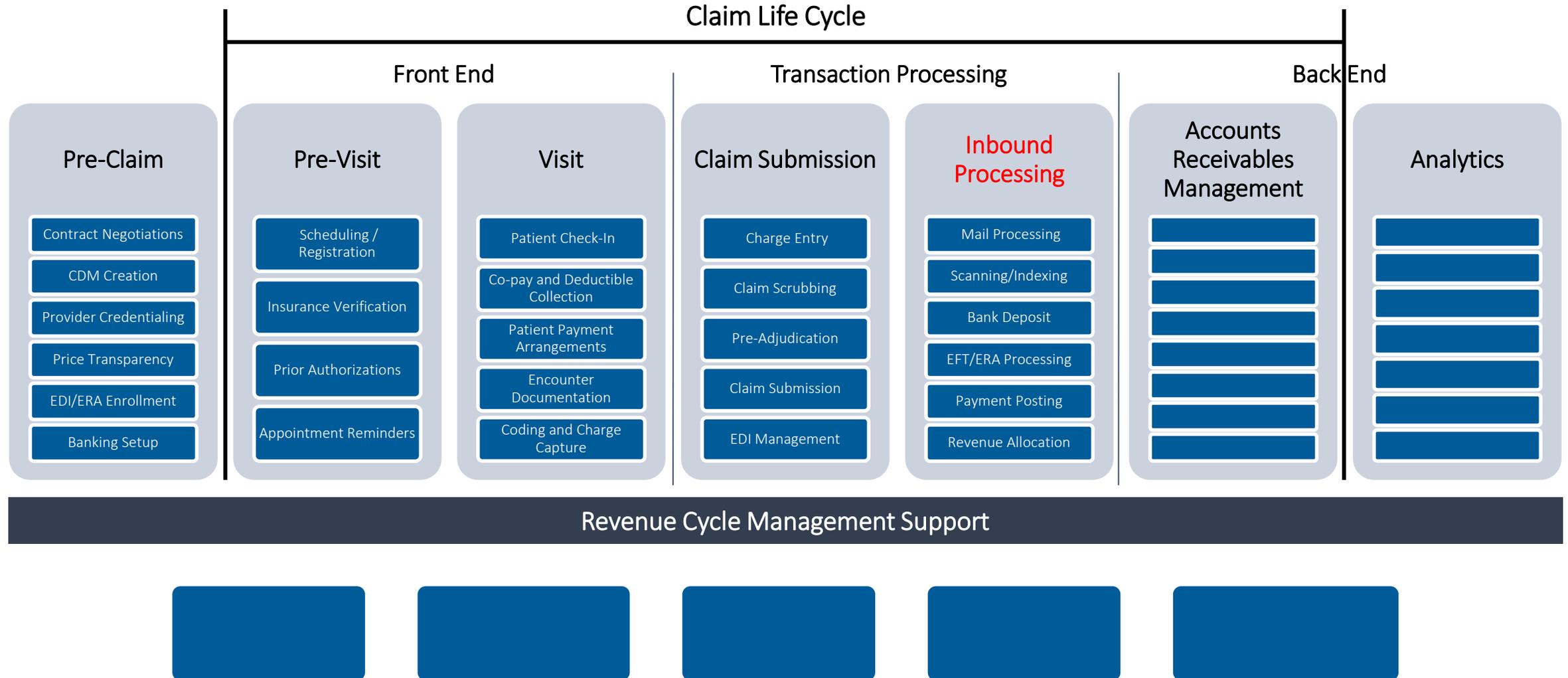
Billing

- *HCPCS/CPT*
- Submitting claims with insurance companies to receive payment for services rendered
- Information is taken from Charge Codes selected by Clinical Staff (CDM)

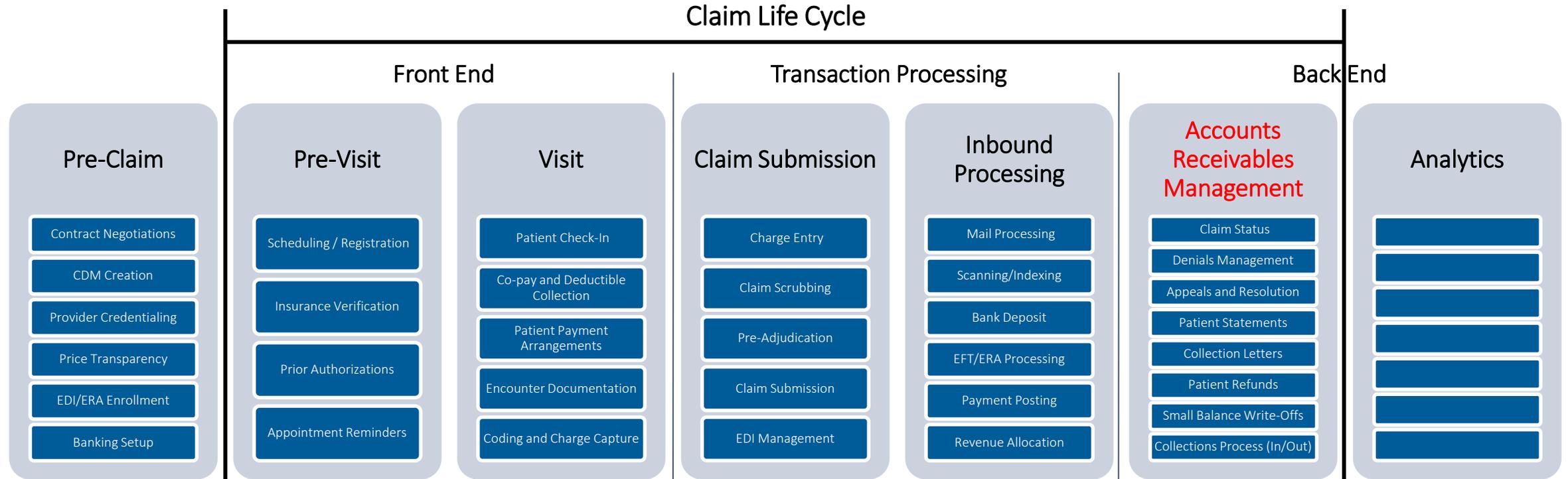
Revenue Cycle Management - Claim Submission



Revenue Cycle Management - Inbound Processing



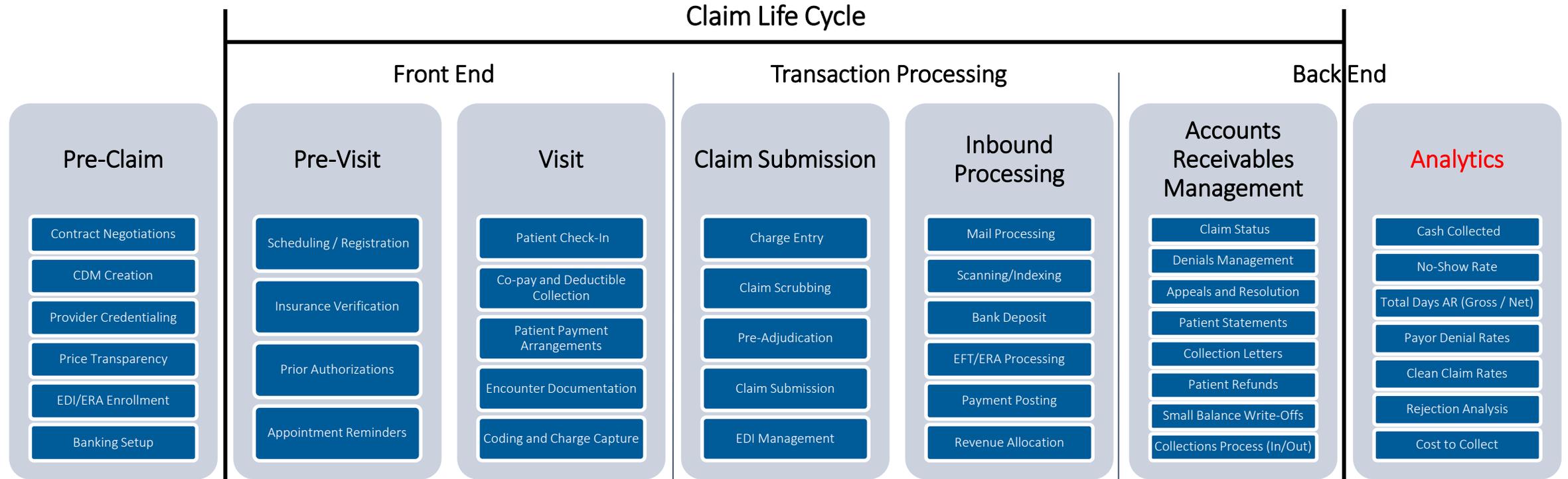
Revenue Cycle Management - Accounts Receivable Management



Revenue Cycle Management Support



Revenue Cycle Management - Analytics



Revenue Cycle Management Support



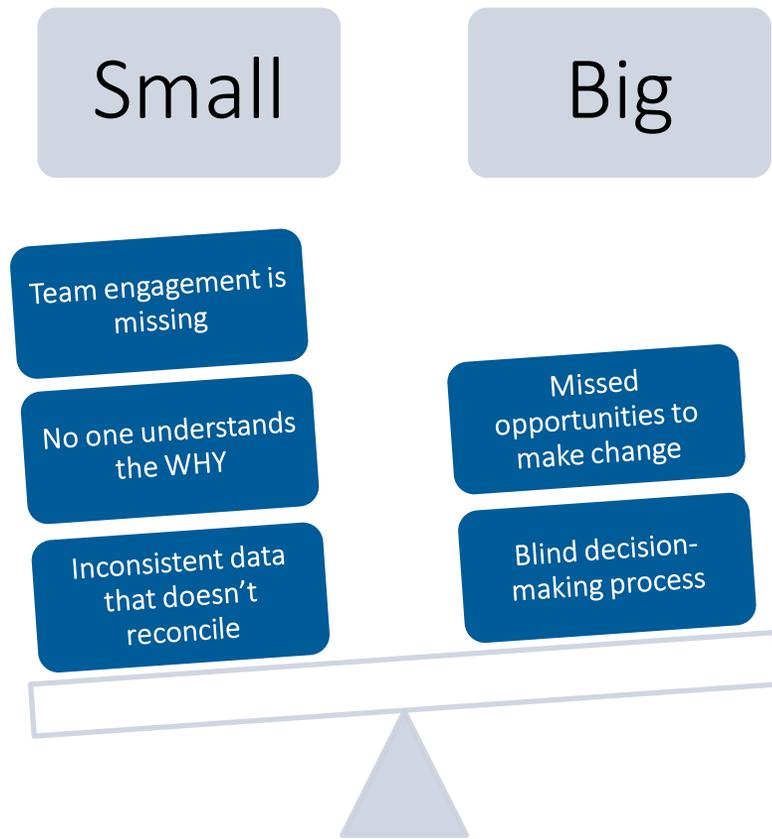


***WHY DO WE NEED CLEAN AND
MEANINGFUL DATA***

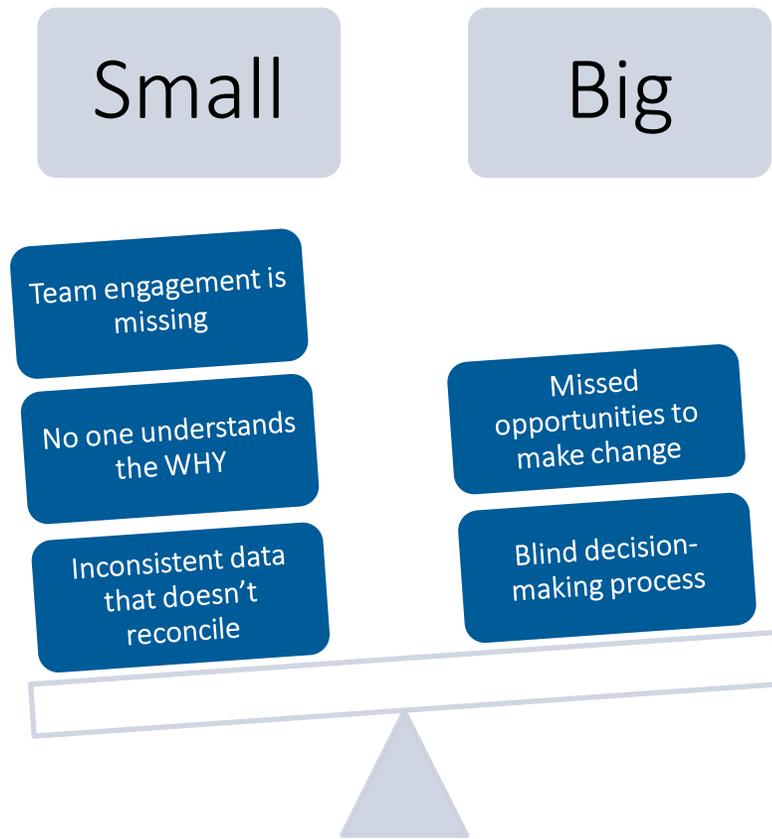
Without Clean and Meaningful Data, Problems Arise



Without Clean and Meaningful Data, Small Problems Become Bigger Problems, Leading to Costly Situations



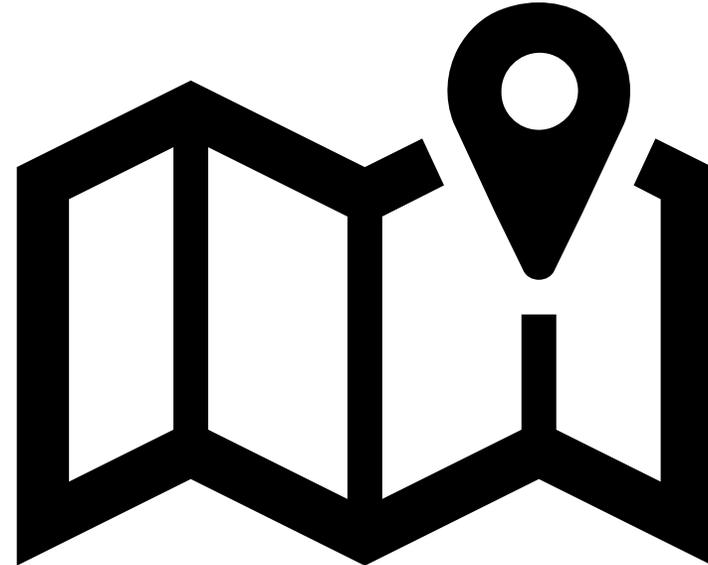
Without Clean and Meaningful Data, Small Problems Become Bigger Problems, Leading to Costly Situations



- ***Small Problem***
 - Staffing metrics aren't monitored
 - No one notices that the coding department needs an additional FTE based on current volumes
- ***Big Problem***
 - Over time, this leads to an erosion of culture exhibited through
 - Turnover expenses
 - Lack of provider/team engagement
- ***Costly Situation***
 - Training breaks down and key elements are missed, resulting in
 - Potential Medicare false claims

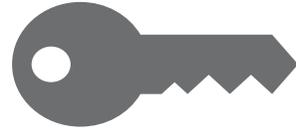
With Clean and Meaningful Data, Actions Happen

- Reporting is replicated on a standard cadence
- One version of the truth
- Everyone is provided a consistent roadmap to follow
- Focus shifts to addressing problems vs. questioning the data
- Problems identified quicker
- Utilization and throughput can be assessed
- Short and long-term efficiency improvements
- Opportunities for engagement across departments



KEY INDICATORS TO MONITOR REVENUE CYCLE MANAGEMENT (RCM) PERFORMANCE





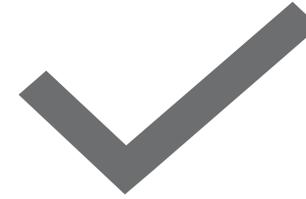
MAP Keys – Key Performance Indicators for Revenue Cycle Excellence

Measure performance, **Apply** evidence-based improvement strategies, **Perform** to the highest standards

5 Major Category Groups

- Patient Access
- Pre-Billing
- Claims
- Account Resolution
- Financial Management

29 different benchmarks



For more information and Industry Standards go to:

<https://www.hfma.org/tools/map-initiative/map-keys.html>

Account Resolution

- Aged A/R as a Percentage of Total Billed AR
- Aged A/R as a Percentage of Billed A/R by Payer Group
- Aged A/R as a Percentage of Total AR
- Remittance Denial Rate
- Denial Write-offs as a Percentage of Net Patient Service Revenue
- Bad Debt
- Charity Care
- Net Days in Credit Balance

Patient Access

- Percentage of Patient Schedule Occupied
- Pre-Registration Rate
- Insurance Verification Rate
- Service Authorization Rate – Inpatient and/or Observation
- Service Authorization Rate – Outpatient Encounter
- Conversion Rate of Uninsured Patient to Third-Party Funding Source
- Point-of-Service (POS) Cash Collections

HFMA MAP Keys for Hospitals and Health Systems (cont.)

Financial Management

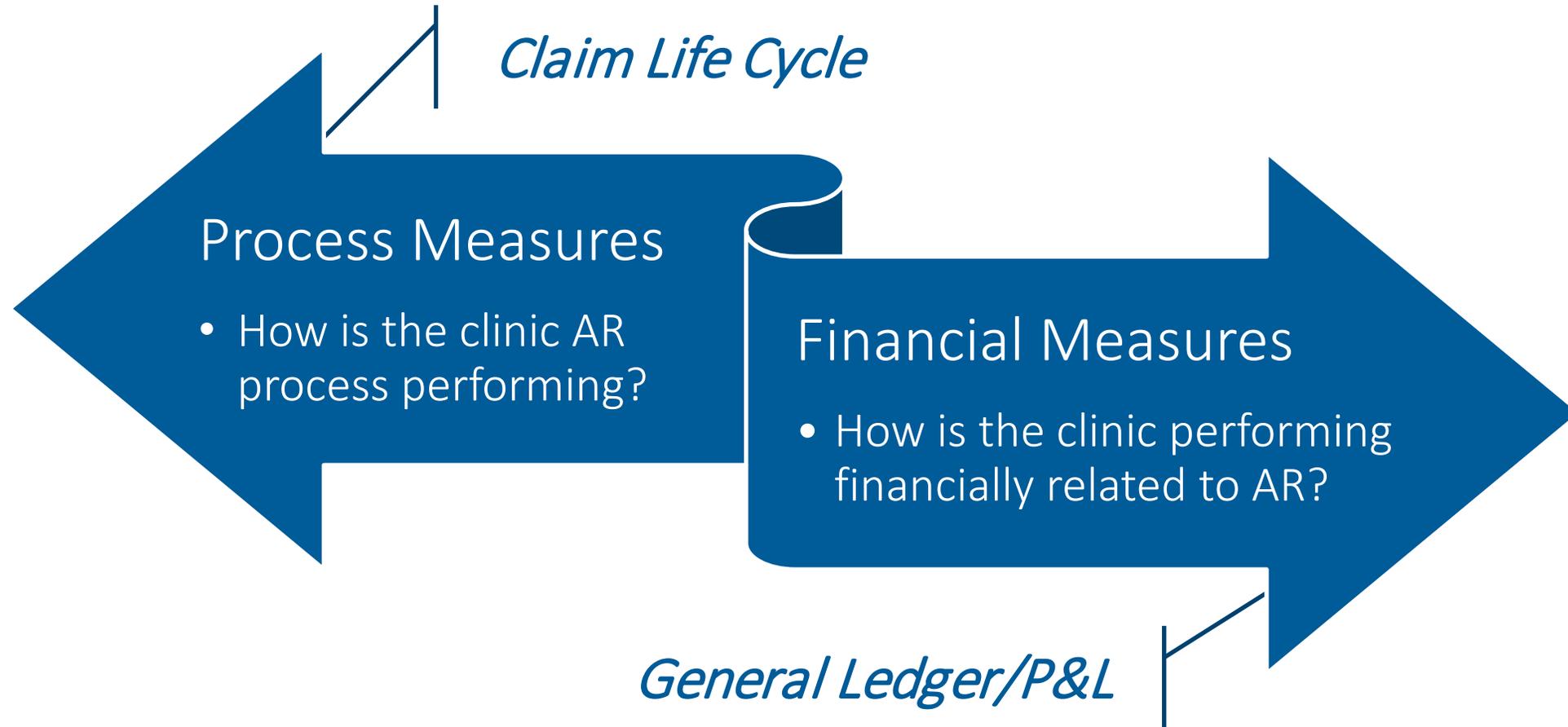
- Net Days in Accounts Receivable
- Cash Collection as a Percentage of Net Patient Service Revenue
- Uninsured Discount
- Uncompensated Care
- Case Mix Index
- Cost to Collect
- Cost to Collect by Functional Area

Pre-Billing

- Days in Total Discharged not Final Billed
- Days in Total Discharged Not Submitted to Payer
- Days in Final Billed Not Submitted to Payer
- Total Charge Lag Days

Claims

- Clean Claim Rate
- Late Charges as a percentage of Total Charges



Process Measures

- Clean Claim Rate
- Point-of-Service (POS) Cash Collections
- Denial Write-offs as a % of Net Patient Revenue
- Pre-Registration Rate
- Self-Pay Patients receiving Financial Counseling Education

Financial Measures

- Net Days in Accounts Receivable
- Accounts Receivable (AR) >90 days as a % of Total AR
- Days in Total Discharged not Submitted to Payer
- Cash Collections as % of Net Patient Service Revenue
- Bad Debt % of Net Revenue
- Charity Write offs % of Net Revenue



HOW TO SPOT TRENDS AND ANOMALIES

How to Spot Trends and Anomalies - Establish Reporting Cadence

- Establish reporting cadence
 - ✓ Daily
 - ✓ Weekly
 - ✓ Monthly
 - ✓ Quarterly
 - ✓ Yearly
- Stick to the established cadence
 - Some reports CANNOT be reproduced



How to Spot Trends and Anomalies – Baselines

- Current Period vs Prior Period

Key Indicator	Jan-20	Feb-20	Variance	% Change
Net Days in Accounts Receivable	17	17	-	0%
Accounts Receivable (AR) >90 days as a % of Total AR	13%	13%	-	0%
Days in Total Discharged not Submitted to Payer	5	5	-	0%
Cash Collections as % of Net Patient Service Revenue	47%	40%	(7)	-15%
Bad Debt % of Net Revenue	19%	20%	(1)	-5%
Charity Write offs % of Net Revenue	13%	12%	1	8%

- Current Period vs Current Period Prior Year

Key Indicator	Feb-19	Feb-20	Variance	% Change
Net Days in Accounts Receivable	18	17	1	6%
Accounts Receivable (AR) >90 days as a % of Total AR	14%	13%	1	7%
Days in Total Discharged not Submitted to Payer	5	5	-	0%
Cash Collections as % of Net Patient Service Revenue	38%	40%	2	5%
Bad Debt % of Net Revenue	13%	20%	(7)	-54%
Charity Write offs % of Net Revenue	15%	12%	3	20%

- Current Period vs Prior Year End

Key Indicator	Dec-19	Feb-20	Variance	% Change
Net Days in Accounts Receivable	16	17	(1)	-6%
Accounts Receivable (AR) >90 days as a % of Total AR	21%	13%	8	38%
Days in Total Discharged not Submitted to Payer	6	5	1	17%
Cash Collections as % of Net Patient Service Revenue	32%	40%	8	25%
Bad Debt % of Net Revenue	15%	20%	(5)	-33%
Charity Write offs % of Net Revenue	13%	12%	1	8%

How to Spot Trends and Anomalies - Investigate

Ask questions

Who, What, When,
Where, Why, How

Ask Why THREE times

Look at the
information
differently

Aging buckets that are
increasing or decreasing

*Is there a specific payor that stands
out?*

Is this an annual trend for the payor?

Don't just focus
on financial
areas

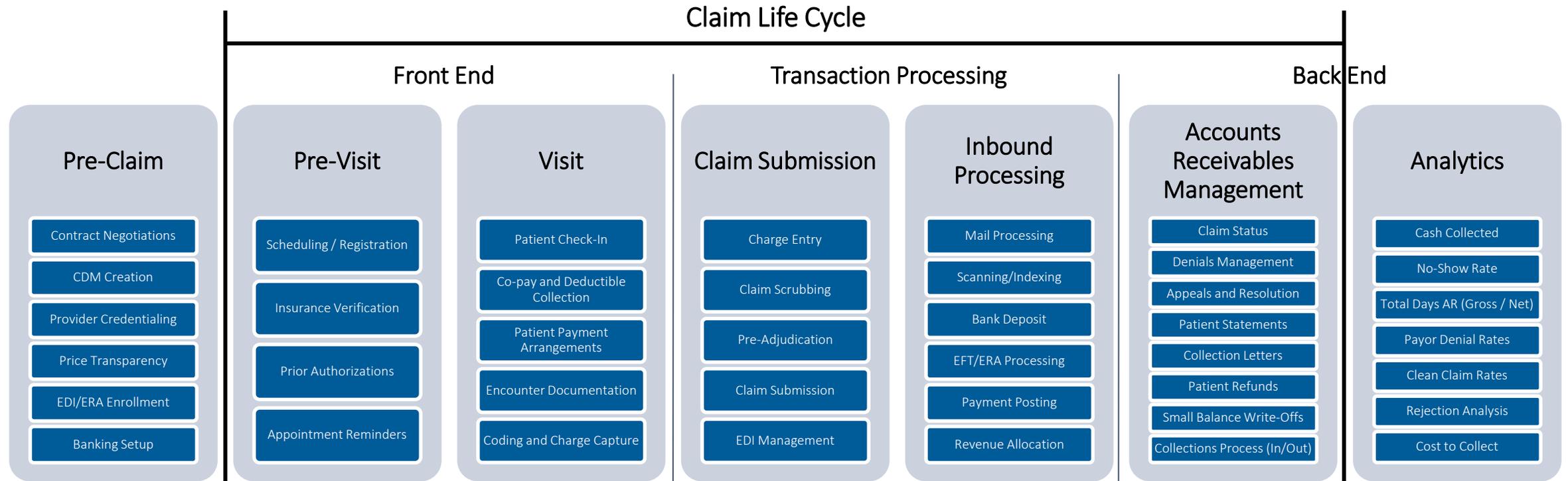
Sometimes you need to
look at the **entire** process
to identify the root cause

*Have there been operational
changes?*

The first
answer isn't
the only
answer

Multiple factors are at
play which means there
can be multiple answers

Revenue Cycle Management



Revenue Cycle Management Support



A close-up photograph of a doctor's hands, wearing blue nitrile gloves, holding a rectangular wooden block. The block is split horizontally, with the word 'QUESTIONS' printed in bold black capital letters on the top half and 'ANSWERS' printed in bold black capital letters on the bottom half. The doctor is wearing a white lab coat and has a stethoscope around their neck. The background is softly blurred, showing the doctor's face and the stethoscope.

QUESTIONS

ANSWERS



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- Access to capital options analysis
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